2018 INTERIM FINANCIAL REPORT

Financial period I 1 January to 30 June

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Registered office: 13, rue Louis Pasteur 92100 Boulogne Billancourt
A French public limited company (*société anonyme)* with share capital of €6,568,398
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, chaired by Mr. Christian Aubert, met on 12 September 2018 to review the consolidated financial statements for the six-month period ended 30 June 2018. These financial statements are presented according to International Financial Reporting Standards (IFRS).

Results of operations

Aubay had revenue of €197,346,000 in the first half of 2018, up 16.8% (8.9% like-for-like) year-on-year. France accounted for 10.0% of this increase (solely from internal growth) and international operations accounted for 24.9% which included the contribution from the ongoing business acquired in Italy. Excluding this acquisition, like-for-like growth from international operations amounted to 7.7%.

This very good result reflects:

- A buoyant market across all business sectors and growing demand from our principal customers. In this environment, Aubay continues to add market share by outperforming its market benchmark (syntec).
- New expertise (Digital Marketing, Big Data, Agility, RPA, etc.) which has met considerable success and is providing new growth drivers.
- A highly efficient commercial organisation placing an emphasis on increasing sales prices, a component of internal growth, and contributing to improving margins.

This performance was furthermore achieved despite the calendar effect of one less billing day in the first half.

In France, growth accelerated in the first half from 9.3% in Q1 to 10.7% in Q2. The operating margin on ordinary activities improved significantly on that basis by 1.1 points to 9.2%. Recruitment remains challenging and ongoing efforts are expected to lead to significant growth in the workforce in the second half of the year, a period historically more favourable.

In international markets, organic growth remained at an excellent level of 9.6%, with an acceleration in the pace in Q2 from Q1. The current operating margin continued to be largely stable from one year to the next at 8.4% despite the integration of the Italian business with a lower profit margin relative to the historic consolidation scope. The improvement in the margin thus reflects notably the performances of Belgium/Luxembourg and the Iberian Peninsula.

Italy has focused on the integration of the recently acquired business and developing synergies which made it possible to submit proposals to a number of large-scale calls for tender in the telecommunications sector. Significant efforts were also devoted to administrative services in order to improve the invoicing processes and WCR management, in particular for the ongoing business acquired in Q3 2017.

The Iberian Peninsula continues to display strong growth driven by Portugal and the installation of back office operations for large French groups (particularly Natixis in Porto). Spain, with the buyout of the remaining minority interests of Cast-Info, has initiated a process for the legal merger of the two remaining entities. Finally, the Belgium/Luxembourg region performed well with a higher sales rates in Belgium though recruitment remaining difficult.

The productivity rate remains high at 93.1% compared to 92.8% one year earlier.

€m	Q2 2017	Q2 2017 restated*	Q2 2018**	Change	Change in organic growth	H1 2017	H1 2017 restated*	H1 2018H1	Change	Change in organic growth
France**	44.6	44.6	**49.3**	10.7%	10.7%	92.4	92.4	**101.6**	10.0%	10.0%
International	39.2	38.2	**48.6**	27.0%	9.6%	78.0	76.6	**95.8**	24.9%	7.7%
Total	83.8	82.8	**97.9**	**18.2%**	**10.2%**	170.4	169.0	**197.4**	**16.8%**	**8.9%**

* Restated to eliminate the impact of the first-time application of IFRS 15 which entered in effect on 1 January 2018.

** including the UK

Operating profit from ordinary activities amounted to €17.5 million up 24.7% compared to €14.0 million at 30 June 2017. The operating margin on business activity came to 8.8% or 0.5 points up year-on-year. By region, this margin was 9.2% for France and 8.4% for international operations.

The workforce grew in relation to 31 December 2017. At 30 June 2018, the Group had 5,913 employees compared to 5,057 one year earlier and 5,848 at 31 December 2017.

H1 financial highlights:

(€ '000s)	30/06/2018	30/06/2017 (1)	Change
Revenue	**197,346**	**169,012**	**+16.8%**
Other operating income	89	140	
Purchases used in production and external charges	(39,724)	(35,116)	
Staff costs	(137,684)	(117,739)	
Taxes other than on income	(1,692)	(1,601)	
Amortisation, depreciation and provisions	(835)	(836)	
Change in inventories of work in progress and finished goods		(18)	
Other current operating income and expenses	(43)	161	
Operating profit from ordinary activities	**17,457**	14,003	+24.7%
% of revenue	**8.8%**	**8.3%**	
Expenses linked to restricted share units and similar awards	(733)	(514)	
Current operating income	**16,724**	**13,489**	**+24.0%**
% of revenue	**8.5%**	**7.9%**	
Other operating income and expenses	(695)	934	
Operating profit	**16,029**	**14,423**	**+11.1%**
% of revenue	**8.1%**	**8.5%**	
Income from cash and cash equivalents			
Net borrowing costs	(249)	(30)	
Other financial income and expenses	94	145	
Net financial income (expense)	**(155)**	**115**	
Income tax expense	(4,847)	(4,402)	
Income from equity-accounted investees			
Net income before results of discontinued operations or assets held for sale	**11,027**	**10,136**	
Net income after tax of discontinued operations or assets held for sale			
Net income	**11,027**	**10,136**	**+8.8%**
% of revenue	**5.6%**	**5.9%**	
Attributable to shareholders	11,027	10,136	
Attributable to non-controlling interests	-	-	

(1) Comparative information presented for H1 2017 was restated to eliminate the retrospective impact linked to the application of IFRS 15.

	30/06/2018		30/06/2017 (1)	
€m	Revenue	Operating margin from ordinary activities	Revenue	Operating margin from ordinary activities
Group	**197.3**	**8.8%**	**169.0**	**8.3%**
France	101.6	9.2%	92.3	8.1%
International	95.8	8.4%	76.7	8.5%

*Percentage of sales

(1) Comparative information presented for H1 2017 and FY 2017 was restated to eliminate the retrospective impact linked to the application of IFRS 15.

Headcount end of reporting period	30/06/2018	30/06/2017
France	2,455	2,297
Belgium/Luxembourg	262	269
Italy	1,681	1,143
Spain/Portugal	1,515	1,348
Total	**5,913**	**5,057**

Consultants	5,472	4,693
Consultants (%)	92.5%	92.8%
Administration and sales	441	364
Total	**5,913**	**5,057**

Analysis of the interim condensed consolidated financial statements for the six-month period ending 30 June 2018

Group results

Revenue in the 2018 first half amounted to €197.3 million compared to €169.0 million in the same period in 2017, up 16.8%.

Operating profit from ordinary activities amounted to €17,457,000, down from €14,003,000 in the 2017 first half, up 24.7%, representing a margin of 8.8% of sales compared to 8.3% one year earlier.

Net non-recurring income and expenses represented an expense of €695,000 compared to income of €934,000 in the 2017 first half. Expenses consist primarily of restructuring costs. For the record, in 2017, results included income of €1,355,000 from the settlement and remeasurement of debt linked to the acquisition of non-controlling interests.

Operating profit accordingly amounted to €16,029,000, up 11.1% from €14,423,000.

Net financial income (expense) represented an expense of €115,000 compared to income of €115,000 in 2017 after taking into account €94,000 in financial income and €249,000 in net interest expense.

The tax expense amounted to €4,847,000, compared to €4,402,000 in H1 2017 representing an effective tax rate of 31%, remaining stable from one year to the next.

Net income amounted to €11,027,000 in the 2018 first half representing a net margin of 5.6% (compared to €10,136,000 in the 2017 first half), up 8.8%. Net earnings per share amounted to €0.84 for 13,113,301 shares (weighted average number) compared to €0.78 for 13,072,092 shares at the end of the 2017 first half.

Consolidated statement of financial position

Net equity amounted to €151.7 million, up €7.9 million from 31 December 2017.

Key changes in the period included:

- Recognition of €11.0 million in net income,
- Payment of €3.2 million in dividends to shareholders,

Non-current assets amounted to €134.0 million, remaining unchanged from one period to the next.

Net **trade receivables** (after deducting prepaid income) amounted to €117.6 million at 30 June 2018 compared to €102.1 million at 31 December 2017, up significantly on growth generated by the increase in DSOs. The number of days sales outstanding (DSO) was 89 compared to 81 at 31 December 2017. This increase reflects the historically adverse seasonality impact at 30 June.

Cash and cash equivalents amounted to €13.3 million compared to €16.7 million six months earlier.

Gross financial debt amounted to €24.2 million at 30 June 2018 compared to €22.2 million one year earlier. Two new medium-term credit facilities for €8 million were obtained in the first half from our financial partners. These were used to finance in part the buyout of minority interest in Spain and in part working capital requirements for the ongoing Italian business.

On that basis, net debt amounted to €10.9 million compared to €5.6 million.

In addition, the main items impacting net debt were as follows:

- €1.5 million in cash flows from operating activities, after taking into account the negative change of WCR of €10.6 million,
- €1.3 million in capital expenditures for intangible assets and property, plant and equipment,
- €2.2 million for the buyout of non-controlling interests,
- €3.2 million for the payment of dividends to shareholders,
- 8.2 million in new bank borrowings,
- €6.0 million for the repayment of bank loans.

Organisation

There were no changes impacting the Group's overall structure.

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

Buyout of non-controlling (minority) 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 Cast Info in December 2015, a final stake was acquired in the 2018 first half, thus increasing Aubay Spain's stake to 100%. The legal merger of Aubay Spain and Cast Info is in progress.

Acquisitions of equity interests

No equity interests were acquired in the 2018 first half within Aubay Group.

Disposals of equity interests/Disposals of business lines

None.

Mergers

There were no mergers within the Group in the 2018 first half.

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 (*Autorité des Marchés Financiers*), the French financial market authority, on 9 April 2018 (No. D.18-0305) in the first half period under review.

Material subsequent events after 30 June 2018

There have been no material events to report since 30 June 2018.

2018 outlook

Aubay's business indicators for the third quarter are in line with those of the first half, bolstered by strong momentum driven by demand from Aubay's main clients. Business trends in the second half will benefit from two additional billing days compared with H2 2017.

On that basis, the Group has raised its initial target for organic growth for 2018 from 5%-7% to 7%-9%, with guidance for annual revenue now at €400 million.

As previously announced, for the full year a current operating margin is expected of between 9.5% and 10.5%.

Board of Directors

CONDENSED INTERIM FINANCIAL STATEMENTS

1. Consolidated statement of financial position

ASSETS (€ '000s)	30/06/2018	12/31/2017 (1)
Goodwill	124,101	124,101
Intangible assets	649	726
Property, plant and equipment	5,458	4,906
Equity-accounted investees	-	-
Other financial assets	1,893	1,920
Deferred tax assets	1,858	1,645
Other non-current assets		
NON-CURRENT ASSETS	**133,959**	**133,298**
Inventories and work in progress	348	350
Trade receivables and related accounts	128,461	117,677
Other receivables and accruals	37,100	34,978
Marketable securities	258	222
Cash at bank and in hand	13,016	16,442
CURRENT ASSETS	**179,183**	**169,669**
TOTAL ASSETS	**313,142**	**302,967**

EQUITY AND LIABILITIES (€ '000s)	30/06/2018	12/31/2017 (1)
Capital	6,568	6,544
Additional paid-in capital and consolidated reserves	134,119	113,381
Net income attributable to the Group	11,027	23,937
Shareholders' equity attributable to the Group	**151,714**	**143,862**
Attributable to non-controlling interests	0	0
SHAREHOLDERS' EQUITY	**151,714**	**143,862**
Borrowings and financial liabilities: non-current portion	13,753	11,828
Deferred tax liabilities	2	2
Provisions for contingencies and expenses	5,483	5,491
Other non-current liabilities	4	4
NON-CURRENT LIABILITIES	**19,242**	**17,325**
Borrowings and financial liabilities: current portion	10,428	10,404
Trade payables and related accounts	25,175	26,932
Other payables and accruals	106,583	104,444
CURRENT LIABILITIES	**142,186**	**141,780**
TOTAL EQUITY AND LIABILITIES	**313,142**	**302,967**

(1) Comparative information presented for FY 2017 was restated to eliminate the retrospective impact linked to the application of IFRS 15. – See the paragraph in the chapter Accounting Policies, "Application of IFRS 15 on 1 January 2018".

2. Consolidated income statements

Consolidated statement of profit or loss at 30 June 2018

(€ 000s)	30/06/2018	%	30/06/2017	%
			(1)	
Revenue	**197,346**	**100%**	**169,012**	**100%**
Other operating income	89		140	
Purchases used in production and external charges	(39,724)		(35,116)	
Staff costs	(137,684)		(117,739)	
Taxes other than on income	(1,692)		(1,601)	
Amortisation, depreciation and provisions	(835)		(836)	
Change in inventories of work in progress and finished goods			(18)	
Other current operating income and expenses	(43)		161	
Operating profit from ordinary activities	**17,457**	**8.8%**	**14,003**	**8.3%**
Expenses linked to restricted share units and similar awards	(733)		(514)	
Current operating income	**16,724**	**8.5%**	**13,489**	**7.9%**
Other operating income and expenses	(695)		934	
Operating profit	**16,029**	**8.1%**	**14,423**	**8.5%**
Income from cash and cash equivalents				
Net borrowing costs	(249)		(30)	
Other financial income and expenses	94		145	
Net financial income (expense)	**(155)**		**115**	
Income tax expense	(4,847)		(4,402)	
Income from equity-accounted investees				
Net income before results of discontinued operations or assets held for sale	**11,027**		**10,136**	
Net income after tax of discontinued operations or assets held for sale				
Net income	**11,027**	**5.6%**	**10,136**	**5.9%**
Attributable to shareholders	11,027		10,136	
Attributable to non-controlling interests	0		0	
Basic weighted average number of shares	13,113,301		13,072,092	
Earnings per share	**0.84**		**0.78**	
Diluted weighted average number of shares	13,214,801		13,175,892	
Diluted earnings per share	**0.83**		**0.77**	

(1) Comparative information presented for H1 2017 and FY 2017 was restated to eliminate the retrospective impact linked to the application of IFRS 15. – See the paragraph in the chapter Accounting Policies, "Application of IFRS 15 on 1 January 2018".

Consolidated statement of comprehensive income

(€ 000s)

Net income and gains and losses recognised directly in equity	30/06/2018	30/06/2017
Translation adjustments	(1)	(7)
Revaluation of hedging derivatives		
Items that will not be subsequently recycled through profit or loss		
Actuarial gains and losses on retirement schemes	150	103
Other impacts		
Items that will not be recycled through profit or loss	149	96
Net gains and loss recognised directly in equity attributed to the Group	149	96
Net income	**11,027**	**10,136**
Gains and losses recognised directly in equity attributed to the Group	149	96
Comprehensive income attributable to the Group	**11,176**	**10,232**

3. Consolidated statement of cash flows

(€ '000s)	30/06/2018	30/06/2017
Consolidated net income(including non-controlling interest)	**11,027**	**10,136**
Income from equity-accounted investees		
Net exceptional depreciation, amortisation and provisions	813	484
Non-cash expenses and income relating to share-based payments	733	514
Other non-cash items	(31)	(1,355)
Dividend income	(7)	(7)
Gains and losses on disposals of fixed assets	(17)	89
Cash flow after net interest expense and tax	**12,518**	**9,861**
Net borrowing costs	249	30
Tax expense (including deferred taxes)	4,847	4,402
Cash flow before net interest expense and tax (A)	**17,614**	**14,293**
Income tax payments (B)	(5,484)	(6,161)
Change in trade and other receivables (C)	(13,673)	(3,173)
Change in trade and other payables (C)	3,039	694
Net cash provided by (used in) operating activities (D) = (A+B+C)	**1,496**	**5,653**
Outflows for the acquisition of tangible and intangible fixed assets	(1,308)	(846)
Inflows from the disposal of tangible and intangible fixed assets		1
Outflows for the acquisition of financial assets		
Inflows from the disposal of financial assets		
Change in loans and advances granted	30	(68)
Outflows (inflows) linked to business combinations net of cash acquired		
Dividends and grants received	7	7
Net cash provided by (used in) investing activities	**(1,271)**	**(906)**
Proceeds from capital increases		
Amounts received upon the exercise of stock options	31	29
Purchases of treasury shares for cancellation		
Purchases of and proceeds from the sale of treasury shares	31	(13)
Dividends paid in the period		
Net dividends paid to parent company shareholders	(3,151)	(3,008)
Dividends paid to the non-controlling shareholders of consolidated companies	(18)	(486)
Inflows from new borrowings	8,155	
Repayment of financial debt	(6,025)	(4,697)
Net interest payments	(283)	133
The purchase of non-controlling interests (put options)	(2,196)	(2,813)
Other financial flows		
Net cash provided by (used in) financing activities (F)	**(3,456)**	**(10,855)**
Effects of changes in foreign exchange rates (G)	**(2)**	**(12)**
Change in net cash (D+E+F+G)	(3,233)	(6,120)
Opening cash and cash equivalents	**16,492**	**24,146**
Closing cash and cash equivalents	**13,259**	**18,026**

4. Changes in consolidated shareholders' equity

	Share capital	Additional paid-in capital and consolidated reserves	Net income attributable to owners of the parent	Equity attributable to the Group	Non-controlling interests	Total
Shareholders' equity at 1 January 2018	**6,544**	**113,382**	**23,937**	**143,862**	**0**	**143,862**
Capital increase	24	7	-	31	-	31
Share-based payments	-	(120)	-	(120)	-	(120)
Dividends paid	-	(3,169)	-	(3,169)	-	(3,169)
Net income appropriation	-	23,937	(23,937)	0	-	0
Net income for the period	-	-	11,027	11,027	-	11,027
Change in treasury shares	-	(73)	-	(73)	-	(73)
Transactions with non-controlling interests	-	-	-	0	-	0
Flows related to equity-accounted investments	-	-	-	0	-	0
Other changes	-	7	-	7	-	7
Other comprehensive income	-	149	-	149	-	149
Shareholders' equity at 30 June 2018	**6,568**	**134,120**	**11,027**	**151,714**	**0**	**151,714**

	Share capital	Additional paid-in capital and consolidated reserves	Net income attributable to owners of the parent	Equity attributable to the Group	Non-controlling interests	Total
Shareholders' equity at 1 January 2017	**6,518**	**98,174**	**21,274**	**125,965**	**0**	**125,965**
Capital increase	23	6	-	29	-	29
Share-based payments	-	381	-	381	-	381
Dividends paid	-	(3,494)	-	(3,494)	-	(3,494)
Net income appropriation	-	21,274	(21,274)	-	-	-
Net income for the period	-	-	10,136	10,136		10,136
Change in treasury shares	-	(1)	-	(1)	-	(1)
Transactions with non-controlling interests	-	-	-	-	-	-
Flows related to equity-accounted investments	-	-	-	-	-	-
Other changes	-	(32)	-	(32)	-	(32)
Shareholders' equity at 30 June 2017	**6,541**	**116,308**	**10,136**	**132,984**	**0**	**132,984**

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 2018, 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 2018 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 2017 annual report.

New standards and interpretations applicable in 2018

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 2017, with the exception of new standards entering into effect for periods beginning on or after 1 January 2018.
With the exception of IFRS 15 "Revenue from contracts with customers" and the amendments thereto, the new texts whose application is mandatory for periods beginning on or after 1 January 2018 did not have a significant impact on the Group's financial statements. These concern:

- IFRS 9 - Financial instruments
- Amendments to IFRS 4 – "Interaction between IFRS 4 and IFRS 9".
- Amendments to IFRS 2 "Classification and measurement of share-based payment transactions",
- Amendments to IAS 40 "Clarification on circumstances when there is an evident change in use",
- IFRIC 22 "Foreign currency transactions and advanced consideration"
- IFRS annual improvements – 2014-2016 cycle;

Application of IFRS 15 on 1 January 2018

IFRS 15 on revenue recognition was adopted by the Group on 1 January 2018, according to the full retrospective method which involves the restatement of the comparative 2017 period and recognition of the cumulative impact on equity at 1 January 2017.

The impact of IFRS 15 on 1 January 2018 on the Group's consolidated financial statements is limited to the purchase and resale of equipment or licenses by the Group on behalf of its customers.
Specifically, IFRS 15 introduces changes to the principles and indicators used to determine if the Group must present these transactions under profit or loss as a "principal", i.e. for the gross amount (recognition of purchases from third-party suppliers under operating expenses) or as an "agent", i.e. on a net basis (revenue invoiced to the customer net amounts charged by the supplier). Under IFRS 15, a company is considered to be acting as the principal if it has obtained control of the equipment, software and services before their transfer to the customer;
Analyses conducted led to the conclusion that transactions by Aubay Group must be presented on a net basis.
The retrospective application of IFRS 15 resulted in a decrease in consolidated revenue of €4.9 million for fiscal 2017 and €1.4 million at 30 June 2017. In addition, the operating margin was 9.7% of restated revenue at 31 December 2017 or +0.1 point.

Adjustments recognised for the retrospective application of IFRS 15 for each period presented are illustrated below.

- <u>Consolidated statement of profit or loss</u>

(€ 000s)	30/06/2017 - Reported	IFRS 15 restatement	30/06/2017 - Restated basis
Revenue	**170,40**		**169,01**
Other operating income	140		140
Purchases used in production and external charges		1,39	
Staff costs			
Taxes other than on income			
Amortisation, depreciation and provisions	(836)		(836)
Change in inventories of work in progress and finished goods	(18)		(18)
Other current operating income and expenses	161		161
Operating profit from ordinary activities	**14,00**	**0**	**14,00**
As a % of revenue	**8.2**		**8.3**
Expenses linked to restricted share units and similar awards	(514)		(514)
Current operating income	**13,48**	**0**	**13,48**
As a % of revenue	**7.9**		**8.0**
Other operating income and expenses	934		934
Operating profit	**14,42**	**0**	**14,42**
As a % of revenue	**8.5**		**8.5**
Income from cash and cash equivalents			0.00
Net borrowing costs	(30)		(30)
Other financial income and expenses	145		145
Net financial income (expense)	115		115
Income tax expense			
Income from equity-accounted investees			0.00
Net income before results of discontinued operations or assets held for sale	**10,13**		**10,13**
Net income after tax of discontinued operations or assets held for sale			0.00
Net income	**10,13**	**0**	**10,13**
As a % of revenue	**5.9**		**6.0**
Attributable to shareholders	10,13		10,13
Attributable to non-controlling interests			0.00

Other new standards not yet applicable at 1 January 2018 or not early-adopted.

The Group has initiated a project to identify and analyse contracts concerned by IFRS 16 "Leases". This analysis will continue until the end of the period. This new standard will enter into effect on 1 January 2019.

These financial statements were approved by the Board of Directors on 12 September 2018.

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. Equity accounting involves recognising in the income statement the Group's share in the associate's profit or loss for the year. The carrying amount of the investment is adjusted to reflect cumulative changes after the acquisition date of the equity interests. 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 2018, and restated, as applicable, in accordance with Group accounting principles. The consolidation date for companies on first-time consolidation is the date on which the shares acquired in these companies are 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 Euro zone.

- 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 purchase price of shares of companies and the Group's share in restated net assets of the acquiree. This difference in value is divided between:

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

The purchase price and its allocation must be finalised within 12 months from the acquisition date. Negative goodwill is recognised as a gain directly in the statement profit or loss.

Acquisition-related costs incurred by the Group in connection with a business combination is recognised under "other operating expenses" in the period incurred.

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 (full goodwill method). 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".

Goodwill is tested for impairment, whenever there is evidence of impairment and at least once a year at the end of the reporting period, by comparing the recoverable amount of cash generating units (CGU) or CGU groups with the net carrying value of the corresponding assets including goodwill.

Goodwill is allocated and tested for impairment by CGU or CGU group, i.e. by geographical market (France, Italy, Spain, Portugal and Belux) corresponding to the level at which the rates of returns on these investments are monitored. The Group's organisational structure provides for one legal entity per region (by integrating the companies followed by their merger).

The recoverable value of each CGU or CGU group is the value in use as determined from the discounted cash flow method. Its measurement is based on:

- criteria derived from the budget process and forecasts over a period of five years, including the rates of growth and return considered reasonable,
- a perpetuity growth rate of 2.5% set on 31 December 2017 for all CGUs or the CGU groups set at 2.5%, based on an analysis of past experience and prospects for future development
- a discount rate representing the weighted average cost of capital (WACC) applied to cash flow projections of 7.4% at 31 December 2017 for all CGUs or the CGU group (euro zone). This rate was based on the analysis of external sources of information, and notably a benchmark originating from financial analysts.

However, it is considered that the recoverable value of each CGU or CGU group may not be less than 0.6 times the revenue of the CGU or CGU group in question, except in special cases.

When an impairment loss is recognised, the difference between the carrying value of the asset and the remeasured value is charged in priority to goodwill and recognised under "Other operating income and expenses".

Goodwill impairment charges are irreversible.

Intangible assets:
Licenses and software: Licenses and software acquired with full title 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. Internally generated software and solutions providing lasting and measurable economic benefits are capitalised and subject to amortisation over the same periods.
The cost of internally generated software and solutions are those associated directly with their production, i.e. expenses linked to payroll costs of employees having developed the software.

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 years
- Average salary of reference: 1/13th of annual remuneration excluding bonuses
- Salary escalation rate: 1%
- Social security contributions: 45%
- Discount rate: 1.45%
- Turnover ratio: based on the company's own table
- Life expectancy according to the INSEE 2017 table

In Italy, the provision corresponds to the legal severance payments (TFR or *Trattamento 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 statement of profit or loss 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.

Revenue recognition methods applied are based on the nature of the services:

Time & Materials Services /Technical assistance:
Revenue invoiced on a times and materials basis is recognised on a proportionate performance basis according to the Group's right to invoice the customer based on time spent by consultants in executing a contract. Each obligation to provide services is recognised in revenue on a proportionate performance basis based on the time spent as the customer receives and consumes the benefits of the services provided on the date in question in a continuous manner.

Fixed-Priced Services:
For contracts for the provision of services on a fixed-price basis corresponding to services for systems integration and the development of solutions, revenue is recognised on a percentage-of-completion basis as:

- the service of the Group improves an asset of which the customer obtains control over the period the service is performed,
- or the Group builds a specific asset for the customer, not having an alternative use, and the Group has an enforceable right to payment for the service performed to date in the event the contract is terminated.

The Group applies the method of incurred costs to measure the percentage of completion: comparison of cost incurred on the date in question with the estimated total of costs upon completion of the contract.
If the budgeted cost of a contract comes to exceed the contractual amount of sales, a provision for losses on completion is recorded.

Resale activities:
The Group may also engage in equipment purchase and resale transactions and licenses on behalf of his customers. In consequence, it must be determined if the Group is acting as an agent or a principal in connection with this purchase and resale transaction.
If the Group acts as an agent, the transaction is subject to net reporting (with revenue invoiced to the customer net amounts invoiced by the supplier).

Other operating income and expenses:: This includes items that are infrequent, unusual in nature, unforeseeable and involving significant amounts. For example, this includes restructuring costs, goodwill impairment charges, capital gains and losses from disposals, the costs of acquisitions and the integration of companies acquired by the Group;

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 local French and Italian 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 Group equity holders by the weighted average number of shares outstanding in the period.
Diluted earnings per share are calculated by dividing net income attributable to Group equity holders, 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 2018.

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.

Alternative performance measures:

The following internal performance measures are used by the Group:

Organic or like-for-like revenue growth:

Growth at constant structure for a given period, excluding revenues of companies acquired or disposed of since the previous period. Because Aubay 's business is concentrated in the euro zone, it is completely or virtually unaffected by changes in exchange rates.

Operating profit from ordinary activities

This indicator corresponds to operating profit before the cost of restricted stock units (free shares) and other unusual, significant or infrequent income and expenses shown on a separate line to present a clearer view of the performance generated from recurring operations.

Current operating income:

This indicator corresponds to operating profit from ordinary activities after the cost of restricted stock units (free shares) and before other income and expenses that are unusual, significant or infrequent and shown on a separate line in order to present a clearer view of the performance generated from recurring operations.

Net debt (or net cash):

This indicator represents the difference between an entity's cash and financial debt. If the result is negative, it is referred to as net debt. If it is positive, it is referred to as net cash.

Notes to the balance sheet

Changes in the Group structure in the 2018 first half

No acquisitions were carried out in the 2018 first half.

Goodwill

(€ '000s)	Beginning of period	Acquisitions/increases	Disposals/reversals	End of period
Gross value	141,878	-	-	141,878
Amortisation	(17,777)	-	-	(17,777)
Value	124,101	-	-	124,101

Trade receivables and related accounts

(€ '000s)	**30/06/2018**	**12/31/2017**
Gross value	129,338	118,362
Impairment	(877)	(685)
Value	**128,461**	**117,677**
Prepaid income and customer prepayments	(10,897)	(15,593)
Net trade receivables	**117,564**	**102,084**
Days sales outstanding (DSO)	**89**	**81**

Dealings in own shares in the 2018 first half

Number of treasury shares held at 01/01/2018	7,281
Acquisitions/Disposals 2018 (net)	1,247
Number of treasury shares held at 30/06/2018	8,528

Changes in provisions

(€ '000s)	30/06/2018	12/31/2017
Provisions for litigation contingencies	2,993	3,099
Provisions for pensions and retirement benefits	2,495	2,392
Total	**5,488**	**5,491**

Breakdown of deferred taxes

	Opening	Increase	Decrease	Closing amount
Deferred tax assets	-	-	-	-
Tax loss carryforwards	302	265	38	529
- Temporary differences	1,343	27	41	1,329
Total deferred tax assets	**1,645**	**292**	**79**	**1,858**
Deferred tax liabilities	-	-	-	-
- Temporary differences	2	-	-	2
Total deferred tax liabilities	**2**	**0**	**0**	**2**

Borrowings, financial debts and cash

At 30 June 2018

	30/06/2018			2017
(€ '000s)	**Amount**	**Less than 1 year**	**More than 1 year**	**Amount**
Bank debt	24,166	10,413	13,753	22,060
Creditor banks	15	15	-	172
Other financial liabilities	0	-	-	0
DEBT	**24,181**	**10,428**	**13,753**	**22,232**
Marketable securities	258	-	-	222
Cash at bank and in hand	13,016	-	-	16,442
CASH AND CASH EQUIVALENTS	**13,274**	**-**	**-**	**16,664**
(NET DEBT)/NET CASH	**(10,907)**	**(10,428)**	**(13,753)**	**(5,568)**

Cash and cash equivalents (€ '000s)	30/06/2018	12/31/2017
Cash at bank and in hand	13,016	16,442
Short-term investments	258	222
Bank overdrafts	(15)	(172)
Total cash and cash equivalents	**13,259**	**16,492**

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 2018 first half.

Notes to the income statement

Income statement highlights by region and business segment

	30/06/2018		30/06/2017 (1)	
€m	Revenue	Operating margin from ordinary activities	Revenue	Operating margin from ordinary activities
Group	**197.3**	**8.8%**	**169.0**	**8.3%**
France/UK	101.6	9.2%	92.3	8.1%
International	95.8	8.4%	76.7	8.5%

*Percentage of sales

(1) Comparative information presented for H1 2017 and FY 2017 was restated to eliminate the retrospective impact linked to the application of IFRS 15.

30 June 2018

(€ millions) - Operating Segment	France/UK	International	Total
Geographical regions			
France/UK	101.6		101.6
Italy		49.7	49.7
Iberian Peninsula		34.2	34.2
Benelux		11.9	11.9
Total	**101.**	**95.**	**197.**
Customer business sectors			
Banking/Finance	47.4	28.7	76.1
Insurance and personal protection coverage	37.5	8.1	45.6
Public sector	1.0	15.2	16.2
Services/Utilities	4.0	9.2	13.2
Industry & Transport	6.3	8.8	15.1
Telecoms, Media & Gaming	4.4	24.4	28.8
Retail and distribution	1.0	1.4	2.4
Total	**101.**	**95.**	**197.**
Revenue recognition method			
Goods/services on a proportional performance basis	101.6	95.4	196.9
Goods/services on completed sales basis		0.4	0.4
Total	**101.**	**95.**	**197.**

30 June 2017			
(€ millions) - Operating Segment	**France/UK**	**International**	**Total**
Geographical regions			
France/UK	92.3		92.3
Italy		34.2	34.2
Iberian Peninsula		30.7	30.7
Benelux		11.8	11.8
Total	**92.**	**76.**	**169.**
Customer business sectors			
Banking/Finance	41.6	26.1	67.7
Insurance and personal protection coverage	35.1	8.6	43.7
Public sector	0.5	13.4	13.9
Services/Utilities	4.1	11.0	15.1
Industry & Transport	5.3	9.5	14.8
Telecoms, Media & Gaming	4.6	7.3	11.9
Retail and distribution	1.1	0.8	1.9
Total	**92.**	**76.**	**169.**
Revenue recognition method			
Goods/services percentage-of-completion method	92.3	76.5	168.8
Goods/services on completed sales basis		0.2	0.2
Total	**92.**	**76.**	**169.**

At 30 June 2018 (€ '000s)	France	International	Elimination of intersegment sales	Total
Revenue	101,690	96,200	(544)	197,346
Other operating income		90	(1)	89
Purchases	(13,131)	(15,555)	425	(28,261)
External charges	(4,116)	(7,454)	107	(11,463)
Staff costs	(72,988)	(64,696)		(137,684)
Taxes other than on income	(1,652)	(40)		(1,692)
Allowances for depreciation and amortisation	(367)	(452)		(819)
Amortisation, depreciation and provisions	(16)	0		(16)
Other current operating income and expenses	(54)	(2)	13	(43)
Total operating profit from ordinary activities	**9,366**	**8,091**	**0**	**17,457**
Other operating income and expenses	(989)	(439)		(1,428)
Operating profit	**8,377**	**7,652**	**0**	**16,029**

At 30 June 2017 (€ '000s)	France	International	Elimination of intersegment sales	Total
Revenue	92,369	76,982	(317)	169,012
Other operating income		140		140
Purchases	(11,827)	(13,428)	258	(24,997)
External charges	(3,755)	(6,436)	50	(10,141)
Staff costs	(67,410)	(50,329)		(117,739)
Taxes other than on income	(1,569)	(32)		(1,601)
Allowances for depreciation and amortisation	(338)	(429)		(767)
Amortisation, depreciation and provisions		(69)		(69)
Change in inventories of work in progress and finished goods		(18)		(18)
Other current operating income and expenses	40	112	9	161
Total operating profit from ordinary activities	**7,510**	**6,493**	**0**	**14,003**
Other operating income and expenses	**(676)**	1,096		**420**
Operating profit	**6,834**	**7,589**	**0**	**14,423**

Staff costs

(€ '000s)	30/06/2018	30/06/2017
Salaries	101,333	87,244
Social charges	36,093	30,342
Net allowances for provisions for retirement	258	153
Total	**137,684**	**117,739**

Revenue Restated for IFRS 15	**197,346**	**169,012**
Ratio Staff costs/Revenue	69.8%	69.7%

Headcount end of reporting period	30/06/2018	30/06/2017
France	2,455	2,297
Belgium/Luxembourg	262	269
Italy	1,681	1,143
Spain/Portugal	1,515	1,348
Total	**5,913**	**5,057**

Consultants	5,472	4,693
Consultants (%)	92.5%	92.8%
Administration and sales	441	364
Total	**5,913**	**5,057**

Other operating income and expenses

(€ '000s)	**30/06/2018**	**30/06/2017**
Non-recurring expenses	(695)	(421)
Gains and losses on disposals of fixed assets	-	-
Remeasurement of liabilities linked to put options of non-controlling interests	-	1355
Total	**(695)**	**934**

Non-recurring expenses consist primarily of restructuring costs.

Income tax expenses

(€ '000s)	**30/06/2018**	**30/06/2017**
Current taxes	(5,060)	(4,238)
Deferred taxes	213	(164)
Total	**(4,847)**	**(4,402)**

Current tax includes €3.6 million in income tax and €1.5 million in local French and Italian business taxes (namely the CVAE and IRAP respectively).

STATUTORY AUDITORS' REPORT
ON 2018 INTERIM FINANCIAL INFORMATION

This is an unsigned free translation into English of the auditor's review report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

1 To the Shareholders:

In accordance with the terms of our appointment by your General Meeting, and in accordance with Article L.451-1-2 III of the French monetary and financial code, we hereby submit our report regarding:

- The limited review of the accompanying interim condensed consolidated financial statements of Aubay for the six-month period ending 30 June 2018;
- The verification of the information given in the interim management report.

These interim condensed financial statements were prepared under the responsibility of your Board of Directors. Our responsibility is to express a conclusion on these statements based on our limited review.

I. Review of the financial statements

We have conducted our limited review in accordance with the professional standards applicable in France. A limited review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. As such, it provides a moderate assurance that the financial statements as a whole are free of material misstatements lower than that which would result from an audit.

Based on our limited review, nothing has come to our attention to suggest that the condensed interim financial statements do not comply in all material respects with IAS 34 in accordance with IFRS as adopted by the European Union governing interim financial reporting.

Without qualifying the above conclusion, we draw your attention as an emphasis of matter to the paragraphs "New standards and interpretations applicable in 2018" and "Application of IFRS 15 on 1 January 2018" of the Section " Accounting policies" of Part 5 of the notes to the interim condensed consolidated financial statements which presents the impacts of the mandatory application for periods beginning on or after 1 January 2018 of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments".

II. Specific procedures and disclosures

We have also reviewed the information in the interim report commenting on the interim condensed consolidated financial statements that were the subject of our limited review. We have no matter to report regarding its fair presentation and consistency with the interim condensed consolidated financial statements.

Paris and Paris-La Défense, 17 September 2018

The Statutory Auditors

[*French original signed by*:]

BCRH & ASSOCIES	CONSTANTIN ASSOCIES *members of the Deloitte network*
François SORS	Philippe SOUMAH

RESPONSIBILITY STATEMENT FOR THE ORIGINAL FRENCH VERSION OF 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 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