



# 2016

## Half-year financial report

ALLEN, French public limited company (*Société Anonyme*) with capital of €34,238,752.31  
Registered Office: 40 Avenue André Morizet 92100 Boulogne Billancourt  
Listed in the Nanterre Trade and Companies Register under No. 348 607 417

# Contents

- 2016 half-year financial report ..... 3**
  - 1. BUSINESS OVERVIEW .....3
  - 2. FINANCIAL OVERVIEW.....3
  - 3. RELATED-PARTY TRANSACTIONS .....5
  - 4. EVENTS SINCE 30 JUNE 2016 .....5
  - 5. MAIN RISKS AND UNCERTAINTIES IN THE SECOND HALF OF 2016 .....5
  - 6. OUTLOOK .....5
  
- Half-year condensed consolidated financial statements ..... 7**
- Statutory Auditors' report on the half-year financial statements ..... 26**
- Declaration by the person in charge of the half-year financial report ..... 27**

# 2016 half-year financial report

## 1. BUSINESS OVERVIEW

### 1.1. Alten's business:

Alten is the European leader in engineering and technology consulting. The Group carries out design and research projects for the Technical and Information Systems divisions of major customers in the industrial, telecommunications and service sectors.

Alten's business consists of three operating segments:

- Engineering and Technology Consulting (ETC);
- Telecoms and Networks;
- Information Systems.

At the end of June 2016, Alten had 22,900 employees, of whom 88% are high-level engineering consultants.

Alten generates 48.6% of its business in France and 51.4% internationally, primarily in Europe.

### 1.2. Significant events for the first half of 2016:

The business environment showed overall improvement during the first half of the year.

All geographic regions experienced positive organic growth with the exception of Germany, which was negatively impacted by the integration of the finalised acquisitions and the automotive service transformation. Southern Europe and the US were particularly dynamic (growth in excess of 15%).

All business sectors are experiencing organic growth. The Energy sector is the only sector facing difficulties in Oil & Gas and Nuclear.

Alten continued its acquisitions policy, exclusively at the international level in this half-year period, to increase its market shares. Alten acquired five companies over the half-year, followed by two more at the beginning of the third quarter.

## 2. FINANCIAL OVERVIEW

The half-year consolidated financial statements presented in this document were approved by the Board meeting of 20 September 2016.

### 2.1. Income statement (IFRS):

#### **Revenue**

Revenue stands at €870.5 million versus €764.2 million at 30 June 2015, i.e. a growth of 13.9%. At constant scope and exchange rates, business is up by 8.1%: +6.8% in France and +21.6% internationally.

The organic growth of the first half of the year has been bolstered by a favourable calendar effect during the second quarter. At a constant number of business days, organic growth would have been 5.95% (i.e. 2.35% in France and 9.8% internationally).

#### **Operating profit on activity**

Operating profit on activity stands at €88.5 million, equivalent to 10.2% of revenue versus €67.1 million, equivalent to 8.8% of revenue at 30 June 2015. This amounts to a significant increase of 31.9%.

In France, the operating margin grew from 9.4% of revenue at end-June 2015 to 11.0% of revenue at end-June 2016. Internationally, the operating margin grew from 8.0% of revenue at 30 June 2015 to 9.4% at 30 June 2016.

The improvement in the business operating margin is primarily due to the calendar effect of the first half of the year. It is also the result of the improved profitability of the acquisitions completed in 2014 and 2015, as well as tight control over the selling, general and administrative expenses (SG&A).

### **Profit from ordinary activities**

Profit from ordinary activities stands at €88.5 million given the absence of payments in shares.

### **Operating profit**

After factoring in the non-recurring profit of -€1.6 million corresponding to acquisitions fees (-€0.7 million), restructuring costs in Germany (-€0.5 million) and a provision for a tax adjustment in France (-€0.5 million), operating profit is €86.9 million, i.e. 10.0% of revenue. It was €64.8 million at 30 June 2015, i.e. 8.5% of revenue.

### **Net income, Group share**

After factoring in the net financial expenses (-€2.6 million), the income tax expense (€25.8 million), the earnings of equity-accounted companies (+€2.4 million) and non-controlling interests (negligible), the net income, Group share totals €60.9 million, or 7.0% of revenue, an increase of 34.4% over the preceding year (€45.3 million at 30 June 2015).

## **2.2. Consolidated balance sheet items and financial movements**

The financial structure of the Alten Group is very robust.

Under assets, non-current assets represent 41.1% of the overall balance sheet (€1,288.8 million) primarily consisting of goodwill (29.5%), an increase of €49.4 million.

Current assets, excluding cash assets, consist primarily of receivables, which amount to 44.5% of the balance sheet. Under liabilities, the group has significant equity (€675.5 million), which represents 52.4% of the overall balance sheet.

Following the payment of €33.2 million in dividends, the net cash position stands at -€61.3 million. Its gearing (net debt/equity ratio) is 9.1 % and its net debt/operating profit on activity ratio is 0.7.

Alten is therefore in compliance with all its bank covenants.

During the first half of 2016, the Alten Group generated gross cash flow of €91.5 million, an increase of 32% over last year (€69.3 million). The latter figure was negatively impacted by the taxes paid (€23.6 million) and an increase in the working capital requirements of €56.8 million due to an unfavourable seasonality factor during the first half of the year, significant organic growth (>10%) achieved during the second quarter and an increase in the day sales outstanding (DSO) from 93 days at the end of December 2015 to 98 days at the end of June 2016.

The flows generated by business activity therefore total €11.1 million (i.e. 1.3% of revenue).

Cash flows on investments, totalling -€51.2 million, correspond primarily to the financing of:

- tangible and intangible assets (fittings, software licences, computer equipment and infrastructure, etc.) for -€5.5 million;
- external growth and earn-outs on acquisition for -€45.4 million.

Cash flows involving financing operations totalled +€36.8 million and consisted primarily of the payment of €33.2 million in dividends, mainly financed by the use of current financial liabilities (€73.5 million) and capital increases from the exercise of stock options (€0.5 million).

Consequently, the net change in cash position is -€3.4 million according to IFRS.

The net cash position at 30 June 2016 was -€61.3 million (-€17.5 million at 30 June 2015 and €17.4 million at 31 December 2015).

### **3. RELATED-PARTY TRANSACTIONS**

There were no related-party transactions in the first half of 2016.

### **4. EVENTS SINCE 30 JUNE 2016**

On 1 July 2016, Alten Canada acquired a Canadian company specialising in IT consulting (revenue €6 million; 40 consultants).

On 28 July 2016, Anotech Energy USA acquired 100% of the share capital and voting rights of two US companies specialised in the Oil & Gas sector (revenue €13 million; 110 consultants).

### **5. MAIN RISKS AND UNCERTAINTIES IN THE SECOND HALF OF 2016**

The nature and severity of the risks facing the Alten Group remain unchanged from those presented on pages 113 to 118 of the 2015 Registration Document filed with the *Autorité des Marchés Financiers* (the French Financial Markets Authority) on 25 April 2016.

Among these, changes in the economic environment, and particularly their impact on the activity rate and organic growth, as well as the Group's ability to recruit, are the main factors likely to affect the course of business over the second half of the year.

### **6. 2016 OUTLOOK**

Given the overall improvement in the economic environment, Alten will achieve higher positive organic growth for 2016 than for the previous year and will slightly improve its operating margin in relation to 2015.

Signed at Boulogne-Billancourt,

20 September 2016,

The Board of Directors

# Half-year condensed consolidated financial statements

<b>1. HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>7</b>
1.1 CONSOLIDATED BALANCE SHEET	8
1.2 CONSOLIDATED INCOME STATEMENT	9
1.3 STATEMENT OF COMPREHENSIVE INCOME	10
1.4 CONSOLIDATED STATEMENT OF CASH FLOWS	11
1.5 STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY	12
<b>2. NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>13</b>
2.1 SIGNIFICANT EVENTS DURING THE HALF-YEAR	14
2.1.1 Acquisitions	14
2.1.2 Dividends	14
2.1.3 Events after the reporting period	14
2.2 ACCOUNTING PRINCIPLES AND METHODS	15
2.2.1 Basis of preparation and accounting principles	15
2.2.2 Management estimates	15
2.3 Financial risk factors	15
2.4 CHANGES IN THE SCOPE OF CONSOLIDATION	16
<b>3. DETAILS OF THE CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>17</b>
3.1 GOODWILL	18
3.2 FINANCIAL ASSETS	18
3.3 CURRENT ASSETS	19
3.4 EMPLOYEE PROVISIONS AND BENEFITS	19
3.5 FINANCIAL LIABILITIES	20
3.6 OTHER LIABILITIES	21
3.7 EMPLOYEE EXPENSES	21
3.8 OTHER OPERATING INCOME AND EXPENSES	21
3.9 NET FINANCIAL INCOME	22
3.10 INCOME TAXES	22
3.11 OPERATING SEGMENT INFORMATION	23
3.12 EARNINGS PER SHARE	24
3.13 CASH FLOW STATEMENT	24
3.14 CONTINGENT ASSETS AND LIABILITIES	25
3.15 RELATED PARTIES	25
3.16 FINANCIAL COMMITMENTS	25

## **1. HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS**

## 1.1 CONSOLIDATED BALANCE SHEET

ASSETS (In thousands of euros)	Notes	30/06/2016	31/12/2015
Goodwill	3.1	380 652	331 617
Intangible assets		10 192	10 286
Property, plant and equipment		34 781	36 273
Equity interests in associates		9 863	7 598
Non-current financial assets	3.2	82 185	81 311
Deferred tax assets	3.10	12 115	13 317
<b>NON-CURRENT ASSETS</b>		<b>529 787</b>	<b>480 402</b>
Trade receivables	3.3	573 431	499 378
Other current assets	3.3	44 917	44 159
Current tax assets		53 854	46 797
Cash and cash equivalents	3.2	86 793	91 918
<b>CURRENT ASSETS</b>		<b>758 995</b>	<b>682 253</b>
<b>TOTAL ASSETS</b>		<b>1 288 782</b>	<b>1 162 655</b>

LIABILITIES (In thousands of euros)	Notes	30/06/2016	31/12/2015
Share capital		34 239	34 215
Additional paid-in capital		46 729	46 272
Consolidated reserves		533 634	461 286
Consolidated earnings		60 872	106 262
<b>EQUITY (group share)</b>		<b>675 474</b>	<b>648 034</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>32</b>	<b>1 777</b>
<b>TOTAL EQUITY</b>		<b>675 506</b>	<b>649 811</b>
Employee benefits	3.4	22 425	17 600
Provisions	3.4	2 291	2 914
Non-current financial liabilities	3.5	17 473	18 735
Other non-current liabilities	3.6	10 661	8 173
Deferred tax liabilities	3.10	1 378	1 995
<b>NON-CURRENT LIABILITIES</b>		<b>54 229</b>	<b>49 417</b>
Provisions	3.4	7 270	6 860
Current financial liabilities	3.5	131 085	56 181
Trade payables		65 981	55 904
Other current liabilities	3.6	348 162	339 757
Current tax liabilities		6 549	4 725
<b>CURRENT LIABILITIES</b>		<b>559 048</b>	<b>463 427</b>
<b>TOTAL LIABILITIES</b>		<b>1 288 782</b>	<b>1 162 655</b>



## 1.2 CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	30/06/2016	30/06/2015
<b>REVENUE</b>	<b>3.11</b>	<b>870 482</b>	<b>764 174</b>
Purchases consumed		(83 100)	(61 914)
Employee expenses	<b>3.7</b>	(610 239)	(552 939)
External charges		(77 841)	(73 722)
Other taxes and levies		(5 378)	(4 968)
Depreciation and amortisation		(5 713)	(5 615)
Other operating expenses		(1 358)	(1 652)
Other operating income		1 605	3 695
<b>OPERATING PROFIT ON ACTIVITY</b>		<b>88 458</b>	<b>67 058</b>
Share-based payments		0	135
<b>PROFIT FROM ORDINARY ACTIVITIES</b>		<b>88 458</b>	<b>67 193</b>
Non-current operating expenses	<b>3.8</b>	(2 119)	(3 184)
Non-current operating income	<b>3.8</b>	560	759
Income from asset disposals		0	0
Impairment of goodwill		0	0
<b>OPERATING PROFIT</b>		<b>86 900</b>	<b>64 768</b>
Net borrowing costs	<b>3.9</b>	(505)	(410)
Other financial expenses	<b>3.9</b>	(4 492)	(4 309)
Other financial income	<b>3.9</b>	2 395	7 296
Income tax expense	<b>3.10</b>	(25 798)	(22 294)
<b>EARNINGS OF CONSOLIDATED ENTITIES</b>		<b>58 500</b>	<b>45 052</b>
Earnings from associates		2 456	343
<b>NET OVERALL EARNINGS</b>		<b>60 956</b>	<b>45 395</b>
<b>Including:</b>			
<b>Non-controlling interests</b>		<b>84</b>	<b>116</b>
<b>Attributable to owners of the Company</b>		<b>60 872</b>	<b>45 279</b>
Earnings per share in euros (Group share)	<b>3.12</b>	1,83	1,37
Diluted earnings per share in euros (Group share)	<b>3.12</b>	1,83	1,37

### 1.3 STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	Notes	30/06/2016	30/06/2015
Net income, Group share		60 872	45 279
Net income, non-controlling interests' share		84	116
<b>Consolidated net earnings</b>		<b>60 956</b>	<b>45 395</b>
Change in fair value of sellable financial assets (net of income tax)	<b>3.2</b>	3 365	462
Translation adjustments		(1 382)	4 484
<b>Income and expenses recognised directly in equity and transferable to profit or loss</b>		<b>1 983</b>	<b>4 946</b>
Actuarial differences on employee benefits (net of income tax)		(1 876)	0
<b>Items recognised directly in equity and not transferable to profit or loss</b>		<b>(1 876)</b>	<b>0</b>
<b>TOTAL INCOME FOR THE PERIOD</b>		<b>61 063</b>	<b>50 341</b>
Including:			
Attributable to owners of the Company		60 991	50 228
Non-controlling interests		72	113

## 1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	Notes	30/06/2016	30/06/2015
<b>Consolidated net earnings</b>		<b>60 956</b>	<b>45 395</b>
Earnings from associates		(2 456)	(343)
Depreciation, provisions and other calculated expenses	3.13	6 688	3 463
Share-based payments		0	(135)
Income tax expense	3.10	25 798	22 294
Capital gains or losses from disposals		123	(1 728)
Net borrowing costs	3.9	505	410
Financial cost on update and provisions		(71)	(67)
<b>Gross cash flow before borrowing costs and tax</b>		<b>91 542</b>	<b>69 288</b>
Taxes paid	3.13	(23 596)	(20 243)
Change in working capital requirements	3.13	(56 835)	(20 451)
<b>Net cash flow from operating activities</b>		<b>11 111</b>	<b>28 594</b>
Acquisitions of tangible and intangible assets		(5 494)	(5 465)
Acquisitions of financial assets		(1 128)	(1 386)
Impact of changes in scope and earn-outs	3.13	(45 387)	(22 881)
Disposals of tangible and intangible assets		210	64
Reductions in financial assets		577	2 697
<b>Net cash flow from investing activities</b>		<b>(51 222)</b>	<b>(26 972)</b>
Net financial interest paid		(704)	(971)
Dividends paid to shareholders		(33 224)	(33 160)
Capital increase	3.13	481	773
Acquisitions and disposals of treasury shares		96	(281)
Changes in non-current financial liabilities	3.5	(3 436)	(1 728)
Changes in current financial liabilities		73 502	22 585
<b>Net cash flow from financing activities</b>		<b>36 716</b>	<b>(12 783)</b>
<b>Change in cash position</b>		<b>(3 395)</b>	<b>(11 160)</b>
Impact of exchange rate variations		(1 730)	180
Cash at beginning of period		91 918	70 467
<b>Cash at end of period</b>		<b>86 793</b>	<b>59 487</b>

In accordance with IAS 7 identifying bank borrowings and loans with financing activities, the table above shows the change in positive cash flow items.

The Group's net cash position/(net indebtedness) breaks down as follows:

(In thousands of euros)		30/06/2016	30/06/2015
<b>Cash at end of period</b>	3.2	<b>86 793</b>	<b>59 487</b>
+ Bank loans and related debt		(130 968)	(57 262)
+ Bank overdrafts	3.5	(17 098)	(19 766)
<b>= Net cash position/(Net indebtedness)</b>		<b>(61 273)</b>	<b>(17 541)</b>

## 1.5 STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Variation in consolidated equity capital, Group share

(In thousands of euros)	Number of shares in circulation	Number of shares issued	Capital	Additional paid-in capital	Reserves	Treasury shares	Translation reserve	Earnings (Group share)	Shareholders' equity
<b>At 31 December 2014 (published)</b>	<b>33 121 861</b>	<b>33 589 610</b>	<b>34 141</b>	<b>44 981</b>	<b>409 986</b>	<b>(8 971)</b>	<b>428</b>	<b>79 487</b>	<b>560 053</b>
Change of IFRIC 21 method					1 022			(124)	898
<b>At 31 December 2014 (restated)</b>	<b>33 121 861</b>	<b>33 589 610</b>	<b>34 141</b>	<b>44 981</b>	<b>411 009</b>	<b>(8 971)</b>	<b>428</b>	<b>79 363</b>	<b>560 950</b>
2014 allocation of earnings					79 363			(79 363)	0
Capital increase(1)	39 165	39 165	40	733					773
Dividends paid to shareholders					(33 160)				(33 160)
Other variations					(63)				(63)
Treasury shares	(5 118)					(281)			(281)
Share-based payments					(135)				(135)
<b>Transactions with shareholders</b>	<b>33 155 908</b>	<b>33 628 775</b>	<b>34 181</b>	<b>45 714</b>	<b>457 013</b>	<b>(9 252)</b>	<b>428</b>	<b>0</b>	<b>528 083</b>
Total income for the period					462		4 487	45 279	50 228
<b>At 30 June 2015</b>	<b>33 155 908</b>	<b>33 628 775</b>	<b>34 181</b>	<b>45 714</b>	<b>457 476</b>	<b>(9 252)</b>	<b>4 914</b>	<b>45 279</b>	<b>578 311</b>
<b>At 31 December 2015</b>	<b>33 195 228</b>	<b>33 662 625</b>	<b>34 214</b>	<b>46 272</b>	<b>466 308</b>	<b>(9 102)</b>	<b>4 079</b>	<b>106 262</b>	<b>648 034</b>
2015 allocation of earnings					106 262			(106 262)	0
Capital increase	23 700	23 700	24	457					481
Dividends paid to shareholders					(33 224)				(33 224)
Other variations					(906)				(906)
Treasury shares	1 609					96			96
Share-based payments					0				0
<b>Transactions with shareholders</b>	<b>33 220 537</b>	<b>33 686 325</b>	<b>34 238</b>	<b>46 729</b>	<b>538 441</b>	<b>(9 006)</b>	<b>4 079</b>	<b>0</b>	<b>614 482</b>
Total income for the period					1 489		(1 370)	60 872	60 991
<b>At 30 June 2016</b>	<b>33 220 537</b>	<b>33 686 325</b>	<b>34 238</b>	<b>46 729</b>	<b>539 930</b>	<b>(9 006)</b>	<b>2 709</b>	<b>60 872</b>	<b>675 474</b>

(1) Capital increases associated with the exercise of stock options

Variation in equity capital, non-controlling interests

(In thousands of euros)	Reserves	Translation reserve	Earnings	Shareholders' equity
<b>At 31 December 2014 (published)</b>	<b>1 062</b>	<b>(4)</b>	<b>218</b>	<b>1 276</b>
Change of IFRIC 21 method	4		1	5
<b>At 31 December 2014 (restated)</b>	<b>1 066</b>	<b>(4)</b>	<b>220</b>	<b>1 281</b>
2014 allocation of earnings	220		(220)	0
Change in scope	(12)			(12)
Capital increase				0
Total income for the period		(3)	116	113
<b>At 30 June 2015</b>	<b>1 273</b>	<b>(7)</b>	<b>116</b>	<b>1 381</b>
<b>At 31 December 2015</b>	<b>1 304</b>	<b>(9)</b>	<b>482</b>	<b>1 777</b>
2015 allocation of earnings	482		(482)	0
Change in scope	(1 817)			(1 817)
Capital increase				0
Total income for the period		(11)	84	72
<b>At 30 June 2016</b>	<b>(31)</b>	<b>(21)</b>	<b>84</b>	<b>32</b>

**2. NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

## **2.1 SIGNIFICANT EVENTS DURING THE HALF-YEAR**

### *2.1.1 Acquisitions*

#### **NEXSE (revenue €10 million; 65 consultants)**

On 25 January 2016, Alten Italia acquired 100% of the securities of Nexse, an Italian company specialising in software engineering.

#### **CRESTTEK (revenue €6 million; 70 consultants)**

On 4 February 2016, Alten USA acquired all securities and voting rights of the American company Cresttek LLC, itself the owner of 99.98% of an Indian company, Cresttek Engineering Solutions Private Ltd. These companies specialise in the automotive field.

#### **PVR (revenue €18 million; 175 consultants)**

On 2 March 2016, Calsoft Labs USA acquired 100% of a group of three companies specialising in life and health sciences in the United States: PVR Technologies Inc., Sirilan Corporation and Statminds LLC.

#### **ASM (revenue €17 million; 670 consultants)**

On 7 March 2016, the Group acquired the activities of the Technological Software Business division of the Indian group ASM located in three countries (India, USA and Singapore).

#### **IST (revenue €10 million; 70 consultants)**

On 11 April 2016, Alten Europe acquired 100% of the German company IST GmbH (IST Innovative Software Technologie GmbH), a specialist in the ETC market.

The revenue of the acquired companies, indicated above, are the latest known corporate figures presented on an annual basis.

### *2.1.2 Dividends*

During the first half of the year, €33.2 million in dividends were paid to Alten SA shareholders for the financial year ended 31 December 2015.

### *2.1.3 Events after the reporting period*

The Group made several acquisitions at the beginning of the second half of 2016:

- On 1 July 2016, Alten Canada acquired a Canadian company specialising in IT consulting (revenue €5 million; 40 consultants);
- On 28 July 2016, Anotech Energy USA acquired 100% of the share capital and voting rights of two US companies specialised in the Oil & Gas sector (revenue €13 million; 110 consultants).

## **2.2 ACCOUNTING PRINCIPLES AND METHODS**

The condensed consolidated financial statements of 30 June 2016 were prepared in accordance with IAS 34 "Interim Financial Reporting", as published by the IASB (International Accounting Standards Board) and adopted by the European Union (EU), which allows for the presentation of a number of appended notes. These interim financial statements do not include all the required information and the consolidated financial statements for the period ended 31 December 2015 (included in the 2015 Registration Document) are to be used as a reference while reviewing them. The 2015 consolidated financial statements included in the issuer's 2015 Registration Document are also available on its website page dedicated to financial statements: <http://www.alten.com/investors>.

The financial statements presented in this document were approved by the Board meeting of 20 September 2016. They are presented in thousands of euros unless otherwise indicated.

### *2.2.1 Basis of preparation and accounting principles*

The accounting principles and calculation methods used to prepare the condensed consolidated financial statements at 30 June 2016 are identical to those used for the consolidated financial statements at 31 December 2015. The other standards, amendments or interpretations published or applicable at 1 January 2016 have not resulted in any changes in the half-year condensed consolidated financial statements of 30 June 2016. Moreover, the Group did not apply in advance the latest standards, amendments or interpretations published by the IASB and adopted at European level but whose application was not mandatory at 1 January 2016.

### *2.2.2 Management estimates*

The preparation of financial statements in accordance with IFRS standards requires that certain estimates and assumptions be made which may affect the amounts shown in these financial statements. These estimates and assessments are continuously made on the basis of past experience and other factors considered reasonable.

The main estimates provided by Management in the preparation of the consolidated statements are presented on page 201 of the 2015 Registration Document.

## **2.3 FINANCIAL RISK FACTORS**

The financial risk factors noted in the 31 December 2015 consolidated financial statements remain essentially unchanged.

## 2.4 CHANGES IN THE SCOPE OF CONSOLIDATION

### - Additions to the scope

#### Additions to the scope at 30-06-2016

Company name	Basis of consolidation (*)	% interest	% control	Country of operation
HOTSWAP	FC	100,00	100,00	Sweden
NEXSE	FC	100,00	100,00	Italy
NEXSE TECHNOLOGY	FC	100,00	100,00	Italy
WLAB	FC	100,00	100,00	Italy
CRESTEK LLC	FC	100,00	100,00	USA
CRESTEK ENGINEERING SOLUTIONS PRIVATE LTD	FC	100,00	100,00	India
PVR TECHNOLOGIES INC	FC	100,00	100,00	USA
SIRILAN CORPORATION	FC	100,00	100,00	USA
STATMINDS LLC	FC	100,00	100,00	USA
ASM ENTREPRISE SOLUTIONS	FC	100,00	100,00	India
ABACUS BUSINESS SOLUTIONS	FC	100,00	100,00	USA
CALSOFT LABS SINGAPORE	FC	100,00	100,00	Singapore
IST GMBH	FC	100,00	100,00	Germany

### - Other changes in scope

#### Legal reorganisations

Over the first half of the year, the Group has continued to streamline its legal structure by merging several entities in France, Germany, Belgium, Canada and the Netherlands.

#### Exclusion from scope

The company Quasus BV, which has no activities and is undergoing liquidation, was excluded from the consolidation scope during the first half of the year.

#### Change in the percentage of interests

During the period, the Group purchased all the minority stakes of several companies already fully consolidated (Itkena Polska and Aptech in particular).



### **3. DETAILS OF THE CONSOLIDATED FINANCIAL STATEMENTS**

## 3.1 GOODWILL

Goodwill, allocated by country, is broken down as follows:

Note 3.1 - GOODWILL

(In thousands of euros)	France	UK	Belgium	The Netherlands	Spain	Germany	Italy	Scandinavia	North America	Offshore and Asia	Nearshore	Other	Total
31/12/2015	112 026	4 236	12 690	21 097	19 991	57 671	12 949	40 503	40 371	6 015	3 898	169	331 617
Acquisitions						7 376	6 322	3 364	24 100	5 363			46 526
Disposals													0
Earn-out adjustments				(7)		1 773		(81)					1 685
Translation adjustments								(35)	(345)	(97)			(478)
Other	1 181					120							1 301
Reclassifications													0
Impairments													0
30/06/2016	113 208	4 236	12 684	21 097	19 991	66 940	19 271	43 751	64 126	11 281	3 898	169	380 652

For the first half of 2016, changes in goodwill were due to:

- The acquisitions made by the Group over the first half of the year (described in Note 2.1.1) and the acquisition of Hotswap (at the end of the 2015 reporting period), a Swedish company that was not consolidated in 2015;
- The earn-outs adjustments and the corrections for assets and liabilities identified (included in the item "Other") within the allocation period;
- Conversion adjustments on goodwill in foreign currency.

The Group performs value tests on an annual basis or when loss of value indicators emerge. The tests performed on 30 June 2016 for the assets of the CGUs showing signs of value loss demonstrate that their recoverable value is higher than their net accounting value. As a result, no impairment representing a loss in value was recorded at 30 June 2016.

The discount rate (WACC) of the country and the perpetual growth rate used at 30 June 2016 are identical to those of 31 December 2015 in the absence of any significant changes in the factors making up these rates.

## 3.2 FINANCIAL ASSETS

(In thousands of euros)	Note	Carrying amount according to IAS 39				Hierarchisation of the fair value of financial assets			
		Amortised cost	Fair value through shareholders' equity	Fair value through earnings	30/06/2016	31/12/2015	Level 1	Level 2	Level 3
<b>Assets</b>									
<b>NON-CURRENT FINANCIAL ASSETS:</b>		<b>42 157</b>	<b>40 028</b>		<b>82 185</b>	<b>81 311</b>	<b>25 786</b>	<b>0</b>	<b>14 242</b>
- Securities held for sale			40 028		40 028	40 195	25 786	0	14 242
- Deposits and guarantees		7 736			7 736	7 584			
- Other long-term assets (loans and receivables)		34 420			34 420	33 532			
Trade receivables	3.4	573 431			573 431	499 378			
Other current assets *	3.4	4 788			4 788	6 057			
Cash and cash equivalents					86 793	91 918	86 793		

\* excluding tax and social security receivables and prepaid expenses.

Securities held for sale include the following:

Entity	% Interest	Fair value 31/12/2015	Acquisition (disposal)	Change in fair value	Fair value 30/06/2016	Fair value hierarchical level	Data used
AUSY(1)	8,70%	22 672		3 115	25 786	1	Share price
FCP XANGE		2 871	113	250	3 233	3	Net asset value
PHINERGY LTD	12,83%	8 391			8 391	3	
MISCELLANEOUS (2)		6 262	(3 644)		2 617	3	
<b>Total</b>		<b>40 195</b>	<b>(3 532)</b>	<b>3 365</b>	<b>40 028</b>		

(1) The increase in the fair value of the AUSY securities resulted from the adjustment in the share price following the announcement of the Offer by Randstad France.

(2) The decrease in the period resulted mainly from the consolidation at 1 January 2016 of Hotswap, a company acquired in 2015. (See Note 3.1)

### 3.3 CURRENT ASSETS

(In thousands of euros)	30/06/2016	31/12/2015
<b>TRADE RECEIVABLES</b>		
Gross value	578 274	503 979
Impairments	(4 843)	(4 600)
<b>Total</b>	<b>573 431</b>	<b>499 378</b>
<b>OTHER CURRENT ASSETS</b>		
Inventory	73	147
Social security receivables	4 193	3 192
Tax receivables	23 439	25 014
Other receivables	5 326	6 555
Impairment of other receivables	(611)	(644)
Prepaid expenses	12 496	9 896
<b>Total</b>	<b>44 917</b>	<b>44 159</b>

The following table shows the breakdown of the portfolio of trade receivables based on age:

(In thousands of euros)	30/06/2016					31/12/2015				
	Unmatured	Less than 6 months	6 months to one year	More than one year	Balance	Unmatured	Less than 6 months	6 months to one year	More than one year	Balance
<b>TRADE RECEIVABLES</b>										
Gross value	493 642	71 359	9 603	3 671	<b>578 274</b>	419 225	76 056	4 566	4 131	<b>503 979</b>
Provisions		(870)	(493)	(3 480)	<b>(4 843)</b>		(375)	(468)	(3 756)	<b>(4 600)</b>
<b>Net values</b>	<b>493 642</b>	<b>70 489</b>	<b>9 110</b>	<b>191</b>	<b>573 431</b>	<b>419 225</b>	<b>75 681</b>	<b>4 098</b>	<b>375</b>	<b>499 378</b>

Based on experience and considering its policy for recovering trade receivables, the Group feels that the level of depreciation for the financial year is appropriate to the risks involved.

### 3.4 EMPLOYEE PROVISIONS AND BENEFITS

#### Provisions

(In thousands of euros)	Corporate disputes(1)	Commercial disputes	Miscellaneous risks	TOTAL
<b>At 31/12/2015</b>	<b>4 131</b>	<b>60</b>	<b>5 584</b>	<b>9 774</b>
Change in scope		40		40
Exchange rate variations	1	1	(11)	(9)
Provisions for the financial year	481	10	499	989
Reversals (provisions used)	(528)		(406)	(934)
Reversals (provisions not used)	(197)	(18)	(84)	(299)
<b>At 30/06/2016</b>	<b>3 887</b>	<b>93</b>	<b>5 581</b>	<b>9 561</b>
<i>Including current provisions</i>	<i>2 774</i>	<i>52</i>	<i>4 444</i>	<i>7 270</i>
<i>Including non-current provisions</i>	<i>1 113</i>	<i>40</i>	<i>1 137</i>	<i>2 291</i>

(1) Corporate disputes are individually insignificant

## Employee benefits

Employee benefits mainly consist of end-of-career commitments. These commitments were determined at end-June 2016 based on the same actuarial assumptions as those used at 31 December 2015, with the exception of the discount rate, which was dropped to 1.5% (versus 2.4% at 31 December 2015).

(In thousands of euros)	Retirement benefits
<b>At 31/12/2015</b>	<b>17 600</b>
Change in scope	421
Cost of services provided	1 428
Interest expenses	196
Actuarial gains and losses	2 814
Paid services	-34
<b>At 30/06/2016</b>	<b>22 425</b>

The sensitivity analysis presented below shows the total amount of the commitment in relation to a change in the discount rate of plus or minus 0.5 point:

Discount rate	-0.5 point	1,50%	+0.5 point
<b>Total commitment (in thousands of euros)</b>	24 833	22 425	20 311

## 3.5 FINANCIAL LIABILITIES

(In thousands of euros)	31/12/2015	Inc	Repayment	Change in scope	Other (translation adjustments, reclassification)	30/06/2016	Current	Non-current
<b>Bank loans and related debt</b>	<b>50 834</b>	<b>82 990</b>	<b>(5 577)</b>	<b>2 826</b>	<b>(105)</b>	<b>130 968</b>	<b>113 765</b>	<b>17 204</b>
Bank loans	38 261	82 345	(1 823)	174	(66)	118 891	111 975	6 917
Other loans and related debt	12 573	645	(3 754)	2 652	(39)	12 077	1 790	10 287
<b>Bank overdrafts</b>	<b>23 694</b>		<b>(7 221)</b>	<b>635</b>	<b>(11)</b>	<b>17 097</b>	<b>17 098</b>	
<b>Deposits and guarantees received</b>	<b>162</b>		<b>(126)</b>	<b>284</b>	<b>-50</b>	<b>270</b>		<b>270</b>
<b>Other financial liabilities</b>	<b>226</b>	<b>20</b>	<b>(19)</b>		<b>-3</b>	<b>224</b>	<b>223</b>	
<b>Total</b>	<b>74 916</b>	<b>83 009</b>	<b>(12 943)</b>	<b>3 745</b>	<b>(169)</b>	<b>148 558</b>	<b>131 085</b>	<b>17 473</b>

### Bank loans

(In thousands of euros)	30/06/2016	EUR	USD	GBP	CAD	Fixed rate	Variable rate
Bank loans	118 891	113 099	1 803	1 559	2 429	4 795	114 096

At 30 June 2016, this item consists of:

- The drawdown of the new "Club Deal" for €110 million (short-term variable-rate financing) on a line opened for €160 million;
- A loan for €5 million subscribed at the end of December 2013 repayable over three years (three-month Euribor variable rate +0.5%). The remaining capital owed is €1.7 million at 30 June 2016;
- A senior debt (resulting from the 2015 purchase of a company in France) in the amount of €1.0 million at 30 June 2016 following the repayment of €1.6 million over the period;

- Other mid- and long-term loans denominated in foreign currencies amounting to €5.8 million.

### Other loans and related debt

At 30 June 2016, the other loans and related debt consisted of the liability on the property lease of €9.9 million acquired during the purchase of a company in France in 2015.

## 3.6 OTHER LIABILITIES

(In thousands of euros)	31/12/2015	Change	Change in scope	Other (translation adjustments, reclassifications)	30/06/2016	Current	Non-current
Earn-outs (1)	27 485	(15 636)	21 328	(185)	32 993	26 211	6 782
Social security debt	160 253	11 887	3 198	(1 223)	174 114	170 235	3 879
Tax liabilities	97 941	(6 756)	1 292	(336)	92 142	92 142	
Deferred income	26 929	(1 278)	325	(55)	25 921	25 921	
Other liabilities	35 321	(5 386)	1 989	1 730	33 654	33 653	
<b>Total</b>	<b>347 930</b>	<b>(17 170)</b>	<b>28 132</b>	<b>(69)</b>	<b>358 824</b>	<b>348 162</b>	<b>10 661</b>

(1) The counterparty for earn-outs on companies acquired is in goodwill.

## 3.7 EMPLOYEE EXPENSES

(In thousands of euros)	30/06/2016	30/06/2015
Salaries and benefits	(594 535)	(540 207)
Corporate disputes	244	790
Retirement benefits	(1 394)	(1 115)
Taxes levied on wages	(11 328)	(10 767)
Employee profit sharing	(3 225)	(1 639)
<b>Total</b>	<b>(610 239)</b>	<b>(552 939)</b>

## 3.8 NON-CURRENT OPERATING INCOME AND EXPENSES

(In thousands of euros)	30/06/2016	30/06/2015
Restructuring costs	(466)	(2 370)
Costs associated with the acquisition of new companies	(748)	(773)
Social security and tax adjustments	(496)	326
Other	151	392
<b>Total earnings</b>	<b>(1 559)</b>	<b>(2 425)</b>
<b>Including non-current operating expenses</b>	<b>(2 119)</b>	<b>(3 184)</b>
<b>Including non-current operating income</b>	<b>560</b>	<b>759</b>

Other operating income and expenses primarily consist of restructuring costs associated with the latest acquisitions, particularly in Germany (-€0.5 million), costs associated with the acquisition of new companies (-€0.7 million) and a provision due to the notification of a tax adjustment in France (€0.5 million).

### 3.9 NET FINANCIAL INCOME

(In thousands of euros)	30/06/2016	30/06/2015
Bank interest charges	(587)	(318)
Interest on lease-financing agreements	(207)	(215)
<b>Gross borrowing costs</b>	<b>(794)</b>	<b>(533)</b>
Income from receivables and investments	289	123
Income from the disposal of marketable securities	0	0
<b>Net borrowing costs</b>	<b>(505)</b>	<b>(410)</b>
Foreign exchange losses	(3 898)	(3 289)
Other financial expenses	(398)	(649)
Discounted financial expenses	(196)	(257)
Financial provisions	0	(114)
<b>Other financial expenses</b>	<b>(4 492)</b>	<b>(4 309)</b>
Foreign exchange gains	1 812	4 575
Other financial income	511	2 654
Financial income as a result of discount	71	50
Reversal of financial provisions	0	17
<b>Other financial income</b>	<b>2 395</b>	<b>7 296</b>
<b>Other net financial income and expenses</b>	<b>(2 097)</b>	<b>2 987</b>
<b>NET FINANCIAL INCOME (EXPENSES)</b>	<b>(2 602)</b>	<b>2 578</b>

### 3.10 INCOME TAXES

#### - Breakdown of income tax expenses

(In thousands of euros)	30/06/2016	30/06/2015
Net earnings: Group and minority interests	60 956	45 395
Earnings of equity-accounted companies	(2 456)	(343)
Stock options	0	(135)
Income tax expense	25 798	22 294
<b>Pre-tax earnings</b>	<b>84 297</b>	<b>67 211</b>
Tax rate of the consolidating company	34,43%	34,43%
Theoretical income tax expense	29 026	23 143
Special 3% tax on dividends paid	1 027	995
Additional contribution 10.7%	0	788
Difference in tax rate versus foreign companies	(3 325)	(2 949)
Miscellaneous tax credits	(5 419)	(5 214)
Unactivated deferred tax assets	469	1 470
CVAE (value added tax) reclassification	3 674	3 367
Other permanent differences	347	695
<b>Tax expense recognised</b>	<b>25 798</b>	<b>22 294</b>
<b>Effective income tax rate</b>	<b>30,60%</b>	<b>33,17%</b>
Including deferred taxes	1 789	(2 181)
Including income tax payable	24 008	24 475
<b>Total</b>	<b>25 798</b>	<b>22 294</b>

## - Deferred taxes

Deferred tax receivables and liabilities consist of:

(In thousands of euros)	30/06/2016	30/06/2015
Employee profit-sharing	1 056	557
Retirement benefits	7 475	5 663
Other timing differences	(575)	1 415
Tax-loss carry-forwards	2 780	5 137
<b>Total deferred taxes</b>	<b>10 736</b>	<b>12 772</b>

### Including:

Deferred tax assets	12 115	14 661
Deferred tax liabilities	(1 378)	(1 889)

The amount of non-activated deferred taxes for tax-loss carry-forwards amounted to €3.2 million (€10.8 million basis) at 30 June 2016.

## 3.11 OPERATING SEGMENT INFORMATION

In compliance with standard IFRS 8 – Operational Sectors -, the financial information published hereinafter is the information used by the main operational decision-maker (the CEO) to assess the performance of business segments.

(In thousands of euros)	30/06/2016			30/06/2015		
	France	Abroad	TOTAL	France	Abroad	TOTAL
Net revenue	422 802	447 680	<b>870 482</b>	396 018	368 155	<b>764 174</b>
Operating profit on activity	46 335	42 123	<b>88 458</b>	37 422	29 636	<b>67 059</b>
Rate of operating profit on activity/revenue for	11,0%	9,4%	<b>10,2%</b>	9,4%	8,0%	<b>8,8%</b>
Profit from ordinary activities	46 335	42 123	<b>88 458</b>	37 557	29 636	<b>67 194</b>
Operating profit	45 871	41 028	<b>86 900</b>	36 826	27 942	<b>64 768</b>
Net financial income	(357)	(2 245)	<b>(2 602)</b>	1 577	1 001	<b>2 578</b>
Income tax expense	(14 773)	(11 025)	<b>(25 798)</b>	(13 355)	(8 939)	<b>(22 294)</b>
Earnings of consolidated entities	30 741	27 758	<b>58 500</b>	25 049	20 003	<b>45 052</b>
<b>NET OVERALL EARNINGS</b>	<b>33 078</b>	<b>27 878</b>	<b>60 956</b>	<b>25 381</b>	<b>20 014</b>	<b>45 395</b>

(In thousands of euros)	30/06/2016			30/06/2015		
	France	Abroad	TOTAL	France	Abroad	TOTAL
Goodwill	113 208	267 444	<b>380 652</b>	97 119	196 412	<b>293 530</b>
Impairment over the financial year			<i>0</i>			<i>0</i>
Equity-accounted investments	8 355	1 508	<b>9 863</b>	3 939	48	<b>3 987</b>
Workforce at Year End	10 485	12 435	<b>22 920</b>	9 820	9 700	<b>19 520</b>
Cash at end of period	14 545	72 248	<b>86 793</b>	15 979	43 507	<b>59 487</b>
Financial liabilities	139 404	9 155	<b>148 559</b>	73 307	4 260	<b>77 567</b>
<b>Net investments for the period</b>	<b>4 077</b>	<b>47 145</b>	<b>51 222</b>	<b>9 221</b>	<b>17 751</b>	<b>26 972</b>

For the first half of 2016, the acquired companies contributed €22.1 million to revenue.

### 3.12 EARNINGS PER SHARE

(In thousands of euros)	30/06/2016	30/06/2015
<b>Earnings</b>	<b>60 872</b>	<b>45 279</b>
Weighted average number of shares	33 215 391	33 143 162
<b>Earnings per share</b>	<b>1,83</b>	<b>1,37</b>

(In thousands of euros)	30/06/2016	30/06/2015
Earnings	60 872	45 279
Effect of dilutions	0	0
<b>Diluted earnings</b>	<b>60 872</b>	<b>45 279</b>
Weighted average number of shares	33 215 391	33 143 162
Effect of dilutions	4 151	27 627
Weighted average number of shares after potential dilution	33 219 542	33 170 789
<b>Diluted earnings per share</b>	<b>1,83</b>	<b>1,37</b>

### 3.13 STATEMENT OF CASH FLOWS

CHANGES IN DEPRECIATION, AMORTISATION AND PROVISIONS NET OF REVERSALS	30/06/2016	30/06/2015
Amortisation of intangible assets	1 252	1 285
Depreciation of property, plant and equipment	4 239	3 907
Provisions for risks and expenses	1 347	(1 729)
Other income and calculated expenses	(151)	0
<b>Total</b>	<b>6 688</b>	<b>3 463</b>

Breakdown of taxes paid	30/06/2016	30/06/2015
Repayments received	1 669	4 272
Payments made	(25 265)	(24 515)
<b>Total</b>	<b>(23 596)</b>	<b>(20 243)</b>

Breakdown of cash flows on working capital requirements	30/06/2016	30/06/2015
Changes in net WCR - customers	(63 563)	(22 090)
Changes in net WCR - suppliers	526	(1 824)
Changes in net WCR – other receivables and operating payables	6 201	3 464
<b>Total</b>	<b>(56 835)</b>	<b>(20 451)</b>

Impact of changes in scope and earn-outs	30/06/2016	30/06/2015
Acquisitions of consolidated subsidiaries	(34 094)	(24 305)
Cash from new consolidated subsidiaries	5 997	7 683
Cash from deconsolidated subsidiaries	(33)	(11)
Earn-out payments	(17 256)	(6 248)
<b>Total</b>	<b>(45 387)</b>	<b>(22 881)</b>

Capital increase	30/06/2016	30/06/2015
Stock options exercised	481	773
<b>Total</b>	<b>481</b>	<b>773</b>



### **3.14 CONTINGENT ASSETS AND LIABILITIES**

#### **Contingent assets**

A dispute over adjustments made by URSSAF (for €14.8 million) was initiated by Group companies. No assets have been recognised in the financial statements in respect of these disputes pending court decisions.

#### **Contingent liabilities**

The Group has an ongoing dispute with a minority ex-associate of one of its subsidiaries. The total amount of the plaintiff's claim, disputed by ALTEN, is approximately €2 million. The maturity date is undefined.

### **3.15 RELATED PARTIES**

#### **Remuneration and benefits granted to directors**

Over the first half of 2016, there were no significant changes to the remunerations reported at 31 December 2015.

#### **Relations with related parties**

Over the first half of 2016, there were no significant changes to the information presented at 31 December 2015.

### **3.16 FINANCIAL COMMITMENTS**

Excluding the increase in banking guarantees and pledges received as debt guarantees on the acquisitions made over the period in the amount of €3.4 million, no other significant changes in other commitments occurred during the first half of 2016 as compared to those published at 31 December 2015.

# Statutory Auditors' Review Report on the Half-yearly Financial Information

## **For the period from January 1, 2016 to June 30, 2016**

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying half-yearly condensed consolidated financial statements of Alten S.A., for the period from January 1, 2016 to June 30, 2016,
- the verification of the information presented in the half-yearly management report.

These half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

### **1 Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2016 and of the results of its operations for the period then ended in accordance with IAS 34 standard of the IFRSs as adopted by the European Union.

### **2 Specific verification**

We have also verified the information presented in the half-yearly management report on the half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the half-yearly condensed consolidated financial statements.

Paris La Défense, on September 21, 2016

KPMG Audit IS

Jean-Pierre Valensi

*Partner*

Grant Thornton

*French Member Firm of Grant Thornton International*

Vincent Frambourt

*Partner*

## Declaration by the person in charge of the half-year financial report

"I declare, to the best of my knowledge, that the half-year condensed financial statements have been compiled in accordance with the applicable accounting standards and provide an accurate picture of the assets, financial position and results of the Company and all its subsidiaries, and that the half-year financial report provides a fair view of the significant events that occurred during the first six months of the financial year, their impact on the statements, and the main uncertainties for the remaining six months of the financial year."

21 September 2016.

Mr Simon Azoulay  
Chairman and Chief Executive Officer