First-half 2016 report

Cegid Group

Table of contents

1. SALES AND RESULTS IN THE FIRST HALF OF 2016

› Sales: Increase in growth of SaaS/On Demand revenue and in the recurrent portion of sales (nearly 65% of total sales, up three percentage points year-on-year)

H1 consolidated sales	2016 € M	2015 € M	Change, unadjusted scope € M	Change, unadjusted scope %	2016 constant [1] € M	Change, constant scope[1] %
SaaS	44.5	29.3	15.2	51.7%	37.4	27.8%
Licenses	13.4	13.8	-0.4	-2.9%	12.7	-7.8%
Maintenance	49.7	49.4	0.3	0.5%	47.9	-2.9%
Miscellaneous	1.5	1.8	-0.2	-13.1%	1.5	-16.4%
Total Software and software-related services (SSRS)*	**109.1**	**94.3**	**14.8**	**15.7%**	**99.6**	**5.6%**
Professional services	31.9	29.0	2.9	10.0%	28.8	-0.8%
Total SSRS and professional services	**141.0**	**123.3**	**17.7**	**14.3%**	**128.4**	**4.1%**
Hardware distribution and other	9.5	10.3	-0.8	-7.6%	9.3	-9.6%
Total **	**150.5**	**133.6**	**16.9**	**12.6%**	**137.7**	**3.1%**
Of which recurrent	97.0	82.2	14.8	18.0%	88.3	7.4%
% recurrent / Total	64.5%	61.5%			64.1%	

[1] The changes in consolidation scope relate to the companies acquired in 2015 (JDS for the period from January 1 to May 31, 2016, Altaven and Technomedia for the period from January 1 to June 30, 2016) and represent total estimated sales of €12.7 million.

The first half of 2016 saw a continuation of Cegid's transformation toward a recurrent business model, underway for the past several years, and driven by strong growth in the SaaS business (On Demand and collaborative portal). SaaS revenue was up nearly 52% (up 27.8% at constant scope, representing a level comparable to 2015 growth at constant scope, i.e. 28%).

The SaaS business generated revenue of more than €44 million, and as of July 1, 2016 represented invoiceable future revenue of nearly €225 million (€224.7 million), up more than 65% year-on-year at unadjusted scope (up 35.7% at constant scope[1]). Recurrent sales (€97 million), including revenue from software and hardware maintenance contracts, portals and SaaS contracts, represented nearly 65% of total sales, an increase of more than three percentage points compared with H1 2015 and more than four points compared with all of 2015 (60.2%).

Against this background of strong growth in SaaS sales, boosted by companies acquired in 2015, in particular Technomedia (Talent Management), license sales came in above €13 million (down 2.9% at unadjusted scope and down 7.8% at constant scope).

As a result, revenue from strategic "Software and Software-Related Services (SSRS)" rose by 15.7% in H1 2016 to €109.1 million (up 5.6% at constant scope, close to the rate achieved in 2015 and exceeding the market average[2]).

Revenue from "SSRS and Professional Services" of €141 million advanced by more than 14% (up 4.1% at constant scope), with the professional services portion accounting for almost €32 million.

Cegid continued to scale back its non-strategic, lower-margin "Hardware Distribution and Other" business, which generated revenue of €9.5 million, or around 6% of total sales, down nearly 8% from H1 2015 (down nearly 10% at constant scope).

Internationally, Cegid saw continued expansion in the Retail and Talent Management segments, with sales rising more than 70% at unadjusted scope (up 21% at constant scope).

Overall, first-half 2016 consolidated sales totaled €150.5 million, up 3.1% from H1 2015 at constant scope and up 12.6% unadjusted.

(1) *The value of SaaS contracts is defined as the internal, unaudited value of active contracts extrapolated over their remaining lifetime for fixed maturity contracts and over 36 months in most cases for automatic renewal contracts, taking into account the average churn rate over the last 12 months. The reference amount calculated as of July 1, 2016 using this churn rate is €224.7 million (€185 million at constant scope). After additional analysis of all solutions available in SaaS mode, the (unaudited) present value of active SaaS contracts as of July 1, 2015 was €136.2 million. The previously estimated, unaudited figure published for information purposes in the financial press release of July 22, 2015 and shown at the July 23, 2015 information meeting was €132 million.*

(2) *Syntec Numérique estimates 2016 growth of 2.4%.*

Consolidated sales (€ M) Unadjusted scope*		Q2	TOTAL H1	of which "SSRS and professional services"	of which "Hardware distribution and other"
CPAs, small companies	2016	27.0	54.9	49.5	5.4
	2015	24.5	51.6	46.2	5.4
SMEs and large companies	2016	29.2	57.6	56.3	1.3
	2015	23.8	47.7	45.9	1.8
Retail	2016	15.4	29.4	27.1	2.3
	2015	13.8	25.2	22.9	2.3
Public sector	2016	3.9	7.9	7.7	0.2
	2015	4.1	8.3	8.0	0.3
Miscellaneous	2016	0.2	0.7	0.4	0.4
	2015	0.4	0.8	0.3	0.5
Total	2016	**75,7**	**150.5**	**141.0**	**9.5**
	2015	**66.6**	**133.6**	**123.3**	**10.3**

** The changes in the scope of consolidation reflect both acquisitions carried out in 2015 and changes in the operational organization introduced in 2016. 2016 data were recalculated according to the June 30, 2016 organization.*

› Earnings: Income from ordinary activities up 4.9%

H1 consolidated results, unadjusted scope	2016	2015	Change
	€ M	€ M	%
Sales	**150.5**	**133.6**	**12.6%**
Gross profit	128.9	114.9	12.2%
EBITDA	**37.4**	**35.8**	**4.4%**
Income from ordinary activities (excl. impact of IFRS 3)	**18.2**	**16.4**	**10.6%**
Income from ordinary activities	16.7	15.9	4.9%
Other operating income and expense	-0.8	-0.7	20.3%
Operating income	15.8	15.2	4.2%
Net financial expense	-0.9	-0.4	-121.6%
Pre-tax income	**14.9**	**14.8**	**ns**
Net income (Group share)	**9.4**	**9.4**	**ns**

Gross profit amounted to nearly €129 million, up more than 12% compared with H1 2015. The change in gross margin (85.6%, i.e. down 0.4% from H1 2015), principally reflected the increase in SaaS solution production costs, in line with the growth in the SaaS business, and expenses related to services provided, a greater portion of which were subcontracted. Good control of operating expenses at constant scope, together with their overall increase as a result of acquisitions led to an average monthly breakeven point (1) of €21.8 million in H1 2016 (€19.2 million in H1 2015). Excluding depreciation and amortization of assets identified during acquisitions, the average monthly breakeven point was €21.5 million in H1 2016 (€19.1 million in H1 2015).

EBITDA was €37.4 million, increasing again from €35.8 million in H1 2015. This figure includes capitalized R&D, which increased by €2.0 million in H1 2016, essentially because Technomedia and Altaven entered the scope of consolidation in 2015.

Income from ordinary activities, which reflected the operating performance generated by Cegid's recurrent-revenue based model, rose 10.6% to €18.2 million (€16.4 million in H1 2015) before taking into account depreciation and amortization of assets identified during acquisitions. The margin on ordinary activities, also before such depreciation and amortization and in the context of investments to integrate companies acquired in 2015, was 12.1% of consolidated sales, comparable to the H1 2015 level of 12.3%.
After accounting for these depreciation and amortization costs, income from ordinary activities totaled €16.7 million (€15.9 million in H1 2015).

Net non-recurrent expense totaled €0.8 million (essentially Cegid Group advisory fees related to current changes in its capital and acquisition strategy studies). After deducting this net expense, net financial expense, income tax and accounting for the Group's share of the income of associated companies, net income stood at €9.4 million, vs. €9.4 million in H1 2015.

(1) excluding the impact of IFRS 3 – business combinations

› Financial structure: Net cash from operating activities increased to €33.7 million (up 15.7%)

Net cash from operating activities(1) totaled €33.7 million (€29.2 million in H1 2015), an increase of nearly 16%, reflecting in particular a reduction in the working capital requirement.
Net financial debt of €65.8 million rose slightly from December 31, 2015, after taking into account the payment of the dividend in May 2016 (€11.4 million).

Gearing, the ratio of net financial debt(2) to consolidated shareholders' equity (€216.5 million) was 30.4% (25.2% as of June 30, 2015 and 29.8% as of December 31, 2015).

(1) Net cash from operating activities is the sum of cash flow generated by the business, after interest, tax and changes in the working capital requirement.

(2) Net financial debt is the sum of cash and cash equivalents on the assets side less financial debt on the liabilities side (overdrafts, credit line drawdowns, other financial debt).

› Changes in Cegid Group's share capital

On 8 July 2016, Cegid Group announced the completion of the disposal by Groupama, Groupama Gan Vie and I.C.M.I. of their total stake, 3,470,156 shares representing about 37.6% of the share capital of Cegid Group, to Claudius Finance Sàrl, a consortium constituted by the investment funds Silver Lake and AltaOne Capital ("Claudius Finance").

Following the completion of the disposal, a mandatory tender offer has been filed on 11 July 2016 with the Autorité des Marchés Financiers ("AMF") by Claudius France (a company indirectly wholly-owned by Claudius Finance), to acquire all the shares of Cegid Group that are not already held by Claudius Finance at a price of 61 euros per share (ex 2015 dividend) and 44.25 euros per redeemable warrant (the "Mandatory Tender Offer").

If, following the Mandatory Tender Offer, the minority shareholders do not hold more than 5% of the share capital or voting rights of Cegid Group, Claudius Finance will request the implementation of a squeeze-out in accordance with article 237-14 of the AMF's General Regulation and the price to be paid by Claudius France for each share and each redeemable warrant tendered into the Mandatory Tender Offer shall be increased by 1.25 euros, thus resulting in a price per share being equal, in total, to 62.25 euros (ex 2015 dividend) and a price per redeemable warrant being equal, in total, to 45.50 euros. Such increased price will be paid to all holders of shares and redeemable warrants who have tendered to the Mandatory Tender Offer their shares and/or redeemable warrants.

The Mandatory Tender Offer, which is expected to be completed during the second half of 2016, remains subject to the AMF's review and clearance.

On its meeting held on 7 July 2016, the board of directors considered that the Mandatory Tender Offer was in the best interest of the Company, its employees and its shareholders. It unanimously gave a favourable opinion to the Mandatory Tender Offer and decided to recommend to Cegid Group's shareholders and holders of redeemable warrants to tender their shares and their redeemable warrants into the Mandatory Tender Offer.

The draft response document (*projet de note en réponse*) prepared by the Company has been filed with the AMF after the filing of the Mandatory Tender Offer by Claudius France. This document will be available on the Internet websites of the AMF (www.amf-france.org) and Cegid Group S.A. (http://www.cegid.com) and may be obtained free of charge at the Company's registered office.

2. SIGNIFICANT EVENTS IN H1 2016

› New solutions

During the first half of 2016, Cegid released several new solutions and cloud services to the market in response to the challenges of digital transformation faced by private companies and public entities.

HUMAN RESOURCES

HR reporting intelligence is an additional new module that functions with the "FRH" and "RHP" solutions. The solution is dedicated to managing training, skills and careers, and now comes with a range of HR dashboards for producing the company's HR report.

RETAIL

WebStore: natively integrated into Y2, WebStore is an e-commerce solution that creates convergence between online and in-store shopping, offering customers a unified shopping experience, while facilitating the management and reducing the cost of transactions.

Yourcegid Retail Y2 was launched abroad. Yourcegid Retail Y2 enables retailers to manage their retail activities in the era of the connected consumer. It is compatible with modern ways of working and caters to the omnichannel customer experience, covering the web, in-store and mobile shopping.

TRADE & SERVICES

Trade Y2 On Demand (sales management) and Services Y2 On Demand (contract management): two new modules included in Yourcegid Y2 ERP, available in SaaS mode in Cegid's private cloud, strengthening Cegid's positioning in the trade and services sectors. These solutions free Cegid's customers from investment and IT maintenance constraints, enabling them to focus on their core business.

FINANCE

Accounting audit module: a one-of-a-kind in its market, this module enables users to set up over 25 function-related verifications to detect and correct accounting anomalies in the current or any previous fiscal years.

Physical goods and inventory management module: this module uses a range of customizable criteria to identify and locate all physical goods, thus enabling the life of the good to be monitored from start to end (goods movement history). It also offers automatic reconciliation between the physical goods and their corresponding accounting entries.

TAXATION

FEC Audit: integrated into the Etafi Start and Yourcegid Taxation solutions, this module ensures that the accounting entries file (*fichier des écritures comptables*, or FEC) is properly structured and adheres to the fundamental rules therefor. It includes consistency checks with a feature for zooming in on specific topics, anomaly detection, comparison between final tax reports and tax reports that can be manually recreated from an FEC import and an import of the FEC Audit file.

TRANSVERSE SERVICES

Advanced Customer Service: this new service offers customers who already have a Cegid solution support in getting their IT system up and running. Cegid guarantees its users optimal control and functioning of their management solution from both a technical and function-specific perspective.

PUBLIC SECTOR

Yourcegid Public Sector Y2, an ISO 9001 certified solution, simplifies and modernizes the management of financial performance and HR within public organizations. It is delivered as two complementary modules that function in complete harmony: Yourcegid Public Sector Finance Y2 manages financial and accounting transactions, and Yourcegid Public Sector HR IT Systems Y2 manages the Human Resources function.

Channel: a finalist for the Innovation Prize given by the Local Authority Mayors Convention, the Channel portal has been expanded and enhanced. New shortcuts have been introduced to further facilitate the work of town hall secretaries. Data have been made more secure and easier to use on IT systems from the cloud platform. Legislative changes have been integrated into the legal database ahead of their implementation. The database is constantly being updated. Channel remains the only solution for cloud-based ERPs for public entities.

› Local community involvement through the Cegid Foundation

The Cegid Foundation, whose purpose is to promote the Group's community engagement in the areas of healthcare, education and entrepreneurship, developed a range of projects and programs during the first half of 2016:

EDUCATION

To encourage young people to undertake new initiatives that develop their entrepreneurial mindset and interest in digital technologies, the Cegid Foundation supports a range of **EPA programs** (Entreprendre pour Apprendre, meaning "learning through entrepreneurship") in the Rhône Alpes and Ile-de-France regions, participating in the INNOV'EPA programs in Lyon and Paris, as well as in the "mini enterprise" regional and national championships.

ENTREPRENEURSHIP

The Cegid Foundation runs several programs to help **people turn their business ideas** into reality:

- 2nd season of the **Digital Booster** program, in partnership with the the **EM Lyon Incubator** and **Axeleo** to accelerate innovative businesses.

- **Startup Campus** event: an enjoyable day with startup workshops (Cegid employees share their expertise with entrepreneurs), a pitch jury and a public conference.
- Call for candidates for **Innovation "Speed Dating"** in the field of HR with the **Club Open Innovation Auvergne-Rhône-Alpes**,
- Ongoing mentorship between Cegid employees and people with startup ideas from the incubators/accelerators that are partners of the Foundation,
- Partnership agreement signed with **Ronalpia**, a social entrepreneurship incubator.

HEALTHCARE

The Cegid Foundation organized a **Supporting Public Health Day** with workshops and the conference held by our partner, the Léon Bérard Center, on combating cancer.

And for the second consecutive year, the Cegid Foundation and more than 320 Cegid employees and friends participated in **"Courir pour Elles"**, a run for women. Our team had more members than any other.

3. RISK FACTORS

Risk factors did not change significantly during the first half of the year. They are described on pages 42-49 of the 2015 Registration Document.

4. TRANSACTIONS WITH RELATED PARTIES

During the first half of 2016, no significant transaction was carried out with an executive or with a shareholder who has significant influence over the Group.

5. APPROVAL OF PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Cegid's parent only and consolidated financial statements for the first half of 2016 were approved by the Board of Directors on July 20, 2016.

6. OUTLOOK

› Strategy: SaaS leadership and innovation helping private companies and public sector entities in their digital transformation

With businesses and public sector entities alike now demanding mobility, business analytics and collaborative working modes, Cegid is continuing to pursue its strategy for cloud-based innovation oriented around the MoBiClo™ concept.

Every day, Cegid supports more than 135,000 customer sites and 430,000 users, including more than 150,000 SaaS-mode users in nearly 55,000 companies, 2,200 CPA firms and more than 250 public sector entities in their digital transformation with solutions dedicated to the new ways they use IT services by:

- developing the collaborative dimension of solutions for accounting firms and their small-company customers,
- contributing to the French government's simplification effort, e.g. nominative employee filing system (DSN), online tax filings,
- launching new SaaS-mode product ranges.

› Outlook: Cegid has a leadership position in cloud services

Cegid's product line and strategy over the past several years aim to support companies as they transform themselves, simplify and become more competitive:

- by continually providing new, innovative cloud-based solutions to accommodate new trends in software use through the "MoBiClo™" approach that brings together Mobility, Business Intelligence and the Cloud, with an emphasis on industry-specific cloud services (accounting profession, public sector, retail, etc.) and cloud-to-cloud services (Office 365 agreement with Microsoft),
- through a market positioning as a leading SaaS provider, with future contract revenue of nearly €225 million, thereby strengthening the recurrent nature of its sales,
- by offering solutions with broad functional coverage (accounting/finance, taxation, payroll/HR/Talent management for companies of all sizes) and industry specialization (CPAs, entrepreneurs, retailing, manufacturing, trade & services, public sector),
- by developing excellent customer relationships through a multi-channel approach,
- by accelerating international development, essentially in the Retail sector and in People Management with Technomedia,
- through strengthened financial capacity that can be used to step up acquisitions,

With a business model oriented toward a high level of recurrent revenue (more than 65% of sales), Cegid can use its numerous strengths to support private companies and public sector entities as they invest in digital transformation.

Cegid is maintaining its objective to step up its growth and development, both in France and abroad, while improving its operating performance. Nevertheless, exceptional operating expenses related to the transactions on Cegid Group's capital and financial items related to structuring its financing will have a negative impact on net income.

7. EVENTS SINCE JULY 1, 2006

Since July 1, 2016, no events have taken place that might have a significant impact on Cegid's assets, liabilities or financial condition.

8. FIRST-HALF 2016 CONSOLIDATED FINANCIAL STATEMENTS

› Income statement

(in €000)	Note	H1 2016	% of sales	H1 2015	% of sales	2015	% of sales
Sales	6.1	150,490	100.0%	133,639	100.0%	282,074	100.0%
Goods & services purchased and change in inventories		-21,602	16.2%	-18,772	14.0%	-40,259	14.3%
Gross profit		128,888	85.6%	114867	86.0%	241,815	85.7%
Capitalized expenditures		18,070	12.0%	16,055	12.0%	32,409	11.5%
External expenses		-27,111	18.0%	-23,621	17.7%	-50,080	17.8%
Value-added		119,847	79.6%	107,301	80.3%	224,144	79.5%
Taxes other than income taxes		-3,901	2.6%	-3,577	2.7%	-6,473	2.3%
Personnel costs		-78,540	52.2%	-67,892	50.8%	-140,859	49.9%
EBITDA		37,406	24.9%	35,832	26.8%	76,813	27.2%
Other ordinary income		849	0.6%	288	0.2%	1,202	0.4%
Other ordinary expenses		-587	0.4%	-545	0.4%	-1,279	0.5%
Depreciation, amortization and provisions		-20,984	13.9%	-19,676	14.7%	-37,642	13.3%
Income from ordinary activities (excl. depreciation & amortization of PPA)		**18,164**	**12.1%**	**16,430**	**12.3%**	**40,800**	**14.5%**
Income from ordinary activities		**16,684**	**11.1%**	**15,899**	**11.9%**	**39,094**	**13.9%**
Other operating income		77	0.1%	210	0.2%	710	0.3%
Other operating expense		-917	0.6%	-909	0.7%	-2,373	0.8%
Operating income	6.2	15,844	10.5%	15,200	11.4%	37,431	13.3%
Financial income		306	0.2%	686	0.5%	725	0.3%
Financial expense		-1,248	0.8%	-1,111	0.8%	-2,104	0.7%
Net financial expense	6.3	-942	0.6%	-425	0.3%	1,380	0.5%
Pre-tax income		14,902	9.9%	14,775	11.1%	36,051	12.8%
Income tax	6.4	-5,290	3.5%	-5,317	4.0%	-12,532	4.4%
Share in net income of equity-accounted subsidiaries		-184		-39		-306	
Net income		**9,428**	**6.3%**	**9,419**	**7.0%**	**23,213**	**8.2%**
Net income attributable to parent company shareholders		**9,428**	**6.3%**	**9,419**	**7.0%**	**23,213**	**8.2%**
Net income attributable to non-controlling interests							
Number of shares (excl. treasury shares)		9,095,497		8,960,715		9,024,247	
Earnings per share attributable to parent company shareholders		**€1.04**		**€1.05**		**€2.57**	

Statement of comprehensive income (in €000)	Note	H1 2016		H1 2015		2015	
Net income for the year		9,428		9,419		23,213	
Exchange differences		-46		51		-33	
Hedging instruments measured at fair value		418		67		-26	
Effect of taxes		-144		-23		9	
Items recyclable into net income (sub-total)		228		95		-50	
Actuarial gains and losses		-1,136		-218		203	
Effect of taxes		391		75		-70	
Items not recyclable into net income (sub-total)		-745		-143		133	
Comprehensive income		**8,911**		**9,371**		**23,295**	
Comprehensive income attributable to parent company shareholders		**8,911**		**9,371**		**23,295**	
Comprehensive income attributable to non-controlling interests							

› Balance sheet - Assets

Net amounts (in €000)	Note	6/30/2016	12/31/2015	6/30/2015
Goodwill	5.1.1	220,045	225,763	205,311
Intangible assets	5.1.2	107,767	98,564	83,867
Property, plant & equipment	5.1.3	6,083	7,042	5,595
Non-current financial assets	5.1.4	4,033	3,835	3,209
Investments in equity-accounted subsidiaries	5.1.5	25	207	474
Other receivables	5.2.1	104	104	104
Deferred tax	5.4	3,765	224	2,144
Non-current assets	**5.1**	**341,822**	**335,739**	**300,704**
Inventories and work-in-progress	5.2.1	649	1,030	1,125
Trade receivables and similar accounts	5.2.1 & 5.2.2	72,600	69,990	64,117
Personnel	5.3	3,782	687	1,180
Sales tax receivable	5.3	7,345	5,476	4,150
Income tax receivable	5.3	3,272	6,207	3,230
Other receivables	5.3	1,385	1,876	2,161
Prepaid expenses		5,555	4,946	5,419
Other receivables and prepaid items		21,339	19,192	16,140
Cash and cash equivalents	5.2.2	3,224	6,797	8,883
Current assets		**97,812**	**97,009**	**90,265**
TOTAL ASSETS		**439,634**	**432,748**	**390,969**

› Balance sheet - Liabilities and shareholders' equity

Net amounts (in €000)	Note	6/30/2016	12/31/2015	6/30/2015
Share capital		8,771	8,771	8,771
Share premium		95,241	95,241	95,241
Reserves		103,039	91,635	91,741
Net income for the year		9,428	23,213	9,419
Total shareholders' equity	**5.5**	**216,479**	**218,860**	**205,172**
Financial liabilities (portion > 1 year)	5.7	63,997	70,791	59,287
Acquisition-related debt (portion > 1 year)		2,260	1,432	1,349
Deferred tax	5.4	11,860	10,098	4,284
Provisions for pension obligations and employee benefits	5.6	18,843	17,375	17,355
Non-current liabilities		**96,960**	**99,624**	**82,275**
Provisions for other liabilities (portion < 1 year)	5.6	4,797	5,423	5,152
Financial liabilities (portion < 1 year)	5.7	5,037	1,394	1,231
Trade accounts payable & similar accounts	5.3	32,112	31,885	25,293
Personnel		34,566	41,431	33,839
Other taxes and social security liabilities		1,513	1,360	2,501
Sales tax payable		7,829	6,782	4,453
Income tax payable		4,083	98	723
Tax and social security liabilities	5.3	47,991	49,671	41,516
Acquisition-related debt (portion < 1 year)	5.3	948	122	420
Payables related to acquired non-current assets (portion < 1 year)	5.3	895	2,770	422
Other liabilities		1,843	2,892	842
Other current liabilities	5.3	5,995	5,561	4,401
Unearned revenue		28,420	17,438	25,087
Other liabilities and unearned revenue		34,415	22,999	29,488
Current liabilities		**126,195**	**114,264**	**103,522**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**439,634**	**432,748**	**390,969**

› Cash flow statement

(in €000)	H1 2016	H1 2015	2015
Net income	9,428	9,419	23,213
Share in net income of equity-accounted subsidiaries	184	39	306
Depreciation, amortization and provisions and elimination of non-cash revenue and expense items	18,935	17,379	36,051
Capital gains and losses on disposal of non-current assets			-365
Interest expense	857	585	1,214
Tax expense	5,290	5,317	12,532
Cash flow generated by the business	34,694	32,739	72,951
Interest paid	-524	-1,174	-1,082
Tax paid	-402	-5,525	-11,085
Cash flow after interest and tax paid	33,768	26,040	60,784
Change in inventories	381	226	320
Change in accounts receivable	8,349	12,540	942
Change in other receivables	-3,464	-1,287	-1,780
Change in trade payables	-383	-1,607	4,558
Change in other payables	-4,904	-6,760	-252
Change in working capital requirement	-21	3,112	3,788
Net cash from operating activities	**33,747**	**29,152**	**64,572**
Acquisition of intangible assets	-18,982	-17,275	-35,825
Acquisition of property, plant & equipment	-1,299	-474	-1,455
Acquisition of non-current financial assets		-343	-277
Acquisition of companies net of acquired cash	-835	-12,853	-43,002
Change in payables related to acquired property, plant & equipment	-1,875	-1,326	-776
Disposals, decreases and other changes relating to non-current assets			575
Net cash from investing activities	**-22,991**	**-32,271**	**-80,760**
Net cash before financing	**10,756**	**-3,119**	**-16,188**
Exercise of redeemable share warrants (BAAR)	121	4,751	5,393
Acquisition of treasury shares			-1,083
Dividends paid to parent company shareholders	-11,367	-10,825	-10,825
Drawdowns under medium-term lines of credit	63,000	60,000	71,143
Repayment of medium-term lines of credit	-70,000	-50,000	-50,000
Change in other financial debt	4,391	-742	-687
Net cash from financing activities	**-13,855**	**3,184**	**13,941**
Opening cash and cash equivalents	5,782	8,029	8,029
Change in cash and cash equivalents	**-3,099**	**65**	**-2,247**
Closing cash and cash equivalents	**2,683**	**8,094**	**5,782**

(in €000)	6/30/16	6/30/15	12/31/15
Cash	3,224	8,883	6,797
Bank overdrafts	-541	-789	-1,015
Closing cash and cash equivalents	**2,683**	**8,094**	**5,782**

› Statement of changes in shareholders' equity

(in €000)	ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS							Total shareholders' equity
	Share capital	Share premium	Other shareholders' equity	Reserves and retained earnings	Treasury shares	Income or loss recognized directly in equity	Total attributable to parent company shareholders	
Shareholders' equity as of 12/31/2014	**8,771**	**95,241**		**113,243**	**-8,921**	**-6,965**	**201,369**	**201,369**
First-half 2015 net income				9,419			9,419	9,419
Shares held in treasury					5,315		5,315	5,315
Exchange differences				-63		51	-12	-12
Actuarial gains and losses						-143	-143	-143
Hedging instruments measured at fair value						44	44	44
Dividends paid				-10,825			-10,825	-10,825
Shareholders' equity as of 6/30/2015	**8,771**	**95,241**		**111,774**	**-3,606**	**-7,013**	**205,167**	**205,167**
Second-half 2015 net income				13,794			13,794	13,794
Shares held in treasury				152	-234		-82	-82
Exchange differences				-151		-84	-235	-235
Actuarial gains and losses						276	276	276
Hedging instruments measured at fair value						-61	-61	-61
Shareholders' equity as of 12/31/2015	**8,771**	**95,241**		**125,570**	**-3,840**	**-6,882**	**218,860**	**218,860**
First-half 2016 net income				9,428			9,428	9,428
Shares held in treasury				55	-95		-40	-40
Exchange differences				116		-46	70	70
Actuarial gains and losses						-745	-745	-745
Hedging instruments measured at fair value						274	274	274
Dividends paid				-11,367			-11,367	-11,367
Shareholders' equity as of 6/30/2016	**8,771**	**95,241**		**123,801**	**-3,935**	**-7,400**	**216,479**	**216,479**

All of the information provided herein is expressed in thousands of euros unless otherwise indicated.

The accompanying notes are an integral part of the first-half 2016 consolidated financial statements. These condensed consolidated financial statements were approved by the Board of Directors on July 20, 2016.

› 1. Significant events in H1 2016

In the first half, Cegid continued to pursue its growth and development in its areas of expertise in France and abroad.

› 2. Compliance statement

The condensed consolidated financial statements for the first half of 2016 have been prepared in accordance with IAS 34 "Interim financial reporting".

Cegid's condensed consolidated financial statements have been prepared in accordance with IFRS (standards and interpretations) applicable in the European Union as of June 30, 2016.

The new accounting standards and interpretations below, the application of which is mandatory from January 1, 2016, do not have a material impact on Cegid's consolidated financial statements.

› Amendments to IAS 1, first step in the "Disclosure Initiative", Presentation of Financial Statements,

› Amendments to IFRS 11, "Acquisition of an interest in a joint operation",

› Amendments to IAS 19 "Defined Benefit Plans"

› Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

› IFRS annual improvements cycle 2010-12, IFRS annual improvements cycle 2012-14

Cegid opted against early application of other standards, amendments and IFRIC interpretations whose application was not mandatory as of June 30, 2016, specifically:

› Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities

› Amendments to IAS 12: "Recognition of deferred tax assets for unrealised losses" and IAS 7 "Disclosure initiative".

Furthermore, Cegid is continuing its work relating to the standards, amendments and interpretations not yet adopted by the EU, in particular:

› IFRS 15 "Revenue from Contracts with Customers", for which application is mandatory from January 1, 2018.

›IFRS 16 "Leases", for which application is mandatory from January 1, 2019.

› 3. Accounting principles and methods

3.1 PRESENTATION OF THE FINANCIAL STATEMENTS

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the fiscal year ended December 31, 2015.

Cegid has applied the disclosure and presentation rules defined in IAS 34 "Interim financial reporting". The first-half financial statements are presented in condensed form. As such, only certain notes to the financial statements are shown.

The accounting principles and methods applied are identical to those applied to the financial statements for the fiscal year ended December 31, 2015.

The full set of accounting principles is detailed in the consolidated financial statements for the year ended December 31, 2015 and integrated into the 2015 Reference Document filed with the AMF on April 14, 2016 under the number D.16-0340.

Specific principles applicable to first-half financial statements are presented below.

3.2 VALUATION BASIS

The consolidated financial statements are prepared in accordance with the historical cost principle except for:

- available-for-sale securities, measured at fair value,
- non-current receivables and liabilities, measured at fair value,
- financial liabilities, valued according to the principle of amortized cost.

3.3 USE OF ESTIMATES

Preparation of financial statements that comply with the conceptual IFRS framework requires that certain estimates and assumptions be made that affect the amounts reported in these statements.

The principal items involving the use of estimates and assumptions are impairment tests on intangible assets, deferred taxes, provisions, in particular provisions for pension obligations, and liabilities related to earn-outs paid in the context of acquisitions (earn-out clauses). These estimates are based on the best information available to management as of the date the statements were approved. The current economic and financial environment makes it harder to value and estimate certain assets and liabilities and increases uncertainty about business trends. Management's estimates are based on the information available as of the date the statements were approved. Should actual events diverge from the estimates and assumptions used, there could be an impact on the amounts recognized in the financial statements.

3.4 BUSINESS COMBINATIONS - GOODWILL

The accounting method applied for the recognition of business combinations is detailed in Note 2.1.1 to the 2015 consolidated financial statements.

Goodwill on the balance sheet as of June 30, 2016 is determined and measured in accordance with Note 2.1.2 to the 2015 consolidated financial statements.

Earn-outs related to business combinations are measured at their fair value as of the date of the acquisition. After the acquisition date, they are measured at their fair value as of each closing date. After the end of a one-year period beginning on the acquisition date, any change in this fair value is recognized in the income statement if these earn-outs are financial liabilities.

Analysis of acquired assets and liabilities is finalized within one year of the acquisition date.

3.5 DEPRECIATION AND AMORTIZATION OF NON-CURRENT ASSETS

Depreciation and amortization are calculated on the basis of the assets held by Cegid as of June 30, 2016 according to the methods detailed in Notes 2.1.4, 2.1.5 and 2.2 to the 2015 consolidated financial statements.

3.6 IMPAIRMENT TESTS

An impairment test is performed, if necessary, as described in Note 2.3 to the 2015 consolidated financial statements if there is an indication of a loss in value at the end of the first half of the year.

3.7 PENSION OBLIGATIONS

The discount rate used in the calculation of pension commitments as of June 30, 2016, performed by an independent actuary as at every closing date, was 1.50% (2% as of December 31, 2015).

The assumptions used will be modified in the event the collective bargaining agreements are changed. No new benefits were added nor was the plan changed in any way during the half-year period as a result of laws, agreements or contracts.

The components of the calculation of pension obligations as of June 30, 2016 are shown in Note 5.6.1.

3.8 PROVISIONS

Provisions for contingencies and losses were recognized in full as of June 30, 2016 if the event giving rise to it met the conditions specified in Note 2.15 to the 2015 consolidated financial statements.

3.9 FINANCIAL INSTRUMENTS

Financial instruments consolidated on June 30, 2016, were recognized in accordance with the rules detailed in Note 2.13 to the 2015 consolidated financial statements.

3.10 INCOME TAX

CURRENT TAX

Tax expense for the first half of the year is based on an estimated tax rate applied to the companies' pre-tax income and calculated on an annual basis. This estimate takes into account the use of tax-loss carryforwards. The calculation also takes into account the tax rates applicable to the various categories of income (normal rate, reduced rate, etc.).

DEFERRED TAXES

Cegid applied the criteria for capitalizing deferred taxes to tax-loss carryforwards as of June 30, 2016, in accordance with Note 2.6 to the 2015 consolidated financial statements.

› 4. Cegid Group scope of consolidation

	Head office Siren code	Business	Months consolidated	% control 6/30/16	% ownership 6/30/16	% ownership 12/31/15	
Cegid SA	Lyon 410218010	Software development	6	100.00	100.00	100.00	Full
Quadratus SA	Aix-en-Provence 382251684	Software development	6	100.00	100.00	100.00	Full
Cegid Public SA	Paris 384626578	Software development	6	100.00	100.00	100.00	Full
TDA International SAS	Lyon 342136041	Software development	6	100.00	100.00	100.00	Full
Altaven SAS (1)	Paris 500821251	Software development	6	100.00	100.00	100.00	Full
Magélia SAS (1)	Lyon 499128080	Software development	6	100.00	100.00	100.00	Full
Technomedia SAS (1)	Paris 401250501	Software development	6	100.00	100.00	100.00	Full
Technomedia Talent Management (1)	USA New York	Software distribution	6	100.00	100.00	100.00	Full
Technomedia Formation Inc. (1)	Canada, Montreal	Software development	6	100.00	100.00	100.00	Full
Technomedia Ltd (1)	Hong Kong	Software distribution	6	100.00	100.00	100.00	Full
Cegid North America (USA) (1)	USA, New York	Software distribution	6	100.00	100.00	100.00	Full
CEGID Iberica SL	Spain, Madrid	Software distribution	6	100.00	100.00	100.00	Full
Cegid Ltd	United Kingdom Manchester	Software distribution	6	100.00	100.00	100.00	Full
Cegid Italia SRL	Italy, Milan	Software distribution	6	100.00	100.00	100.00	Full
Cegid North Africa SARL (1)	Morocco Casablanca	Software distribution	6	100.00	100.00	100.00	Full
Cegid Côte d'Ivoire SARL (1)	Ivory Coast Abidjan	Software distribution	6	100.00	100.00	100.00	Full
Cegid Hong Kong Holdings Ltd	Hong Kong	Holding company	6	90.00	90.00	90.00	Full
Cegid Software Ltd	China Shenzhen	Software distribution	6	100.00	90.00	90.00	Full
Cegid Portugal SLU	Portugal, Lisbon	Support & maintenance	6	100.00	100.00	100.00	Full
Cegid Tunisia SARL	Tunisia, Tunis	Software development	6	100.00	100.00	100.00	Full
Cegid Mauritius Ltee	Mauritius	Software development	6	100.00	100.00	100.00	Full
Cegid Licenciamento de Software Ltda	Brazil Sao Paulo	Software distribution	6	100.00	100.00	100.00	Full
Cegid Holding BV	Netherlands	Holding company	6	100.00	100.00	100.00	Full
Cegid Software Vostok COOO	Russia, Moscow	Software distribution	6	100.00	100.00	100.00	Full
Cegid Services SARL	Lyon 341097616	Holding company	6	99.89	99.89	99.89	Full
ASPX SARL	Lyon 430048462	Holding company	6	100.00	100.00	100.00	Full
Cemagid SAS	Lyon 428714299	Software development	6	50.00	50.00	50.00	EQ
SPECIAL PURPOSE ENTITIES							
Cegid Corporate Foundation	Lyon 200 156 785	Nonprofit	6	(4)	NA		Full
Cegid Fund for Entrepreneurship and Digital Technology	Lyon 200 156 777	Nonprofit	6	(4)	NA		Full

FULL: Full consolidation / EQ: Equity-accounted

(1) Companies that entered the scope of consolidation in 2015
(2) After merger of Cegid Corporation and JDS on January 1, 2016
(3) Companies founded in 2015
(4) Entities over which the Group exercises control by virtue of contracts, agreements or clauses stipulated in the bylaws, even if it does not hold any of the company’s capital, are fully consolidated (special purpose entities).

› 5. Notes to the balance sheet

5.1 CHANGES IN NON-CURRENT ASSETS

5.1.1 GOODWILL

As there was no indication of a loss in value as of June 30, 2016, the impairment test described in Note 2.3 to the 2015 consolidated financial statements was not performed. It will be performed as of December 31, 2016.

(in €000)	6/30/15	12/31/15	Reclassification	Increases	6/30/16
Cegid	176,204	196,656	- 5,718		190,938
Quadratus	19,220	19,220			19,220
Cegid Public	9,887	9,887			9,887
TOTAL	**205,311**	**225,763**	**- 5,718**		**220,045**

The allocation of the purchase price of companies that entered the scope of consolidation in 2015 was updated as follows:

(in €000)	Acquisition cost	Acquired assets / assumed liabilities	Identified assets [(1)]	Goodwill
JDS, acquired on 5/26/2015	9,105	984	2,880	5,241
Altaven, acquired on 6/17/2015	10,497	3,581	2,623	4,293
Altaven, acquired on 9/11/2015	981	66	105	810
Technomedia companies, acquired on 12/1/2015	30,543	- 759	12,006	19,296
TOTAL	**51,126**	**3,872**	**17,614**	**29,640**

[(1)] *Amounts net of deferred taxes*

5.1.2 INTANGIBLE ASSETS

Changes during the period broke down as follows:

(in €000)	6/30/15	12/31/15	Reclassifications	Increases	Decreases	6/30/16
Development costs	341,637	354,550	3,160	18,070	-10,750	365,030
Concessions, patents	18,004	19,863	1,053	876		21,792
Customer relationships and brands	15,560	29,860	4,500			34,360
Other intangible assets	242	1,195	938	36		2,169
Gross amounts	**375,444**	**405,468**	**9,651**	**18,982**	**-10,750**	**423,351**
Development costs	-272,726	-284,466		-15,959	10,615	-289,810
Concessions, patents	-12,059	-15,133		-1,705	25	-16,813
Other intangible assets	-6,791	-7,305	-211	-1,445		-8,961
Amortization	**-291,577**	**-306,904**	**-211**	**-19,109**	**10,640**	**-315,584**
Net intangible assets	**83,867**	**98,564**	**9,440**	**-127**	**-110**	**107,767**

5.1.3 PROPERTY, PLANT & EQUIPMENT

Changes during the period broke down as follows:

(in €000)	6/30/15	12/31/15	Reclassifications	Increases	Decreases	6/30/16
Technical facilities, equipment and industrial supplies	13,333	14,279	-1,053	518	-66	13,678
Other property, plant & equipment	8,921	10,794		409		11,203
Gross amounts	**22,254**	**25,073**	**-1,053**	**927**	**-66**	**24,881**
Technical facilities, equipment and industrial supplies	-10,182	-11,167		-433	82	-11,518
Other property, plant & equipment	-6,478	-6,864		-416		-7,280
Depreciation	**-16,659**	**-18,031**		**-849**	**82**	**-18,798**
Net property, plant & equipment	**5,595**	**7,042**	**-1,053**	**78**	**16**	**6,083**

5.1.4 INVESTMENTS AND OTHER FINANCIAL ASSETS

Changes during the period broke down as follows:

(in €000)	6/30/15	12/31/15	Reclassifications	Increases	Decreases	6/30/16
Equity investments and related receivables	1,489	1,489				1,489
Other non-current investments	370	396				396
Impairment losses	-484	-593			160	-433
Financial investments [1]	**1,375**	**1,292**			**160**	**1,452**
Deposits and guarantees	485	587		15	-182	420
Loans	1,321	1,448			-16	1,432
Impairment losses on loans, deposits and guarantees	-145	-127			68	-59
Loans, deposits and guarantees	**1,660**	**1,908**		**15**	**-130**	**1,793**
Other financial assets	174	636		152		788
Net non-current financial assets	**3,209**	**3,885**		**167**	**30**	**4,033**

[1] Financial investments broke down as follows:

(in €000)	6/30/16	12/31/15	6/30/15
Financial assets measured at fair value	1,489	1,488	1,489
Impairment losses	-422	-581	-475
Net total	**1,067**	**907**	**1,014**
Other investments	385	385	370
Impairment losses			-9
Other non-current investments	**385**	**385**	**361**
Total financial investments	**1,452**	**1,292**	**1,375**

5.1.5 INVESTMENTS IN EQUITY-ACCOUNTED SUBSIDIARIES

(in €000)	6/30/16	12/31/15	6/30/15
Opening balance	207	262	262
Capital increase		251	250
Share in net income of equity-accounted subsidiaries	-184	-306	-39
Closing balance	**25**	**207**	**474**

5.2 CHANGES IN CURRENT ASSETS

5.2.1 CHANGES RELATED TO IMPAIRMENT OF CURRENT ASSETS

(in €000)	6/30/15	12/31/15	Increases	Decreases	6/30/16
Inventories and work-in-progress	22	40	3		43
Trade receivables and similar accounts	12,813	12,638	3,533	-2,562	13,609
Other receivables	50	64	3		67
TOTAL	**12,885**	**12,741**	**3,539**	**-2,562**	**13,718**

5.2.2 CASH AND CASH EQUIVALENTS

(in €000)	6/30/16	12/31/15	6/30/15
Cash	3,224	6,797	8,883
TOTAL	**3,224**	**6,797**	**8,883**

5.3 FINANCIAL INSTRUMENTS

5.3.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments, by method

In accordance with the requirements of IFRS 7, paragraph 27B, the tables below present the three methods used to determine the fair value of financial instruments:

- Method 1: fair value based on published price quotations in active markets,
- Method 2: fair value based on price quotations on observable markets,
- Method 3: fair value based on unobservable markets.

Financial assets (in €000) as of 6/30/2016	Carrying value	Method
Financial assets measured at fair value	1,067	1
Other non-current financial assets	385	3
Cash	3,224	1
Financial assets measured at fair value	**4,676**	
Financial liabilities (in €000) as of 6/30/2016	**Carrying value**	**Method**
Acquisition-related debt	3,208	2
Financial liabilities measured at fair value	**3,208**	

Financial assets (in €000) as of 12/31/2015	Carrying value	Method
Financial assets measured at fair value	907	1
Other non-current financial assets	385	3
Cash	6,797	1
Financial assets measured at fair value	**8,089**	
Financial liabilities (in €000) as of 12/31/2015	**Carrying value**	**Method**
Acquisition-related debt	1,554	2
Financial liabilities measured at fair value	**1,554**	

Financial assets (in €000) as of 6/30/2015	Carrying value	Method
Financial assets measured at fair value	1,014	1
Other non-current financial assets	361	3
Cash	8,883	1
Financial assets measured at fair value	**10,258**	
Financial liabilities (in €000) as of 6/30/2015	**Carrying value**	**Method**
Acquisition-related debt	1,769	2
Financial liabilities measured at fair value	**1,769**	

Fair value of financial instruments, by category

(in €000) as of 6/30/2016	Carrying value	Financial assets at fair value through profit or loss	Available-for-sale assets	Loans and receivables	
Financial assets measured at fair value	1,067		1,067		
Other non-current financial assets	385		385		
Loans	1,432			1,432	
Deposits and guarantees	361			361	
Other non-current receivables	104			104	
Trade accounts receivable	72,600			72,600	
Other short-term receivables	15,784			15,784	
Cash	3,224			3,224	
Financial assets	**94,957**		**1,452**	**93,505**	

(in €000) as of 6/30/2016	Carrying value	Financial liabilities at fair value through profit or loss	Debt at amortized cost	Other liabilities	Derivative instruments
Medium-term line of credit	63,997		63,997		223
Acquisition-related debt	3,208			3,208	
Trade payables	32,112			32,112	
Other current liabilities	54,881			54,881	-247
Current financial liabilities	5,037	5,037			
Financial liabilities	**159,235**	**5,037**	**63,997**	**90,201**	**-24**

(in €000) as of 12/31/2015	Carrying value	Financial assets at fair value through profit or loss	Available-for-sale assets	Loans and receivables	
Financial assets measured at fair value	907		907		
Other non-current financial assets	1,021		385	636	
Loans	1,448			1,448	
Deposits and guarantees	459			459	
Other non-current receivables	104			104	
Trade accounts receivable	69,990			69,990	
Other short-term receivables	14,246			14,246	
Cash	6,797			6,797	
Financial assets	**94,972**		**1,292**	**93,680**	

(in €000) as of 12/31/2015	Carrying value	Financial liabilities at fair value through profit or loss	Debt at amortized cost	Other liabilities	Derivative instruments
Medium-term line of credit	70,719		71,324		290
Acquisition-related debt	1,554			1,554	
Trade payables	31,885			31,885	
Other current liabilities	58,002			58,100	98
Current financial liabilities	1,394	1,394			
Financial liabilities	**163,554**	**1,394**	**71,324**	**91,539**	**388**

(in €000) as of 6/30/2015	Carrying value	Financial assets at fair value through profit or loss	Available-for-sale assets	Loans and receivables	
Financial assets measured at fair value	1,014		1,014		
Other non-current financial assets	465		361	104	
Loans	1,310			1,310	
Deposits and guarantees	350			350	
Trade accounts receivable	64,117			64,117	
Other short-term receivables	10,721			10,721	
Cash	8,883			8,883	
Financial assets	**86,860**		**1,375**	**85,485**	

(in €000) as of 6/30/2015	Carrying value	Financial liabilities at fair value through profit or loss	Debt at amortized cost	Other liabilities	Derivative instruments
Medium-term line of credit	59,287		58,992		295
Acquisition-related debt	1,769			1,769	
Trade payables	25,293			25,293	
Other current liabilities	46,489			46,489	
Current financial liabilities	1,231			1,231	
Financial liabilities	**134,069**		**58,992**	**74,782**	**295**

5.4 OTHER CHANGES

BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES

(in €000)	12/31/15	Other changes	Impact on earnings	6/30/16
Losses [1]	224	3,176	365	3,765
Temporary differences	6,368	-391	773	6,751
Consolidation adjustments	1,009	820	-222	1,607
Deferred tax assets	**7,601**	**3,606**	**916**	**12,123**
Consolidation adjustments	-17,476	-2,308	-433	-20,217
Deferred tax liabilities	**-17,476**	**-2,308**	**-433**	**-20,217**
Net deferred tax balance (liability)	**-9,874**			**-8,095**
Of which deferred tax assets on the balance sheet	**224**			**3,765**
Of which deferred tax liabilities on the balance sheet	**-10,098**			**-11,860**

[1] *As of June 30, 2016, unrecognized deferred tax assets represented tax-loss carryforwards of foreign companies and totaled €4,430 thousand (€4,142 thousand as of December 31, 2015).*

5.5 NOTES TO SHAREHOLDERS' EQUITY

5.5.1 CHANGES IN SHARE CAPITAL

	Number of shares	Par value in €	Share capital (in €)	Share premium (in €)
As of 12/31/2013	9,233,057	0.95	8,771,404	95,241,125
As of 12/31/2014	9,233,057	0.95	8,771,404	95,241,125
As of 12/31/2015	9,233,057	0.95	8,771,404	95,241,125
As of 6/30/2016	**9,233,057**	**0.95**	**8,771,404**	**95,241,125**

5.5.2 EARNINGS PER SHARE

	6/30/2016	12/31/2015	6/30/2015
Number of shares at end of period	9,233,057	9,233,057	9,233,057
Average number of shares during the period	9,090,238	9,024,247	8,960,715
Number of shares held in treasury at end of period	137,560	142,008	159,238
Net income attributable to parent company shareholders (in €m)	9.43	23.20	9.42
Earnings per share attributable to parent company shareholders (in €) (1)	1.04	2.57	1.05
Fully diluted earnings per share attributable to parent company shareholders (in €) (2)	1.04	2.57	1.05
Number of shares at end of period	**9,095,497**	**9,091,049**	**9,073,819**

(1) Based on the average number of shares outstanding (excl. treasury shares).

(2) Based on the average number of shares outstanding plus the number of additional shares to be issued (excl. treasury shares). Only potentially dilutive shares enter into the calculation of fully diluted earnings per share.

5.6 PROVISIONS

5.6.1 NON-CURRENT PROVISIONS FOR PENSION OBLIGATIONS AND EMPLOYEE BENEFITS

(in €000)	6/30/16	12/31/15	6/30/15
Present value of commitments at start of period	**17,375**	**16,695**	**16,695**
Changes in scope		94	
Financial costs	175	284	144
Current service costs	473	940	462
Benefits paid during the period - long service awards	-326	-378	-162
Projected present value of commitments at end of period	**17,697**	**17,635**	**17,139**
Actuarial gains and losses / experience adjustments	14	288	216
Actuarial gains and losses / changes in assumptions	1,132	-548	
Present value of commitments at end of period	**18,843**	**17,375**	**17,355**

5.6.2 CURRENT PROVISIONS

(in €000)	6/30/15	12/31/15	Increases	Used decreases	Unused decreases	6/30/16
Labor disputes	2,326	1,945	248	-191	-70	1,932
Customer disputes	1,447	1,303	227	-78	-68	1,384
Other	1,379	2,175	167	-475	-385	1,482
TOTAL	**5,152**	**5,423**	**642**	**-744**	**-523**	**4,797**

5.7 BREAKDOWN OF LIABILITIES BY MATURITY

(in €000)	6/30/16	1 year or less	1 to 5 years	More than 5 years
Financial debt	69,034	5,037	63,997	
Trade payables	32,112	32,112		
Tax and social security liabilities	47,991	47,991		
Payables related to acquired property, plant & equipment	4,103	1,843	2,260	
Other liabilities and unearned revenue	34,415	34,415		
TOTAL	**187,655**	**121,398**	**66,257**	

(in €000)	12/31/15	1 year or less	1 to 5 years	More than 5 years
Financial debt	72,113	1,394	70,719	
Trade payables	31,885	31,885		
Tax and social security liabilities	49,671	49,671		
Payables related to acquired property, plant & equipment	4,324	2,892	1,432	
Other liabilities and unearned revenue	22,999	22,999		
TOTAL	**180,992**	**108,841**	**72,151**	

(in €000)	6/30/15	1 year or less	1 to 5 years	More than 5 years
Financial debt	60,518	1,231	59,287	
Trade payables	25,293	25,293		
Tax and social security liabilities	41,666	41,666		
Payables related to acquired property, plant & equipment	1,769	420	1,349	
Other liabilities and unearned revenue	29,488	29,488		
TOTAL	**158,734**	**98,098**	**60,636**	

› 6. Notes to the income statement

6.1 BREAKDOWN OF SALES

6.1.1 BY TYPE OF BUSINESS

(in €000)	H1 2016	H1 2015	2015
SaaS	44,450	29,312	62,811
Licences	13,398	13,778	30,580
Maintenance	49,666	49,443	100,440
Other	1,565	1,720	3,900
Total Software and software-related services (SSRS)	**109,079**	**94,253**	**197,731**
Professional services	31,891	29,009	62,645
Total SSRS and professional services	**140,970**	**123,262**	**260,376**
Hardware distribution and other	9,520	10,377	21,698
TOTAL	**150,490**	**133,639**	**282,074**

6.1.2 BY TYPE OF CUSTOMER

(in €000)	H1 2016	H1 2015	2015
Accounting profession and small companies	54,867	51,615	107,504
SMEs and large companies	57,573	47,694	101,728
Retail	29,408	25,242	54,364
Public sector	7,915	8,316	17,130
Miscellaneous	727	772	1,348
TOTAL	**150,490**	**133,639**	**282,074**

6.2 OTHER OPERATING INCOME AND EXPENSE

(in €000)	H1 2016	H1 2015	2015
Impact of consolidating sites	77		
Sale of businesses			500
Impact of acquisitions		210	210
Other operating income	**77**	**210**	**710**
Impact of consolidating sites			-605
Impact of acquisitions	-318	-909	-1,733
Sale of businesses			-35
Other operating expense	-599		
Other operating expense	**-917**	**-909**	**-2,373**

6.3 FINANCIAL INCOME AND EXPENSE

(in €000)	H1 2016	H1 2015	2015
Financial income from equity investments	7	3	5
Income from investments	4	14	139
Write-back of financial provisions	231	213	90
Other financial income	64	456	491
Financial income	**306**	**686**	**725**
Interest expense on loans and other borrowings	-857	-585	-1,214
Financial provisions	-195	-143	-195
Other financial expense	-196	-383	-695
Financial expense	**-1,248**	**-1,111**	**-2,104**
Net financial expense	**-942**	**-425**	**-1,380**

6.4 TAXES

6.4.1 BREAKDOWN OF TAXES

(in €000)	H1 2016	H1 2015	2015
Current tax	-5,773	-5,108	-9,543
Deferred tax	483	-209	-2,989
TOTAL	**-5,290**	**-5,317**	**-12,532**

6.4.2 TAX RECONCILIATION

(in €000)	H1 2016	%	H1 2015	%	2015	%
Pre-tax income	**14,902**		**14,775**		**36,051**	
Theoretical tax	-5,131	34.43%	-5,087	34.43%	-12,412	-34.43%
Effect of permanent differences	-184	1.23%	-215	1.46%	-791	-2.19%
Losses of foreign subsidiaries	-638	4.28%	-519	3.51%	-1,146	-3.18%
Tax credits	189	-1.27%	568	-3.84%	393	1.09%
Rate effects and miscellaneous	474	-3.18%	-64	0.43%	1,424	3.95%
Income tax	**-5,290**	**35.50%**	**-5,317**	**35.99%**	**-12,532**	**34.76%**

› 7. Notes on off-balance-sheet commitments

7.1 COMMITMENTS RECEIVED

7.1.1 COMMITMENTS RECEIVED AS ASSET AND LIABILITY GUARANTEES IN CONNECTION WITH ACQUISITIONS

(in €000)	1 year or less	1 to 5 years	More than 5 years
Commitments subject to limitations received as asset and liability guarantees	917	5,739	
Guarantees received as part of company acquisitions	982	1,850	

7.1.2 BANK LINES OF CREDIT

Credit lines in €M until	3/22/19	3/22/20	3/22/21 (*)	3/22/22 (*)
Drawdown authorizations on 2015 line of credit	200	160	130	130
Of which utilized as of 6/30/2016	*63*			

(*) Provided that the banks approve the extension clauses

As of June 30, 2016, Cegid had a syndicated line of credit totaling €200 million, available until March 2019, of which €140 million was undrawn. Subsequently, €160 million will be available until March 2020 and €130 million until March 2021 and March 2022 if extensions are authorized.

7.2 COMMITMENTS GIVEN

There were no significant changes in off-balance-sheet commitments related to leases.

7.2.1 COMMITMENTS GIVEN IN CONNECTION WITH BANK LINES OF CREDIT

The loan agreement (see Note 7.1.2) includes the customary covenants and clauses regarding accelerated maturity, specifically:

- Borrowings become immediately due and payable upon voluntary or involuntary liquidation,
- Maturity may be accelerated in the event of non-payment of an amount due under the loan agreement or the bond indenture or in the event of non-payment of a tax or social welfare contribution, unless it has been contested;

Cegid also pledges to adhere to the following covenant:

- Consolidated net financial debt / average consolidated EBITDA of the past four half-year periods less than 3.

The Group is currently in compliance with these covenants and intends to remain so.

As of June 30, 2016, drawdowns under the syndicated lines of credit totaled €63 million.

› 8. Related-party disclosures

Details of the relationship between Cegid Group and ICMI (52 quai Paul Sédallian, 69009 Lyon) and its subsidiaries and principal executives, as well as with Groupama (8-10 rue d'Astorg, 75008 Paris) and its subsidiaries during the first half of 2016 were as follows:

(in €000)	H1 2016	H1 2015	2015
Operating receivables (gross)	279	203	180
Operating liabilities	595	759	820

(in €000)	H1 2016	H1 2015	2015
Executive Management fees	-1,596	-1,584	-3,417
Other external expenses	-580	-505	-757
Operating expenses	**-2,176**	**-2,088**	**-4,175**
Sale of goods and services	285	202	443
Operating revenue	**285**	**202**	**443**

› 9. Events subsequent to June 30, 2016

Since July 1, 2016, no events have taken place that might have a significant impact on Cegid's assets, liabilities or financial condition.

9. STATUTORY AUDITORS' REPORT ON THE FIRST-HALF FINANCIAL INFORMATION

To the shareholders,

In compliance with the assignment you entrusted to us at your Shareholders' Meeting and pursuant to Article L.451-1-2 III of the Monetary and Financial Code, we have:

- conducted a limited examination of the accompanying consolidated financial statements for Cegid Group, covering the six-month period from January 1 to June 30, 2016;

- verified the information disclosed in the management report on the first half of the year.

These condensed, consolidated, financial statements for the first half of the year are the responsibility of the Board of Directors. Our responsibility is to express a conclusion about these financial statements based on our limited review.

I. CONCLUSION REGARDING THE FINANCIAL STATEMENTS

We conducted our limited examination in accordance with French professional standards.

A limited examination consists in interviewing the individuals responsible for accounting and financial matters and in implementing analytical procedures. An examination of this type is less extensive than the work required under an audit performed in accordance with French professional standards. Consequently, the level of assurance obtained from a limited examination that the financial statements as a whole do not contain significant anomalies, is a moderate one and not as high as that obtained in the context of an audit.

Based on our limited examination, no significant anomalies have come to our attention that would cause us to question the compliance of these condensed consolidated first half financial statements with IAS 34 "Interim financial reporting", which is part of the IFRS platform adopted by the European Union.

II. SPECIFIC VERIFICATION

We have also verified the information contained in management's report on the first half consolidated financial statements that were the subject of our limited examination.

We have no observations to make as to the fairness of this information or its consistency with the condensed, consolidated, financial statements for the first half of the year.

Lyon and Villeurbanne, July 22, 2016
THE STATUTORY AUDITORS

MAZARS

Thierry Colin

GRANT THORNTON
French member of Grant Thornton International
Thierry Chautant

10. STATEMENT OF RESPONSIBILITY

We hereby certify that to the best of our knowledge, the condensed consolidated first half 2016 financial statements were prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial condition and earnings of the companies in Cegid's scope of consolidation, and that the first half management report presents a true and fair view of the important events that took place during the first six months of the fiscal year and of their impact on the first half financial statements, of the principal risks and uncertainties for the remaining six months of the year and of the principal transactions between related parties.

Jean-Michel Aulas
Chairman of the Board of Directors

Patrick Bertrand
Chief Executive Officer

11. MARKET FOR CEGID GROUP SHARES

› General information

Fiscal year: January 1 to December 31

Cegid Group shares have been listed since 1986 and trade on Euronext Paris - Segment B

ISIN stock code: FR0000124703, number of shares as of June 30, 2016: 9,233,057

Reuters: CEGI.PA

Bloomberg: CGD FP

ICB: 9537 Software

Cegid Group is included in the following indices: CAC ALL SHARES - CAC ALL-TRADABLE - CAC MID & SMALL CAC SOFT. & C.S. - CAC TECHNOLOGY - NEXT 150 - EnterNext© PEA-PME 150 – CAC PME

› Shareholders as of June 30, 2016

On 8 July 2016, Cegid Group announced the completion of the disposal by Groupama, Groupama Gan Vie and I.C.M.I. of their total stake, 3,470,156 shares representing about 37.6% of the share capital of Cegid Group, to Claudius Finance Sàrl, a consortium constituted by the investment funds Silver Lake and AltaOne Capital (“Claudius Finance”).

Following the completion of the disposal, a mandatory tender offer has been filed on 11 July 2016 with the Autorité des Marchés Financiers (“AMF”) by Claudius France (a company indirectly wholly-owned by Claudius Finance), to acquire all the shares of Cegid Group that are not already held by Claudius Finance at a price of 61 euros per share (ex 2015 dividend) and 44.25 euros per redeemable warrant (the “Mandatory Tender Offer”).

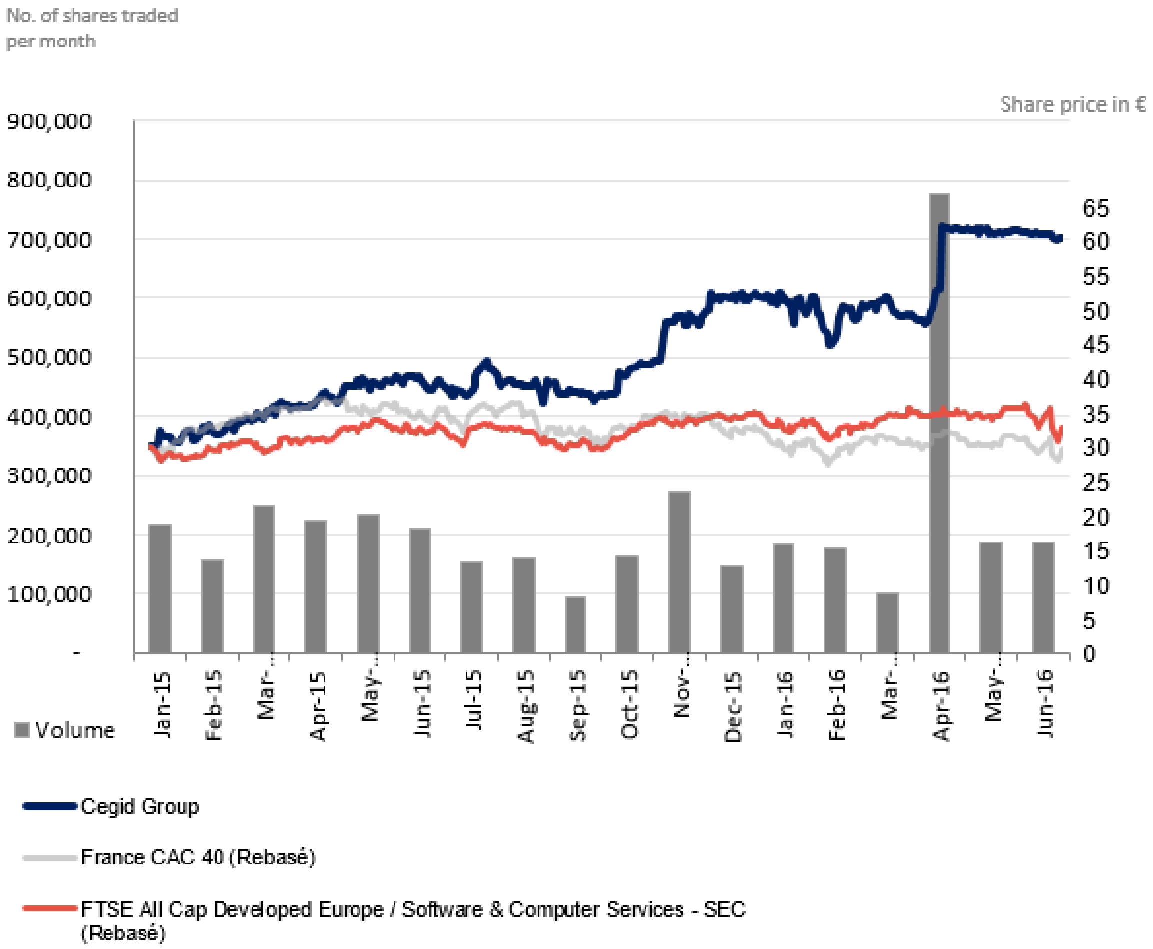
If, following the Mandatory Tender Offer, the minority shareholders do not hold more than 5% of the share capital or voting rights of Cegid Group, Claudius Finance will request the implementation of a squeeze-out in accordance with article 237-14 of the AMF’s General Regulation and the price to be paid by Claudius France for each share and each redeemable warrant tendered into the Mandatory Tender Offer shall be increased by 1.25 euros, thus resulting in a price per share being equal, in total, to 62.25 euros (ex 2015 dividend) and a price per redeemable warrant being equal, in total, to 45.50 euros. Such increased price will be paid to all holders of shares and redeemable warrants who have tendered to the Mandatory Tender Offer their shares and/or redeemable warrants.

The Mandatory Tender Offer, which is expected to be completed during the second half of 2016, remains subject to the AMF’s review and clearance.

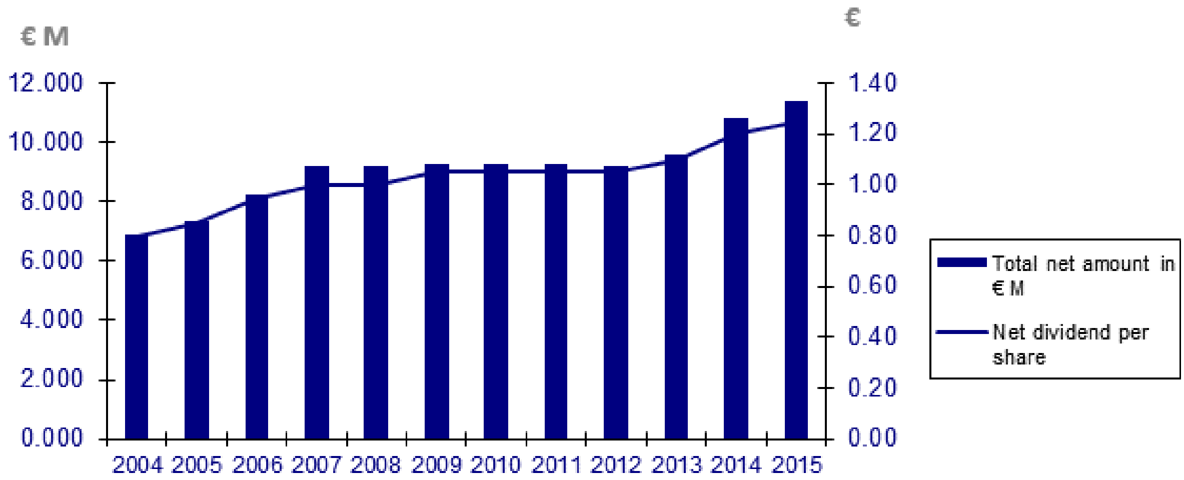
On its meeting held on 7 July 2016, the board of directors considered that the Mandatory Tender Offer was in the best interest of the Company, its employees and its shareholders. It unanimously gave a favourable opinion to the Mandatory Tender Offer and decided to recommend to Cegid Group's shareholders and holders of redeemable warrants to tender their shares and their redeemable warrants into the Mandatory Tender Offer.

*The draft response document (*projet de note en réponse*) prepared by the Company has been filed with the AMF after the filing of the Mandatory Tender Offer by Claudius France. This document will be available on the Internet websites of the AMF (www.amf-france.org) and Cegid Group S.A. (http://www.cegid.com) and may be obtained free of charge at the Company's registered office.*

› Cegid Group share price and trading volume



› Dividends



Following the decision of shareholders at their May 9, 2016 Ordinary Meeting, Cegid distributed a dividend of €1.25 per share on 2015 earnings on May 13, 2016.

› Coverage of Cegid Group

The following financial analysts cover Cegid Group on a regular basis:

- CM CIC Securities: Charles-Edouard Boissy
- Gilbert Dupont: Geoffroy Perreira
- Midcap Partners: Gilbert Ferrand

› Calendar

- October 13, 2016: 3rd quarter 2016 sales*

** after the market close*