Interim Financial Report

H1 2017

This interim financial report is prepared in accordance with article 13 of the Royal Decree on the obligations of issuers of financial instruments admitted to trading on a regulated market.

Bone Therapeutics publishes its interim financial report in English. A French translation of the report will also be made available. In the event of differences between the English and the French versions of the report, the original English version will prevail.

Bone Therapeutics' Interim Financial Report Half-Year 2017

1. Report of the Board of Directors

During the first half of 2017, Bone Therapeutics has continued to advance its allogeneic and autologous bone-cell therapy platforms through key clinical studies and notably, we successfully completed the patient recruitment for the interim analysis of the ALLOB® Phase I/IIA delayed-union trial. Results for this interim analysis, as well as in spinal fusion, expected in September, could provide potential value inflection points for the platform, bringing our innovative bone cell therapy products closer to commercialisation. We have also made good progress on our PREOB® Phase III study in osteonecrosis of the hip, completing recruitment of 44 treated patients required for the planned interim analysis of the trial.

Total operating income in the first six months of 2017 remained stable at € 1.92 million compared with € 1.96 million in the first six months of 2016. The operating loss for the period amounted to € 6.16 million as compared with € 5.74 million in 2016. The Company ended the first six months of 2017 with € 12.60 million in cash and cash equivalents.

Operational Highlights

ALLOB®

In March, Bone Therapeutics completed the recruitment of the 16 patients required for the interim analysis of the ALLOB® Phase I/IIA delayed-union study. This six-month, open-label clinical study evaluates the safety and efficacy of ALLOB® in delayed-union fractures of long bones. The Safety Monitoring Committee subsequently confirmed the safety for these first 16 patients and recommended the continuation of the study.

The study is targeting the recruitment of 32 patients, but is flexible and could be stopped prematurely after a positive evaluation of the interim data analysis of the first 16 patients. The results of the interim analysis are expected in September.

Data from the Phase IIA delayed-union study, announced in May 2016, have shown encouraging initial efficacy results for the first eight patients treated, with a 77% improvement in radiological and 68% in clinical parameters demonstrated.

Additionally, Bone Therapeutics has been notified by the European Patent Office (EPO) in June of its intention to grant a key patent covering Company's first-in-class allogeneic cell therapy technology. The patent will expand IP protection for both the manufacturing methods and the distinct cell type used in its allogeneic cell therapy technology into selected EU member states until 2029.

PREOB®

In June, the Company announced the completion of the recruitment of the 44 treated patients required for the planned interim analysis of the Phase III trial for the treatment of osteonecrosis of the hip with its autologous bone cell therapy product, PREOB®.

Complete data from the proof-of-concept Phase IIB study showed the superiority of a single administration of PREOB® over standard of care in halting or reversing the progression of osteonecrosis of the hip. These data were presented at the Annual European Congress for Rheumatology (EULAR) conference in June 2016.

If the interim analysis, based on a 12-month follow-up of patients, documents a strong sign of efficacy for PREOB®, the study recruitment could be terminated prematurely. Results from the 12-month follow-up are expected in Q3 2018.

Corporate highlights

The Company welcomed Steve Swinson, Damian Marron and Dirk Dembski to its Board of Directors, further expanding its leadership experience in the fields of orthopaedics and cell therapy. Steve Swinson has served in a number of senior roles at Medtronic International, a global leader in medical technology, where he led the Spine and Biologics division for Canada and Western Europe, and was the Vice President and General Manager for the international spine division. Damian Marron is an experienced life sciences executive, having served as Chief Executive Office at the biotech companies, Agalimmune and TxCell, specialists in immune-oncology and immune-cell therapy respectively. Dirk Dembski has held a variety of roles in biotechnology, orthopaedics and medical companies. He led as Vice President the Sales, Marketing and Business Development division of Olympus Biotech of EMEA, Asia Pacific and Latin America, and successfully marketed a portfolio of bone growth factors, cell technologies and innovative biomaterials. Following his appointment, Steven Swinson was elected Chairman of the Board of Directors end of June, replacing Michel Helbig, who will continue as a Non-Executive Director.

Post period, the Company appointed Jean-Luc Vandebroeck as Chief Financial Officer. Jean-Luc Vandebroek is a seasoned finance executive with extensive experience in international finance at major public and privately-owned companies. Jean-Luc has built a successful career spanning 15 years at the Belgian-US retailer, Delhaize Group (now Ahold Delhaize). During this period, he had held various senior financial positions with increasing responsibility, including roles as Corporate Director Finance Europe & US and Vice-President Finance BeLux. He later became group Chief Financial Officer at Fluxys, a listed, pan-European gas infrastructure group, where he was responsible for the financing of large infrastructure investments using diverse forms of funding on capital markets. Prior to joining Bone Therapeutics, Jean-Luc served as Director and Chief Financial Officer of Moteo Two Wheels and Bihr Europe, the motorcycle division of Alcopa Group, a family holding with an annual revenue of about EUR 1.7 billion. Wim Goemaere, former Chief Financial Officer of the Company, will provide support to Jean Luc during a transition period and will remain as member of the Board.

Financial Highlights

Income statement

During the first six months of 2017, the operating income amounted to € 1.92 million in line with revenues realized during the first half of 2016 (€ 1.95 million). Income resulted from the recognition of recoverable cash advances (€ 1.06 million), partial exemption of withholding tax payable on R&D salaries (€ 0.38 million), tax credit on investments (for € 0.36 million) and patent and other subsidies (€ 0.11 million).

Research and development expenses increased by 7% to € 6.43 million (€ 6.01 million in H1 2016). The increase mainly relates to increased efforts to progress the different programs under development. Both staff costs (further strengthening of the R&D management team) and expenses for goods and services are increasing at the same pace.

General and administrative expenses for the first six months show a slight decreased of 2% and amount to € 1.66 million versus € 1.68 million over the same period last year.

As a result, the operating loss amounted to € 6.16 million in 2017 compared with € 5.74 million in 2016.

The net financial loss amounted to € 0.20 million compared with € 0.13 million in 2016.

The net loss for the period amounted to € 6.37 million during the first six months ending 30 June 2017 compared to € 5.81 million in 2016.

Balance sheet

The Company's total assets amounted to € 29.85 million at 30 June 2017 compared with € 38.59 million at the end of December 2016. Current assets decreased by 32% to € 19.30 million at the end of June 2017 (€ 28.47 million in 2016). The decrease is mainly explained by the decrease of the cash position

(- € 7.70 million) and by the decrease of the receivables linked to the recoverable cash advances (payments from the Walloon Region for an amount of € 1.96 million during the first 6 months of 2017). This decrease is partly offset by the increase of the non-current assets, which increased by 4% to € 10.55 million (€ 10.11 million in 2016). This increase relates to the recognition of the tax credit for the first 6 months of 2017.

The Company's equity decreased from € 15.27 million at the end of December 2016 to € 8.90 million at 30 June 2017, as a result of the incorporation of the loss for the period (amounting to € 6.37 million).

Liabilities amounted to € 20.95 million in 2017 compared with € 23.32 million at the end of December 2016 representing a decrease of € 2.31 million.

Current liabilities decreased by 16% to € 8.87 million at 30 June 2017 (compared to € 10.51 million at the end of 2016). The decrease is mainly explained by the decrease in other current liabilities, more in particular in deferred income related to the recoverable cash advances and patent subsidies.

Non-current liabilities decreased by 6% to € 12.08 million compared with € 12.80 million at 31 December 2016. The non-current liabilities are impacted by a reclassification of € 0.73 million in current liabilities for debt reaching maturity within the next 12 months.

Cash flow statement

The table in section 2.4 (see below) sets forth the Company's consolidated cash flow statement for the six-month periods ending 30 June 2017 and 30 June 2016.

Cash used for operating activities amounts to € 6.91 million for the first six months of 2017 compared to € 6.58 million for the first six months of 2016.

Total operating loss for the period amounts to € 6.17 million compared to a loss of € 5.74 million over the same period in 2016. The net negative impact of adjustments for non-cash items amounted to in total € 1.26 million compared to € 1.21 million during the previous year relating to depreciation, share based payments and recognition of grant income from RCA's, patent subsidies and tax credits. Actual cash received in 2017 for the grant related items amounted to € 1.39 million compared to € 0.53 million in 2016 (part for which reimbursements is turnover-dependent).

Working capital was negatively impacted for the first six months of 2017 for an amount of € 0.87 million following a reduction in trade payables for an amount of € 0.44 million and an increase in trade receivables of € 0.43 million. For the first six months of 2016 there was a reduction of working capital for an amount of € 0.17 million.

Cash flow from investing activities shows a net use of cash of € 0.35 million for the first six months of 2017 compared with € 0.68 million for the first six months of 2016. This mainly represents further investments made through the Company's affiliate SCTS with respect to the construction of the new facilities at the BioPark at Gosselies and to related investments for production and laboratory equipment.

Cash flow from financing activities shows a net use of cash of € 0.45 million for the first six months of 2017 compared with € 0.26 million of net cash generated for the first six months of 2016. Cash inflows in 2017 are as follows:

- recoverable cash advances provided to the Company by the Walloon Region (R&D project financing) for an amount of € 0.59 million in 2017 (€ 0.19 million in 2016) (part for which reimbursements is turnover-independent);

In 2016, long term loans were provided by the banks for an amount of € 0.48 million and other loans were provided by related parties (regional investments bodies – Novallia SA) for an amount of € 0.30 million in 2016. The Company has not benefited yet from any new loans during 2017.

Financial cash outflows during H1 2017 are as follows:

- reimbursements of recoverable cash advances for an amount of € 0.48 million in 2017 (€ 0.40 million in 2016);
- reimbursements of other non-current liabilities (€ 0.06 million in 2017);
- other reimbursements (lease contracts) and interest paid for an amount of € 0.49 million in 2017 (€ 0.30 million in 2016).

Outlook for the remainder of 2017

In September 2017, Bone Therapeutics expects to announce interim results for its two ongoing Phase IIA programs for delayed union fractures and spinal fusion with its allogeneic product ALLOB®. A positive outcome for the 16 delayed union patients treated and followed over a six-month period could allow the Company to complete this Phase IIA program early and allow to take the necessary steps to initiate the next phase. The interim results for the first cohort of 16 patients recruited and followed over a one-year period in the spinal fusion trial are expected within the same time frame. Both trials continue to recruit in the meantime and recruitment of the total number of patients (32) required for the spinal fusion trial is expected around year-end.

Diligent cash management will remain a key priority, with a strong focus on net cash burn. Cash burn for the full year 2017 is expected to be in the range of EUR 14-15 million. Based on its current strategic priorities, the Company provides guidance that it has sufficient cash to carry out its strategic objectives into Q2 2018.

Going concern statement

The interim financial accounts for H1 2017 have been established under going concern based on the following:

The Company today has sufficient cash to take it research and development programs forward into Q2 2018. Following the announcement of the interim results, foreseen for the second half of September, for its phase IIA programs with its allogeneic product ALLOB® in spinal fusion and delayed union, the Company plans to raise funds with existing and new investors to strengthen its cash position in order to progress the development of its promising bone-forming cell therapy platform and to assure continuity for a period beyond 12 months as on the date of this report.

Risks and uncertainties

For a detailed description of the risks associated to the activities of the Company, we refer to the Annual Report 2016 available on the Company's website.

2. Condensed consolidated financial statements for the six-month period ended 30 June 2017

2.1. Interim Condensed Consolidated Statement of Financial Position

ASSETS *(in thousands of euros)*	**Note**	**30/06/2017**	**31/12/2016**
Non-current assets		**10,547**	**10,114**
Intangible assets		47	56
Property, plant and equipment	**1**	6,485	6,385
Investments in associates		289	291
Financial assets		284	299
Deferred tax assets		3,442	3,083
Current assets		**19,300**	**28,471**
Trade and other receivables	**2**	6,499	8,013
Other current assets		203	158
Cash and cash equivalents	**3**	12,598	20,300
TOTAL ASSETS		**29,846**	**38,585**

EQUITY AND LIABILITIES *(in thousands of euros)*	**Note**	**30/06/2017**	**31/12/2016**
Equity			
Equity attributable to owners of the parent		**8,897**	**15,270**
Share capital		20,708	20,708
Share premium		42,670	42,670
Retained earnings		(55,147)	(48,773)
Other reserves		666	665
Non-controlling interests		**0**	**0**
Total Equity	**4**	**8,897**	**15,270**
Non-current liabilities		**12,075**	**12,802**
Financial liabilities	**5**	10,434	11,167
Deferred tax liabilities		0	0
Other non-current liabilities		1,641	1,635
Current liabilities		**8,874**	**10,512**
Financial liabilities	**5**	1,313	1,242
Trade and other payables		2,672	3,120
Other current liabilities	**6**	4,888	6,150
Total liabilities		**20,949**	**23,315**
TOTAL EQUITY AND LIABILITIES		**29,846**	**38,585**

2.2. Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of euros)	**Note**	**For the six-months period ended 30/06/2017**	**30/06/2016**
Revenue		0	0
Other operating income		1,922	1,953
Total operating income	**7**	**1,922**	**1,953**
Research and development expenses	**8**	(6,430)	(6,014)
General and administrative expenses	**9**	(1,656)	(1,681)
Operating profit/(loss)		**(6,164)**	**(5,742)**
Interest income		120	191
Financial expenses		(316)	(314)
Exchange gains/(losses)		*(5)*	*(5)*
Share of profit/(loss) of associates		*(2)*	*1*
Result Profit/(loss) before taxes		**(6,368)**	**(5,870)**
Income taxes		0	60
PROFIT/(LOSS) FOR THE PERIOD		**(6,368)**	**(5,809)**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**(6,368)**	**(5,809)**
Basic and diluted loss per share (in euros)	**10**	**(0.93)**	**(0.82)**
Profit/(loss) for the period attributable to the owners of the Company		(6,352)	(5,638)
Profit/(loss) for the period attributable to the non-controlling interests		(16)	(171)
Total comprehensive income for the period attributable to the owners of the Company		(6,352)	(5,638)
Total comprehensive income for the period attributable to the non-controlling interests		(16)	(171)

2.3. Interim Condensed Consolidated Statements of Change in Shareholder's Equity

	Attributable to owners of the parent					
(in thousands of euros)	**Share capital**	**Share premium**	**Retained earnings**	**Total equity attributable to owners of the parent**	**Non-controlling interests**	**TOTAL EQUITY**
Balance at 1 January 2016	**20,708**	**42,670**	**(35,232)**	**28,146**	**0**	**28,146**
Total comprehensive income of the period	0	0	(5,638)	**(5,638)**	(171)	**(5,809)**
Share-based payment	0	0	86	**86**	0	**86**
Movement non-controlling interests	0	0	(171)	**(171)**	171	**0**
Other	0	0	(9)	**(9)**	0	**(9)**
Balance at 30 June 2016	**20,708**	**42,670**	**(40,964)**	**22,415**	**0**	**22,415**
Balance at 1 January 2017	**20,708**	**42,670**	**(48,108)**	**15,270**	**0**	**15,270**
Total comprehensive income of the period	0	0	(6,352)	**(6,352)**	(16)	**(6,368)**
Allocation to the legal reserve	0	0	(3)	**(3)**	0	**(3)**
Share-based payment	0	0	17	**17**	0	**17**
Movement non-controlling interests	0	0	(16)	**(16)**	16	**0**
Other	0	0	(18)	**(18)**	0	**(18)**
Balance at 30 June 2017	**20,708**	**42,670**	**(54,481)**	**8,897**	**0**	**8,897**

2.4. Interim Condensed Consolidated Cash Flow Statement

(in thousands of euros)	**For the six-month period ended June 30**	
	2017	**2016**
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	(6,165)	(5,742)
Adjustments for:		
Depreciation, Amortisation and Impairments	253	282
Share-based compensation	17	86
Grants income related to recoverable cash advances	(1,063)	(1,218)
Grants income related to patents	(112)	(36)
Grants income related to tax credit	(360)	(306)
Other	9	(15)
Movements in working capital:		
Trade and other receivables (excluding government grants)	(431)	222
Trade and Other Payables	(437)	(384)
Other current liabilities (excluding government grants)	(2)	(6)
Cash generated from operations	**(8,294)**	**(7,117)**
Cash received from grants related to recoverable cash advances	1,368	438
Cash received from grants related to patents	19	59
Cash received from grants related to tax credit	0	37
Net cash used in operating activities	**(6,908)**	**(6,583)**
CASH FLOW FROM INVESTING ACTIVITIES		
Interests received	(2)	21
Purchases of property, plant and equipment	(334)	(688)
Purchases of intangible assets	(9)	(17)
Net cash used in investing activities	**(346)**	**(684)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from government loans	586	188
Repayment of government loans	(480)	(402)
Repayment of other non-current liabilities	(60)	0
Proceeds from loans from related parties	0	300
Proceeds from financial loans	0	476
Reimbursements of financial lease liabilities	(236)	(116)
Reimbursements of other financial loans	(125)	0
Interests paid	(133)	(186)
Net cash used in financing activities	**(447)**	**260**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(7,700)**	**(7,007)**
CASH AND CASH EQUIVALENTS at beginning of year	**20,300**	**33,611**
CASH AND CASH EQUIVALENTS at end of year	**12,598**	**26,604**

2.5. Notes to Interim Condensed Consolidated Financial Statements

2.5.1. General information

Bone Therapeutics SA (the "**Company**") is a limited liability company governed by Belgian law. The address of its registered office is Rue Auguste Piccard 37, 6041 Gosselies, Belgium. The shares of the Company are publicly listed on NYSE Euronext Brussels and Paris since 6 February 2015.

The Company and its affiliates Skeletal Cell Therapy Support SA "**SCTS**" and Bone Therapeutics USA Inc "**BT US**" (together with the Company referred to as the "**Group**") are active in regenerative therapy for addressing unmet medical needs in the field of bone diseases and orthopaedics. The Company combines in-depth knowledge of bone diseases and stem cell science, strong expertise in cell manufacturing for human use and cell therapy clinical trials and regulatory affairs, which have allowed to establish a leadership position in the field of cell therapy for orthopaedics and bone diseases.

The interim consolidated financial statements were authorised for issue by the Board of Directors on 30 August 2017.

2.5.2. Summary of significant accounting policies

The Company's interim consolidated financial statements for the six-month period ended 30 June 2017 have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS") and with IAS 34 Interim Financial Reporting.

The same accounting policies and methods of computation are followed in these interim consolidated financial statements as were applied in the consolidated financial statements of the Company for the year ended 31 December 2016.

New and revised IFRS standards and interpretations effective 2017

The implementation of the related/amended IFRS had no impact on the condensed interim consolidated financial statements.

Basis of preparation

The consolidated financial statements are presented in thousands of euros, unless otherwise stated. Euro is also the functional currency of both the Company and SCTS. The USD is the functional currency for Bone Therapeutics USA Inc. The functional currency is the currency of the economic environment in which an entity operates. The consolidated financial statements have been prepared on a historical basis, unless otherwise stated.

Going concern statement

The interim financial accounts for H1 2017 have been established under going concern based on the following:

The Company today has sufficient cash to take it research and development programs forward into Q2 2018. Following the announcement of the interim results, foreseen for the second half of September, for its phase IIA programs with its allogeneic product ALLOB® in spinal fusion and delayed union, the Company plans to raise funds with existing and new investors to strengthen its cash position in order to progress the development of its promising bone-forming cell therapy platform and to assure continuity for a period beyond 12 months as on the date of this report.

2.5.3. Operating segment information

The Group does not make the distinction between different operating segments, neither on a business or geographical basis in accordance with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors of the Company.

2.5.4. Disclosures to the interim condensed consolidated financial statements

Note 1 – Property, plant and equipment

Property, plant and equipment amounted to € 6.49 million at 30 June 2017 showing an increase of € 0.10 million. The increase is explained by further investments for an amount of € 0.26 million related to the production facility at Gosselies and by the acquisition of laboratory and production equipment for an amount of € 0.08 million. The production activities on this site are expected to start by the end of 2017. The increase is offset by the amount of depreciation recorded over the first six months of 2017 for an amount of € 0.25 million.

Note 2 – Trade and other receivables

The trade and other receivables are detailed as follows:

Trade and other receivables	**Total**	
(in thousands of euros)	**30/06/2017**	**31/12/2016**
Trade receivables		
Trade receivables	2	1
Write-downs on trade receivables	0	0
Total trade receivables	**2**	**1**
Other receivables		
Receivable related to taxes	763	392
Receivable related to tax credit	124	124
Receivable related to recoverable cash advances	5,363	7,322
Receivable related to Patent grants	247	170
Receivable related to other grants	0	3
Total other receivables	**6,497**	**8,012**
Total trade and other receivables	**6,499**	**8,013**

Trade and other receivables amounted to € 6.50 million showing a decrease of € 1.51 million compared to the end of December 2016. The decrease results from the reduction of the receivables related to the recoverable cash advances (€ 1.96 million of payments received during the period). It is partly offset by the increase of the VAT receivable. The other items remained largely unchanged.

Note 3 - Cash and cash equivalents

The cash position at the end of June 2017 amounted to € 12.60 million, a reduction of € 7.70 million mainly due to cash used in operating activities.

Note 4 – Equity

The Company's equity decreased from € 15.27 million at the end of December 2016 to € 8.90 million (a decrease of € 6.43 million) at 30 June 2017 mainly as a result of the loss for the period (amounting to € 6.43 million).

Note 5 – Financial liabilities

Financial liabilities are detailed as follows:

	Non-current		Current		Total	
(in thousands of euros)	**30/06/2017**	**31/12/2016**	**30/06/2017**	**31/12/2016**	**30/06/2017**	**31/12/2016**
Finance lease liabilities	130	195	152	194	282	389
Government loans (RCA)	6,166	6,582	658	557	6,824	7,139
Loans from related parties	1,638	1,765	253	241	1,891	2,006
Bank debt	2,500	2,625	250	250	2,750	2,875
Total financial liabilities	**10,434**	**11,167**	**1,313**	**1,242**	**11,748**	**12,409**

Overall financial liabilities have slightly decreased (-5%) and amount to 11.75 million.

Non-current financial liabilities amounted to € 10.43 million compared to € 11.17 million at 31 December 2016. The decrease is mainly explained by a reclassification of € 0.73 million in current liabilities for debt reaching maturity within the next 12 months.

Current financial liabilities amounted to € 1.31 million representing an increase of € 0.07 million.

Note 6 – Other current liabilities

Other current liabilities consist of the deferred income related to the government grants as detailed in the following table:

(in thousands of euros)	**30/06/2017**	**31/12/2016**
Deferred income on grants related to recoverable cash advances	4,741	5,976
Deferred income on grants related to patents	148	171
Other	(1)	3
Total	**4,888**	**6,150**

Note 7 – Other operating income

The other operating income relate to the different grants received by the Group:

(in thousands of euros)	**30/06/2017**	**30/06/2016**
Grants income related to recoverable cash advances	1,063	1,218
Grants income related to exemption on withholding taxes	379	390
Grants income related to tax credit	360	306
Grants income related to patents	112	36
Other grants income	8	4
Total	**1,922**	**1,953**

Note 8 – Research and development expenses

The research and development expenses are described as follow:

(in thousands of euros)	**30/06/2017**	**30/06/2016**
Lab fees and other operating expenses	3,048	2,683
Employee benefits expenses	3,027	2,943
Depreciations, amortizations and impairment losses	212	238
Patents costs	143	150
Total	**6,430**	**6,014**

The research and development expenses for the first six months amount to € 6.43 million compared to € 6.01 million over the same period last year. The increased in expenses is mainly related to the increase of the R&D efforts to support the ongoing trials.

Note 9 – General and administrative expenses

The general and administrative expenses are described as follow:

(in thousands of euros)	**30/06/2017**	**30/06/2016**
Employee benefits expenses	884	755
Depreciation and amortization expense	40	42
Other expenses	732	884
Total	**1,656**	**1,681**

General and administrative expenses for the first six months amount to € 1.66 million compared to € 1.68 million over the same period last year. The increase in people costs is mainly offset by the decrease of the other administrative expenses.

Note 10 – Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(in thousands of euros)	**30/06/2017**	**30/06/2016**
Profit/loss for the period attributable to the owners of the Company	(6,352)	(5,638)
Weighted average number of ordinary shares for basic loss per share (in number of shares)	6,849,654	6,849,654
Basic loss per share (in euros)	**(0.93)**	**(0.82)**

2.5.5. Financial instrument

The following table provides the category in which financial assets and financial liabilities are classified in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement.*

(in thousands of euros)	**IAS 39 Category**	**30/06/2017**	**31/12/2016**
Other non-current financial assets			
Non-current receivables	Loans and receivables	284	299
Trade and other receivables	Loans and receivables	5,610	7,496
Cash and cash equivalents	Loans and receivables	12,598	20,300
Total financial assets		**18,492**	**28,096**
Non-current financial liabilities			
Finance lease liabilities	At amortized cost	130	195
Government loans (RCA)	At amortized cost	6,166	6,582
Loans from related parties	At amortized cost	1,638	1,765
Other non-current liabilities			
Put on non-controlling interests	At fair value through profit or loss	1,641	1,635
Current financial liabilities			
Finance lease liabilities	At amortized cost	152	194
Government loans	At amortized cost	658	557
Loans from related parties	At amortized cost	253	241
Trade and other payables			
Trade payables	At amortized cost	2,012	2,327
Total financial liabilities		**12,650**	**13,497**

The put on non-controlling interests is based on a level 3 fait value measurement and corresponds to the option granted by the Group to non-controlling interests in SCTS, which has been fully consolidated. These commitments to purchase equity instruments have been recognized under other non-current liabilities and concern 50.1% of SCTS.

The table below shows the reconciliation of the level 3 fair value measurement:

Reconciliation in thousands of euros	**30/06/2017**	**31/12/2016**
Opening balance	1,635	1,575
Distribution of dividends	(60)	0
Total gains or losses in profit or loss	66	60
Closing balance	**1,641**	**1,635**

The put option has been measured using a discounted cash flow analysis based on significant unobservable inputs, such as expected rate of return (7.25%) and discount rate (1.1%).

If the above unobservable input linked to the expected rate of return was 10% higher/lower while all the other variables were held constant, the carrying amount of the put option would increase/decrease by € 60,000 (H1 2017). For the first half of 2016, the increase/decrease would have been € 51,000.

The carrying amounts of financial assets recognized in the consolidated financial statements approximate their fair values. The same situation is applicable for financial liabilities, except as detailed in the following tables.

	30/06/2017		
(in thousands of euros)	**Carrying amount**	**Fair value**	**Fair value level**
Non-current financial liabilities			
Loans from related parties	1,638	2,237	Level 2

(in thousands of euros)	31/12/2016 Carrying amount	Fair value	Fair value level
Non-current financial liabilities			
Loans from related parties	1,765	2,371	Level 2

Sensitivity Analysis on recoverable cash advances:

The fair value has been calculated as the weighted average of a best case, base case and worst case scenario for each project. The weight given to each scenario is as follows:

- Best case given the weight of the probability of success (PoS) given by the analysts (ranging from 20% to 40%) to each project whereby the project is successfully commercialized and a maximum of the commitments vis-à-vis the Walloon Region are honored.
- Worst case: the Company stops all activity in 2020 and will only honor its fixed commitments up to that date. Probability for this scenario has been set at 10% for all projects
- Base case: the Company honors only the fixed commitments (non-turnover related reimbursements) for each of the projects. The probability for this scenario has been set between 50% and 70%.

Based on those scenario, the fair value, after discounting fixed commitments at rates between 1.08% and 2,91% and the turnover dependent reimbursements at a rate of 17.10% (average rate used by the analysts following the Company) amounts to € 7.52 million.

When applying a sensitivity analysis on the above varying the ponderations between the best and base case scenario (decreasing/increasing the PoS of the projects) and varying the discount rate used for discounting the turnover dependent reimbursements (using a discount rate for a more mature biotech company) we obtain the following results:

	Impact of PoS*				
in '000 €	**-40%**	**-20%**	**0**	**+20%**	**+40%**
DCF with discount rate of 17,10% used for turnover dependent reimbursement	7,182	7,324	7,522	7,761	7,999
DCF *with discount rate used for turnover dependent reimbursement* reduced to 12,5%	7,663	7,885	8,196	8,569	8,942

** decrease/increase of probability linked to best case resulting in increase/decrease of base case with the worst case scenario remaining at the same level of probability*

2.5.6. Related party transactions

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

2.5.6.1 Transactions with SISE

SISE, which is an associate of the Group, performed certain services for the Company, for which an amount of € 213,000 (€ 147,000 for the first half of 2016) was charged in 2017, being an appropriate allocation of costs incurred by the associate. Furthermore, a liability is recognised in the consolidated statement of financial position for an amount of € 168,000, consisting of trade payables (for an amount of € 130,000) and a finance lease liability for the long lease right on the land for an amount of € 38,000, of which € 35,000 is classified as a non-current liability.

2.5.6.2 Transactions with the Walloon Region

As a result of the relationship of the government (i.e. Walloon Region) with some shareholders of the Company and the extent of financing received, the Company judges that the government is a related party. In total till date, an amount of € 30.08 million was granted by the Walloon Region in recoverable cash advances ("avances récupérables"), patent subsidies and other operational subsidies. Next to the government grants, government agencies granted loans to the Group for a total amount of € 2.62 million.

2.5.6.3 Transactions with the Key management personnel

The remuneration of key management personnel has been described as follow:

	Period ended 30 June	
(in thousands of euros)	2017	2016
Number of management members	6	6
Short-term benefits	557	518
Share-based payments	17	86
Total	**574**	**604**
Cumulative number of warrants granted (in units)	83,800	159,800
Shares owned (in units)	0	110,820

Transactions with the non-executive directors can be summarized as follows:

	Period ended 30 June	
(in thousands of euros)	2017	2016
Share-based payments	0	0
Management fees	101	101
Total	**101**	**101**
Number of warrants granted (in units)	0	0
Shares owned (in units)	717,886	1,430,568

2.5.7. Events and updates after 30 June 2017

The interim financial report of 30 June 2017 was authorized for issue by the Board of Directors of the Company on 30 August 2017. Accordingly, events after the reporting period are those events that occurred between 1 July 2017 and 30 August 2017. No such events occurred during this period.

3. Responsibility statement

The Board of Directors, represented by all its members, declares that, to the best of its knowledge, the condensed consolidated financial statements for the six-month period ended 30 June 2017, which have been prepared in accordance with IAS 34 'Interim Financial reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Company and the undertakings included in the consolidation as a whole, and that the interim report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with the related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

4. Auditor’s Report

Report on the review of the consolidated interim financial information of Bone Therapeutics SA for the six-month period ended 30 june 2017

In the context of our appointment as the company’s statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 june 2017, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as explicative notes.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Bone Therapeutics SA (“the company”) and its subsidiarie (jointly “the group”), prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 29,846 (000) EUR and the consolidated condensed statement of comprehensive income shows a consolidated loss (group share) for the period then ended of 6,352 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Bone Therapeutics SA has not been prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the explanation in the consolidated interim financial information in which the board of directors justifies the application of the valuation rules under the going concern assumption. The company has suffered from losses inherent to its activities and has currently cash available into the second quarter 2018, which indicates the existence of a material uncertainty about the company’s ability to continue as going concern. The board of directors justifies the going concern
Liège, 30 August 2017

The statutory auditor

DELOITTE Réviseurs d’Entreprises
SC s.f.d. SCRL
Represented by Julie Delforge