#2017 - HALF-YEAR REPORT

PASSION FOR TECHNOLOGIES

Societas Europaea with share capital of 31,046,744.70 euros

Registered office: 9-11 rue Montalivet – 75008 PARIS
Paris Trade and Companies Register 422 950 865

A - INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of euros)

CONSOLIDATED INCOME STATEMENT

PROFIT AND LOSS in thousands of euros	Note	30 June 2017	30 June 2016
Revenue	**2.1**	**666,491**	**550,161**
External expenses	2.2	(180,007)	(154,705)
Taxes and duties		(3,970)	(4,909)
Personnel expenses	2.3	(438,551)	(354,338)
Net depreciation and provisions	2.4	(6,482)	(2,584)
Other current expenses		(1,788)	(6,228)
Other current income		3,664	3,974
Income from equity affiliates	2.5	2,156	-
OPERATING PROFIT FROM ORDINARY ACTIVITIES		**41,512**	**31,371**
Free shares and stock options	3.7	(3,892)	(66)
RECURRING OPERATING PROFIT		**37,620**	**31,305**
Other non-current income and expenses	2.6	(7,703)	(5,116)
OPERATING PROFIT		**29,917**	**26,189**
Income from cash and cash equivalents	2.7	158	565
Cost of gross financial debt	2.7	(6,044)	(6,664)
COST OF NET FINANCIAL DEBT		**(5,886)**	**(6,099)**
Other financial income and expenses	2.7	(1,308)	1,001
PROFIT BEFORE TAX		**22,723**	**21,091**
Tax expense	2.8	(5,284)	(4,011)
CONSOLIDATED NET PROFIT		**17,439**	**17,080**
Non controlling interests		(978)	(1,532)
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT		**16,461**	**15,549**
Earnings per share		€ 0.84	€ 0.79
Diluted earnings per share		€ 0.82	€ 0.79
Weighted average number of ordinary shares outstanding		19,670,376	19,657,229
Weighted average number of ordinary shares plus potential dilutive shares		20,069,924	19,671,529

STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME In thousands of euros	Note	30 June 2017	30 June 2016
CONSOLIDATED NET PROFIT		**17,439**	**17,080**
Actuarial gains and losses on pension obligations	3.8	657	(1,790)
Tax effect of items not to be recycled to profit or loss in subsequent periods		(205)	558
Items not to be recycled to profit or loss in subsequent periods		**452**	**(1,232)**
Gains and losses on hedging instruments	3.9	555	(1,111)
Change in translation difference		(676)	(645)
Tax effect of items to be recycled to profit or loss in subsequent periods		(176)	370
Items to be recycled to profit or loss in subsequent periods		**(297)**	**(1,385)**
Other items of comprehensive income		**154**	**(2,617)**
CONSOLIDATED COMPREHENSIVE INCOME		**17,594**	**14,463**
Minority interest		1,176	1,332
Group share		16,418	13,131

The main changes in comprehensive income are linked to actuarial gains or losses on pension commitments and to fair value variances on hedging instruments

CONSOLIDATED BALANCE SHEET

ASSETS in thousands of euros	Note	30 June 2017	31 Dec. 2016
Goodwill	3.1	280,677	218,183
Intangible assets	3.2	17,231	17,140
Tangible assets	3.2	60,485	55,520
Non-current financial assets		30,162	27,769
Securities of affiliates and joint ventures	2.5	43,819	-
Other net non current assets	3.3	34,196	27,737
Deferred tax assets		34,901	35,120
Non-current assets		**501,472**	**381,468**
Inventories and work in progress		5,877	4,742
Trade receivables	3.4	256,243	197,310
Other receivables	3.5	93,999	109,004
Cash and Cash equivalents	3.6	137,923	158,958
Current assets		**494,042**	**470,013**
TOTAL ASSETS		**995,515**	**851,481**

LIABILITIES in thousands of euros	Note	30 June 2017	31 Dec. 2016
Share Capital	3.7	31,047	31,025
Consolidated reserves		160,242	156,223
Profit further year		16,462	12,715
Group share of shareholders' equity		**207,750**	**199,963**
Minority interests		30,714	29,531
Shareholders' equity		**238,464**	**229,495**
Non-current provisions	3.8	22,228	23,119
Non-current financial liabilities	3.9	244,169	241,340
Deffered tax liabilities		2,564	1,867
Non-current liabilities		**268,962**	**266,326**
Current provisions	3.8	11,675	8,821
Current financial liabilities	3.9	108,336	7,009
Restructured debt < 1 year	3.10	7,914	7,745
Trade payables		87,292	80,539
Corporation tax liability		2,614	3,686
Tax and social security contribution liabilities excluding corporation tax		198,654	195,146
Other liabilities	3.11	71,604	52,715
Current liabilities		**488,089**	**355,661**
TOTAL LIABILITIES		**995,515**	**851,481**

CONSOLIDATED STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS in thousands of euros	Note	30 June 2017	30 June 2016
Consolidated net profit		17,439	17,080
Reintegration of expense (+) or elimination of income (-) associated with depreciation and impairment (excluding working capital)		11,039	2,141
Elimination of income from equity affiliates		(2,156)	-
Reintegration of tax expense (+) or elimination of tax income (-)		5,420	4,018
Reintegration of calculated expense (+) or elimination of calculated income (-) associated with IFRS standards (1)		3,388	217
Reintegration of expense (+) or elimination of income (-) from net disposals		54	(1,439)
Reintegration of expense (+) or elimination of income (-) associated with net financial debt	2.7	5,886	4,067
Cash generated from operations before net financial debt and tax		**41,070**	**26,085**
Tax paid		(7,921)	(6,108)
Change in working capital	4.1	(47,618)	(30,603)
Net cash flow from operating activities		**(14,468)**	**(10,627)**
Acquisitions of fixed assets	3.2	(12,256)	(22,272)
Disposals of fixed assets		153	2,699
Change in financial assets		(1,088)	(1,207)
Change in scope	4.2	(86,465)	(10,002)
Net cash flow from investing activities		**(99,656)**	**(30,783)**
Dividends paid to shareholders of the parent company	4.3	-	-
Capital increases in cash	3.7	-	-
Purchase of treasury shares		-	(360)
Proceeds from new borrowings	3.9	105,841	2,737
Repayment of loans	3.9 and 3.10	(5,240)	(47,405)
Net financial interest received		158	2,597
Net financial interest paid		(7,186)	(7,649)
Net cash flow from financing activities		**93,574**	**(50,080)**
Impact of changes in foreign exchange rates		(483)	(139)
CHANGE IN CASH AND CASH EQUIVALENTS		**(21,035)**	**(91,628)**
Cash, cash equivalents and bank overdrafts at the start of the year		158,958	215,120
Cash, cash equivalents and bank overdrafts at year end		137,923	123,493
CHANGE IN CASH AND CASH EQUIVALENTS		**(21,035)**	**(91,628)**

(1) Calculated expenses on the basis of IFRS standards consists of the valuation of stock options and free shares (IFRS 2) and the capitalisation of loan issue expenses.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in € thousand	Number of shares			Share Capital	Share Premiums	Consolidated reserves	Profit for the year	Translation adjustment	Group share of equity	Non controlling interests	Consolidated equity
	Making up the capital	Treasury shares	outstanding								
Equity as at 1 January 2016	**18,434,264**	**549,310**	**17,884,955**	**28,204**	**2,068**	**142,644**	**26,229**	**515**	**199,661**	**25,577**	**225,238**
Profit for the year	-	-	-	-	-	-	15,549	-	15,549	1,532	17,080
Other comprehensive income	-	-	-	-	-	(1,765)	-	(653)	(2,417)	(200)	(2,617)
Comprehensive income	**-**	**-**	**-**	**-**	**-**	**(1,765)**	**15,549**	**(653)**	**13,131**	**1,332**	**14,463**
Change in the share capital of the parent company	1,843,426	-	1,843,426	2,821	(2,068)	(753)	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	(360)	-	-	(360)	-	(360)
Change in the scope of consolidation	-	-	-	-	-	(79)	-	-	(79)	57	(22)
Net income appropriation	-	-	-	-	-	26,229	(26,229)	-	-	-	-
Dividends	-	-	-	-	-	(9,830)	-	-	(9,830)	-	(9,830)
Impact of free shares and stock options	-	-	-	-	-	66	-	-	66	-	66
Other changes	-	71,151	(71,151)	-	-	(1)	-	-	(1)	2	1
Equity as at 30 June 2016	**20,277,690**	**620,461**	**19,657,230**	**31,025**	**-**	**156,151**	**15,549**	**(138)**	**202,588**	**26,968**	**229,557**
Equity as at 1 January 2017	**20,277,690**	**618,267**	**19,659,424**	**31,025**	**-**	**156,309**	**12,715**	**(87)**	**199,964**	**29,530**	**229,495**
Profit for the year	-	-	-	-	-	-	16,461	-	16,461	978	17,439
Other comprehensive income (1)	-	-	-	-	-	705	-	(748)	(43)	198	154
Comprehensive income	**-**	**-**	**-**	**-**	**-**	**705**	**16,461**	**(748)**	**16,418**	**1,176**	**17,594**
Change in the share capital of the parent company	14,300	-	14,300	22	-	(22)	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
Change in the scope of consolidation	-	-	-	-	-	-	-	-	-	-	-
Net income appropriation	-	-	-	-	-	12,715	(12,715)	-	-	-	-
Dividends (2)	-	-	-	-	-	(11,804)	-	-	(11,804)	-	(11,804)
Impact of free shares and stock options (3)	-	-	-	-	-	3,215	-	-	3,215	-	3,215
Other changes	-	3,348	(3,348)	-	-	(44)	-	2	(44)	8	(36)
Equity as at 30 June 2017	**20,291,990**	**621,615**	**19,670,376**	**31,047**	**-**	**161,074**	**16,461**	**(833)**	**207,750**	**30,714**	**238,464**

(1) As at 30 June 2017, the amount of reserves of actuarial gains and losses was €(2,693) thousand, that of hedging was €(1,110) thousand.
(2) The amount of the dividends for the 2016 financial year to be paid in 2017 is disclosed in note 4.3.
(3) Free shares and stock-options effects are disclosed in note 3.7.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These notes contain additional information regarding the consolidated balance sheet, the total of which is €995,515 thousand, and the consolidated income statement, which shows a Group share of comprehensive income of €16,418 thousand.

Such information is only included when its importance is material.

Unless otherwise stated, all figures are expressed in thousands of euros.

The Board of Directors of the AKKA Technologies Group approved the financial statements on 21 September 2017.

AKKA Technologies' business operations:

Founded in 1984, AKKA Technologies today ranks as the European leader in Engineering Consulting and R&D services in the field of mobility. With more than 15,000 talented employees working in more than 20 countries, the Group recorded revenue of €1.1 billion in 2016.

Partner in innovation, AKKA Technologies boasts a prestigious customer portfolio featuring leading European industrial Groups in the automotive, aerospace and rail sectors, as well as in the life sciences, services, telecommunications and defence. The list includes Airbus Group, Alstom, BMW, Daimler, GlaxoSmithKline, Renault, Safran, Thales, Volkswagen, Volvo, …

AKKA Technologies provides technological solutions to these major groups, enabling them to improve their innovation processes, their added value, their productivity and their efficiency when designing new products or processes, right through to the industrial production phase.

Its unique geographical positioning around its Franco-German axis, its capacity to deliver cross-sector and transnational solutions and its in-depth expertise in the technologies of the future (AI, ADAS, IoT, Big Data, robotics, embedded computing, machine learning, etc.) allow it to assist its customers in their two key challenges, namely globalisation and digitisation.

Digital technologies and the technologies of the future today represent 15% of AKKA's revenue.

The company's registered office is located at 9-11 rue Montalivet, 75008 Paris.

AKKA Technologies is listed on EuronextTM Paris – Segment B – ISIN code FR0004180537.

Significant events and transactions during the first half:

> **The acquisitions of CTP System and Edelway in the first quarter** (Note 1.6) backed up the Group's strategy of increasing its value added, with the objective of **developing a high-potential international Life Sciences division**. The two acquisitions entrenched Akka Life Sciences' position as a development partner in the field of engineering for companies in the healthcare industries throughout the entire V-cycle, from design to production and qualification. They will also allow it to assist major pharmaceutical laboratories to meet the challenge of digitisation. The strong growth in Life Sciences during the first half confirms the merits of the two acquisitions and illustrates Akka Life Sciences' growth potential. CTP System and Edelway will also strengthen the Group's international diversification in Italy, Switzerland, Spain and Germany.

> **In the space of two years, AKKA Technologies has become a leader in digital technologies**. In 2015, AKKA grouped together the full range of its digital expertise in France. At the same time, the Group made three successive strategic acquisitions in Germany. Auronik, at the end of 2014, reinforced the Group's positioning in infotainment and eMobility. In 2016, Erlkönig subsequently strengthened the offering in digital strategy consulting, infotainment and mobility. Lastly, the acquisition of Gigatronik in early 2017 (Note 1.6) confirms AKKA Technologies' leadership in digital technologies. These acquisitions have given AKKA Technologies unique positioning to meet the challenges represented by the Internet of Things, autonomous mobility and man-machine interface for industry. **Gigatronik will enable to accelerate the Group's transformation in digital technologies and the technologies of the future, with the deployment of the full range of its expertise on a cross-sector and international level.**

> **Implementation of a Management Incentive Programme** (Note 3.7): to support its future growth, AKKA Technologies has launched an incentive compensation scheme based on the company's performance. Strong growth in recent years has enabled the Group to exceed €1 billion in revenue and to double its workforce, bringing it close to 15,000 experts. The new co-investment mechanism will allow AKKA Technologies to renew an initiative dating back to 2008, which, in a similar context, enabled it to strengthen the sense of belonging and cohesion within the Group, and generated strong organic growth.

> **Implementation of a NEU CP programme (Negotiable European Commercial Paper**; Note 3.9): in the first quarter of 2017, AKKA Technologies successfully implemented a €200 million NEU CP. After the establishment on 1 July 2016 of a new five-year €200 million revolving credit facility on very attractive terms, the Group continues to show drive and creativity. These new funding reinforces its strike force while reducing its financing costs. It also enables the Group to extend the maturity of its debt while diversifying its sources of funding, by making its banking pool and its lenders more international. It gives the Group greater scope to pursue its diversification, both organically and through targeted acquisitions.

1 - SCOPE AND CONSOLIDATION METHODS

1.1 - Reporting standards

The interim condensed consolidated financial statements of the AKKA Technologies Group are prepared in accordance with the standards, amendments and interpretations issued by the IASB (International Accounting Standards Board) and adopted by the European Union as of the reporting date.

The standards, amendments and interpretations used to prepare the consolidated financial statements for the six months to 30 June 2017 and comparative data for 2016 are those published in the Official Journal of the European Union (OJEU) before 30 June 2017 and whose application was mandatory as of that date.

These standards are available on the European Commission website at the following address: **https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en**

The interim condensed consolidated financial statements of the AKKA Technologies Group are prepared in accordance with IAS 34 "Interim Financial Reporting", the IFRS framework adopted in the European Union for interim financial reporting, and must be read in conjunction with the Group's full-year 2016 consolidated financial statements.

These interim consolidated financial statements have been prepared and presented in condensed form. The notes cover the significant features of the half-year, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016 included in the registration document filed with the French financial markets authority (Autorité des Marchés Financiers – AMF) on 19 April 2017 under number D.17-0397, and available on the company's website, at **www.akka-technologies.com**, in the investors area, under "Financial Information – Reports".

1.2 - New IFRS standards, interpretations and amendments

There are no new standards, amendments or interpretations adopted by the European Union and applicable for annual periods beginning on or after 1 January 2017.

The amendments adopted by the IASB and applicable from 1 January 2017, which are expected to be adopted by the European Union by the end of 2017, are not expected to have a significant impact on the Group's financial position or performance.

This relates to the following amendments:

- Amendments to IAS 7 "Statement of Cash Flows: Disclosure Initiative";
- Amendments to IAS 12 "Accounting for Deferred Tax Assets for Unrealised Losses".

The Group has elected not to early adopt the standards, interpretations and amendments adopted by the European Union before 30 June 2017, for which early application was possible, but which become effective after that date. This relates primarily to the following standards:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers";
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture";
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions";
- Annual improvements, 2014-2016 cycle;
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".

IFRS 16 "Leases", approved by the IASB with first application for fiscal years beginning on or after 1 January 2019, is expected to be adopted by the European Commission at the end of 2017. A review is still underway, notably in respect of the French operations, on the methods of accounting for certain assets, particularly real estate. The AKKA Technologies Group does not intend to early adopt IFRS 16.

AKKA Technologies is currently reviewing the impacts and practical consequences of the application of these standards:

- IFRS 15: analyses conducted to date have not identified any types of contracts with potentially material impacts for the Group. The first application of this standard in 2018 is not expected to have a significant impact on the Group's financial performance.
- IFRS 16: on the basis of the initial analyses, the Group expects an impact in line with lease commitments under IAS 17 mentioned in Note 6.3, most of which relate to real estate.

The Group does not anticipate the other standards, interpretations and modifications mentioned above to have a material impact on its financial statements.

1.3 - Use of estimates

The preparation of consolidated financial statements under IFRS requires the use of estimates and assumptions that have an impact on the financial statements. These estimates and assumptions are based on information available when they are drawn up. Estimates may be revised in the event of change in the circumstances on which they were based. Actual results may therefore differ from the initial estimate.

The consolidated financial statements for the half-year were prepared taking into account the prevailing macroeconomic environment and the financial market parameters available as of the reporting date. The effects of these factors have been taken into account as appropriate, notably in the measurement of assets such as trade receivables. The value of long-term assets, such as intangibles (goodwill), is assessed each year on the basis of the long-term economic outlook and of the Group's management best estimate.

The use of estimates impacts the following information in particular:

- the assumptions used for asset impairment testing,
- the calculation of deferred tax assets,
- the assessment of earnings based on the state of progress of contracts,
- the valuation of provisions and pension commitments,
- the measurement of the expense related to the allocation of free and performance shares,
- the estimate of projects eligible for research tax credits.

1.4 - Consolidation methods

The companies over which the Group directly or indirectly exercises exclusive control are consolidated by the full consolidation method.

Exclusive control is assessed in accordance with the criteria set out in IFRS 10 (power over the relevant activities, exposure to variable returns and ability to use power to affect the amount of returns). This is presumed to be the case in companies in which the Group directly or indirectly holds at least 50% of voting rights. Immediately exercisable potential voting rights, including those held by another entity, are taken into account in assessing control.

The analysis of joint arrangements pursuant to the criteria set out in IFRS 11 has resulted in the identification of joint ventures, but no joint activities. Joint ventures are consolidated by the equity method.

As of 30 june 2017, one company is consolidated by the equity method when no company was consolidated by the equity method as of 30 June 2016 (Notes 1.6 and 2.5).

1.5 - Significant accounting policies

1.5.1 - Impairment of non-current non-financial assets

Impairment testing is performed at the close of the financial year, as described in Note 2.10 to the consolidated financial statements for the year ended 31 December 2016 included in the 2016 registration document. Impairment testing was only performed as of 30 June in cases where indications of impairment existed as of 31 December 2016 or were identified during the half-year.

The application of these policies did not result in the recognition of impairment in the six months under review.

1.5.2 - Tax expense

In accordance with IAS 34, tax expense on earnings is recognised in the interim financial statements on the the best estimate basis of the weighted average annual income tax rate expected for the full year. Deferred tax assets are recognised only when their recovery is deemed likely.

1.5.3 - Subsidies

In accordance with IAS 20, subsidies (including the research, and competitiveness and employment tax credits) are deducted from the expense to which they relate.

The amount recognised in respect of the six months to 30 June 2017 is calculated based on the estimated eligible expenses.

1.6 - Scope of consolidation

Companies	% control	% interest	Consolidation method (1)	Country in which the company is based
AKKA TECHNOLOGIES SE	-	-	CE	France
AEROCONSEIL SAS	100%	100%	FC	France
AKKA ENERGY SAS (ex-CORIALIS ENGINEERS)	100%	100%	FC	France
AKKA I&S SAS	100%	100%	FC	France
AKKA INFORMATIQUE ET SYSTEMES SAS	100%	100%	FC	France
AKKA INGENIERIE DOCUMENTAIRE SAS	100%	100%	FC	France
AKKA INGENIERIE PROCESS SAS	100%	100%	FC	France
AKKA INGENIERIE PRODUIT SAS	100%	100%	FC	France
AKKA LIFE SCIENCES SAS	100%	100%	FC	France
AKKA MANAGER SARL	100%	100%	FC	France
AKKA RESEARCH SAS	100%	100%	FC	France
AKKA SERVICES SAS	100%	100%	FC	France
CASCIOPE SAS	100%	100%	FC	France
CORIALIS CEMAC EURL	100%	100%	FC	France
CORIALIS EAST EURL	75%	75%	FC	France
EKIS FRANCE SAS	100%	100%	FC	France
EKIS SAS	100%	100%	FC	France
ERDIMAT SAS	100%	100%	FC	France
GEPILOG SAS	100%	100%	FC	France
MATIS CONSULTING SAS	100%	100%	FC	France
MATIS HIGH TECH SA	100%	100%	FC	France
MATIS HOLDING SAS	100%	100%	FC	France
MODELISATION ASSISTANCE TECHNIQUE INFORMATIQUE SCIENTIFIQUE (MATIS) SA	100%	100%	FC	France
REAL FUSIO SAS	100%	100%	FC	France
AKKA DEUTSCHLAND Gmbh	100%	100%	FC	Germany
AKKA GERMANY GmbH	100%	100%	FC	Germany
AKKA OCTOGON GmbH	100%	100%	FC	Germany
ATP AUTOMOTIVE TESTING PAPENBURG GmbH	100%	65%	FC	Germany
AURONIK GmbH	100%	100%	FC	Germany
AURONIK Services GmbH	100%	100%	FC	Germany
AUTONATIC GmbH	100%	100%	FC	Germany
ELEKTRONISCHE FAHRWERKSYSTEME GmbH	51%	51%	EM	Germany
ERLKONIG GmbH	100%	100%	FC	Germany
ERLKONIG HOLDING GmbH	100%	100%	FC	Germany
ERLKONIG TECHNOLOGY GmbH	100%	100%	FC	Germany
GIGATRONIK HOLDING GmbH	100%	100%	FC	Germany
GIGATRONIK INGOLSTADT GmbH	100%	100%	FC	Germany
GIGATRONIK KOLN GmbH	100%	100%	FC	Germany
GIGATRONIK MUNCHEN GmbH	100%	100%	FC	Germany
GIGATRONIK STUTTGART GmbH	100%	100%	FC	Germany
GIGATRONIK TECHNOLOGIES GmbH	100%	100%	FC	Germany
MBTECH CONSULTING GmbH	100%	65%	FC	Germany
MBTECH EMC GmbH	100%	65%	FC	Germany
MBTECH GROUP GmbH & Co. KGaA	65%	65%	FC	Germany
MBTECH VERWALTUNGS - GmbH	65%	65%	FC	Germany
PROCEDA MODELBAU GmbH	100%	65%	FC	Germany
PROJEKTEXPERTISE GmbH	100%	100%	FC	Germany
SYSTEM DESIGN GmbH	100%	65%	FC	Germany

(1) CE = Consolidating Entity; FC = Full Consolidation; EM = Equity Method

Companies	% control	% interest	Consolidation method (1)	Country in which the company is based
CORIALIS ANGOLA SL	100%	100%	FC	Angola
GIGATRONIK Austria GmbH	100%	100%	FC	Austria
AKKA BELGIUM SA	100%	100%	FC	Belgium
AKKA INTERNATIONAL SA	100%	100%	FC	Belgium
MATIS DO BRASIL CONSULTORIA E PROJETOS INDUSTRIALS LTDA	100%	100%	FC	Brazil
AKKA GROUPE AMERIQUE DU NORD INC	100%	100%	FC	Canada
ERLKONIG MANAGEMENT CONSULTING BEIJING Ltd.	100%	100%	FC	China
MB SIM TECHNOLOGY Co. Ltd.	100%	65%	FC	China
CORIALIS CONGO SA	70%	70%	FC	Congo
AKKA MIDDLE EAST DMCC	100%	100%	FC	Dubai
AKKA TECHNOLOGIES SPAIN SL	100%	100%	FC	Spain
CORIALIS AECWA SL	51%	51%	FC	Spain
CORIALIS IBERICA SL	100%	100%	FC	Spain
CORIALIS INGENIEROS SL	100%	100%	FC	Spain
EDELWAY SPAIN SL	100%	100%	FC	Spain
AKKA DEVELOPMENT UK LTD (ex-AEROCONSEIL UK)	100%	100%	FC	Great Britain
EPSCO RESOURCING LIMITED	100%	100%	FC	Great Britain
MBTECH HUNGARY ENGINEERING AND CONSULTING LLC	100%	65%	FC	Hungary
AKKA ENERGY Srl (ex-EPSCO Italy)	100%	100%	FC	Italy
AKKA ITALIA SRL	100%	100%	FC	Italy
CTP SYSTEM SRL	100%	100%	FC	Italy
AKKA TECHNOLOGIES DEVELOPMENT SARL	100%	100%	FC	Luxembourg
MATIS NETHERLANDS BV	100%	100%	FC	Netherlands
AEROCONSEIL PACIFIC SAS	100%	100%	FC	French Polynesia
MBTECH BOHEMIA s.r.o.	100%	65%	FC	Czech Republic
AKKA ROMSERV SRL	100%	100%	FC	Romania
AKKA SLOVAKIA S.r.o.	100%	100%	FC	Slovakia
AKKA SWITZERLAND SA	100%	100%	FC	Switzerland
EDELWAY AG	100%	100%	FC	Switzerland
EDELWAY GENEVA SA	100%	100%	FC	Switzerland
GIGATRONIK AG	100%	100%	FC	Switzerland
GIGATRONIK TECHNOLOGIES AG	100%	100%	FC	Switzerland
LEORA HUMAN CAPITAL SA	100%	100%	FC	Switzerland
MBTECH MUHENDISLIK VE DANISMANLIK Limited Sirketi LLC	100%	65%	FC	Turkey
MBTECH NORTH AMERICA Inc.	100%	65%	FC	USA
MB-TECHNOLOGY NA LLC.	100%	65%	FC	USA

(1) CE = Consolidating Entity; FC = Full Consolidation; EM = Equity Method

Changes in the scope of consolidation in the first half of 2017

> The Group acquired all of CTP System shares. Founded in 1990, CTP System has been fully consolidated since 1 January 2017.

> The Group acquired all of Edelway shares. Founded in 2007, the Edelway Group has been consolidated since 1 January 2017. Its main entities are as follows:

- Edelway AG
- Edelway Geneva
- Leora Human Capital
- Edelway Spain

> The Group acquired all of Gigatronik Group shares. Founded in 2001, the Gigatronik Group has been consolidated since January 2017. Its main subsidiaries are as follows:

- Gigatronik Holding GmbH
- Gigatronik Stuttgart GmbH
- Gigatronik Ingolstadt GmbH
- Gigatronik Munchen GmbH
- Gigatronik Koln GmbH
- Gigatronik AG
- Gigatronik Technologies AG
- Gigatronik Technologies GmbH
- Gigatronik Austria GmbH

Elektronische Fahrwerksysteme GmbH (EFS) is jointly owned by Gigatronik Ingolstadt GmbH and AEV GmbH (a subsidiary of the Audi Group), and is accounted for by the equity method (51%).

The three groups acquired in 2017 generated consolidated revenue of €60 million during the first half of 2017.

Changes in percentage interest

There was no significant change in percentage interests held in the first half of 2017.

2 - NOTES TO THE INCOME STATEMENT

2.1 - Segment information

Segment information has been provided pursuant to IFRS 8 since 1 January 2009. The information provided in the segment breakdown is based on the internal reporting used by the chief operating decision-maker (Group Executive Committee) to assess the performance of the various segments.

As of 30 June 2017, the Group had identified three segments within the meaning of IFRS 8 on segment reporting, representing geographic regions, namely France, Germany and International (excluding Germany).

With the exception of France and Germany, no country has reached the threshold of 10% of revenue or profit cited in IFRS 8. As international subsidiaries excluding Germany are managed by a single CEO, they have been combined within a single segment known as International (excluding Germany).

June 2017 - in thousands €	France	Germany	International (excl. Germany)	Others	TOTAL
PRODFIT AND LOSS STATEMENT					
External revenue	277,253	243,528	145,654	56	666,491
% of revenue	*41.6%*	*36.5%*	*21.9%*	*0.0%*	*100.0%*
Inter-segment sales	7,698	1,541	10,069	11,363	30,671
Revenue	284,951	245,069	155,723	11,419	697,162
Operating income and expense	(257,746)	(228,202)	(132,154)	(6,877)	(624,979)
Profit from business operations (3)	**19,507**	**15,326**	**13,500**	**(6,821)**	**41,512**
Other non-current income and expenses	-	-	-	-	(7,703)
Cost of net financial debt	-	-	-	-	(5,886)
Other financial income and expenses	-	-	-	-	(1,308)
Tax expense	-	-	-	-	(5,284)
Net profit	-	-	-	-	17,439

June 2016 - in thousands €	France	Germany	International (excl. Germany)	Others	TOTAL
PRODFIT AND LOSS STATEMENT					
External revenue	257,065	179,973	113,111	12	550,161
% of revenue	*46.7%*	*32.7%*	*20.6%*	*0.0%*	*100.0%*
Inter-segment sales	6,309	1,442	9,019	12,844	29,614
Revenue	263,374	181,415	122,130	12,856	579,775
Operating income and expense	(241,551)	(171,874)	(101,781)	(3,584)	(518,790)
Profit from business operations (3)	**15,514**	**8,099**	**11,330**	**(3,572)**	**31,371**
Other non-current income and expenses	-	-	-	-	(5,116)
Cost of net financial debt	-	-	-	-	(6,099)
Other financial income and expenses	-	-	-	-	1,001
Tax expense	-	-	-	-	(4,011)
Net profit	-	-	-	-	17,080

June 2017 - in thousands €	France	Germany	International (excl. Germany)	Others	TOTAL
BALANCE SHEET					
Segment assets (1)	123,897	191,293	86,951	34,267	436,408
Segment financial liabilities (2)	8,084	4,330	3,929	344,078	360,420

(1) Goodwill, intangible and tangible fixed assets, other non-current assets and affiliated companies and JV

(2) Financial liabilities including restructured debt

December 2016 - in thousands €	France	Germany	International (excl. Germany)	Others	TOTAL
BALANCE SHEET					
Segment assets (1)	120,862	108,194	61,048	28,475	318,579
Segment financial liabilities (2)	7,915	-	5,264	242,916	256,094

(1) Goodwill, intangible and tangible fixed assets, other non-current assets

(2) Financial liabilities including restructured debt

(3) Or operational margin

2.2 - External expenses

Amounts in thousands of euros	30 June 2017	30 June 2016
Sub-contracting	(76,548)	(64,748)
Other external expenses	(103,459)	(89,957)
External expenses	**(180,007)**	**(154,705)**

2.3 - Employees

2.3.1 - Average workforce of consolidated companies

	30 June 2017	30 June 2016
Executives	10,714	8,891
Others	4,005	3,496
TOTAL	**14,719**	**12,387**

The Group had 14,916 employees as of 30 June 2017 (compared with 13,252 as of 31 December 2016 and 12,394 as of 30 June 2016).

2.3.2 - Personnel expenses

Amounts in thousands of euros	30 June 2017	30 June 2016
Wages and salaries	(339,179)	(272,093)
Social secutiry expenses	(99,372)	(82,245)
Staff costs	**(438,551)**	**(354,338)**

Subsidies were deducted from personnel expenses in the amount of €13,912 thousand in the six months to 30 June 2017 (including the competitiveness and employment tax credit), compared with €13,367 thousand as of 30 june 2016.

2.4 - Depreciation and provisions

Amounts in thousands of euros	30 June 2017	30 June 2016
Net amortization and depreciation of fixed assets	(9,032)	(7,419)
Net depreciation of current assets	1,342	(879)
Net provisions for risks and expenses	1,209	5,714
Net depreciation and provisions	**(6,482)**	**(2,584)**

2.5 - Equity associates

EFS is indirectly owned in the proportion of 51% by Gigatronik Holding, which is herself indirectly wholly owned by AKKA Technologies.

Amounts in thousands of euros	EFS
% of interest in affiliated companies and joint venture	51%
1st January 2017	**-**
Change in scope *	41,663
Net result from Equity Method	2,156
Dividends received from affiliated companies	-
30 June 2017	**43,819**
** incl. Goodwill of affiliated companies*	*35,774*

2.6 - Other non-recurring income and expenses

Other non-current income and expenses consist primarily of transformation costs and non-recurring expenses related to the integration of recently acquired companies. They are designed to consolidate and accelerate the Group's profitable and sustainable growth in the coming years, as set out under its strategic plan.

2.7 - Financial income

2.7.1 - Cost of net financial debt

Amounts in thousands of euros	30 June 2017	30 June 2016
Income from cash and cash equivalents	**158**	**565**
Interest charges	(5,875)	(6,334)
Accretion (expense) in relation to restructured debt	(169)	(330)
Cost of gross financial debt	**(6,044)**	**(6,664)**
COST OF NET FINANCIAL DEBT	**(5,886)**	**(6,099)**

2.7.2 - Other financial income and expense

Amounts in thousands of euros	30 June 2017	30 June 2016
Other financial profit and expenses	(1,308)	1,001

2.8 - Income tax

Amounts in thousands of euros	30 June 2017	30 June 2016
Tax payable	(2,124)	(864)
CVAE (French local business tax based on value added)	(3,160)	(3,147)
Total corporation tax	**(5,284)**	**(4,011)**

In accordance with IAS 34, the current tax expense for the period under review was recognised on the basis of the average effective rate expected over the full year in 2017.

3 - NOTES TO THE BALANCE SHEET

3.1 - Goodwill

Amounts in thousands of euros	Cash generating unit		30 June 2017	Change in consolidation scope	Other changes	31 Dec. 2016
AKKA Octogon GmbH	AKKA Germany		2,168	-	-	2,168
AKKA Germany GmbH	AKKA Germany		3,274	-	-	3,274
Auronik GmbH	AKKA Germany		16,435	-	-	16,435
Mbtech Group GmbH & Co. KGaA	MBTech		16,420	-	-	16,420
Aeroconseil SAS	AKKA France		3,147	-	-	3,147
AKKA Ingénierie Documentaire SAS	AKKA France		5,347	-	-	5,347
AKKA Informatique et Systèmes SAS	AKKA France		16,163	-	-	16,163
AKKA I&S SAS	AKKA France		29,353	-	2,224	27,129
AKKA Life Sciences SAS	AKKA France		277	-	-	277
AKKA Ingénierie Process SAS	AKKA France		3,128	-	-	3,128
AKKA Ingénierie Produit SAS	AKKA France		19,738	-	-	19,738
Ekis France SAS	AKKA France		8,438	-	-	8,438
Matis SA	AKKA France		23,786	-	-	23,786
Real Fusio SAS	AKKA France		388	-	-	388
AKKA Belgium SA	AKKA Benelux		13,867	-	-	13,867
Matis Netherlands BV	AKKA Benelux		250	-	-	250
AKKA Italia Srl	AKKA Italy		580	-	-	580
AKKA Romserv Srl	AKKA Romania		104	-	-	104
AKKA Technologies Spain SL	AKKA Spain		2,727	-	-	2,727
AKKA Switzerland SA	AKKA Switzerland		2,322	-	(20)	2,342
AKKA Energy SAS	AKKA Energy		16,104	-	-	16,104
AKKA Energy Srl	AKKA Energy		11,898	-	-	11,898
Erlkonig Holding GmbH	Erlkonig		24,547	-	75	24,472
GIGATRONIK	Gigatronik	Ongoing	35,384	35,384	-	-
EDELWAY	Edelway	Ongoing	6,828	6,828	-	-
CTP System Srl	CTP	Ongoing	18,004	18,004	-	-
Montant du Goodwill	-	-	**280,677**	**60,216**	**2,279**	**218,183**
Sub-total by cash-generating unit:	*AKKA Germany*	*Sub-total*	*21,877*	-	-	*21,877*
	AKKA France	*Sub-total*	*109,765*	-	*2,224*	*107,541*
	AKKA Benelux	*Sub-total*	*14,117*	-	-	*14,117*
	AKKA Energy	*Sub-total*	*28,002*	-	-	*28,002*

The implementation of the procedures defined in Note 1.5.1 did not result in the recognition of any impairment in the financial statements for the six months to 30 June 2017, as was the case in the year ended 31 December 2016.

The first half of 2017 was marked by the following acquisitions:

- Edelway Group: goodwill was recorded in the amount of €6,828 thousand;
- CTP System: goodwill was recorded in the amount of €18,004 thousand;
- Gigatronik Group: goodwill was recorded in the amount of €35,384 thousand.

The Group has opted for the full goodwill method.

The goodwill of entities acquired in 2016 varied in the amount of €75 thousand in the first half of 2017. In accordance with IFRS, the Group has one year to measure the fair value of assets acquired and liabilities assumed, and goodwill.

The amount of goodwill related to additional charges and associated holdbacks amounted to €30,324 thousand, offsetting a debt to the vendors recorded on the "other liabilities" line in the balance sheet in the same amount.

3.2 - Intangible assets and property, plant and equipment

Amounts in thousands of euros	Gross intangible fixed assets	Depreciation on intangible fixed assets	TOTAL
1st January 2016	**44,535**	**(33,993)**	**10,542**
Changes in consolidation scope	1,154	(1,099)	55
Acquisitions	10,651	-	10,651
Disposals	(42)	32	(10)
Depreciation	-	(4,089)	(4,089)
Currency translation differences	(17)	16	(1)
Other changes	(201)	193	(8)
31 December 2016	**56,080**	**(38,940)**	**17,140**
Changes in consolidation scope	1,731	(1,389)	342
Acquisitions	2,011	-	2,011
Disposals	(10)	10	-
Depreciation	-	(2,238)	(2,238)
Currency translation differences	-	1	1
Other changes	19	(43)	(24)
30 June 2017	**59,831**	**(42,599)**	**17,231**

Montants en milliers d'euros	Gross tangible fixed assets	Depreciation on tangible fixed assets	TOTAL
1st January 2016	**149,577**	**(103,407)**	**46,170**
Changes in consolidation scope	877	(501)	376
Acquisitions	22,020	-	22,020
Disposals	(6,520)	5,762	(758)
Depreciation	-	(12,262)	(12,262)
Currency translation differences	(49)	29	(19)
Other changes	137	(144)	(7)
31 December 2016	**166,043**	**(110,523)**	**55,520**
Changes in consolidation scope	5,967	(4,555)	1,412
Acquisitions	10,246	-	10,246
Disposals	(1,140)	986	(154)
Depreciation	-	(6,794)	(6,794)
Currency translation differences	376	(145)	232
Other changes	123	(99)	24
30 June 2017	**181,615**	**(121,130)**	**60,485**

3.3 - Other non-current assets

This item consists primarily of receivables in respect of R&D subsidies in the amount of €33,493 thousand (compared with €26,303 thousand as of 31 December 2016).

3.4 - Trade receivables and related accounts

Amounts in thousands of euros	30 June 2017	31 Dec. 2016
Work in progress for clients	104,981	109,310
Invoices to be prepared	162,650	99,996
Gross trade receivables	**267,631**	**209,307**
Provisions	(11,388)	(11,996)
Net trade receivables	**256,243**	**197,310**

Unmatured receivables assigned to the factor and derecognised totalled €135,750 thousand as of 30 June 2017, compared with €136,358 thousand as of 31 December 2016. They represent the total amount of unmatured receivables assigned to the factor and not yet settled by customers, and are recorded as a credit in the trade receivables account.

3.5 - Other receivables

Other net receivables amounted to €93,999 thousand as of 30 June 2017. They consisted primarily of claims on the Treasury in the amount of €53,620 thousand.

Other net receivables amounted to €109,004 thousand as of 31 December 2016, including claims on the Treasury in the amount of €75,385 thousand.

In 2017, as in 2016, following the analysis of other receivables' maturity, the portion due in more than one year has been reclassified in "other non-current assets" and been discounted (see Note 3.3).

3.6 - Cash and cash equivalents

This item breaks down as cash in the amount of €137,507 thousand and cash equivalents in the net amount of €416 thousand.

Cash includes funds made available by the factor but not used in the amount of €50,455 thousand as of 30 June 2017 (compared with €41,600 thousand as of 31 December 2016).

3.7 - Share capital and share premium

As of 30 June 2017, the share capital of AKKA Technologies comprised 20,291,990 shares with a par value of €1.53 each, or a total of €31,047 thousand. The share premium was nil. These items varied as follows in the first half of 2017:

	Number of shares	Par value	Amount of share capital	Premium over par value	Notes
31 December 2015	**18,434,264**	**1.53**	**28,205**	**2,069**	
Increase in capital	1,843,426	1.53	2,820	(2,069)	Allocation of 1 bonus share for every 10 held (Board of Directors Meeting of 30 march 2016)
31 December 2016	**20,277,690**	**1.53**	**31,025**	**-**	
Increase in capital	14,300	1.53	22	-	Issue of free shares (Board of Directors Meeting of 15 june 2017)
30 June 2017	**20,291,990**	**1.53**	**31,047**	**-**	

Potentially dilutive instruments:

Strong growth in recent years has enabled the Group to exceed €1 billion in revenue and to double its workforce, bringing it close to 15,000 experts. The new co-investment mechanism will allow AKKA Technologies to renew an initiative dating back to 2008, which, in a similar context, enabled it to strengthen the sense of belonging and cohesion within the Group, and generated strong organic growth.

Accordingly, the Combined Shareholders' Meeting of 16 June 2016 authorised the Board of Directors of AKKA Technologies SE to make one or several free grants of existing or new shares of the Company in order to allow a certain number of its officers and employees to share in the fruits of the Group's anticipated growth in the years to come.

The Board of Directors of AKKA Technologies SE, at its meetings in 2016 and 2017 (see table below), decided to allocate performance shares to various named employee beneficiaries (no corporate officer was a beneficiary in the six months to 30 June 2017).

The allocation of the shares will be effective in 2019 subject to cumulative conditions of continued presence in the workforce and the achievement of performance criteria. Performance criteria are based on operating profitability and cash generation indicators. They contain a leverage effect allowing allocation of up to 200% if the targets in respect of the two indicators are significantly beaten.

Issuer	AKKA Technologies
Decision of the Board of Directors	16/06/2016, 03/11/2016, 19/01/2017 and 16/02/2017
Type of plan	Issue of performance shares
Maximum number of shares attributable	1,013,600
Number of shares to grant in case of 100% achievement of objectives	506,800
Estimated numbers of shares to grant	399,549
Means of settlement	Issue of shares
End of vesting period	31/03/2019
Conditions for beneficiaries leaving the Group's services	Loss
Share price at the grant date (EUR)	29, 31, 37 and 39
Non-transferability period	No

The Company is not subject to any specific regulatory or contractual obligations in respect of share capital. The Group does not have a specific share capital management policy. Arbitrage between debt financing and capital increases is dependent on the relevant transactions. Shareholders' equity monitored by the Group includes the same components as consolidated equity.

Dilutive instruments represented 2.03% of share capital as of 30 June 2017.

3.8 - Current and non-current provisions

Amounts in thousands of euros	Current		Non-current	
Due date	**30 June 2017**	**31 Dec. 2016**	**30 June 2017**	**31 Dec. 2016**
Provisions for disputes and risks	10,104	8,409	5,332	5,770
Provisions for pensions	-	-	16,390	15,841
Provisions for taxes	1,110	-	26	1,068
Provisions for other expenses	461	412	480	440
Total	**11,675**	**8,821**	**22,228**	**23,119**

Change in provisions

Amounts in thousands of euros	Disputes and risks	Pensions	Taxes	Other provisions	Total
1st January 2016	**23,559**	**13,650**	**1,022**	**979**	**39,210**
Changes in consolidation scope	-	-	-	-	-
Allowances	4,704	1,711	46	174	6,635
Reversals of used provisions	(13,640)	(756)	-	(301)	(14,697)
Reversals of unused provisions	(320)	(44)	-	-	(364)
Currency translation differences	(4)	-	-	-	(4)
Actuarial differences	-	1,279	-	-	1,279
Reclassification and others	(119)	-	-	-	(119)
31 December 2016	**14,180**	**15,840**	**1,068**	**852**	**31,940**
Changes in consolidation scope	-	450	45	30	525
Allowances	4,050	726	23	59	4,858
Reversals of used provisions	(1,561)	(246)	-	-	(1,807)
Reversals of unused provisions	(1,071)	-	-	-	(1,071)
Currency translation differences	(1)	-	-	-	(1)
Actuarial differences	-	(657)	-	-	(657)
Reclassification and others	(160)	276	-	-	116
30 June 2017	**15,436**	**16,390**	**1,136**	**941**	**33,903**

3.9 - Financial liabilities

The financial liabilities shown below exclude the restructured debt described in Note 3.10 and debt resulting from acquisitions described in Note 3.11.

Amounts in thousands of euros	Total financial liabilities	
Due date	**30 June 2017**	**31 Dec. 2016**
Current (less than one year)	108,336	7,009
1 to 5 year	244,169	241,340
More than 5 years	-	-
Total	**352,506**	**248,349**

The portion of financial liabilities due within one year appears on the balance sheet under "current financial liabilities". The portion due in more than a year appears under "non-current financial liabilities".

Change in financial liabilities between 31 December 2016 and 30 June 2017 breaks down as follows:

Amounts in thousands of euros	30 June 2017	Changes in consolidation scope	Increases	Currency translation differences	Changes in Fair value	Reductions and reclassifi-cations	01 January 2017
Borrowings from credit institutions	251,953	4,825	105,646	(143)	(356)	(4,461)	146,441
Restatement of financial leases	-	-	-	-	-	-	-
Bonds	99,661	-	-	-	-	(2,080)	101,742
Miscellaneous financial liabilities	892	539	195	(2)	-	(4)	166
Bank overdrafts	-	-	-	-	-	-	-
Financial liabilities	**352,505**	**5,364**	**105,841**	**(145)**	**(356)**	**(6,545)**	**248,349**
Cash equivalents	(416)	(451)	-	5	-	6,282	(6,252)
Cash	(137,507)	(9,599)	-	478	-	24,319	(152,706)
Cash and cash equivalents	**(137,923)**	**(10,050)**	**-**	**483**	**-**	**30,601**	**(158,958)**
Net debt (- net cash) excluding restructured debt	**214,582**	**(4,686)**	**105,841**	**338**	**(356)**	**24,056**	**89,391**

AKKA Technologies implemented a €200 million NEU CP (Negotiable European Commercial Paper) programme in the first quarter of 2017. It had drawn a total of €102,800 thousand as of 30 June 2017.

On 30 June 2016, AKKA Technologies signed a new five-year €200 million revolving credit facility, in line with the initial contract signed in 2012. No draws had been made on this facility as of 30 June 2017.

Pledges and guarantees amounted to €67,154 thousand as of 30 June 2017, compared with €64,154 thousand as of 31 December 2016. They relate primarily to:

-> An autonomous MBtech guarantee in the amount of €42,500 thousand for a lease taken out on plan,

-> A guarantee to replace the vendor of Epsco under guarantees given,

-> A joint guarantee on Matis rents,

-> A guarantee to reimburse holdback amounts not used to the Gigatronik vendors.

Acquisitions come with collateral clauses covering assets and liabilities through sureties. Commitments received by the Group in this respect amounted to €9,700 thousand as of 30 June 2017, compared with €6,700 thousand as of 31 December 2016.

As of 30 June 2017, the covenants negotiated with the Group's banks were as follows:

-> Leverage ratio: consolidated net debt/consolidated EBITDA < 3.5x as of 30 June and 31 December each year.

-> Gearing: consolidated net debt/shareholders' equity < 1.5x as of 30 June and 31 December each year.

The Group was in compliance with both covenants as of 30 June 2017.

<u>Hedging instruments</u>

-> On 30 October 2014, the Group signed an interest rate hedging contract on the Schuldscheindarlehen to protect itself against possible change in 6-month Euribor. The derivative financial instrument held is a swap contract with the following characteristics:

- Swap at a fixed rate of 0.465% on the portion of the loan maturing in five years (maturing 30 October 2019), i.e. an amount of €67.0 million.
- Swap at a fixed rate of 0.710% on the portion of the loan maturing in seven years (maturing 30 October 2021), i.e. an amount of €13.5 million.

This hedging instrument meets the definition of a cash flow hedge. Its fair value was recorded in the amount of €356 thousand in other comprehensive income as of 30 June 2017.

3.10 - Restructured debt

Since 31 December 2016, accretion has generated a financial expense of €169 thousand recorded over the six months under review (compared with €353 thousand in the first half of 2016).

Amounts in thousands of euros 2017	30 June 2017	Increases	Reduction and reclassifications	01 Jan. 2017
Current restructured debt	7,914	169	-	7,745
Non-current restructured debt	-	-	-	-
Restructured debt	**7,914**	**169**	**-**	**7,745**

Amounts in thousands of euros 2016	31 Dec. 2016	Increases	Reduction and reclassifications	01 Jan. 2016
Current restructured debt	7,745	1	(298)	8,042
Non-current restructured debt	-	659	(7,744)	7,085
Restructured debt	**7,745**	**660**	**(8,042)**	**15,127**

The last deadline of the restructuring debt inherited from Coframi is 4 September 2017.

3.11 - Other liabilities

Amounts in thousands of euros	30 June 2017	31 Dec. 2016
Other debts associated with external growth transactions (1)	30,365	14,774
Deferred income	20,312	26,493
Other items	20,927	11,448
Total other liabilities	**71,604**	**52,715**

(cf) note 3.1

4 - NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

4.1 - Change in working capital

Amounts in thousands of euros	30 June 2017	30 June 2016
Inventories	(1,332)	1,002
Trade receivables and associated accounts	(31,676)	(27,317)
Other accounts receivable	15,842	13,787
Other non-current assets	-	(210)
Trade payables	(45)	2,776
Tax and social security liabilities	(9,987)	1,425
Miscellaneous debts (excluding debts on acquisitions of fixed assets)	(20,420)	(22,065)
Change in working capital requirement	**(47,618)**	**(30,603)**

4.2 - Impact of changes in the scope of consolidation

The impact of change in the scope of consolidation results from earn-out payments and disbursements to pay for acquisitions, net of the cash contributed by the acquired companies.

4.3 - Dividends

Dividends in respect of 2016 to be paid in July 2017 amounted to €11,804 thousand or €0.60 per share, compared with €9,830 thousand or €0.50 per share paid in 2016 (taking into account the granting of one bonus share for every ten shares held).

5 - SUBSEQUENT EVENTS

None.

6 - OTHER INFORMATION

6.1 - Financial instruments

No reclassification between the various categories of financial instruments was recorded in the six months to 30 June 2017.

6.2 - Information on related parties

Three companies meet the definition of related parties within the meaning of IAS 24:

- Idéactive Events (organisation of events);
- Saône Valley (property leasing);
- Dubaia9 (provision of services).

As transactions with these three companies are not considered material, they are not disclosed in these notes.

6.3 - Rent commitments

Rents un thousands €	Remaining lease payment not discounted	Maturity		
		Less than 1 year	1 to 5 years	More than 5 years
Real estate	134,834	25,237	52,519	57,078
Vehicles	10,079	4,720	5,359	-
Others	316	105	210	2
Total	**145,229**	**30,061**	**58,087**	**57,080**

Rental expenses amounted to €26,460 thousand in the six months to 30 June 2017 (€20,247 thousand in the first half of 2016).

6.4 - Information relating to risk management

In the course of their operations, companies within the Group are subject to audit by tax authorities and social security bodies. The Group is subject to regular audits of all of its accounting, tax (income tax, subsidies, research tax credits, VAT, etc.) and social security (social security contributions and taxes levied on wages) reporting obligations, for subsidiaries operating both in France and internationally.

Ongoing disputes with the tax administration relate chiefly to the Research Tax Credit, and in particular to the manner in which expenses incurred by approved sub-contracting companies for the determination of their own Research Tax Credit are taken into account. The Group has set aside provisions to cover all outstanding audits as explained in Note 9 to the 2016 consolidated financial statements.

The Group and its advisors do not consider that changes in the various proceedings during the first half of 2017 call into question the risk analysis carried out as of 31 December 2016.

B - INTERIM MANAGEMENT REPORT

Significant events in the first half

The first half of 2017 was marked by the following events:

1. Revenue and margins

The Group recorded revenue of €666.5 million over the first half. Revenue increased by 21.1% in the first half of 2017 (+22.3% in Q1 and +20.0% in Q2), with organic growth of 8.1% (+11.7% in Q1 and +4.6% in Q2) despite 2.7 fewer working days in the second quarter.

Adjusted for the number of working days, economic growth* was 9.5% in Q2, vs 8.0% in the first quarter and 8.7% in the first half.

** Economic growth: at constant scope, exchange rates and number of working days*

Organic growth momentum was strong in each of the Group's three business units in the first half: +7.9% in France, +8.8% in Germany and +7.4% in International.

- With revenue of €277.3 million, **France** delivered stellar organic growth of 8.7% over the first half. The acceleration in the pace of growth in the first quarter was amplified in Q2. Economic growth was 9.4% in Q2, vs 7.9% in Q1. In a dynamic environment, AKKA Technologies has stepped up the pace of its market share gains thanks to its positioning in mobility, digital technology and embedded computing. Growth in French operations benefited from growth in the automotive, aerospace, rail and life sciences sectors.
  Market share gains were accompanied by an improvement in the BU's operating operational performance. The French operations recorded an operating margin from ordinary activities of 7.0% in H1 2017, vs 6.0% in H1 2016. Including recurring subsidies, the margin was 9.5%. The French operations are also set to benefit from continued growth in the automotive, aerospace, rail and life sciences sectors and its recruitment momentum in the second half.
- In **Germany**, revenue increased by 35.3% to €243.5 million in H1 2017. Economic growth was 8.6% (+7.6% in Q1 and +10.3% in Q2). The second-quarter performance was particularly noteworthy in view of the demanding comparison base after organic growth of 23.0% in Q2 2016. The acquisitions of Erlkönig in 2016 and Gigatronik in 2017 have strengthened AKKA's positioning in digital technology, while increasing the diversification of its geographic footprint and customer base. Q2 confirmed that the AKKA Technologies Group is now a key player in the German OEM ecosystem. In a competitive environment, growth in the second quarter was fuelled chiefly by Airbus Group, Audi, BMW, Bosch, Continental, Porsche and VW.
  Operating profit from ordinary activities jumped by 89% to €15.3 million (vs €8.1 million in H1 2016). The recurring operating margin rose by 180bp to 6.3%, showing the first positive effects of the ongoing transformation in Germany.
- The Group's **International operations** (excluding Germany) posted revenue of €145.7 million in H1 2017, an increase of 28.8% compared with H1 2016. Economic growth was a sustained 8.0% despite the contraction in the Oil & Gas business. Economic growth momentum remained strong. It was 8.2% in Q2, after 8.0% in Q1. Over the first half as a whole, economic growth excluding Oil & Gas was 12.4%. Growth in H1 was driven by North America, Asia, Eastern Europe, Italy and the United Kingdom. Belgium reported organic growth of 6.7%, above that of the first quarter (+1.2%). AKKA Technologies has reached critical mass in Belgium, Italy, Spain and the Czech Republic. The Group is stepping up its investments to sustain its growth in these countries and to reach critical mass in its other host countries.
  In view of in these investments and the temporarily dilutive impact of the Oil & Gas activities, international activities generated a recurring operating profit of €13.5 million in the first half (€11.3 million in H1 2016), representing an operating margin from ordinary activities of 9.3%.

2. Operating profit from ordinary activities

Operating profit from ordinary activities* increased by 32% to €41.5 million (€31.4 million in H1 2016). The operating margin increased by 50bp to 6.2%, vs 5.7% in H1 2016. This improvement is attributable to the continued improvement in margins in the French operations and the improvement in margins in Germany.

3. Cost of net financial debt

Cost of net financial debt totalled €5.9 million, down 4% compared with 30 June 2016. It mainly includes an accretion charge of €0.2 million on the restructured debt and €4.5 million in interest on borrowings (vs €4.4 million in 2016).

4. Net income

The Group's consolidated net income increased by 2.1%. It was €17.4 million in H1 2017, vs €17.1 million in H1 2016. The Group's consolidated net profit margin was 2.6% (3.1% in H1 2016).

5. Operating cash flow

Net cash flows from operating activities was a negative €14.4 million over the first half. As is the case every year, the strongly seasonal nature of this aggregate points to a much more favourable second half.

Main transactions with related parties

See Note 6.2 to the interim condensed financial statements above.

Significant events since 30 June 2017

See Note 5 to the interim condensed financial statements above.

Outlook

- The excellent first-half performance allows the Group to raise its 2017 growth targets: the Group is now anticipating organic revenue growth above 5% in 2017, combined with a further improvement in its margins.
- The successful achievement of the transformation in France, the diversification in Germany and the maintenance of high margins internationally will enable the Group to exceed its 2018 revenue targets and deliver an operating margin from ordinary activities of between 8% and 10%.
- AKKA Technologies enjoys unique positioning allowing it to help its customers meet the challenges represented by Industry 4.0. This portfolio of skills and the Group's international exposure around its Franco-German pillars set the stage for the next strategic steps in its development.

The Group accordingly confirms its 2018 objectives:

- Revenue of €1.2 billion,
- Operating profit from ordinary activities* of €100 million,
- Operating margin from ordinary activities of between 8% and 10%,
- Control of financial equilibrium.

** Operating profit from ordinary activities is calculated before non-recurring items and the cost of stock options and free shares*

Risks and uncertainties in the second half

See Note 6.4 to the interim condensed financial statements above.

No new risks liable to have a significant impact on the second half of 2017 have been identified since the filing of the 2016 registration document (registered by the French Financial Markets Authority in April 2017).

C - DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT (Article 222-4-3 of the AMF General Regulation)

I certify that, to the best of my knowledge, the interim condensed financial statements were prepared in accordance with applicable accounting standards and give a fair view of the assets, financial position and results of the company or the companies included in the consolidated group, and that the attached interim management report presents a fair review of the significant events that occurred during the first six months of the financial year 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 year.

Lyon,
22 September 2017

Maurice RICCI
Chairman and CEO

D - STATUTORY AUDITORS' REPORT ON THE INTERIM 2017 FINANCIAL INFORMATION

To the shareholders,

In performing the assignment entrusted to us by your Shareholders' Meeting, and pursuant article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we have performed:

> a limited review of the consolidated interim financial statements of AKKA Technologies for the period from 1 January to 30 June 2017, as attached to this report;

> a verification of the information provided in the interim management report.

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

1. Opinion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review consists mainly of meeting with the members of management responsible for financial and accounting matters and implementing analytical procedures. This work is substantially less extensive than that required for an audit conducted in accordance with professional standards applicable in France. Consequently, the assurance that the financial statements taken as a whole do not contain significant anomalies obtained within the framework of a limited review is a moderate assurance, less than that obtained in the course of an audit.

Our limited review did not reveal any significant anomalies liable to call into question the compliance of the interim consolidated financial statements with IAS 34, the IFRS applicable to interim financial reporting as adopted in the European Union.

2. Specific verification

We also verified the information provided in the interim management report on the interim condensed consolidated financial statements subject to our review. We have no comment to make as to its sincerity or its consistency with the interim consolidated financial statements.

Villeurbanne, 22 September 2017
The Auditors

ORFIS Baker Tilly
Bruno GENEVOIS

Deloitte & Associés
Patrice CHOQUET

PASSION FOR TECHNOLOGIES

AKKA TECHNOLOGIES
9-11 rue Montalivet - 75008 Paris - FRANCE
Tel. +33 (0)1 56 69 26 59