HALF-YEAR FINANCIAL REPORT 2012

Financial year I from 1st January to 31st December

Registered Office: 13 rue Louis Pasteur, 92100, Boulogne Billancourt
Limited company with a registered share capital of €6,738,650.50
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INTERIM MANAGEMENT REPORT

The Board of Directors met on 12th September 2012 under the Chairmanship of Mr Christian Aubert, to approve the consolidated financial statements for the period ending 30th June 2012 for activity during the first half of 2012. The figures are presented according to IFRS standards.

General comments on the activity

The group's operating activity for the half-year has proven to be very good despite the unfavourable economic backdrop, which once again goes to demonstrate Aubay's ability to deliver good performances regardless of the economic environment. The first half of the year was marred only by subdued demand in France during April and May, following on from a very good first quarter. Conversely, business in Italy remained dynamic and on a high-growth curve for the entire period. The Belux zone recovered profitability for the period, whilst the Iberian region is still affected by the economic crisis.

The Current Operating Margin is a little lower than we had expected, at 6.7% against 7.5% for the same period of 2011. Other income and expenses comprise essentially of one-time expenses of €1.3m whereas in 2011, the account included a re-evaluation profit of €912k.

As of 30th June 2012, net debt stood at €4.5m with liquid cash of €12.1m. Cash flow generated during the period stands at €5.3m or 5.5% of turnover.

The productivity rate for the period is stable in relation to the same period in 2011, at 91.6%. The headcount as at 30th June 2012 stands at 2,739 employees, in comparison to 2,701 on 31st December 2011. This represents an increase of +1.4% for the half-year.

The principal results are summarised in the table below:

In €k	30/06/2012	30/06/2011	Variation
Turnover	**97,040**	**90,952**	**6.7%**
Other operating revenue	360	78	
Consumables and external purchases	(19,907)	(20 814)	
Payroll expenses	(69,808)	(62,574)	
Taxes and charges	(1,081)	(1, 037)	
Amortisation/depreciation allowances and provisions	(453)	(346)	
Changes in inventories of work in progress and finished goods	-	-	
Other operating income and expenses	342	527	
Current operating income	**6,493**	**6,786**	**4.3%**
As a % of turnover	**6.7%**	**7.5%**	
Other operating income and expenses	(1,303)	667	
Operating income	**5,190**	**7,453**	**30.4%**
Cash and cash equivalents	-	-	
Cost of net debt	(465)	(416)	
Other financial income and charges	164	368	
Financial income	**(301)**	**(48)**	
Tax expenses	(2,646)	(2,690)	
Share in net income of companies accounted for by the equity method	-	-	
Net income before income from divestments or disposals in progress	2,243	4,715	
Net income from divestments or disposals in progress	-	-	
Net income	**2,243**	**4,715**	**52.4%**
Group share	2,144	4,677	
Minority interests	99	38	

	30/06/2012		30/06/2011		31/12/2011	
In €m	Turnover	COI* % margin	Turnover	COI* % margin	Turnover	COI* % margin
Group	**97.0**	**6.7%**	**91.0**	**7.5%**	**185.6**	**8.2%**
France	59.0	7.2%	59.5	8.8%	118.0	9.3%
International	38.0	7.8%	31.5	6.7%	67.6	8.1%
Corporate	-	(0.7%)	-	(0.6%)	-	(0.6%)

*Current Operating Income

Headcount at end of fiscal period	30/06/2012	30/06/2011	31/12/2011
France	1,545	1,492	1,509
International	1,194	1,009	1,192
Total	**2,739**	**2,501**	**2,701**

Group results

Turnover for the first half of 2012 amounts to €97.0m, an increase of 6.7% compared to €91.0m for the first half of 2011.

The current operating income stands at €6,493k against €6,786k for the first half of 2011, a drop of 4.3%, which amounts to a margin of 6.7% against the previous year's margin of 7.5%. **In France**, turnover stands at **€59m** in comparison to €59.5m for 2011, a drop of 0.8%. The productivity rate has decreased by two percentage points to 89%. Current operating profitability is at 7.2% of turnover (€4.226m), compared with 8.8% (€3.763m) as at 30th June 2011.

Internationally, sales figures to 30th June stood at €38m, up by 21% from €31.4m at the end of the first half of 2011. The productivity rate is at 94% for the half-year against 91%. Operating profitability has continued to improve, reaching **7.8%** compared to 6.7% a year ago.

Noteworthy occurrences in our activity included strong growth in Italy, of 53.7% with a margin of 10.9%, a reduction in turnover for the Belux zone of 5.3% with an operating profit of 4.6%, and stable revenue in Spain/Portugal (up by 0.7%) with a current operating margin of 2.8%. Other operating income and expenses include an expense of €1,303k, principally made up of the costs of bonus (free) shares of €650k and restructuring costs and the relocation of service centres amounting to €611k.

The current operating income thus stands at €5,190, down by 30.4% against €7,453k.

Financial income was an expense of €301k vs €48k in 2011. The difference is due to a reduction in financial income from dividends as well as realised gains.

Tax expenses stand at €2,646k, of which €2,396 is recurring taxes and €250k is deferred taxes, giving a nominal rate of 54%. Current taxes can be broken down into €1,311k of CVAE/IRAP [*Cotisations sur la valeur ajoutée des entreprises* - local taxes*/ Impôt régional sur les activités productives* - regional taxes] liability and €1,335k of corporation tax liability.

Net income reached €2,243k for the first half of 2012, representing 2.3% of sales (compared with €4,715k for the first half of 2011) and a drop of 52.4%.

Analysis of the consolidated statement of financial position

The **consolidated statement of financial position** at 30th June 2012 stands at €164.1m compared to €172.1m at 31st December 2011. The main variations are as follows:

Accounts receivable stood at €59.3 at 30th June 2012, compared to €65m at 31st December. Good credit control and management of average receipt times (DSO), with average times being reduced from 97 to 91 days, has permitted a reduction in trade receivables of €5.7m.

Cash is almost unchanged, standing at €12.2m against €14.8 six months earlier.

Net equity is down by €2.5m to €84.2m. This variation derives principally from the accounting for the net income of €2.1m, distribution of dividends to a level of €1.4m and a reduction in share capital following the buy-back of shares and their cancellation.

Gross debt stands at €16.9m, unchanged from 31st December 2011; taking into account available cash, net debt amounts to €4.5m.

Organisation

No specific changes to the organisation of the group were undertaken during the first half of 2012.

Buyback of minority interests, equity investments or sale of business, merger

Buyback of minority interests/equity investments

Aubay has not undertaken the buyback of any minority interests or equity during the first half of 2012.

Equity disposals/sales of business divisions

During the first half of 2012 Aubay has continued to progressively reduce its holdings in Octo Technology and by 30th June had lowered its stake from 9% to 6.8%.

No other transactions of this nature were undertaken during the first half of 2012.

Merger

No mergers have been carried out within the group during the first half of 2012.

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

The risk factors as set out in the reference document, which were published by the company and filed with the Financial Markets Authority [AMF] on 20th April 2012 under number D.12-0380, have not undergone significant change during the past six months.

The economic backdrop remains uncertain and difficult to read. The group's performance in the first half of 2012 and the recovery of the productivity rate in France since June both reinforce confidence in an anticipated minimum turnover of €193m for the full financial year. The seasonal nature of our profitability will be marked and a significant net improvement is expected in the second half-year. Therefore, the goal of an 8% current operating margin for the full financial year remains unchanged.

Important events after the end of the reporting period

None.

The board of directors

CONDENSED HALF-YEAR FINANCIAL STATEMENT

1. Consolidated statement of financial position

ASSETS (in €k)	30/06/2012	31/12/2011	30/06/2011
Goodwill	64,511	64,511	64,511
Intangible fixed assets	13,998	14,135	8,529
Tangible fixed assets	2,639	2,010	1,697
Securities under the equity method	-	-	-
Other financial assets	1,917	2,456	3,055
Deferred tax assets	1,315	1,565	901
Other non-current assets	69	69	69
NON-CURRENT ASSETS	**84,449**	**84,746**	**78,762**
Inventories	-	4	-
Trade accounts receivable	59,325	65,013	52,289
Other receivables and accruals	8,314	7,061	5,532
Investment securities	835	648	829
Cash	11,621	14,598	12,667
CURRENT ASSETS	**80,095**	**87,324**	**71,317**
TOTAL ASSETS	**164,544**	**172,070**	**150,079**

LIABILITIES (in €k)	30/06/2012	31/12/2011	30/06/2011
Capital	6,739	7,012	7,005
Premiums and consolidated reserves	74,459	71,135	71,752
Group net income	2,144	7,736	4,677
Group shareholders' equity	**83,342**	**85,883**	**83,434**
Minority interests	903	805	687
SHAREHOLDERS' EQUITY	**84,245**	**86,688**	**84,121**
Borrowing and financial debt: part due in more than one year	12,942	8,528	5,600
Deferred tax liabilities	2	2	34
Provisions for risks and expenses	1,309	1,412	872
Other non-current liabilities	1,171	1,003	3
NON-CURRENT LIABILITIES	**15,424**	**10,945**	**6,509**
Borrowing and financial debt: part due in under one year	3,994	8,564	7,544
Accounts payable	8,810	9,221	7,467
Other payables and accruals	52,071	56,652	44,438
CURRENT LIABILITIES	**64,875**	**74,437**	**59,449**
TOTAL LIABILITIES	**164,544**	**172,070**	**150,079**

2. Consolidated income statement

In €k	30/06/2012	%	30/06/2011	%	31/12/2011	%
Turnover	**97,040**	**100%**	**90,952**	**100%**	**185,566**	**100%**
Other operating revenue	360	-	78	-	178	-
Consumables and external purchases	(19,907)	-	(20,814)	-	(39,673)	-
Payroll expenses	(69,808)	-	(62,574)	-	(128,571)	-
Taxes and charges	(1,081)	-	(1,037)	-	(2,157)	-
Amortisation/depreciation allowances and provisions	(453)	-	(346)	-	(932)	-
Changes in inventories of work in progress and finished goods	-	-	-	-	-	-
Other operating income and expenses	342	-	527	-	871	-
Current operating income	**6,493**	**6.7%**	**6,786**	**7.5%**	**15,282**	**8.2%**
Other operating income and expenses	(1,303)	-	667	-	(171)	-
Operating income	5,190	**5.3%**	**7,453**	**8.9%**	**15,111**	**8.1%**
Cash and cash equivalents	-	-	-	-	-	-
Cost of net debt	(465)	-	(416)	-	(922)	-
Other financial income and charges	164	-	368	-	(36)	-
Financial income	**(301)**	**-**	**(48)**	**-**	**(958)**	
Tax expenses	(2,646)**	54%*	(2,690)	36%*	(6,265)	**44%***
Share in net income of companies accounted for by the equity method	-	-	-	-	-	-
Net income before income from divestments or disposals in progress	**2,243**	**-**	**4,715**	**-**	**7,888**	**-**
Net income from divestments or disposals in progress	-	-	-	-	-	-
Net income	**2,243**	**2.3%**	**4,715**	**5.2%**	**7,888**	**4.3%**
Group share	99	-	4,677	-	7,736	-
Minority interests	2,144	-	38	-	152	-
Weighted average number of shares	13,753,953	-	13,972,621	-	13,971,200	-
Earnings per share	**0.16**	**-**	**0.33**	**-**	**0.55**	**-**
Diluted weighted average number of shares	13,972,991	-	14,471,521	-	14,453,851	-
Diluted earnings per share	**0.15**	**-**	**0.32**	**-**	**0.54**	**-**

*Nominal tax rate

** **Of which CVAE and IRAP for €1.3m.**

3. Statement of cash flows

In €k	30/06/2012	30/06/2011	31/12/2011
Consolidated net income (including minority interests)	**2,243**	**4,715**	**7,888**
Net income accounted for by the equity method	-	-	-
Net amortisation/depreciation allowances and provisions	346	186	1,154
Income and expenses linked to stock options and equivalents	(327)	123	414
Other income and expenses	-	-	
Income and dividends	(95)	-	(177)
Capital gains and losses on disposal	44	(1,842)	(1,943)
Cash flow after net cost of financial debt and taxes	**2,211**	**3,182**	**7,336**
Net cost of financial debt	465	416	929
Tax expenses (including deferred taxes)	2,646	2,705	6,368
Cash flow before net cost of financial debt and taxes (A)	**5,322**	**6,303**	**14,633**
Tax paid (B)	(3,477)	(1,476)	(4,754)
Change in Working Capital Requirement linked to operations (including debt linked to employee expenses) (C)	855	(4,536)	(5,295)
Net cash flow from operations (D) = (A+B+C)	**2,700**	**291**	**4,584**
Disbursements linked to the acquisition of tangible and intangible fixed assets	(1,033)	(648)	(6,293)
Proceeds linked to the disposal of tangible and intangible fixed assets	-	-	-
Disbursements linked to the acquisition of financial fixed assets	-	-	-
Receipts linked to the disposal of financial fixed assets	404	1,641	2,650
Changes in loans and advances	(34)	(75)	(158)
Effect of changes in consolidation scope	-	-	-
Dividends received	95	177	177
Net cash flow from investments (E)	**(568)**	**1,095**	**(3,624)**
Sums paid by shareholders during capital increases	-	-	-
Sums paid upon the exercise of stock options	26	70	424
Share buy-back, held for cancellation	(2,913)	-	-
Treasury stocks repurchase and resale	-	-	(339)
Dividends paid over the course of the financial year:	-	-	-
- Dividends paid to parent company shareholders	(1,401)	(1,960)	(3,081)
- Dividends paid to minority shareholders of consolidated companies	-	-	-
Cash receipts on new loans	6,090	-	5,327
Repayment of borrowings	(5,841)	(76)	(1,470)
Net financial interest paid	(706)	(431)	(927)
Other flows	-	8	(6)
Net cash flow from financing activities (F)	**(4,745)**	**(2,389)**	**(72)**
Effect of changes in foreign exchange rates (G)	-	-	-
Change in net cash flow (D+E+F+G)	(2,613)	(1,003)	888
Cash and cash equivalents at beginning of financial year	**14,785**	**13,897**	**13,897**
Cash and cash equivalents at year end	**12,172**	**12,894**	**14,785**

4. Changes to the group shareholders' equity

	Share capital	Additional paid-in capital and consolidated reserves	Rnpg	Group net income Total group share	Minority interests	Total
Shareholder equity as at 1st January 2012	**7,012**	**71,136**	**7,736**	**85,883**	**805**	**86,688**
Capital increases	(273)	(2,614)		(2,887)		(2,887)
Share-based payments		(327)		(327)		(327)
Dividends		(1,401)		(1,401)		(1,401)
Appropriation of earnings		7,736	(7,736)	0		0
Net income for the financial year			2,144	2,144	99	2,243
Changes in treasury shares		56		56		56
Change in consolidation scope				0		0
Flows linked to investments in equity affiliates				0		0
OCEANE Bond				0		0
Other changes		(127)		(126)	(1)	(127)
Shareholder equity as at 30th June 2012	**6,739**	**74,459**	**2,144**	**83,342**	**903**	**84,245**

	Share capital	Additional paid-in capital and consolidated reserves	Rnpg	Group net income Total group share	Minority interests	Total
Shareholder equity as at 1st January 2011	**6,945**	**67,145**	**6,276**	**80,366**	**532**	**80,898**
Capital increases	60	10	-	70	-	70
Share-based payments	-	123	-	123	-	123
Dividends	-	(1,960)	-	(1,960)	-	(1,960)
Appropriation of earnings	-	6,276	(6,276)	-	-	-
Net income for the financial year	-	4,677	-	4,677	38	4,715
Changes in treasury shares	-	(142)	-	(142)	-	(142)
Change in consolidation scope	-	-	-	-	75	75
Flows linked to investments in equity affiliates	-	-	-	-	-	-
OCEANE Bond	-	-	-	-	-	-
Other changes	-	300	-	300	42	342
Shareholder equity as at 30th June 2011	**7,005**	**76,429**	**0**	**83,434**	**687**	**84,121**

Consolidated statement of comprehensive income

In €k	30/06/2012	30/06/2011	31/12/2011
Net income	**2,144**	**4,715**	**7,888**
Currency translation adjustments	-	-	-
Cash flow hedge instruments	-	-	-
Actuarial gains/losses linked to long term benefits	-	(10)	174
Deferred taxes recognised as shareholder equity	-	-	-
Other income and expenses	-	310	173
Total comprehensive income	**2,144**	**5,015**	**8,235**

5. Appendices of consolidated income statement

Rules and accounting methods

Aubay group draws up its consolidated income statement in accordance with the International Financial Reporting Standards (IFRS) applicable on 30th June 2012, as adopted by the European Union. The interim accounts are drawn up according to the same rules and methods as for the annual accounts. The condensed consolidated half-yearly financial statement for the first half of 2012 was drawn up in accordance with the terms of IAS 34 "Interim Financial Reporting". It does not include all the information required for the annual accounts and must be read in conjunction with the annual report for 2011.
The accounting rules and methods applied in the half-yearly financial statement are identical to those used in the annual accounts at 31st December 2011. Those standards, amendments and interpretations of application that are compulsory from 1st January 2012 do not have any impact on the accounts of Aubay group.

The financial statements were approved by the board of directors on 12th September 2012.

The full consolidation method is applied to the financial statements of companies where Aubay exercises exclusive control either directly or indirectly. This exclusive control is evaluated in terms of the majority voting rights, or the exercise of contractual or de facto operational management.
The equity method is applied to the financial statements of companies over which Aubay has particular influence but does not exercise exclusive control. The equity method of accounting involves recording in the income statement the share of results for the year from the associated company. The book value of the shareholding is adjusted for the cumulative value of its share in the variations after the acquisition of equity. The group's shareholding includes goodwill.

Accounting date methods: All the companies are consolidated on the basis of half-yearly accounts to 30th June 2012. These are restated where necessary to bring them into conformity with the group's accounting methods. Companies that come within this scope are consolidated at the time of the legal transfer of the securities and the same applies to companies leaving the group's scope. To this end, a statement of account for all acquired companies is drawn up.

Conversion of financial statements for foreign companies: because all the consolidated companies are within the Euro-zone, there are no currency translation adjustments.

Goodwill: goodwill on acquisitions is the difference between the cost of acquiring the securities and the group's share in the restated net assets of the acquired company. This difference in value is divided between:

(1) Goodwill attributed to certain specific balance sheet items that are restated under the appropriate items in accordance with the applicable accounting rules.
(2) Goodwill for the remaining unallocated balance.

Negative goodwill is recorded in liabilities on the balance sheet under "provisions for risk and expenses".

Goodwill is subject to an annual test of value based on the Discounted Future Cash Flow (DCF) method, and completed with a market value consistency test. This test involves evaluating the recoverable value of each Cash Generating Unit (CGU). The evaluation of the recoverable value of each CGU is based on parameters from the budget and forecast processes for the next five years, including growth and profitability rates deemed to be reasonable. The discount rate applied is 11%, a flat rate for all CGUs in the Euro-zone. The perpetual growth rate varies according to the growth potential of the various CGUs and lies between 2.5% and 5%. When a loss of value is recorded, the difference between the book value of the asset and the calculated value is shown in "other operating income and expenses".

Research and development expenses: research and development (R&D) expenses for applications and products are charged as expenses during the financial year in which they occurred, except when they meet a certain number of criteria in accordance with IAS 38:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention of the entity to complete the intangible asset and use or sell it,
- the ability of the entity to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- that the company has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
- the company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

Licences and software: licences and software are amortised using the straight line method within a maximum of five years, with the exception of standard software of low value which is amortised pro rata temporis during the year in which it is acquired.

Tangible fixed assets:

(1) Tangible fixed assets are shown at their acquisition cost and amortised over a period that corresponds to the estimated useful life of the asset.

(2) Barring exceptions, the amortisation periods are the same as those applied in the corporate accounts (excluding tax waivers).

The principal amortisation method used is the straight line method:

Constructions	20 years
Fixtures and fittings	5-10 years
IT equipment	3-5 years
Office equipment and furniture	3-5 years

Operating receivables:
(1) Receivables are evaluated at their nominal value. They are assessed individually and, where necessary, a provision is made for depreciation to take into account likely difficulties in recovering outstanding amounts.

Cash and cash equivalents: includes highly liquid assets that do not present a significant risk of losing value in the short term. Marketable securities are shown on the balance sheet at their acquisition cost. A provision for depreciation is shown if the book value is less than the acquisition cost.

Treasury stock: Shares in Aubay held by the parent company are deducted from consolidated shareholder equity. In the event of divestment, the income is offset by the change in shareholder equity.

Government grants: In accordance with IAS 20, all grants and assistance are shown in “Other income and operating expenses”.

Provisions: the group adheres to the terms of IAS 37. This standard defines a liability as an item with a negative value for the company, that is to say an obligation owed by the company to a third party which is likely or certain to require an outflow of resources to this third party, without any equivalent counter-payment being made by them.

When acquisitions are accounted for, the group can choose to show provisions (risks, litigation) on the opening balance sheet. These provisions form liabilities that either create or increase the amount of goodwill. Provisions should be shown on the opening balance sheet within 12 months. Beyond that period, reversals of unused provisions following a change in estimated value as defined by IAS 8 are shown on the income statement at “other operating income and expenses”.

Provisions for pensions and similar commitments: in accordance with IAS 19, the group shows the long-term benefits awarded either post-employment through the accumulation of years of service with the company, such as retirement benefits. These benefits can take several different forms of coverage:

- Defined contribution schemes: where the group pays a fixed amount to external organisations. Expenses are accounted for as they are paid.
- Defined benefits schemes: for which the group has an obligation to its employees. The characteristics of these schemes vary according to the legislation and regulations that apply in each country.

In France, the main actuarial assumptions used to value commitments for defined benefits schemes are as follows:

- Retirement age: 67 years
- Average salary used is 1/13th of annual remuneration excluding bonuses
- Salary increase: 2%
- Social contributions: 45%
- Discount rate: 5.2%
- Employee turnover rate: this information is not disclosed.
- Life expectancy according to the INSEE* 2010 chart (*French National Institute of Demographic Studies)

In Italy the provision corresponds to the legal end-of-contract severance pay (TFR or *Trattamento di Fine Rapporto*). This indemnity is calculated each year on the basis of a proportion of gross annual salary and is paid to employees when their employment contract comes to an end.

In Spain and in Belux, there are no pension commitments.

Evaluation and recording of financial liabilities: long-term financial debt essentially includes loans from credit institutions, bonds and commitments to repurchase minority interests.
Bonds are valued on the date of subscription at their fair value, and then carried until they mature according to the amortised cost method. At the bond subscription date, the fair value corresponds to the value of future disbursement flows discounted at market rates. In addition, expenses and any premiums 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 recorded in the shareholders’ equity. For each subsequent period, the

interest expense recorded in the income statement corresponds to the theoretical interest expense calculated by applying the effective interest rate to the book value of the bond. The effective interest rate is calculated at the bond subscription date and corresponds to the rate used to bring future disbursement flows into line with the initial fair value of the bond. The difference between the interest expense as calculated above and the nominal interest amount is recorded as debt in the balance sheet liabilities.

Binding or conditional commitments to purchase minority interests are assimilated to share repurchases and should be recorded under financial debt and offset by a reduction in the minority interests in the year in which they are accounted for. When the value of the repurchase exceeds the amount of the minority interests, the difference is recorded as goodwill. The amounts recorded are calculated according to commitments made, mainly on multiples of the income of the subsidiaries concerned. Variations in debt from one year to the next are offset against goodwill. The treatment applied may change in keeping with IFRIC interpretations.

Turnover: turnover corresponds to the value of services provided and the sales of materials linked to the current business activities of the fully consolidated companies.

Turnover is invoiced based on actual time spent by consultants on a contract. Income on fixed-price contracts that are spread over a number of financial years are recorded according to the percentage of completion method.

Moreover, if the costs forecast for a contract exceed the contractual turnover, a provision for losses on completion is recorded when the accounts are closed.

Other operating income and expenses: this covers income or expenses that are unusual or abnormal and of significant value. They include, but are not limited to, the annual charge incurred for stock options, restructuring expenses, depreciation of goodwill, capital gains/losses on sales.

Stock options: IFRS 2 requires that the fair value of stock options be recorded as expenses on the date they are granted to employees or managers. The plans in question were issued after 7th November 2002. The options are valued using the “Black & Scholes” models, the parameters of which notably include the price for exercising share options, the lifespan, the share price on the day of allocation, the implicit volatility of the share price, employee turnover assumptions and the risk-free interest rate. The exact value of the options is set at their date of allocation. This value is amortised using the straight line method. Bonus (free) shares were conditionally granted subject to performance; these shares are given a value at the date of grant.

Corporate Income Tax: tax expense is equal to the sum of current taxes and deferred taxes. Deferred taxes are calculated according to the expiration periods for tax liabilities set by local legislation and the availability of deferrable losses in view of a favourable outlook for the companies in question to offset deferred and related taxes.

Earnings per share: basic earnings per share are calculated by dividing the group share of net income by the weighted average number of shares in circulation during the financial year.

Diluted earnings per share are calculated by dividing the group share of net income, restated for the financial expense net of tax for debt dilution instruments, by the weighted average number of shares in circulation during the financial year increased by the average number of actions to be issued for the following diluting instruments: stock options and free shares in-the-money on 30th June 2012 and convertible bonds. Since 2010, OCEANE bonds are no longer considered as dilutive given the unlikelihood of their conversion.

Use of estimates: drawing up financial statements according to IFRS standards requires the use of estimates and assumptions that affect the amounts shown in these financial statements, particularly for the following items:
- Assessment of provisions and pension commitments;
- Assessments used in value tests;
- Valuation of payments in shares;
- Assessments of commitments to minority shareholder buybacks.

These estimates are based on assumptions that are drawn up according to the information available at the time. They may be revised if there is a change in the circumstances on which they were based or if new information becomes available. Actual results may differ from these estimates.

Notes on the balance sheet

Changes in the scope of consolidation during the first half of 2012

No acquisitions were made during the first half of 2012.

Therefore, goodwill remains unchanged over the half-year:

In €k	Beginning of period	Acquisition/provisions	Disposals/Reversals	End of period
Gross value	82,288	-	-	82,288
Amortisation	(17,777)	-	-	(17,777)
Net value	64,511	-	-	64,511

Trade accounts receivable

In €k	**30/06/2012**	**30/06/2011**	**31/12/2011**
Gross value	59,659	52,877	65,347
Depreciation	(334)	(588)	(334)
Net value	**59,325**	**52,289**	**65,013**
Advances received	-	-	-
Deferred income and customer loans	(611)	(1,376)	(2,562)
Net trade receivable	**58,714**	**50,913**	**62,451**
Customer ratio in days' sales	**91**	**84**	**97**

Operations on treasury stock during the first half of 2012

Number of shares held on 01/01/2012	31,651
Acquisitions/divestments 2012	(10,689)
Number of shares held on 30/06/2012	20,962

Changes in provisions

In €k	**30/06/2012**	**30/06/2011**	**31/12/2011**
Provisions for litigation	802	485	959
Provisions for pensions and retirement benefits	507	387	453
Total	**1,309**	**872**	1,412

Deferred taxes

In €k	**30/06/2012**	**30/06/2011**	**31/12/2011**
Current taxes	(2,396)	(2,418)	(6,689)
Deferred taxes	(250)	(287)	424
Total	**(2,646)**	**(2,705)**	**(6,265)**

Current taxes can be broken down into €1.1m corporation tax and €1.3m of CVAE and IRAP.

	Opening	Increase	Reduction	Closing
Deferred tax assets	-	-	-	-
Tax loss carry-forwards	1,282	-	151	1,131
-Temporary differences	283		101	182
Total deferred tax assets	**1,565**	**0**	**252**	**1,313**
Deferred tax liabilities	-	-	-	-
-Temporary differences	2	-	-	2
Total deferred tax liabilities	1,282	**0**	**0**	**2**

Borrowings and financial debts and cash

At 30th June 2012

	30/06/2012			2011
In €k	**Amount**	**Under or up to one year**	**Over one year**	**Amount**
OCEANE Bond	**-**	**-**	**-**	**5,638**
Bank loan	16,583	3,709	12,874	10,927
Creditor banks	**285**	**285**	**-**	**461**
Other financial debt	**67**	**0**	**67**	**66**
DEBT	**16,935**	**3,994**	**12,941**	**17,092**
Investment securities	**836**	**836**	**-**	**648**
Cash	**11,621**	**11,621**		**14,598**
CASH	**12,457**	**12,457**	**0**	**15,246**
NET DEBT/NET CASH	**(4,478)**	**(8,463)**	**12,941**	**(1,846)**

At 30th June 2011

	30/06/2011			2010
In €k	**Amount**	**Under or up to one year**	**Over one year**	**Amount**
OCEANE Bond	**5,289**	**5,289**	**-**	**5,486**
Bank loan	7,239	1,639	5,600	7,061
Creditor banks	616	616	-	493
Other financial debt	-	-	-	65
DEBT	**13,144**	**7,544**	**5,600**	**13,105**
Investment securities	829	829	-	349
Cash	12,667	12,667	-	14,041
CASH	**13,496**	**13,496**	**0**	**14,390**
NET DEBT/NET CASH	**352**	**5,952**	**(5,600)**	**1,285**

Cash (in €k)	**30/06/2012**	**30/06/2011**	**31/12/2011**
Cash	11,621	12,667	14,598
Short-term investments	836	829	648
Overdrafts	(285)	(602)	(461)
Cash and cash equivalents:	**12,172**	**12,894**	**14,785**

Off-balance sheet commitments

There are no significant changes that have affected off-balance sheet commitments.

Transactions with related parties

No significant transaction occurred during the reporting period.

Notes relating to the income statement

Changes in activity by geographical area and by sector

	30/06/2012		30/06/2011		31/12/2011	
In €m	Turnover	COI* % margin	Turnover	COI* % margin	Turnover	COI* % margin
Group	**97.0**	**6.7%**	**91.0**	**7.5%**	**185.6**	**8.2%**
France	59.0	7.2%	59.5	8.8%	118.0	9.3%
International	38.0	7.8%	31.5	6.7%	67.6	8.1%
Corporate		(0.7%)	-	(0.6%)		(0.6%)

*Current Operating Income

At 30th June 2012 (in €k)	France	International	Sales - Inter company	Total
Turnover	59,025	38,222	(207)	97,040
Other operating revenue	246	114	-	360
Purchases consumed	(6,605)	(6,043)	198	(12,450)
External charges	(2,921)	(4,551)	15	(7,457)
Payroll expenses	(45,291)	(24,517)	-	(69,808)
Taxes and charges	(1,051)	(30)	-	(1,081)
Amortisation allowances	(238)	(212)	-	(450)
Depreciation allowances and provisions	(3)	0	-	(3)
Other operating income and expenses	350	(2)	(6)	342
Total current operating income	**3,512**	**2,981**	**0**	**6,493**
Income from sales of consolidated investments	-	-	-	-
Other operating income and expenses	(1,079)	(224)	-	(1,303)
Total other income and expenses	(1,079)	(224)	**-**	(1,303)
Operating income	**2,433**	**2,757**	**0**	**5,190**

* Includes corporate costs for €714k

At 30th June 2011 (in €k)	France	International	Sales - Inter company	Total
Turnover	59,597	31,747	(392)	90,952
Other operating revenue	-	78	-	78
Purchases consumed	(7,136)	(5,299)	280	(12,155)
External expenses	(3,109)	(5,669)	119	(8,659)
Payroll expenses	(43,975)	(18,599)	-	(62 574)
Taxes and charges	(1,009)	(28)	-	(1 037)
Amortisation allowances	(166)	(180)	-	(346)
Depreciation allowances and provisions	-	0	-	-
Other operating income and expenses	469	65	(7)	527
Total current operating income	**(4,671)***	**2,115**	0	6,786
Income from sales of consolidated investments	845	0	-	845
Other operating income and expenses	726	(904)	-	(178)
Total other income and expenses	1,571	(904)	-	667
Operating income	**6,242**	**1,211**	0	**7,453**
Result under the Equity Method	-	-	-	-

* Includes corporate costs for €546k

	30/06/2012	30/06/2011	31/12/2011
Bank	**45%**	43%	44%
Insurance	**15%**	15%	15%
Administration	**12%**	11%	12%
Services/Utilities	**10%**	9%	10%
Industry	**7%**	12%	9%
Telecom	**9%**	8%	8%
Trade and Distribution	**2%**	2%	2%

Payroll expenses

In €k	30/06/2012	30/06/2011	31/12/2011
Employee salaries	48,598	43,944	91,019
Social contributions	20,982	18,584	37,496
Net provisions for pensions	174	46	56
Total	**69,754**	**62,574**	**128,571**
Turnover	**97,040**	90,952	**185,566**
Payroll costs/turnover ratio	71.9%	68.8	69.3%

Headcount at the end of the accounting period	30/06/2012	30/06/2011	31/12/2011
France	1,545	1,492	1,509
Belux	312	334	339
Italy	670	478	650
Spain	212	197	203
Total	**2,739**	**2,501**	**2,701**

Production	2,552	2,333	2,511
% production	93%	93%	93%
Administrative and sales	187	168	190
Total	**2,739**	**2,501**	**2,701**

Other operating income and expenses

In €k	30/06/2012	30/06/2011	31/12/2011
Stock options	(650)	(123)	(414)
One-time expenses	(611)	(967)	(697)
Capital gains/losses on divestment of assets	(42)	845	940
Depreciation of assets	-	-	-
Profits/losses of re-evaluation	-	912	-
Various	-	-	-
Total	**(1,303)**	**667**	**(171)**

STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I declare that, to the best of my knowledge, the accounts presented in the condensed consolidated half-year financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of all the consolidated entities, and that the Half-Year Activity Report includes a fair review of the events that occurred in the reporting period and their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Philippe Rabasse
CEO of Aubay group