# HALF-YEAR FINANCIAL REPORT 2014

Reporting period I 1st January to 30 June

Registered office: 13, rue Louis Pasteur 92100 Boulogne Billancourt
Public limited company with a capital of € 6,510,148
391 504 693 Trade Register of Nanterre - APE code: 6202A

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# HALF-YEAR ACTIVITY REPORT

The Board of Directors met on 10 September 2014, under Chairman Christian Aubert to approve the consolidated financial statements for the reporting period ending on 30 June 2014, for business conducted during the first half of 2014. These figures are presented in accordance with IFRS standards.

## General comments about business activities

During the first half of 2014, the Aubay Group posted good results in against a European economic backdrop that still shows no growth. The Group achieved an increases in both revenues and operational profitability. The semester confirmed the smooth integration of the last two acquisitions (Aedian and BSC) and the recovery in their respective margins. The Group's significant technical expertise in the banking, finance and insurance sectors is still an undoubtedly fortuitous positioning in the current context.

The efforts put into recruiting have created a strong dynamic because the change in headcount is now positive quarter after quarter. As at 30 June 2014, the Group's total headcount was 3,424 employees.

France saw its revenues surge by more than 30% owing to its excellent positioning and robust demand from its primary consumers. The Group continues to win market shares, especially in its preferred business areas: banking and insurance.

Internationally, Italy benefitted from renewed growth in its headcount to improve its activities month after month (+20%). The business volume currently under negotiation is still high, which should enable a return in a few quarters to the excellent historic performance levels. The Iberian Peninsula again recorded the best internal growth rate in the Group (+9%), thus confirming its unequivocal recovery. The Group is accentuating its commercial efforts in this region to take full advantage of the budding recovery. Activity held up in Luxembourg, while it remained weak in Belgium.

As predicted, current operating profitability – with the exact same calendar as in 2013 – was equal to the rate achieved last year, namely 6.4%. Meanwhile, ROC rose 24.7%, which was just a bit faster than revenues, at € 7 624 000. This strong performance is attributable to the ongoing high productivity rate of 92% and to strict control of structural costs.

At 30 June 2014, net indebtedness was € 16.5 million, after applying € 8.0 million in free cash flow. This increase is mainly due to a negative variation in working capital needs because of seasonality. It should be noted that a new loan for € 3 million was taken out during the semester.

Key results are summarised in the following tables:

| In thousand € | 30/06/2014 | 30/06/2013 | Variation |
|---|---|---|---|
| **Turnover** | **119 693** | **97 154** | **23.2%** |
| Other income from operations | 112 | 133 | |
| Consumables and external purchases | (25 083) | (21 028) | |
| Payroll costs | (85 837) | (69 220) | |
| Taxes and charges | (1 292) | (997) | |
| Amortization expenses and provisions | (520) | (378) | |
| Changes in inventories of work in progress and finished goods | - | - | |
| Other income and expenses from operations | 551 | 451 | |
| **Current operating profit** | **7 624** | **6 115** | **24.7%** |
| **as % of turnover** | **6.4%** | **6.3%** | |
| Other operating income and charges | (875) | (528) | |
| **Operating income** | **6 749** | **5 587** | **20.8%** |
| Income from cash and cash equivalents | | | |
| Net borrowing cost | (561) | (385) | |
| Other financial income and expenses | 199 | 246 | |
| **Financial income** | **(362)** | **(139)** | |
| **Tax expenses** | (2 755) | (2 406) | |
| **Equity share in net income of affiliates** | | | |
| **Net profit (loss) before net effect of ceased operations or operations currently being ceased** | **3 632** | **3 042** | |
| **Net profit (loss) on ceased operations or operations currently being ceased** | | | |
| **Net income** | **3 632** | **3 042** | **19.4%** |
| Group share | 3 596 | 2 978 | 20.8% |
| Minority interests | 36 | 64 | |

| | | 30/06/2014 | | 30/06/2013 | | 31/12/2013 |
|---|---|---|---|---|---|---|
| In mil € | TO | OI*<br>*% margin* | TO | OI*<br>*% margin* | TO | OI*<br>*% margin* |
| **Group** | **119.7** | **6.4%** | **97.2** | **6.3%** | **211.1** | **8.3%** |
| France | 75.1 | 7.2% | 57.2 | 8.2% | 128.6 | 10.7% |
| International | 44.6 | 6.6% | 40.0 | 5.6% | 82,5 | 6.1% |
| Corporate | | (0.6%) | | (0.8%) | | (0.6%) |

*Operating Income

| Headcount at end of period | 30/06/2014 | 30/06/2013 | 31/12/2013 |
|---|---|---|---|
| France | 1 962 | 1 509 | 1 913 |
| Belgium/Luxembourg | 272 | 280 | 279 |
| Italy | 956 | 915 | 929 |
| Spain | 234 | 208 | 216 |
| **Total** | **3 424** | **2 912** | **3 337** |

## Group results

Revenues for the first half of 2014 were € 119.7 million, a 23.2% improvement compared to the € 97.2 million posted in the first semester of 2013.

Current operating profit totalled € 7,624,000 versus € 6,115,000 in the first semester of 2013: a rise of 24.7%, or a 6.4% margin compared to 6.3% a year ago.

Revenues in France grew 31.3% to reach € 75.1 million against € 57.2 million in 2013. Current operating profitability rose in value to € 5.4 million versus € 4.7 million, or 7.2% of revenues compared with 8.2% a year earlier.

At 30 June 2014, international revenues were € 44.6 million, an increase of 11.5% compared with € 40.0 million at the end of the first semester in 2013. Operational profitability improved by adding a point to finish at 6.6%.

Business during the semester was marked by:

- strong growth in Italy (+20%) and a margin that improved as expected because it went up from 5.6% to 7.1%;
- a 7% drop in revenues in Belgium-Luxembourg with stable operating profitability at 5%; and
- accelerated internal growth in revenues in Spain/Portugal (+9%) and a stable current operating margin of 7.3%.

**The other operating income and charges** consist in a charge for € 875,000, half of which arose from consolidating facilities in France. In the future, this consolidation will lead to savings of approximately € 500,000 per year. The remainder is mostly comprised of reorganisation costs relating to the integration of the latest acquisitions.

**Thus operating income** was € 6,749,000, for an increase of 20.8% versus € 5,587,000 a year earlier.

**Non-operating income** was recorded as a charge of € 362,000 compared with € 139,000 in 2013. This increase is linked to a rise in gross indebtedness, which came in at € 24.4 million compared with € 16.2 million at 30 June 2013.

**Tax expenses** were € 2,755,000, of which € 2,771,000 in payable taxes (€ 2,324,000 in 2013 S1) or an effective nominal income tax rate of 43%, which is stable versus 2013. Taxes payable consisted of € 1,579,000 in CVAE (company value-added contribution) and IRAP (regional business tax) and € 1,171,000 in corporate income tax.

**Net income** was € 3,632,000 in the first semester of 2014, or 3.0% of turnover (compared with € 3,042,000 in the first semester of 2013) for a rise of 19.4%. Earnings per share were € 0.28 for 12,993,679 shares (total number of shares minus treasury shares) against € 0.23 for 13,003,635 shares at the end of the first half of 2013.

## Analysis of consolidated financial position

The **total from the consolidated balance sheet** of 30 June 2014, was € 206 million versus € 208 million on 31 December 2013. The primary changes are as follows:

**Consolidated goodwill** was € 71,972,000 against € 70,618,000. The difference (€ 1,354,000) is explained by the adjustment in Aedian goodwill (see Balance Sheet footnotes).

**Net trade receivables** (minus deferred income) totalled € 73.3 million at 30 June 2014 versus € 70 million at 31 December. The increase in trade accounts is cyclical; it also raised the average day receivables (DSO), which inched up to 92 compared to 87 as at 31 December 2013.

**Cash on hand** was € 8 million versus € 13.8 million six months prior.

**Net equity** was € 92.0 million, which is € 2 million more than a year earlier. The primary changes are as follows:

- Recognition of net income of € 3.6 million;
- Distribution of € 1.3 million in dividends to shareholders;

**Gross financial debt** amounted to € 24.4 million compared with € 23.2 million at 31 December 2013. A new line for € 3 million was opened during the semester. This line can be amortised over a five-year period that shall begin after a grace period of two years.

## Organisation

There were no particular changes to the organisation of the Aubay Group during the first semester.

## Acquisition of minority interests, acquisition of shares in or disposals of companies, mergers

### Acquisitions of minority interests

In accordance with the commitments made upon the takeover of BlueSof Consulting in April 2013, 15% of that company's capital was bought during the first half by Aubay Italy, whose holding was thus elevated to 75%. As a reminder, the remaining shares not held are the object of symmetrical buyback commitments over the 2014 and 2015 fiscal years.

Moreover, 19,499 AEDIAN shares that were also covered by reciprocal buy/sell promises benefitting AUBAY were purchased (these shares, where were created under bonus share plans had been "unavailable" until June 2014). As a result, AUBAY now owns all the shares issued by AEDIAN, namely 1,657,973 shares.

### Acquisitions of shares

No holdings were acquired within the Aubay Group during the first half of 2014.

### Disposals of shares/Disposals of business lines

AUBAY continued to draw down its financial stake in the company OCTO TECHNOLOGY; as at 30 June 2014, it held approximately 3% of the firm's capital.

No other transactions of this kind occurred during the first semester of 2014.

### Mergers

No mergers occurred within the Group during the first semester of 2014.

## Main risks and uncertainties for the remaining six months of the fiscal year

There were no substantial changes in the last semester to the risk factors set forth in the document of reference issued by the company and filed with the  of the AMF (French authority regulating financial markets) on 11 April 2014, under number D.14-0345.

## Important events that have occurred since 30 June 2014

Since 30 June 2014, there have been no special events likely to have a significant impact for the Group.

## Outlook for 2014 fiscal year

The level of activity in July and August was excellent and the productivity rate throughout the entire quarter will reach a historic high.

Consequently, we can confirm the objectives announced at the start of the fiscal year: largely positive growth in revenues and current operating profit of more than € 20 million.

Board of Directors

# CONDENSED HALF-YEAR FINANCIAL STATEMENTS

## 1. Consolidated statement of financial position

| ASSETS (in thousand €) | 30/06/2014 | 31/12/2013 | 30/06/2013 |
|---|---|---|---|
| Consolidated goodwill | 71 972 | 70 618 | 70 095 |
| Intangible assets | 23 786 | 23 995 | 14 536 |
| Tangible assets | 3 166 | 2 991 | 2 575 |
| Affiliates | - | - | - |
| Other financial assets | 2 578 | 2 455 | 5 946 |
| Deferred tax assets | 1 733 | 1 717 | 966 |
| Other non-current assets | | | 69 |
| **NON-CURRENT ASSETS** | **103 235** | **101 776** | **94 187** |
| Inventory and work in process | - | 5 | - |
| Accounts receivable (trade) | 76 327 | 76 651 | 65 258 |
| Other receivables (non-trade) and accruals | 18 481 | 16 230 | 12 164 |
| Marketable securities | 728 | 156 | 675 |
| Cash on hand | 7 255 | 13 673 | 8 297 |
| **CURRENT ASSETS** | **102 791** | **106 715** | **86 394** |
| **TOTAL ASSETS** | **206 026** | **208 491** | **180 581** |

| LIABILITIES (in thousand €) | 30/06/2014 | 31/12/2013 | 30/06/2013 |
|---|---|---|---|
| Capital | 6 510 | 6 500 | 6 592 |
| Share premiums and consolidated reserves | 81 314 | 73 771 | 76 067 |
| Net income, Group share | 3 596 | 9 022 | 2 978 |
| **Shareholders' equity, Group share** | **91 420** | **89 293** | **85 637** |
| Minority interest | 659 | 631 | 949 |
| **SHAREHOLDERS' EQUITY** | **92 079** | **89 924** | **86 586** |
| Interest-bearing liabilities: Portion maturing in more than 1 year | 20 259 | 17 580 | 9 837 |
| Deferred tax liabilities | 2 | 2 | 2 |
| Provision for liability and charges | 1 570 | 1 614 | 1 095 |
| Other non-current liabilities | 1 562 | 2 499 | 2 493 |
| **NON-CURRENT LIABILITIES** | **23 393** | **21 695** | **13 427** |
| Interest-bearing liabilities: Portion maturing in less than 1 year | 4 180 | 5 655 | 6 403 |
| Accounts payable | 16 798 | 17 830 | 14 576 |
| Other debts (non-trade) and accruals | 69 576 | 73 387 | 59 589 |
| **CURRENT LIABILITIES** | **90 554** | **96 872** | **80 568** |
| **TOTAL LIABILITIES** | **206 026** | **208 491** | **180 581** |

## 2. Consolidated Income Statement

| In thousand € | 30/06/2014 | % | 30/06/2013 | % | 31/12/2013 | % |
|---|---|---|---|---|---|---|
| **Turnover** | **119 693** | **100%** | **97 154** | **100%** | **211 092** | 100% |
| Other income from operations | 112 | - | 133 | - | 238 | - |
| Purchases used in production and external charges | (25 083) | - | (21 028) | - | (43 841) | - |
| Staff costs | (85 837) | - | (69 220) | - | (147 857) | - |
| Taxes and duties | (1 292) | - | (997) | - | (2 183) | - |
| Amortization expenses and provisions | (520) | - | (378) | - | (1 200) | - |
| Change in finished good inventory and work in progress | - | - | - | - | | - |
| Other income and expenses from operations | 551 | - | 451 | - | 1 213 | -- |
| Current operating profit | **7 624** | **6.4%** | **6 115** | **6.3%** | **17 462** | **8.3%** |
| Other operating income and charges | (875) | - | (528) | - | (1 499) | |
| **Operating income** | **6 749** | **5.6%** | **5 587** | **5.8%** | **15 963** | **7.6%** |
| Income from cash and cash equivalents | - | - | - | - | - | - |
| Net borrowing cost | (561) | - | (385) | - | (899) | - |
| Other financial income and expenses | 199 | - | 246 | - | 290 | - |
| **Non-operating income** | **(362)** | **-** | **(139)** | **-** | **(609)** | **-** |
| **Tax expenses** | (2 755) | 43%* | (2 406) | 44%* | (6 294) | 41%* |
| **Equity share in net income of affiliates** | - | - | - | - | | - |
| **Net profit (loss) before net effect of ceased operations or operations currently being ceased** | **3 632** | **-** | **3 042** | **-** | **9 060** | **-** |
| **Net profit (loss) on ceased operations or operations currently being ceased** | - | - | - | - | - | - |
| **Net income** | **3 632** | **3.0%** | **3 042** | **3.1%** | **9 060** | **4.3%** |
| Group share | 3 596 | - | 2 978 | - | 9 022 | - |
| Minority interest | 36 | - | 64 | - | 38 | - |
| Weighted average number of shares | 12 993 679 | - | 13 003 635 | - | 13 114 209 | - |
| **Earnings per share** | **0.28** | **-** | **0.23** | **-** | **0.69** | **-** |
| Diluted weighted average shares | 13 109 307 | - | 13 075 035 | - | 13 203 609 | - |
| **Diluted earnings per share** | **0.27** | **-** | **0.23** | **-** | **0.68** | **-** |

*Nominal rate of income tax

** Of which € 1.6 million in CVAE (company value-added contribution) and IRAP (regional business tax).

## 3. Cash Flow Statement

| In thousand € | 30/06/2014 | 30/06/2013 | 31/12/2013 |
|---|---|---|---|
| **Consolidated net income (including minority interests)** | **3 632** | **3 042** | **9 060** |
| Income from affiliates | - | - | - |
| Net amortization and provision expenses | 703 | 14 | (1 303) |
| Estimated revenue and expenses relating to stock options and other | 6 | (502) | (502) |
| Other estimated revenue and expenses | - | - | (5) |
| Income from dividends | (53) | (42) | (46) |
| Capital gains or losses | 53 | 34 | 119 |
| **Cash flow, after net interest expenses and taxes** | **4 341** | **2 546** | **7 323** |
| Cost of net financial debt | 561 | 385 | 915 |
| Income tax expense (including deferred taxes) | 2 755 | 2 406 | 6 294 |
| **Cash flow, before net interest expenses and taxes (A)** | **7 657** | **5 337** | **14 532** |
| Taxes paid (B) | (3 898) | (2 131) | (6 578) |
| Changes in operating working capital requirements (including liabilities in respect of employee benefits) (C) | (7 236) | (43) | 3 872 |
| **Net cash flow generated by business activities (D) = (A+B+C)** | **(3 477)** | **3 163** | **11 826** |
| Cash outflows for acquisition of fixed and intangible assets | (791) | (420) | (1 265) |
| Cash inflows from disposal of fixed and intangible assets | 61 | 19 | 40 |
| Cash outflows for acquisition of capital assets | | (4 337) | - |
| Cash inflows from disposal of capital assets | 69 | 18 | 253 |
| Change in loans and advances granted | (90) | (17) | (19) |
| Impact of changes in scope of consolidation | (955) | (2 928) | (14 597) |
| Dividends received | 53 | 42 | 46 |
| **Net cash flow generated by investment activities (E)** | **(1 653)** | **(7 623)** | **(15 542)** |
| Sums received from shareholders during capital increase | | - | |
| Sums received when stock options exercised | 134 | - | |
| Buyback of shares in view of cancellation | | (853) | (1 011) |
| Purchases and sales of own shares | (53) | - | (1 049) |
| Dividends distributed during reporting period: | | - | |
| - Dividends paid to shareholders in the parent company | (1 301) | (1 045) | (2 347) |
| - Dividends paid to minority interests of consolidated companies | | - | |
| Cash inflows from new borrowings | 2 988 | 2 000 | 19 176 |
| Repayment of financial debts | (2 505) | (1 398) | (11 348) |
| Net interest paid | (560) | (428) | (862) |
| Other flows | 105 | - | |
| **Net cash associated with financing operations (F)** | **(1 192)** | **(1 724)** | **2 559** |
| Impact of variations in exchange rates (G) | | - | |
| Net change in cash (D+E+F+G) | (6 322) | (6 184) | (1 157) |
| **Opening cash and cash equivalents** | **13 816** | **14 973** | **14 973** |
| **Closing cash and cash equivalents** | **7 484** | **8 789** | **13 816** |

## 4. Changes in shareholder's equity, Group share

| | Share capital | Share premiums and consolidated reserves | NP, Group share | Total, Group share | Minority interest | Total |
|---|---|---|---|---|---|---|
| **Shareholders' equity at 1 January 2014** | **6 500** | **73 772** | **9 022** | **89 293** | **631** | **89 924** |
| Increase in share capital | 10 | 124 | - | 134 | - | 134 |
| Share-based payments | - | 6 | - | 6 | - | 6 |
| Dividends | - | (1 301) | - | (1 301) | - | (1 301) |
| Allocation of income | - | 9 022 | (9 022) | 0 | - | 0 |
| Earnings for the year | - | - | 3 596 | 3 596 | 36 | 3 632 |
| Changes in treasury shares | - | (60) | - | (60) | - | (60) |
| Changes in perimeter | - | - | - | 0 | - | 0 |
| Cash flows associated with affiliates | - | - | - | 0 | - | 0 |
| Other transactions | | (248) | - | (248) | (8) | (256) |
| **Shareholders' equity at 30 June 2014** | **6 510** | **81 315** | **3 596** | **91 420** | **659** | **92 079** |

| | Share capital | Share premiums and consolidated reserves | NP, Group share | Total, Group share | Minority interest | Total |
|---|---|---|---|---|---|---|
| **Shareholders' equity at 1 January 2013** | **6 592** | **72 092** | **6 678** | **85 360** | **1 001** | **86 361** |
| Increase in share capital | - | - | - | 0 | - | 0 |
| Share-based payments | - | (502) | - | (502) | - | (502) |
| Dividends | - | (1 045) | - | (1 045) | - | (1 045) |
| Allocation of income | - | 6678 | (6 678) | 0 | 64 | 64 |
| Earnings for the year | - | - | 2 978 | 2 978 | - | 2 978 |
| Changes in treasury shares | - | (839) | - | (839) | - | (839) |
| Changes in perimeter | - | - | - | 0 | (93) | (93) |
| Cash flows associated with affiliates | - | - | - | 0 | - | 0 |
| Océane | - | - | - | 0 | - | 0 |
| Other transactions | - | (315) | - | (315) | (23) | (338) |
| **Shareholders' equity at 30 June 2013** | **6 592** | **76 069** | **2 978** | **85 637** | **949** | **86 586** |

## Income and expenses recognised in equity

| **Net income and gains and losses recognised directly in shareholder's equity** | **30/06/2014** | **31/12/2013** | **30/06/2013** |
|---|---|---|---|
| Foreign currency translation | | | |
| Revaluation of hedging derivatives | -126 | -32 | |
| Items that will be restated as earnings | | | |
| Actuarial gains and losses on pension plans | -50 | 52 | -10 |
| Other impacts | | | |
| Items that will not be restated as earnings | -176 | 20 | -10 |
| Total gains and losses entered directly in shareholders' equity, Group share | -176 | 20 | -10 |
| **Net income (reminder)** | **3 632** | **9 060** | **3 042** |
| Gains and losses entered in shareholders' equity, Group share | -176 | 20 | -10 |
| **Comprehensive income, Group share** | **3 582** | **9 080** | **3 032** |

## 5. Notes to the Consolidated Financial Statements

### *Rules and accounting methods*

The Aubay Group prepared its consolidated financial statements in compliance with IFRS (International Financial Reporting Standards) standards in effect as of 30 June 2014, as adopted by the European Union. Interim 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 the first semester of 2014 were prepared in accordance with the provisions of IAS 34 "Interim financial reporting". They do not include all the information required for the annual financial statements and should be read in conjunction with the 2013 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 2013. Any standards, amendments or interpretations made compulsory as of 1st January 2014, have no bearing on the accounts of the Aubay Group.

The financial statements were approved by the Board of Directors on 10 September 2014.

*Consolidation method*: Companies over which Aubay exercises exclusive control, whether directly or indirectly, are fully consolidated. Exclusive control is defined as all instances where Aubay holds the majority of a company's voting rights, where it exercises contractual control or where it manages a company's operations.
The equity method is applied to the financial statements of all companies over which Aubay exercises notable control without exercising exclusive control. Equity accounting involves recognising in the income statement the Group's share in the associate's profit or loss for the year. The book value of the stake is adjusted for the cumulative amount of post-acquisition changes in the Group's share. The Group's investment includes goodwill.

*Principles applied to financial statements*: All companies are consolidated based on their interim financial statements as at 30 June 2014, restated, where applicable, in accordance with the Group's accounting principles. Companies added to the Group's scope are consolidated from the moment the legal transfer of the securities acquired takes effect. To this end, accounts are drawn up for all acquired companies.

*Conversion of financial statements of foreign subsidiaries*: As all consolidated companies are based in the Eurozone, there are no translation differences.

*Goodwill on acquisitions*: Goodwill on acquisitions is booked when there is a difference between the acquisition cost of securities and the Group's share in the net restated assets of the company acquired. This difference in value is divided between:

(1) Goodwill attributable to specific balance sheet items which are restated under the appropriate headings in accordance with applicable accounting rules.
(2) Goodwill on the non-allocated balance.

Negative goodwill is booked as a liability on the balance sheet under provisions for risks and expenses.

Goodwill is subject to an annual value test based on the discounted future cash flow (DCF) method as well as a test against market values. This value test consists in evaluating the recoverable value of each Cash Generating Unit (CGU). The evaluation of the recoverable value of each CGU factors in their budget and forecasts over a period of five years, including growth and profitability rates deemed to be reasonable. The same discount rate of 9% is applied to all CGUs (Eurozone). The infinite growth rate is a function of the growth potential of the various CGUs and ranges from 2.5% to 5%. When a loss in value is booked, the difference between the book value of the asset and its calculated value is entered under "Other operating income and charges".

The acquisition expenses borne by the Group in the context of a business combination are booked as "Other operating income and charges" during the period in which they are incurred.

Binding or conditional commitments to buy minority interests (business combination) are assimilated to share buybacks and are recorded under operating debt and offset by a reduction in minority interests during the year in which they are booked. The amounts booked are calculated according to commitments made, essentially on multiples of the income of the subsidiaries concerned. Any year-on-year variations in debt related to changes in estimates are offset against "Other operating income and charges".

*Research and development expenses*: Research and development expenses for applications and products are recognised in the year that they are incurred, except when they meet the following criteria in accordance with IAS 38:

- The company has the technical capacity to complete the intangible fixed assets with a view to their operational implementation or sale;
- The company intends to complete the intangible fixed assets to allow for their operational implementation or sale;

- The company has the capacity to implement or sell the intangible fixed assets;
- The intangible fixed assets have the capacity to generate future economic benefits for the Group;
- The company has the technical, financial and other resources needed to complete development and implement or sell the intangible assets;
- The company is able to accurately estimate the expenses incurred by the intangible fixed assets over the course of their development.

*Licences and software*: Licenses and software are depreciated over a maximum of five years using the straight-line method except for inexpensive software packages which are depreciated prorata temporis in the year they are acquired.

*Tangible assets:*

(1) Tangible fixed assets are booked at acquisition cost and depreciated over their expected useful life.

(2) Barring exceptions, the depreciation periods are the same as those applied by the parent company (excluding any tax waivers).

The primary depreciation method is 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*
(1) Receivables are recorded at their nominal value. They are individually assessed and, where necessary, a provision for depreciation is booked to reflect the recovery difficulties they are likely to cause.

*Cash and cash equivalents*: Cash includes cash assets which are immediately available for sale and that represent no significant short-term depreciation risk. Investment securities are booked to the balance sheet at their acquisition cost. A provision for depreciation is entered if the book value is less than the acquisition cost.

*Treasury shares*: Aubay shares held by the parent company are deducted from consolidated shareholders' equity. In the case of disposals, income is offset by the change in shareholders' equity.

*Subsidies*: In accordance with IAS 20, grants and subsidies are included under the heading "Other operating income and charges".

*Provisions*: The Group adheres to the requirements of IAS 37. This regulation defines a liability as an asset with a negative value for the company, namely an obligation owed by the company to a third party which is probable or certain to result in an outflow of resources to said third party with no equivalent counter-payment from said third party.

Following the booking of acquisitions, the Group shall then book any provisions (for risks, disputes, etc.) on the opening balance sheet. These provisions constitute liabilities which either create or increase the level of goodwill. Beyond the 12-month allocation deadline from the date of the opening balance sheet, reversals of unused provisions following a change in estimated values as defined under IAS 8 are recognised in the income statement under "Other operating income and charges".

*Provisions for pensions and similar commitments*: In accordance with IAS 19, the Group books long-term benefits due after retirement or earned through accumulating service time within the Group such as pension commitments, etc. These benefits can take several different forms:

- Defined contribution plans: by virtue of which the Group pays a fixed amount to external bodies. Expenses are booked as they are paid.
- Defined benefit plans: under which the Group has an obligation towards its employees. The conditions of these schemes vary according to the legislation and regulations which apply in each country.

In France, the actuarial hypotheses used to value commitments linked to defined benefit plans are as follows:

- Retirement age: 67 years
- Average salary taken into account: 1/13th of annual remuneration, excluding bonuses
- Increases in wages: 1%
- Payroll expenses: 45%
- Discount rate: 3.17%
- Turnover rate: company-specific table
- Life expectancy according to 2010 INSEE (French National Institute of Statistics and Economic Studies) table

In Italy, the provision corresponds to the legally required post-employment benefits (TFR, or Trattamento de Fine Rapporto). These benefits are recognised each year based on a percentage of the annual gross salary and are paid to employees at the end of their employment contract.

In Spain, Belgium and Luxembourg, there are no retirement commitments.

*Recording and valuation of financial liabilities*: Long-term financial debt essentially includes loans from credit institutions, bonds and commitments to repurchase minority interests.

Bonds are valued on their date of subscription at their fair value, then booked until they mature according to the amortized cost method. On the date of bond subscription, fair value is deemed to be the value of future disbursements discounted at market rates. Moreover, any expenses and additional share 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 recognised as shareholders' equity. For each subsequent period, the interest expense recognised in the income statement corresponds to the theoretical interest calculated by applying the real interest rate to the book value of the bond. The real interest rate is calculated upon bond subscription and corresponds to the rate used to bring future disbursements in line with the initial fair value of the bond. The difference between the interest expenses such as it is calculated above and the nominal interest is booked under debt in balance sheet liabilities.

*Revenues*: Revenues correspond to the value of the services provided and the sale of equipment as part of the current business of the Group's fully consolidated companies.
Billings are based on the time consultants spend on a contract. Earnings on flat-rate contracts over several years are booked according to the percentage completion method.
Where the costs of a project are forecast to exceed the contractual revenues, a provision for loss on completion is booked at year end.

*Other operating income and charges*: This includes significant, unusual or irregular income or expenses. It includes annual expenses incurred through share warrants, restructuring expenses, depreciation of goodwill and capital gains or losses on disposals, etc.

*Share warrants and bonus shares*: IFRS 2 calls for recognising stock options at their fair value from the date on which they are granted to employees or managers. This applies to plans taken out since November 7, 2002. The options are valued using the Black & Scholes model, the parameters of which notably include the exercise price of share options, their lifespan, and the share price on the date of allocation, the implicit volatility of the share price, the employee turnover assumptions and the risk-free interest rate. The exact value of these options is fixed at their date of allocation and is amortized using the straight-line method. Bonus shares were granted in accordance with performance goals. These shares are booked at their fair value on the date of distribution.

*Corporate income tax*: Tax expenses are equal to the sum of current taxes, deferred taxes, CVAE (company value-added contribution in France) and IRAP (regional business tax in Italy). Deferred taxes are calculated according to the expiration periods for tax liabilities under the different local tax regimes and the likelihood of the companies concerned generating sufficient profits over the period to offset against their tax losses.

*Earnings per share*: Basic earnings per share skills are calculated by dividing the Group's share of net income by the weighted average number of shares in circulation during the fiscal year.
The diluted earnings per share are calculated by dividing the Group's share of net income, adjusted for the financial cost (net of tax) of dilutive debt instruments, by the weighted average number of shares in circulation during the fiscal year plus the average number of issuable shares related to the following dilutive instruments: share warrants and bonus shares in the money as at 30 June 2014.

*Use of estimates*: Drawing up financial statements under IFRS requires the use of estimates and assumptions which affect the amounts booked in these financial statements, in particular with regard to the following:
- The valuation of provisions and pension commitments;
- The hypotheses used in any value tests;
- The valuation of payments in shares;
- The valuation of commitments to buy back minority interests.

These estimates are based on assumptions which are drawn up using the information available when the statements are drawn up. They may be revised if there is a change in the circumstances on which they were based or if new information comes to light. Accordingly, the actual results may differ from estimates.

# Notes to the Balance Sheet

## *Changes in consolidation scope during first semester of 2014*

During the first semester, there were no external growth operations. The change in goodwill comes from the re-estimate of a provision previously booked in the opening balance sheet of AEDIAN arising from its tax assets.

| In thousand € | Beginning of period | Acquisition/increase | Disposal/reversal | End of period |
|---|---|---|---|---|
| Gross value | 88 395 | 1 354 | - | 89 749 |
| Amortization | (17 777) | - | - | (17 777) |
| Net value | 70 618 | 1 354 | - | 71 972 |

## *Accounts receivable (trade)*

| In thousand € | **30/06/2014** | **30/06/2013** | **31/12/2013** |
|---|---|---|---|
| Gross value | 77 137 | 65 946 | 77 461 |
| Depreciation | (810) | (688) | (810) |
| **Net value** | **76 327** | **65 258** | **76 651** |
| Amounts received on account | | | |
| Deferred income and customer pre-payments | (2 893) | (2 366) | (6 599) |
| **Net trade receivables** | **73 434** | **62 892** | **70 052** |
| **Customer ratio in days of revenues** | **92** | **92** | **87** |

## *Transactions involving treasury shares in 1st semester 2014*

| | |
|---|---|
| Number of shares held at 01/01/14 | 16 640 |
| Acquisitions/Disposals 2014 (in net) | 4 977 |
| Number of shares held at 30/06/14 | 21 617 |

## *Changes in provisions*

| In thousand € | **30/06/2014** | **30/06/2013** | **31/12/2013** |
|---|---|---|---|
| Provisions for disputes | 757 | 589 | 913 |
| Provisions for pensions and retirement benefits | 813 | 506 | 701 |
| **Total** | **1 570** | **1 095** | **1 614** |

## *Income tax expenses*

| In thousand € | **30/06/2014** | **30/06/2013** | **31/12/2013** |
|---|---|---|---|
| Taxes payable | (2 771) | (2 324) | (5 894) |
| Deferred tax | 16 | (82) | (400) |
| **Total** | **(2 755)** | **(2 406)** | **(6 294)** |

Payable taxes consist in € 1.2 million in corporate income tax and € 1.6 million in CVAE (company value-added contribution in France) and IRAP (regional business tax in Italy).

| | Opening | Increase | Decrease | Closing |
|---|---|---|---|---|
| Deferred tax asset | - | - | - | - |
| Tax losses carried forward | 1 276 | - | - | 1 276 |
| - Temporary differences | 441 | 16 | - | 457 |
| **Total deferred tax asset** | **1 717** | **17** | **-** | **1 733** |
| Deferred tax liability | - | - | - | - |
| - Temporary differences | 2 | - | - | 2 |
| **Total deferred tax liability** | 2 | **0** | **0** | **2** |

## *Borrowings, financial debts and cash*

At 30 June 2014

| | **30/06/2014** | | | **2013** |
|---|---|---|---|---|
| **In thousand €** | **Amount** | **Less than one year** | **More than one year** | **Amount** |
| **Bank loan** | 23 939 | 3 680 | 20 259 | 23 221 |
| **Creditor banks** | 500 | 500 | - | 14 |
| **Other financial liabilities** | 0 | 0 | - | 0 |
| **DEBT** | **24 439** | **4 180** | **20 259** | **23 235** |
| **Marketable securities** | 728 | 728 | - | 157 |
| **Cash on hand** | 7 255 | 7 255 | - | 13 673 |
| **CASH** | **7 983** | **7 983** | **0** | **13 830** |
| **NET DEBT/NET CASH POSITION** | **(16 456)** | **(3 803)** | **20 259** | **9 405** |

At 30 June 2013

| | **30/06/2013** | | | **2012** |
|---|---|---|---|---|
| **In thousand €** | **Amount** | **Less than one year** | **More than one year** | **Amount** |
| **OCEANE** | - | - | - | - |
| **Bank loan** | 16 074 | 6 237 | 9 837 | 14 805 |
| **Creditor banks** | 166 | 166 | - | 124 |
| **Other financial liabilities** | 0 | 0 | - | 0 |
| **DEBT** | **16 240** | **6 403** | **9 837** | **14 929** |
| **Marketable securities** | 675 | 675 | - | 868 |
| **Cash on hand** | 8 297 | 8 297 | - | 14 229 |
| **CASH** | **8 972** | **8 972** | | **15 097** |
| **NET DEBT/NET CASH POSITION** | **(7 268)** | **(2 569)** | **9 837** | **168** |

| **Cash (in thousand €)** | **30/06/2014** | **30/06/2013** | **31/12/2013** |
|---|---:|---:|---:|
| Cash on hand | 7 255 | 8 297 | 13 673 |
| Short-term investments | 728 | 675 | 157 |
| Bank overdrafts | (500) | (166) | (14) |
| **Total cash** | **7 483** | **8 806** | **13 816** |

## *Off-balance sheet commitments*

There was no significant change affecting off-balance sheet commitments.

## *Transactions with related parties*

There were no significant transactions during the first half of 2014.

## Footnotes to income statement

*Changes in activities by geographic area and by sector*

| | | 30/06/2014 | | 30/06/2013 | | 31/12/2013 |
|---|---|---|---|---|---|---|
| In mil € | TO | OI* *% margin* | TO | OI* *% margin* | TO | OI* *% margin* |
| **Group** | **119.7** | **6.4%** | **97.2** | **6.3%** | **211.1** | **8.3%** |
| France | 75.1 | 7.2% | 57.2 | 8.2% | 128.6 | 10.7% |
| International | 44.6 | 6.6% | 40.0 | 5.6% | 82,5 | 6.1% |
| Corporate | | (0.6%) | | (0.8%) | | (0.6%) |

*Current operating profit

| At 30 June 2014 (in thousand €) | France | International | Inter-sector eliminations | Total |
|---|---|---|---|---|
| Turnover | 75 121 | 45 001 | (429) | 119 693 |
| Other income from operations | - | 112 | - | 112 |
| Purchases used in production | (8 052) | (7 632) | 343 | (15 341) |
| External expenses | (4 050) | (5 776) | 84 | (9 742) |
| Payroll expenses | (57 361) | (28 476) | - | (85 837) |
| Taxes and duties | (1 259) | (33) | - | (1 292) |
| Amortisation expenses | (276) | (227) | - | (503) |
| Depreciation and provisions | (11) | (6) | - | (17) |
| Other income and expenses from operations | 551 | (2) | 2 | 551 |
| **Total current operating profit** | **4 663** | **2 961** | **0** | **7 624** |
| Loss on sale of consolidated equity investments | - | - | - | - |
| Other operating income and charges | (616) | (259) | - | (875) |
| Total other operating income and charges | (616) | (259) | - | (875) |
| **Operating income** | **4 047** | **2 702** | **0** | **6 749** |

* Includes corporate expenses for € 752,000

| At 30 June 2013 (in thousand €) | France | International | Inter-sector eliminations | Total |
|---|---|---|---|---|
| Turnover | 57 230 | 40 393 | (469) | 97 154 |
| Other income from operations | - | 133 | - | 133 |
| Purchases used in production | (5 839) | (8 258) | 359 | (13 738) |
| External expenses | (2 929) | (4 476) | 115 | (7 290) |
| Staff costs | (43 838) | (25 382) | - | (69 220) |
| Taxes and duties | (963) | (34) | - | (997) |
| Amortisation expenses | (175) | (201) | - | (376) |
| Depreciation and provisions | (2) | 0 | - | (2) |
| Other income and expenses from operations | 407 | 49 | (5) | 451 |
| **Total current operating profit** | **3 891** | **2 224** | **0** | **6 115** |
| Loss on sale of consolidated equity investments | - | - | - | - |
| Other operating income and charges | (658) | 130 | - | (528) |
| Total other operating income and charges | (658) | 130 | **-** | (528) |
| **Operating income** | **3 233** | **2 354** | **0** | **5 587** |

* Includes corporate expenses for € 782,000

| | 30/06/2014 | 30/06/2013 | 31/12/2013 |
|---|---|---|---|
| Banking | 38% | 43% | 42% |
| Insurance | 26% | 18% | 22% |
| Administration | 8% | 10% | 9% |
| Services/Utilities | 12% | 10% | 9% |
| Industry | 8% | 9% | 9% |
| Telecom | 6% | 7% | 7% |
| Retail and Distribution | 2% | 3% | 2% |

## *Staff costs*

| In thousand € | 30/06/2014 | 30/06/2013 | 31/12/2013 |
|---|---|---|---|
| Employee remuneration | 61 981 | 48 172 | 105 406 |
| Payroll expenses | 23 794 | 20 999 | 42 378 |
| Net provisions for retirement benefits | 62 | 49 | 73 |
| **Total** | **85 837** | **69 220** | **147 857** |

| | | | |
|---|---|---|---|
| **TO** | **119 693** | **97 154** | **211 092** |
| Personnel cost/TO ratio | 71.7% | 71.2% | 70.0% |

| **Headcount at end of period** | 30/06/2014 | 30/06/2013 | 31/12/2013 |
|---|---|---|---|
| France | 1 962 | 1 509 | 1 913 |
| Belgium/Luxembourg | 272 | 280 | 279 |
| Italy | 956 | 915 | 929 |
| Spain | 234 | 208 | 216 |
| **Total** | **3 424** | **2 912** | **3 337** |

| | | | |
|---|---|---|---|
| Productive | 3 169 | 2 714 | 3 077 |
| % productive | 93% | 93% | 92% |
| Administration and sales | 255 | 198 | 260 |
| **Total** | **3 424** | **2 912** | **3 337** |

## *Other operating revenue and expenses*

| In thousand € | 30/06/2013 | 30/06/2013 | 31/12/2013 |
|---|---|---|---|
| Stock options granted | (6) | (402) | (596) |
| Non-recurring expenses | (817) | (126) | (903) |
| Gains or losses from disposals of assets | (53) | - | - |
| Depreciation in assets | - | - | - |
| Revaluation gains/losses | - | - | - |
| Miscellaneous | - | - | - |
| **Total** | **(876)** | **(528)** | **(1 499)** |

# STATUTORY AUDITORS REPORT
# ON THE 2014 HALF-YEAR FINANCIAL INFORMATION

To the shareholders,

Following our appointment as statutory auditors by your General Meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code, we carried out:

- a limited review of the condensed interim consolidated financial statements of the company AUBAY S.A. for the period running from 1st January to 30 June 2014, as they are attached to this report;
- a verification of the information contained in the interim management report.

These condensed interim financial statements were prepared under the responsibility of the Board of Directors. Our role is to report our conclusions on these financial statements based on our review.

**I- Conclusions on the financial statements**

We conducted our limited review in accordance with the professional standards applicable in France. A limited review primarily consists in talking with the executives in charge of accounting and financial matters and in implementing analytical procedures. This approach is less extensive than that required for an audit performed under the professional standards applicable in France. Consequently, the assurance that all the accounts considered jointly do not comprise any significant anomalies which results from a limited review is a moderate assurance, lower than that obtained in the framework of an audit.

Based on our limited review, we did not detect any meaningful anomalies which would cast doubt on the compliance of the condensed interim financial statements with the principles of IAS 34 – the IFRS standard as adopted in the European Union relating to interim financial information.

**II- Specific verification**

We also verified the information given in the group's interim management report accompanying the condensed interim consolidated financial statements that were the subject of our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris, 10 September 2014

Statutory Auditors

| | |
|---|---|
| CONSTANTIN ASSOCIES | BCRH & Associés |
| Philippe SOUMAH | Jean-François PLANTIN |

# CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

"I certify that, to my knowledge, the condensed interim financial statements for the concluded semester have been prepared in accordance with the applicable accounting standards and provide a faithful image of the assets, financial situation and earnings of the company and of all the consolidated companies, and that the interim management report provides a true image of the important events that occurred during the first six months of the fiscal year, of their impact on the statements, of the main transactions with related parties and that it gives a description of the primary risks and uncertainties for the remaining six months of the fiscal year."

**Philippe Rabasse**
CEO, Aubay Group