2016 INTERIM FINANCIAL REPORT

Financial period I 1 January to 30 June

Translation disclaimer: This is a free translation into English of the original French language version of the interim financial report (*rapport semestriel*) provided solely for the convenience of English speaking. This report should consequently be read in conjunction with, and construed in accordance with French law and French generally accepted accounting principles. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, this English version has not been audited by the company's statutory auditors and in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, the translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Aubay expressly disclaims all liability for any inaccuracy herein.

Registered office: 13, rue Louis Pasteur 92100 Boulogne Billancourt - France
A *Société Anonyme* (French public limited company) with capital of €6,517,648
Registered in Nanterre (RCS No. 391 504 693) - French industry code (APE) 6202A

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INTERIM MANAGEMENT REPORT

The Company's Board of Directors, under the chairmanship of Christian Aubert, met on 14 September 2016 to review the consolidated financial statements for the six-month period ended 30 June 2016. These financial statements are presented according to International Financial Reporting Standards (IFRS).

First-half operating highlights

Aubay Group achieved very good results in the 2016 first half. All regions contributed to improved performances at the level of both revenue and operating results.

This good performance highlights the relevance of the choice in building an offering perfectly adapted to the market and the key account customer segment. In this way, Aubay is able to address for single client:

- business line challenges through its consulting services,
- conventional IT issues (service centres, ADR, etc.),
- digitalisation and the transformation of business models with dedicated teams addressing Digital departments.

For information, the Group benefited from a more favourable calendar in France with three additional billing days in the second quarter representing a positive impact of 2.4%.

In €m	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change
	3 months			6 months		
France	45.6	39.5	+15.6%	91.4	81.1	+12.7%
International	37.9	27.1	+40.1%	73.0	53.5	+36.5%
Total	**83.5**	**66.6**	**+25.5%**	**164.4**	**134.6**	**+22.1%**

Consolidated revenue amounted to €164.4 million, up 22.1% on a reported basis and 11.5% like-for-like. This momentum further accelerated in the second quarter with organic growth of 14.7%.

Reflecting France's favourable calendar in the period, current operating income reached €14,490,000, representing a margin of 8.8% as a percentage of sales. This result was very consistent across the two regions. Current operating income was up 38.3%.

Business in France was particularly robust with organic revenue growth of 9.9% in the first quarter and 15.6% in the second, significantly outpacing the benchmark market forecast of 2.5% for 2016 (Syntec Numérique). France accounted for 56% of total Group revenue compared to 60% one year earlier. The current operating margin attained a record level of 9.4% for the first half, up from 8.7% for last year's same period.

International markets also showed excellent organic growth, reaching 13.3% for the second quarter and 9.6% for the first half of the year. Italy produced one of its best quarters and another record performance. Belgium and Luxembourg are back on track, with increasingly encouraging prospects for the period ahead. Finally, organic growth for Spain and Portugal outpaced the Group overall, despite a difficult political backdrop in Spain. The operating margin improved by 180 basis points to reach 9.4%, a performance comparable to France, up from 7.6% in 2015.

Aubay's already high productivity rate improved again in the first six months of 2016, increasing to 93.9% from 93.4% for the first half of 2015.

The Group's headcount amounted to 4,890 employees at the end of June compared to 4,667 at the end of 2015 and 3,881 one year earlier.

2016 first financial highlights:

€ thousands	30/06/2016	30/06/2015	Change
Revenue	**164,363**	**134,570**	**+22.1%**
Other operating income	156	114	
Purchases used in production and external charges	(33,635)	(28,331)	
Staff costs	(114,240)	(93,976)	
Taxes other than on income	(1,426)	(1,330)	
Amortisation, depreciation and provisions	(837)	(772)	
Change in inventories of work in progress and finished goods	(3)	2	
Other operating income and expenses	112	203	
Current operating income	**14,490**	**10,480**	**+38.3%**
Current operating margin (%)	***8.8%***	***7.8%***	
Other operating income and expenses	(586)	(902)	
Net operating income	**13,904**	**9,578**	**+45.2%**
Income from cash and cash equivalents			
Net borrowing costs	(247)	(403)	
Other financial income and expenses	244	272	
Net financial income (expense)	**(3)**	**(131)**	
Income tax expense	(4,140)	(3,498)	
Income from equity-accounted investees			
Net income before results of discontinued operations or assets held for sale	**9,761**	**5,949**	
Net income after tax of discontinued operations or assets held for sale			
Net income	**9,761**	**5,949**	**+64.1%**
Net margin (%)	***5.9%***	***4.4%***	
Attributable to shareholders	9,761	5,884	
Attributable to non-controlling interests	-	65	

	30/06/2016		30/06/2015		31/12/2015	
In €m	Revenue	Current operating income *margin (%)*	Revenue	Current operating income *margin (%)*	Revenue	Current operating income *margin (%)*
Group	**164.4**	**8.8%**	**134.6**	**7.8%**	**273.8**	**9.5%**
France	91.4	9.4%	81.1	8.7%	165.2	10.6%
International	73.0	9.4%	53.5	7.6%	108.6	8.3%
Corporate		(0.6%)		(0.5%)		(0.2%)

Headcount end of reporting period	30/06/2016	30/06/2015	31/12/2015
France	2,221	2,039	2,125
Belgium-Luxembourg	256	253	256
Italy	1,093	957	1,014
Spain/Portugal	1,320	632	1,272
Total	**4,890**	**3,881**	**4,667**

Analysis of the interim condensed consolidated financial statement for the six-month period ended 30 June 2016

Group results

Revenue in the 2016 first half amounted to €164.4 million, up 22.1% with organic growth alone accounting for 11.5%.

Current operating income reached €14,490,000, up from €10,480,000 in the 2015 first half, up 38%, representing a current operating margin of 8.8% compared to 7.8% one year earlier.

Other operating income and expenses represented a charge of €586,000, down from €902,000 in the 2015 first half. This charge that decreased significantly included €359,000 in restructuring costs and €227,000 costs associated with share grants.

Net operating income accordingly amounted to €13,904,000 (or 8.5% of sales) compared to €9,578,000 one year earlier. This represents a 45.2% improvement in the operating margin and one of the best performances of the sector.

Net financial expense amounted to €3,000 compared to €131,000 in 2015, after financial income of €244,000. Gross financial debt amounted to €22.1 million compared to €23.9 million in the 2015 first half.

The tax expense amounted to €4,140,000, including current tax of €4,063,000 (€3,131,000 in H1 2015) representing a nominal effective tax rate of 30% compared to 37% (with the deferred tax representing the balance). Current tax includes €1,449,000 for certain French and Italian local business taxes (CVAE and IRAP) and €2,691,000 for income tax. The decline in the nominal rate reflects primarily the decrease in Italian taxes.

Net income amounted to €9,761,000 in the 2016 first half representing a net margin of 5.9% (compared to €5,949,000 in the 2015 first half), up 64.1%. Net earnings per share amounted to €0.75 for 13,031,963 shares (excluding shares held in treasury) compared to €0.45 for 12,965,440 shares at the end of the 2015 first half.

Consolidated statement of financial position

Consolidated **total assets** at 30 June 2016 amounted to €262 million, up from €250 million at 31 December 2015 and €226 million at 30 June 2015.

Net equity amounted to €117.6 million, up €6.0 million from the previous period. For information, following the purchase of the remaining capital of Aubay Italia, there were no longer any non-controlling interests.

Key changes in the period included:

- Recognition of €9.8 million in net income,
- Payment of a €2.2 million dividend to shareholders,
- Changes in the scope of consolidation and non-controlling interests amounting to €1.6 million.

Non-current assets amounted to €115.3million, up from €114.7 million. The main change in the period concerned the line item for goodwill after the Cast info goodwill adjustment.

Net **trade receivables** (after deducting prepaid income) amounted to €94.9 million at 30 June 2016 compared to the €82.1 million at 31 December 2015. The increase in trade receivables reflects growth in business but also the increase in the number of days sales outstanding (DSO) from 87 in the first half up from 80 at 31 December 2015. Cash flow generation at 30 June was impacted by a substantial seasonal effect, with delays in trade receivables collection expected to be settled by the end of the year.

Cash and cash equivalents amounted to €16.4 million compared to €22.6 million 31 December 2015.

Net financial debt accordingly amounted to €8.5 million compared to €2.4 million at 31 December 2015.

The main items impacting cash in the first half included:

- €195 million in cash flows used in operating activities,
- €1.2 million in capital expenditures for intangible assets and property, plant and equipment,
- €2.2 million for the buyout of non-controlling interests,
- €2.2 million for the payment of a dividend to shareholders,
- €10 million for a new 3-year-loan,
- €11.9 million in debt repayments including a €9 million prepayment.

Organisation

There were no noteworthy changes in Aubay Group's organisation.

Buyout of non-controlling interests, acquisition of equity interests in or disposals of companies, mergers

Buyout of non-controlling (minority) interests

Aubay SA acquired the remaining share of capital (4.7%) of Aubay Italia in the first half, thus increasing its stake to 100%.

The Italian business is now spearheaded entirely by the legal entity Aubay Italia, following the merger of Blues of Consulting at the end of 2015, and as such no longer has any non-controlling interests.

In Spain, in accordance with the undertakings of the Spanish subsidiary Aubay Spain (a wholly-owned subsidiary of Aubay SA) upon acquiring control in Norma4 in October 2015, an additional stake was acquired in the 2016 first half, thus increasing Aubay Spain's stake to 92%.

Acquisitions of equity interests

No equity interests were acquired in the 2016 first half within Aubay Group.

Disposals of equity interests/Disposals of business lines

None.

Mergers

None.

Principal risks and uncertainties for the remaining six months of the fiscal year

There have been no substantial changes in the risk factors as presented in the registration document filed with the AMF (*Auto rite des Marches Financiers*), the French financial market authority, on 8 April 2016 (No. D.016-0304) in the first half period under review.

Material subsequent events occurring after 30 June 2016

No particular events have occurred since 30 June 2016 that might have material effect on the Group.

2016 outlook

The second half of 2016 got off to a strong start and demand remains high across all of the Group business segments and regions.

On that basis, Aubay raised its initial guidance for full-year revenue from €317 million to €325 million and for organic growth from 6% to 8.5%, while confirming the operating margin target of 9.1%.

Board of Directors

CONDENSED INTERIM FINANCIAL STATEMENTS

1. Consolidated statement of financial position

ASSETS (€ '000s)	**30/06/2016**	**31/12/2015**	**30/06/2015**
Goodwill	83,884	83,570	75,793
Intangible assets	23,655	23,753	23,875
Property, plant and equipment	4,746	4,207	4,050
Equity-accounted investees	-	-	-
Other financial assets	1,999	1,951	2,262
Deferred tax assets	1,070	1,257	1,190
Other non-current assets	1		-
NON-CURRENT ASSETS	**115,355**	**114,738**	**107,170**
Inventories and work in progress	30	79	6
Trade receivables and related accounts	103,694	90,185	81,026
Other receivables and accruals	26,415	22,707	22,741
Marketable securities	1,496	4,342	3,514
Cash at bank and in hand	14,944	18,297	11,414
CURRENT ASSETS	**146,579**	**135,610**	**118,701**
TOTAL ASSETS	**261,934**	**250,348**	**225,871**

EQUITY AND LIABILITIES (€ '000s)	**30/06/2016**	**31/12/2015**	**30/06/2015**
Capital	6,518	6,515	6,515
Additional paid-in capital and consolidated reserves	101,329	88,344	89,633
Net income attributable to shareholders	9,761	15,903	5,884
Shareholders' equity attributable to the owners of the parent	**117,608**	**110,762**	**102,032**
Non-controlling interests	0	810	727
SHAREHOLDERS' EQUITY	**117,608**	**111,572**	**102,759**
Borrowings and financial liabilities: non-current portion	15,948	14,958	19,841
Deferred tax liabilities	38	200	62
Provisions for contingencies and expenses	2,021	1,909	1,749
Other non-current liabilities	6,224	6,665	3,077
NON-CURRENT LIABILITIES	**24,231**	**23,732**	**24,729**
Borrowings and financial liabilities: current portion	8,960	10,088	2,663
Trade payables and related accounts	22,446	22,034	19,608
Other payables and accruals	88,689	82,922	76,112
CURRENT LIABILITIES	**120,095**	**115,044**	**98,383**
TOTAL EQUITY AND LIABILITIES	**261,934**	**250,348**	**225,871**

2. Consolidated income statement

€ thousands	30/06/2016	%	30/06/2015	%	31/12/2015	%
Revenue	**164,363**	**100%**	**134,570**	**100%**	**273,820**	**100%**
Other operating income	156	-	114	-	261	-
Purchases used in production and external charges	(33,635)	-	(28,331)	-	(58,322)	-
Staff costs	(114,240)	-	(93,976)	-	(185,691)	-
Taxes other than on income	(1,426)	-	(1,330)	-	(2,666)	-
Amortisation, depreciation and provisions	(837)	-	(772)	-	(1,595)	-
Change in inventories of work in progress and finished goods	(3)	-	2	-	3	-
Other operating income and expenses	112	-	203	-	170	--
Current operating income	**14,490**	**8.8%**	**10,480**	**7.8%**	**25,980**	**9.5%**
Other operating income and expenses	(586)		(902)	-	(1,534)	
Net operating income	**13,904**	**8.5%**	**9,578**	**7.1%**	**24,446**	**8.9%**
Income from cash and cash equivalents		-	-	-		-
Net borrowing costs	(245)	-	(403)	-	(816)	-
Other financial income and expenses	242	-	272	-	598	-
Net financial income (expense)	**(3)**	**-**	**(131)**	**-**	**(218)**	**-**
Income tax expense	**(4,140)	30%*	(3,498)	37%*	(8,184)	34%*
Income from equity-accounted investees		-	-	-		-
Net income before results of discontinued operations or assets held for sale	**9,761**	**-**	**5,949**	**-**	**16,044**	**-**
Net income after tax of discontinued operations or assets held for sale	-	-	-	-		-
Net income	**9,761**	**5.9%**	**5,949**	**4.4%**	**16,044**	**5.9%**
Attributable to shareholders	9,761	-	5,884	-	15,903	-
Attributable to non-controlling interests	0	-	65	-	141	-
Basic weighted average number of shares	13,031,963	-	12,965,440	-	13,029,463	-
Earnings per share	**0.75**	**-**	**0.45**	**-**	**1.22**	**-**
Diluted weighted average number of shares	13,119,477	-	13,081,640	-	13,081,127	-
Diluted earnings per share	**0.74**	**-**	**0.45**	**-**	**1.22**	**-**

* Nominal tax rates
** Of which €1.5 million for certain French and Italian local business taxes (CVAE and IRAP).

3. Cash flow statement

€ thousands	30/06/2016	30/06/2015	31/12/2015
Consolidated net income(including non-controlling interest)	**9,761**	**5,949**	**16,044**
Income from equity-accounted investees	-	-	-
Net exceptional depreciation, amortisation and provisions	855	517	1,405
Non-cash expenses and income relating to share-based payments	227	191	384
Other non-cash items	0	0	0
Dividend income	0	(6)	(20)
Gains and losses on disposals of fixed assets	(19)	(13)	(130)
Cash flow after net interest expense and tax	**10,824**	**6,638**	**17,683**
Net borrowing costs	245	402	816
Tax expense (including deferred taxes)	4,140	3,498	8,184
Cash flow before net interest expense and tax (A)	**15,209**	**10,538**	**26,683**
Income tax payments (B)	(3,397)	(4,886)	(10,780)
Change in operating working capital requirements (including liabilities relating to employee benefits) (C)	(12,007)	(1,787)	405
Net cash provided by (used in) operating activities (D) = (A+B+C)	**(195)**	**3,865**	**16,308**
Outflows for the acquisition of tangible and intangible fixed assets	(1,197)	(896)	(1,160)
Inflows from the disposal of tangible and intangible fixed assets	0	20	20
Outflows for the acquisition of financial assets	(74)	(53)	(54)
Inflows from the disposal of financial assets	117	193	573
Change in loans and advances granted	(68)	94	242
Impact of changes in the Group structure	(2,151)	(2,371)	(7,682)
Dividends and grants received		102	20
Net cash provided by (used in) investing activities	**(3,373)**	**(2,911)**	**(8,041)**
Proceeds from capital increases	-	-	-
Amounts received upon the exercise of stock options	27	89	89
Purchases of treasury shares for cancellation	-	-	-
Purchases of and proceeds from the sale of treasury shares	(58)	35	
Dividends paid in the period	-	-	-
Net dividends paid to parent company shareholders	(2,213)	(1,555)	(3,242)
Dividends paid to the non-controlling shareholders of consolidated companies		(114)	-
Inflows from new borrowings	10,000	-	7,500
Repayment of financial debt	(11,850)	(3,055)	(8,759)
Net interest payments	(268)	(423)	(830)
Other financial flows	(4)	-	(24)
Net cash provided by (used in) financing activities (F)	**(4,346)**	**(5,023)**	**(5,266)**
Effects of changes in foreign exchange rates (G)	**(14)**	-	(2)
Change in net cash (D+E+F+G)	(7,948)	(4,069)	2,999
Opening cash and cash equivalents	**21,582**	**18,583**	**18,583**
Closing cash and cash equivalents	**13,634**	**14,514**	**21,582**

4. Statement of changes in equity attributable to owners of the parent

	Share capital	Additional paid-in capital and consolidated reserves	Net income attributable to shareholders	Total Group share	Non-controlling interests	Total
Shareholders' equity at 1 January 2016	**6,515**	**88,345**	**15,903**	**110,762**	**810**	**111,572**
Capital increase	3	24	-	27	-	27
Share-based payments	-	181	-	181	-	181
Dividends	-	(2,213)	-	(2,213)	-	(2,213)
Net income appropriation	-	15,903	(15,903)	-	-	-
Net income for the period	-	-	9,761	9,761		9,761
Change in treasury shares	-	7	-	7	-	7
Change in Group structure	-	(756)	-	-	(810)	(1,556)
Flows related to equity-accounted investments	-	-	-	-	-	-
Other changes	-	(161)	-	(161)	-	(161)
Shareholders' equity at 30 June 2016	**6,518**	**101,330**	**9,761**	**117,608**	**0**	**117,608**

	Share capital	Additional paid-in capital and consolidated reserves	Net income attributable to shareholders	Total Group share	Non-controlling interests	Total
Shareholders' equity at 1 January 2015	**6,510**	**79,932**	**11,696**	**98,137**	**661**	**98,798**
Capital increase	5	84	-	89	-	89
Share-based payments	-	31	-	31	-	31
Dividends	-	(1,555)	-	(1,555)	-	(1,555)
Net income appropriation	-	11,645	(11,645)	0	-	0
Net income for the period	-	-	5,884	5,884	66	5,950
Change in treasury shares	-	(584)	-	(584)	-	(584)
Change in Group structure	-	-	-	0	-	0
Flows related to equity-accounted investments	-	-	-	0	-	0
Other changes		30	-	30	-	30
Shareholders' equity at 30 June 2015	**6,515**	**89,583**	**5,935**	**102,032**	**727**	**102,759**

Income and expenses recognised in equity

Net income and gains and losses recognised directly in equity	**30/06/2016**	**30/06/2015**	**31/12/2015**
Translation adjustments	(8)		
Revaluation of hedging derivatives	25	12	57
Items that will not be subsequently recycled through profit or loss			
Actuarial gains and losses on retirement schemes	(164)		237
Other impacts			
Items that will not be recycled through profit or loss	(147)	12	294
Net gains and loss recognised directly in equity attributed to the shareholders	(147)	12	294
Net income	**9,761**	**5,884**	**16,044**
Gains and losses recognised directly in equity attributed to the shareholders	(147)	12	294
Comprehensive income attributable to shareholders	**9,614**	**5,896**	**16,338**

5. Notes to the consolidated financial statements

Accounting policies

Aubay Group prepared its consolidated financial statements in compliance with IFRSs (International Financial Reporting Standards) in effect as of 30 June 2016, as adopted by the European Union. Interim financial statements are prepared in accordance with the same rules and methods as those used to prepare the annual financial statements. The condensed interim financial statements for 2016 first half were prepared in accordance with the provisions of IAS 34 "Interim financial reporting". As such, they do not include all the information required for the annual financial statements and should be read in conjunction with the 2015 annual report.
The rules and accounting methods applied to the interim financial statements are identical to those used to prepare the annual financial statements for the period ending on 31 December 2015. The standards, amendments and interpretations applicable as of 1 January 2016 have no significant impact on Aubay Group's accounts.

These financial statements were approved by the Board of Directors on 14 September 2016.

Consolidation methods: Companies over which Aubay exercises exclusive control, whether directly or indirectly, are fully consolidated. Exclusive control is presumed to exist when Aubay holds the majority of a company's voting rights, exercises contractual control or power to manage a company's operations.
The equity method is applied to the financial statements of companies in which Aubay exercises significant influence but without control. Under the equity method, the Group's share in the profit or loss of the associate (investee) for the year is recognised in its income statement while the carrying amount is adjusted to reflect cumulative changes after the acquisition date. The Group's investments in associates include goodwill.

Financial reporting periods and consolidation dates: All companies are consolidated based on their interim financial statements for the six-month periods ending 30 June 2016, and restated, as applicable, in accordance with Group accounting principles. The consolidation date for companies on first-time consolidation is the date on title to the shares acquired in these companies is legally transferred. This same principle applies in the case of deconsolidation. To this end, financial statements are prepared for all acquired companies.

Translation of foreign financial statements: Only the United Kingdom's subsidiary (Aubay UK) is concerned by translation differences, as all other companies of the Group are in the eurozone.

- Assets and liabilities are translated at the closing rate at the end of the reporting period;
- Income, expenses and cash flows are translated at the average exchange rate for the period;
- All resulting translation differences are recognised as a separate component of equity.

Goodwill: Goodwill arises from the difference between the acquisition cost of shares and the Group's share of restated net assets of the acquiree. This difference in value is divided between:

(1) Goodwill attributable to certain identifiable balance sheet items classified under the appropriate headings in accordance with applicable accounting rules.
(2) Goodwill for the unallocated balance.

Goodwill and intangible assets (mainly assets of on-going businesses) are tested for impairment once a year using the discounted cash flow (DCF) method completed by a comparison with market values. The impairment tests consist in measuring the recoverable amount of each cash generating unit (CGU). The CGUs used by the Group correspond to geographic regions. Measurement of the recoverable value of each CGU takes into account the criteria derived from the budget process and forecasts over a period of five years, including the rates of growth and return considered reasonable. The same discount rate of 8% is applied to all CGUs (eurozone). The perpetuity growth rate is based on the growth potential of the different CGUs and ranges between 2.5% and 5%.
When an impairment loss is recognised, the difference between the carrying value of the asset and the remeasured value is recognised under "Other operating income and expenses"

Put options written on non-controlling interests (business combinations) are accounted for as share buybacks to be recognised as an operating debt and offset by a reduction in non-controlling interests for the year they are recorded. Amounts recognised are calculated according to commitments incurred, and mainly a multiple of earnings for the subsidiaries in question. Any year-on-year changes in debt related to changes in estimates are offset against "Other operating income and charges".

Research and development expenditures: Research and development expenditures for applications and products are expensed in the period incurred except when the company can demonstrate that it meets the following criteria according to IAS 38:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- the ability of this intangible asset to generate future economic benefits,

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Licenses and software: Licenses and software are amortised over a maximum of five years using the straight-line method except for inexpensive software packages which are amortised on a time proportion basis in the year acquired.

Property, plant and equipment:

(1) Property, plant and equipment are recognised at cost and depreciated over their expected useful lives.

(2) By exceptions, they are subject to the same depreciation schedules used for the parent company financial statements (excluding items eligible for special tax depreciation provisions).

These items are generally depreciated according to the straight-line method:

Buildings	20 years
Fixtures and fittings	5 to 10 years
IT equipment	3 to 5 years
Office furniture and equipment	3 to 5 years

Trade receivables
Receivables are stated at nominal value. They are assessed individually and, when necessary, a provision for depreciation is recorded to cover potential collection risks.

Cash and cash equivalents: Cash and cash equivalents include cash assets immediately available for sale and subject to an insignificant risk of short-term changes in value. Marketable securities are recognised in the balance sheet at cost. A provision for impairment is recognised when the carrying value is less than the acquisition cost.

Treasury shares: Aubay shares held by the parent company are deducted from consolidated shareholders' equity. Gains or losses from disposals are eliminated in changes in shareholders' equity.

Grants and tax credits: operating grants and tax credits are deducted from expenses presented according to the function of expense method (mainly staff costs for the Research Tax Credit and the "CICE" wage tax credit).

Provisions: The Group adheres to the provisions of IAS 37. This standard defines a liability as a balance sheet item with a negative value for the company, and namely an obligation towards a third party for which it is probable or certain to result in an outflow of resources to this third-party with no equivalent consideration expected in return.

When business combinations are recognised, the Group may record provisions (for contingencies, litigation, etc.) in the opening balance sheet. These provisions constitute liabilities that create or increase the amount of goodwill. After the twelve-month allocation period from the opening balance sheet, the reversal of unused provisions resulting from changes in estimates as defined in IAS 8 are recorded in the income statement under "Other operating income and expenses".

Provisions for pensions and similar commitments: In compliance with IAS 19, the Group records long-term post-employment benefits or benefits contingent on accruing seniority within the Group such as retirement severance benefits (*indemnités de départ à la retraite*), etc. These benefits may be provided under different types of plans:

- Defined-contribution plans for which the Group pays defined benefits to external organisations. The corresponding expenses are recognised as they are paid.

- Defined-benefit plans under which the Group has an obligation towards employees. The characteristics of these plans vary according to the laws and regulations which apply in each country.

In France, the main actuarial assumptions applied to measure defined-benefit plan obligations are as follows:

- Retirement age: 67
- Average salary of reference: 1/13th of annual remuneration excluding bonuses
- Salary escalation rate: 1%
- Social security contributions: 45%
- Discount rate: 1.05%
- Turnover ratio: based on the company's own table
- Life expectancy according to the INSEE 2010 table

In Italy, the provision corresponds to the legal severance payments (TFR or T*rattamento di Fine Rapporto*). These severance benefits are recorded each year for a percentage of gross annual salary and payable to employees at the end of their employment contract.

In Spain, Belgium and Luxembourg, there are no pension liabilities.

Measurement and recognition of financial liabilities: Long-term financial debt includes mainly bank borrowings, bonds and put options written on non-controlling interests.

Bonds are measured on their issue date at fair value and then recognised until maturity according to the amortised cost method. On the bond issue date, fair value is defined as the present value of future outflows at the market rate. In addition, issuance costs and bond issue premium are deducted from the fair value of the bond. The difference between the nominal value of the bond and its fair value as calculated above is recognised in shareholders' equity. For each period thereafter, interest expense recorded in the income statement represents the theoretical interest expense calculated by applying the effective interest rate to the carrying value of the debt. The effective interest rate is calculated when the bond is subscribed and corresponds to the rate used to bring future outflows in line with the initial fair value of the bond. The difference between the interest expense as calculated above and the nominal interest is recognised as an offset to the bond in the balance sheet under liabilities.

Revenue: Revenue represents the amounts for services rendered and the sale of equipment related to the ordinary activities of the Group's fully consolidated subsidiaries.
Billings are based on actual time worked by consultants in the performance of a contract. Earnings from flat-rate contracts spread over several periods are recognised according to the percentage-of-completion method.
In addition, if the budgeted cost of a contract comes to exceed the contractual amount of sales, a provision for losses on completion is recorded at the end of the reporting period.

Other operating income and expenses: This includes items that are infrequent or unusual nature and involving significant amounts. Such items include annual stock option expenses, restructuring costs, goodwill impairment charges, capital gains or losses from disposals…

Stock options: in accordance with IFRS 2, stock options are to be recognised under expenses at fair value on the date they are granted to employees or managers. This provision applies to plans established after 7 November 2002. Stock options are measured using the Black & Scholes model based on criteria that include namely, the exercise price of the options, their lifespan, the share price on the grant date, the implied volatility of the share price, employee turnover assumptions and the risk-free interest rate. The exact value of the options is set on their grant date. This value is amortised according to the straight-line method.

Restricted stock awards: performance shares are granted to selected employees and officers of the Group subject to market performance and service conditions (2 years). The stock market benchmark is the "STOXX Europe TMI Software & Computer Services". The fair value of the share is determined by applying a model complying with IFRS 2 ("Monte Carlo") that includes the share price on the grant date, the implied volatility of the share price, the risk-free interest rate, the dividend yield for the period, the benchmark price on the grant date.

Corporate income tax: Tax expenses are equal to the sum of current taxes, deferred taxes plus certain French and Italian local business taxes (namely the CVAE and IRAP respectively). Deferred taxes are calculated according to the expiration periods for tax liabilities under the different local tax regimes and to the probability that future taxable profit will be available against which unused tax losses can be utilised.

Earnings per share: Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding in the period.
Diluted earnings per share are calculated by dividing net income attributable to shareholders, restated to eliminate the financial cost, net of tax, of dilutive debt instruments, by the weighted average number of shares outstanding in the period, increased by the average number of shares to be issued through the following dilutive instruments: stock options and performance stock awards in the money at 30 June 2016.

Use of estimates: Producing financial statements according to IFRS requires the use of estimates and assumptions which affect the amounts presented in the financial statements, and concerning namely the following items:
- the measurement of provisions and pension liabilities;
- measurements used for impairment tests;
- the measurement of share-based payments;
- the measurement of financial liabilities.

These estimates are based on assumptions established according to information available when the financial statements were prepared. They may be revised if there is a change in the circumstances on which they are based or on obtaining new information. Actual results may differ from the estimates.

Notes to the balance sheet

Changes in the Group structure in the 2016 first half

No acquisitions were carried out in the 2016 first half.

Goodwill

€ thousands	Beginning of period	Acquisitions/increases	Disposals/reversals	End of period
Gross value	101,347	314	-	101,661
Amortisation	(17,777)	-	-	(17,777)
Value	83,570	314	-	83,884

Goodwill recorded in the 2016 first half amounted to €314,000. This represents the €314,000 adjustment in the opening balance sheet of Castinfo.

Trade receivables and related accounts

€ thousands	**30/06/2015**	**31/12/2015**	**30/06/2015**
Gross value	104,172	90,670	81,872
Impairment	(478)	(485)	(846)
Value	**103,694**	**90,185**	**81,026**
Advances and down-payments on orders			
Prepaid income and customer prepayments	(8,770)	(8,111)	(5,440)
Net trade receivables	**94,924**	**82,074**	**75,586**
Days sales outstanding (DSO)	**87**	**80**	**84**

Dealings in own shares in the 2016 first half

Number of treasury shares held at 01/01/2016	54,536
Acquisitions/Disposals 2016 (net)	(46,550)
Number of treasury shares held at 30/06/2016	7,986

Changes in provisions

€ thousands	**30/06/2016**	**31/12/2015**	**30/06/2015**
Provisions for litigation contingencies	1,058	1,152	1,011
Provisions for pensions and retirement benefits	963	757	738
Total	**2,021**	**1,909**	**1,749**

Breakdown of deferred taxes

	Opening	Increase	Decrease	Closing
Deferred tax assets	-	-	-	-
Tax loss carryforwards	468	-	240	228
- Temporary differences	789	53	-	842
Total deferred tax assets	**1,257**	**53**	**240**	**1,070**
Deferred tax liabilities	-	-	-	-
- Temporary differences	200	-	162	38
Total deferred tax liabilities	**200**	**0**	**162**	**38**

Borrowings, financial debts and cash

At 30 June 2016

	30/06/2016			**2015**
€ thousands	**Amount**	**Less than 1 year**	**More than 1 year**	**Amount**
Bank debt	22,102	6,154	15,948	23,989
Creditor banks	2,806	2,806	-	1,057
Other financial liabilities	0	-	-	0
DEBT	**24,908**	**8,960**	**15,948**	**25,046**
Marketable securities	1,496	-	-	4,342
Cash at bank and in hand	14,944	-	-	18,297
CASH AND CASH EQUIVALENTS	**16,440**	**0**	**0**	**22,639**
(NET DEBT)/NET CASH	**(8,468)**	**(8,960)**	**(15,948)**	**(2,407)**

Cash and cash equivalents (€ thousands)	**30/06/2016**	**31/12/2015**	**30/06/2015**
Cash at bank and in hand	14,944	18,297	11,414
Short-term investments	1,496	4,342	3,514
Bank overdrafts	(2,806)	(1,057)	(414)
Total cash and cash equivalents	**13,634**	**21,582**	**14,514**

Off-balance sheet commitments

There were no significant changes having affected off-balance sheet commitments to report.

Transactions with related parties

There were no significant transactions with related parties in the 2016 first half.

Notes to the income statement

Income statement highlights by region and business segment

In €m	30/06/2016 Revenue	30/06/2016 Current operating income *margin (%)*	30/06/2015 Revenue	30/06/2015 Current operating income *margin (%)*	31/12/2015 Revenue	31/12/2015 Current operating income *margin (%)*
Group	**164.4**	**8.8%**	**134.6**	**7.8%**	**273.8**	**9.5%**
France	91.4	9.4%	81.1	8.7%	165.2	10.6%
International	73.0	9.4%	53.5	7.6%	108.6	8.3%
Corporate		(0.6%)		(0.5%)		(0.2%)

At 30 June 2016 (€ thousands)	**France**	**International**	**Inter-sector eliminations**	**Total**
Revenue	91,404	73,600	(641)	164,363
Other operating income	12	144	-	156
Purchases	(12,642)	(11,315)	546	(23,411)
External charges	(4,008)	(6,332)	116	(10,224)
Staff costs	(65,405)	(49,486)	-	(114,891)
Taxes other than on income	(1,395)	(31)	-	(1,426)
Allowances for depreciation and amortisation	(360)	(398)	-	(758)
Amortisation, depreciation and provisions	(17)	(62)	-	(79)
Change in inventories of work in progress and finished goods	-	2	-	(3)
Other operating income and expenses	16	117	(21)	112
Total current operating income (loss)	**7,605**	**6,885**	**0**	**14,490**
Proceeds from the disposal of consolidated investments	-	-	-	-
Other operating income and expenses	(573)	(13)	-	(586)
Total other operating income and expenses	**(573)**	(13)	**-**	**(586)**
Net operating income	**7,032**	**6,872**	**0**	**13,904**

At 30 June 2015 (€ thousands)	**France**	**International**	**Inter-sector eliminations**	**Total**
Revenue	81,147	53,849	(426)	134,570
Other operating income	-	114	-	114
Purchases	(9,134)	(9,696)	379	(18,451)
External charges	(3,904)	(6,031)	55	(9,880)
Staff costs	(60,558)	(34,039)	-	(94,597)
Taxes other than on income	(1,301)	(29)	-	(1,330)
Allowances for depreciation and amortisation	(361)	(321)	-	(682)
Amortisation, depreciation and provisions	(39)	(51)	-	(90)
Change in inventories of work in progress and finished goods	-	2	-	2
Other operating income and expenses	566	266	(8)	824
Total current operating income (loss)	**6,416**	**4,064**	**0**	**10,480**
Proceeds from the disposal of consolidated investments	-	-	-	-
Other operating income and expenses	(739)	(163)	-	(902)
Total other operating income and expenses	(739)	(163)	**-**	(902)
Net operating income	**5,677**	**3,901**	**0**	**9,578**

	30/06/2016	30/06/2015	31/12/2015
Banking	40%	40%	**41%**
Insurance	26%	27%	**27%**
Public sector	8%	6%	**7%**
Services/Utilities	11%	12%	**12%**
Industry	8%	8%	**7%**
Telecom	6%	6%	**6%**
Retail and distribution	1%	1%	**1%**
Total	100%	100%	100%

Staff costs

€ thousands	30/06/2016	30/06/2015	31/12/2015
Salaries	84,783	68,045	134,427
Social charges	29,415	25,935	51,157
Net allowances for provisions for retirement	42	-4	107
Total	**114,240**	**93,976**	**185,691**
Revenue	**164,363**	134,570	**273,820**
Ratio Staff costs/Revenue	69.5%	69.8%	67.8%

Headcount end of reporting period	30/06/2016	30/06/2015	31/12/2015
France	2,221	2,039	2,125
Belgium-Luxembourg	256	253	256
Italy	1,093	957	1,014
Spain/Portugal	1,320	632	1,272
Total	**4,890**	**3,881**	**4,667**

Production	4,554	3,600	4,335
Production (%)	*93.1%*	*92.8%*	*92.9%*
Administrative and sales	336	281	332
Total	**4,890**	**3,881**	**4,667**

Other operating income and expenses

€ thousands	30/06/2016	30/06/2015	31/12/2015
Stock options	(227)	(191)	(163)
Non-recurring expenses	(359)	(726)	(1,353)
Gains and losses on disposals of fixed assets		15	(18)
Sundry items		-	-
Total	**(586)**	**(902)**	**(1,534)**

Income tax expenses

€ thousands	30/06/2016	30/06/2015	31/12/2015
Current taxes	(4,063)	(3,131)	(7,554)
Deferred taxes	(77)	(367)	(630)
Total	**(4,140)**	**(3,498)**	**(8,184)**

Current tax includes €2.6 million for income tax and €1.5 million for French and Italian local business taxes (namely the CVAE and IRAP respectively).

RESPONSIBILITY STATEMENT FOR THE INTERIM FINANCIAL REPORT

"To the best of my knowledge, and in accordance with applicable reporting principles for interim financial reporting, the interim condensed consolidated financial statements of the company and all consolidated operations for the six-month period ended 30 June 2016 provide a fair view of its assets and liabilities, financial position and earnings, and the interim management report provides a fair view of material events of the first six months, their impact on the interim financial statements, the main transactions with related parties as well as a description of the key risks and uncertainties for the remaining six months."

Philippe Rabasse
Chief Executive Officer of Aubay Group