



Half-year financial report 2018

ALLEN, French limited company (*Société Anonyme*) with capital of €35,521,455.90
Registered office: 40 Avenue André Morizet 92100 Boulogne Billancourt
Listed in the Nanterre Trade and Companies Register under No. 348 607 417

Contents

2018 HALF-YEAR MANAGEMENT REPORT.....	4
BUSINESS OVERVIEW	4
FINANCIAL OVERVIEW	4
RELATED-PARTY TRANSACTIONS	6
EVENTS SINCE 30 JUNE 2018	6
MAIN RISKS AND UNCERTAINTIES IN THE SECOND HALF OF 2018	6
2018 OUTLOOK	6
1. HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS	7
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
2. NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	13
2.1 SIGNIFICANT EVENTS DURING THE HALF-YEAR	14
2.1.1 Acquisitions	14
2.1.2 Dividends	14
2.1.3 Other significant events.....	14
2.1.4 Events after the reporting period	14
2.2 ACCOUNTING PRINCIPLES AND METHODS.....	14
2.2.1 Accounting principles.....	15
2.2.2 Management estimates.....	16
2.3 FINANCIAL RISK FACTORS	16
2.4 CHANGES IN THE SCOPE OF CONSOLIDATION.....	16
3. DETAILS OF THE CONSOLIDATED FINANCIAL STATEMENTS	17
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 PERSONNEL EXPENSES	21
3.8 NON-CURRENT 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	CONSOLIDATED STATEMENT OF CASH FLOWS	24
3.14	CONTINGENT ASSETS AND LIABILITIES.....	25
3.15	RELATED PARTIES	25
3.16	FINANCIAL COMMITMENTS	25
	Statutory Auditors' report on the half-yearly financial information	26
	Declaration by the person in charge of the half-year financial report	27

2018 half-year management report

BUSINESS OVERVIEW

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);
- networks, Telecoms and Multimedia;
- technological information systems.

At the end of June 2018, ALTEN had 26,500 engineers and consultants including:

- 10,550 in France;
- 15,950 outside France.

ALTEN generates 45.8% of its business in France and 54.2% internationally (compared to 46.9% and 53.1% respectively during the first half of 2017).

Significant events for the first half of 2018:

ALTEN continues to grow internationally. Accordingly, ALTEN made 5 international acquisitions in 2018:

- two companies within the Germany/Austria scope representing €15.5 million in revenue and 175 consultants;
- two companies in Spain representing €27.5 million in revenue and 570 consultants;
- one company in China representing €7 million in revenue and 160 consultants.

The Group's organic growth has accelerated since 2017, particularly during the first half of 2018, and has reached 10%.

FINANCIAL OVERVIEW

The half-year consolidated financial statements presented in this document were approved by the Board meeting of 20 September 2018.

Income statement (IFRS):

Revenue

At 30 June 2018, revenue, determined according to the new IFRS 15 standard in effect since 1 January 2018, totalled €1,099.9 million compared to €990.9 million at 30 June 2017, after restatement under IFRS 15, i.e. an increase of 11%.

On a like-for-like basis, business grew by 10% (8.4% in France and 11.4% outside France) despite an unfavourable calendar effect (one less business day than in 2017).

ALTEN generates 25% of its business outside the euro zone. The exchange rate effect was particularly strong during this period since it hampered growth by 2% due to the appreciation of the euro against all currencies.

The first half of the year saw organic growth accelerate in all geographical areas, including France.

All business sectors are experiencing growth (with the exception of Oil & Gas) particularly in Aerospace, Defence & Security, Life Sciences and Rail & Naval.

Operating profit on activity

Consolidated operating profit on activity for the half-year stands at €102.7 million, up 10.9% in comparison to June 2017 (€92.6 million).

The Group-operating margin is stable at 9.3% compared to the previous year, despite one less business day than in 2017.

In France, the operating margin also remained stable (10% in 2018 versus 10.1% in 2017) despite the calendar effect and the commercial structuring and HR work. This is mostly thanks to the productivity gains on projects and the receipt of the Research Tax Credit.

The operating margin experienced a very slight change at the international level (8.8% in 2017; 8.7% in 2018) thanks to a small improvement in the utilisation rate.

Operating profit

Operating profit totals €100.3 million (versus €82.1 million at 30 June 2017) after accounting for non-recurrent costs of €1.5 million (fees for acquisitions and restructuring costs) and €0.9 million in IFRS 2 expenses on share-based payments without a cash impact.

Net income, Group share

After accounting for net financial income (+€0.1 million), the income tax expense (-€28.9 million), the earnings of equity-accounted companies (+€4.8 million), and some minority interests (-€1.3 million), net income, group share is €75 million, i.e. 6.8% of revenue, up by 2.3% compared to the previous year (€73.3 million at 30 June 2017, i.e. 7.4% of revenue restated per IFRS 15).

Consolidated balance sheet items and financial movements

The financial structure of the ALTEN Group is very robust.

Under assets, non-current assets represent 38.6% of the overall balance sheet (€1,559.5 million) primarily consisting of goodwill (30.5%, i.e. €475.2 million).

Current assets, excluding cash assets, consist primarily of accounts receivable, which amount to 45.3% of the balance sheet. Under liabilities, the Group has significant equity (€877.8 million), which represents 56.3% of the overall balance sheet.

During the first half of 2018, the ALTEN Group generated gross cash flow of €110 million, an increase of 16.5% compared to June 2017 (€94.4 million). The change of -€70.4 million in working capital requirements was impacted by a seasonal degradation of the DSO by 3 days and the financing of organic growth. After taking into account the taxes paid (€20.7 million) and Capex (€8.6 million), free cash flow totals €10.2 million.

Financial investments (€51.9 million) and dividends (€33.4 million) were partially financed by debt.

Accordingly, the net cash position at 30 June 2018 is -€47.7 million.

The Group's gearing (net debt/equity ratio) is 5.4% and its net debt/operating profit on activity ratio is 0.23.

ALTEN is therefore in compliance with all its bank covenants.

RELATED-PARTY TRANSACTIONS

There were no related-party transactions in the first half of 2018.

EVENTS SINCE 30 JUNE 2018

None.

MAIN RISKS AND UNCERTAINTIES IN THE SECOND HALF OF 2018

The nature and severity of the risks facing the ALTEN Group remain unchanged from those presented on pages 121 to 126 of the 2017 Registration Document filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*, or AMF) on 27 April 2018.

2018 OUTLOOK

In the current economic climate, ALTEN should achieve satisfactory organic growth in line with the first half of 2018. ALTEN will also continue its acquisitions strategy, particularly internationally.

Signed at Boulogne-Billancourt,

20 September 2018,

The Board of Directors

Half-year condensed consolidated financial statements

1. HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

1.1 CONSOLIDATED BALANCE SHEET

ASSETS (In thousands of euros)	Notes	30/06/2018	31/12/2017 restated*	31/12/2017 reported
Goodwill	3.1	475 201	436 740	436 740
Intangible assets		10 548	10 970	10 970
Property, plant and equipment		26 735	24 631	24 631
Investments in associates		24 580	19 136	19 136
Non-current financial assets	3.2	52 804	50 454	50 454
Deferred tax assets	3.10	12 133	12 930	12 930
NON-CURRENT ASSETS		601 999	554 860	554 860
Trade receivables	3.3	525 589	528 461	647 287
Customer contract assets	3.3	180 945	118 826	
Other current assets	3.3	75 210	50 514	50 514
Current tax assets		86 141	81 686	81 686
Cash and cash equivalents	3.2	89 607	83 966	83 966
CURRENT ASSETS		957 492	863 453	863 453
TOTAL ASSETS		1 559 491	1 418 313	1 418 313

LIABILITIES (In thousands of euros)	Notes	30/06/2018	31/12/2017 restated*	31/12/2017 reported
Share capital		34 383	34 383	34 383
Additional paid-in capital		54 375	54 375	54 375
Consolidated reserves		714 033	596 796	596 796
Consolidated earnings		75 019	147 025	147 025
EQUITY (Group share)		877 811	832 580	832 580
NON-CONTROLLING INTERESTS		3 705	1 653	1 653
TOTAL EQUITY		881 516	834 232	834 232
Employee benefits	3.4	24 352	23 081	23 081
Provisions	3.4	3 231	1 866	1 866
Non-current financial liabilities	3.5	9 537	8 063	8 063
Other non-current liabilities	3.6	14 005	12 537	12 537
Deferred tax liabilities	3.10	292	83	83
NON-CURRENT LIABILITIES		51 418	45 631	45 631
Provisions	3.4	8 561	9 572	9 572
Current financial liabilities	3.5	128 054	49 283	49 283
Trade payables		74 219	63 662	63 662
Other current liabilities	3.6	335 564	320 486	409 241
Customer contract liabilities		69 692	88 755	
Current tax liabilities		10 468	6 694	6 694
CURRENT LIABILITIES		626 558	538 451	538 451
TOTAL EQUITY AND LIABILITIES		1 559 491	1 418 313	1 418 313

(*) The consolidated statement of financial position for the year ended 31 December 2017 was restated in relation to the one provided in the consolidated financial statements at 31 December 2017 and published in April 2018 in order to take the impact of the application of the new IFRS 15 standard into account (Please refer to note 2.2.1)

1.2 CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	30/06/2018	30/06/2017 restated*	30/06/2017 reported
REVENUE	3.11	1 099 936	990 943	983 668
Purchases consumed		(91 435)	(85 538)	(92 936)
Personnel expenses	3.7	(791 693)	(710 610)	(710 610)
External charges		(100 402)	(91 621)	(76 949)
Other taxes and levies		(5 137)	(5 540)	(5 540)
Depreciation and amortisation charges		(7 161)	(6 150)	(6 150)
Other operating expenses		(2 899)	(3 829)	(3 829)
Other operating income		1 503	4 950	4 950
OPERATING PROFIT ON ACTIVITY		102 713	92 604	92 604
Share-based payments	3.7	(939)	(10 032)	(10 032)
PROFIT FROM ORDINARY ACTIVITIES		101 774	82 572	82 572
Other operating expenses	3.8	(2 924)	(1 822)	(1 822)
Other operating income	3.8	1 434	1 360	1 360
OPERATING PROFIT		100 284	82 109	82 109
Net borrowing costs	3.9	(375)	(360)	(360)
Other financial expenses	3.9	(3 401)	(7 524)	(7 524)
Other financial income	3.9	3 857	26 219	26 219
Income tax expense	3.10	(28 895)	(28 545)	(28 545)
EARNINGS OF CONSOLIDATED ENTITIES		71 470	71 899	71 899
Earnings from associates		4 782	1 859	1 859
NET OVERALL EARNINGS		76 252	73 759	73 759
Including:				
Non-controlling interests		1 233	459	459
Group share		75 019	73 300	73 300
Earnings per share in euros (Group share)	3.12	2,25	2,21	2,21
Diluted earnings per share in euros (Group share)	3.12	2,21	2,17	2,17

(1) The consolidated income statement for the year ended 30 June 2017 was restated in relation to the one provided in the consolidated financial statements at 30 June 2017 and published in September 2017 in order to take the impact of the application of the new IFRS 15 standard into account (Please refer to note 2.2.1)

1.3 STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	Notes	30/06/2018	30/06/2017
Net income, Group share		75 019	73 300
Net income, non-controlling interests' share		1 233	459
Consolidated net income		76 252	73 759
Change in fair value of sellable financial assets (net of income tax)	3.2	1 400	(20 419)
Translation adjustments		725	(6 262)
Income and expenses recognised directly in equity and transferable to profit or loss		2 125	(26 681)
Actuarial differences on employee benefits (net of income tax)		0	0
Items recognised directly in equity and not transferable to profit or loss		0	0
TOTAL INCOME FOR THE PERIOD		78 377	47 078
Including:			
Group share		77 115	46 640
Non-controlling interests		1 262	438

1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	Notes	30/06/2018	30/06/2017
Consolidated net income		76 252	73 759
Earnings from associates		(4 782)	(1 859)
Depreciation, provisions and other calculated expenses	3.13	7 950	4 807
Share-based payments	3.7	939	10 032
Income tax expense	3.10	28 895	28 545
Capital gains or losses from disposals		(22)	(21 445)
Net borrowing costs	3.9	375	360
Financial cost on update and provisions		382	243
Gross cash flow before borrowing costs and tax		109 990	94 443
Taxes paid	3.13	(20 727)	(24 480)
Change in working capital requirements	3.13	(70 439)	(46 326)
Net cash flow from operating activities		18 824	23 637
Acquisitions of tangible and intangible assets		(8 667)	(5 297)
Acquisitions of financial assets		(3 868)	(4 716)
Impact of changes in scope and earn-outs	3.13	(48 013)	(11 300)
Disposals of tangible and intangible assets		64	330
Reductions in financial assets		1 065	29 683
Net cash flow from investing activities		(59 419)	8 699
Net financial interest paid		(675)	64
Dividends paid to shareholders		(33 364)	(33 232)
Capital increase	3.13	(0)	76
Acquisitions and disposals of treasury shares		665	(26)
Changes in non-current financial liabilities	3.5	(394)	7
Change in current financial liabilities	3.5	80 118	(9 810)
Net cash flow from financing transactions		46 351	(42 921)
Change in cash position		5 756	(10 585)
Impact of exchange rate variations		(114)	(1 277)
Cash at beginning of period		83 966	94 986
Cash at end of period		89 607	83 124

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

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

(In thousands of euros)		30/06/2018	30/06/2017
Cash at end of period		89 607	83 124
+ Bank borrowings and related debt	3.5	(118 101)	(69 305)
+ Bank overdrafts	3.5	(19 221)	(10 985)
= Net cash position/(Net debt)		(47 715)	2 833

1.5 STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(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
At 31 December 2016	33 224 769	33 687 725	34 240	46 749	548 909	(8 901)	5 345	112 405	738 747
2016 allocation of earnings					112 405			(112 405)	0
Capital increase(1)	4 992	4 992	5	71					76
Dividends paid to shareholders					(33 231)				(33 231)
Other changes									0
Treasury shares	(266)					(26)			(26)
Share-based payments					8 680				8 680
Transactions with shareholders	33 229 495	33 692 717	34 246	46 820	636 763	(8 927)	5 345	0	714 246
Total income for the period					(20 419)		(6 241)	73 300	46 640
At 30 June 2017	33 229 495	33 692 717	34 246	46 820	616 345	(8 927)	(896)	73 300	760 886
At 31 December 2017	33 356 739	33 828 497	34 384	54 376	612 753	(9 533)	(6 425)	147 025	832 580
2017 allocation of earnings					147 025			(147 025)	0
Capital increase									0
Dividends paid to shareholders					(33 366)				(33 366)
Other changes									0
Treasury shares	9 944					665			665
Share-based payments					817				817
Transactions with shareholders	33 366 683	33 828 497	34 384	54 376	727 230	(8 868)	(6 425)	0	800 696
Total income for the period					1 400		695	75 019	77 114
At 30 June 2018	33 366 683	33 828 497	34 384	54 376	728 630	(8 868)	(5 730)	75 019	877 811

Change in equity capital, non-controlling interests

(In thousands of euros)	Reserves	Translation reserve	Earnings	Shareholders' equity
At 31 December 2016	66	(34)	342	374
2016 allocation of earnings	342		(342)	(0)
Change in scope	12			12
Capital increase				0
Total income for the period		(21)	459	438
At 30 June 2017	419	(55)	459	823
At 31 December 2017	420	(62)	1 295	1 653
2017 allocation of earnings	1 295		(1 295)	0
Change in scope	791			791
Capital increase				0
Total income for the period		29	1 233	1 262
At 30 June 2018	2 506	(33)	1 233	3 705

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

2.1 SIGNIFICANT EVENTS DURING THE HALF-YEAR

2.1.1 Acquisitions

KAMMERER (Revenue: €5.5 million; 95 consultants)

On 28 March 2018, ALTEN Europe acquired 100% of the share capital and voting rights of the Austrian company specialising in the automotive sector.

SHANGAI SHUANGJIE TECHNOLOGY (Revenue: €7 million; 160 consultants)

On 13 April 2018, Sesame Group Ltd acquired 80% of the shares and voting rights of the Chinese company Shuangjie, which specialises in the automotive sector and has 2 subsidiaries.

E-TIC SISTEMES (Revenue: €8.5 million; 150 consultants)

On 12 April 2018, ALTEN Spain acquired 100% of the capital and voting rights of E-TIC Sistemas which has a multi-segment business in information technologies.

XPULS (Revenue: €10 million; 80 consultants)

On 27 April 2018, ALTEN Europe acquired 100% of the share capital and voting rights of the German company Xpuls Business, which specialises in the automotive and aviation sector.

OPTIMISSA (Revenue: €19 million; 420 consultants)

On 17 May 2018, ALTEN Europe acquired the Group of companies Optimissa which primarily has businesses in Spain. This Group of companies specialises in the field of banking IT. This acquisition, the price of which is in the process of being allocated, will be consolidated during the second half of 2018.

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, €33.4 million in dividends were paid to ALTEN SA shareholders for the financial year ended at 31 December 2017.

2.1.3 Other key events

None.

2.1.4 Events after the reporting period

None.

2.2 ACCOUNTING PRINCIPLES AND METHODS

The condensed consolidated financial statements of 30 June 2018 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 at 31 December 2017 (included in the 2017 Registration Document) are to be used as a reference while reviewing them. The 2017 consolidated financial statements included in the issuer's 2017 Registration Document are also available on its website page dedicated to financial statements: <http://www.alten.com.fr/investors>.

The financial statements presented in this document were approved by the Board meeting of 20 September 2018. They are presented in thousands of euros unless otherwise indicated.

2.2.1 Accounting principles

The accounting principles and calculation methods used to prepare the condensed consolidated financial statements at 30 June 2018 are identical to those used for the consolidated financial statements at 31 December 2017, with the exception of the new standards applicable as of 1 January 2018, and in particular IFRS 15 "Revenue from contracts with customers".

The Group did not apply in advance the latest standards, amendments or interpretations published by the IASB and adopted at the European level but whose application was not mandatory at 1 January 2018.

Impact of the new standard applicable as of 1 January 2018

IFRS 15

The transition project initiated by the Group several years ago consisted in analysing the contracts and in evaluating the impacts of this new standard on the recognition of revenue. This work was performed by the Group's teams, with the assistance of a consultant, over the entire scope of the Group.

The main items identified as modifying the recognition of revenue for the Group are the following:

- expenses re-invoiced to customers were until now presented as cost reductions (external charges or personnel expenses). They are now presented under revenue according to IFRS 15;
- the notion of an agent/principal introduced by IFRS 15 affects the recognition of revenue from certain customer contracts including subcontracting and the sale of licenses. Per IFRS 15, net revenue is recognised on this type of contract.

The transition on 1 January 2018 was performed retroactively: the financial statements presented above (note 1) include the period ended at 30/06/2018 presented according to IFRS 15, and the comparison periods are restated in accordance with this same standard.

IFRS 9

The provisions of IFRS 9 regarding recognition methods for financial assets at fair value were taken into account from a forward planning perspective given the lack of any major impact. The standard's provisions concerning trade receivables stipulate that they should now be depreciated on the basis of the credit losses expected at maturity. The Group performed an analysis of the history of its prior trade receivables and identified a marginal impact.

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 225 of the 2017 Registration Document.

2.3 FINANCIAL RISK FACTORS

The financial risk factors noted in the 31 December 2017 consolidated financial statements remain essentially unchanged.

2.4 CHANGES IN THE SCOPE OF CONSOLIDATION

- **Additions to the scope**

Company name	Basis of consolidation (*)	% interest	% control	Country of operation
Alten Austria Sud (formerly Kammerer)	FC	100,00	100,00	Austria
Anotech Energy Doha ⁽¹⁾	FC	85,00	85,00	Qatar
Anotech Energy Services ⁽¹⁾	FC	100,00	100,00	Great Britain
E-Tic Sistemas	FC	100,00	100,00	Spain
Chongqing Wangjie Technology	FC	80,00	80,00	China
Shangai Shuangje Technology	FC	80,00	80,00	China
Shangai Yujie Automobile Design	FC	80,00	80,00	China
Techalten Portugal ⁽¹⁾	FC	100,00	100,00	Portugal
Xpuls Business Solutions	FC	100,00	100,00	Germany

(*) FC = Full consolidation

⁽¹⁾ creation

- **Other changes in scope**

Over the first half of 2018, the Group has continued to streamline its legal structure by merging several entities in Germany, France and Switzerland.

3. DETAILS OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 GOODWILL

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

(In thousands of euros)	France	UK	Belgium	The Netherlands	Spain	Germany	Switzerland	Italy	Scandinavia	North America	Offshore and Asia	Nearshore	Other	Total
31/12/2017	126 944	4 236	12 686	21 097	19 991	73 213	22 469	19 507	44 179	75 722	11 605	4 924	169	436 740
Acquisitions					25 286	2 656					2 782	1 926		32 650
Disposals														0
Earn-out adjustments								(34)		4 474				4 440
Translation adjustments								141			(154)			1 371
Other														0
Reclassifications														0
Impairments														0
30/06/2018	126 944	4 236	12 686	21 097	45 276	75 868	22 575	19 507	43 965	81 795	14 234	6 850	169	475 201

For the first half of 2018, changes in goodwill were due to:

- the acquisitions made by the Group during the first half of the year (described in note 2.1.1), including the acquisition of Optimissa for which the acquisition price will be allocated to the assets and liabilities identified during the second half of 2018;
- earn-out adjustments;
- translation adjustments on goodwill denominated 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 2018 for the assets of the CGUs showing signs of value loss demonstrate that their recoverable value is higher than their net book value. As a result, no impairment representing a loss in value was recorded at 30 June 2018.

The discount rate (WACC) of the country and the perpetual growth rate used at 30 June 2018 are identical to those of 31 December 2017 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	30/06/2018	31/12/2017	Level 1	Level 2
Assets								
Securities held for sale			15 054		15 054	13 865		15 054
Deposits and guarantees		10 399			10 399	9 861		
Other long-term assets (loans and receivables) ⁽¹⁾		27 351			27 351	26 728		
Total		37 750	15 054	-	52 804	50 454	-	-

⁽¹⁾ Other long-term assets are primarily comprised of loans with associates

Securities held for sale include the following interests:

Entity	% Interest	Fair value 31/12/2017	Acquisition (disposal)	Change in fair value	Fair value 30/06/2018	Fair value hierarchical level	Data used
FCP XANGE		3 520	(163)	1 400	4 757	3	Net asset value
PHINERGY LTD	12.83%	8 391			8 391	3	
MISCELLANEOUS		1 954	(48)		1 906	3	
Total		13 865	(211)	1 400	15 054		

3.3 CURRENT ASSETS

(In thousands of euros)	30/06/2018	31/12/2017
TRADE RECEIVABLES AND CONTRACT ASSETS		
Gross value	718 651	659 133
Impairments	(12 117)	(11 845)
Total	706 534	647 287
OTHER CURRENT ASSETS		
Inventory	39	24
Social security receivables	17 032	5 516
Tax receivables	29 136	26 110
Other receivables	7 692	9 827
Impairment of other receivables	(699)	(672)
Prepaid expenses	22 010	9 709
Total	75 210	50 514

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

(In thousands of euros)	30/06/2018					31/12/2017				
	Unmatured	Less than 6 months	6 months to one year	More than 1 year	Balance	Unmatured	Less than 6 months	6 months to one year	More than 1 year	Balance
TRADE RECEIVABLES AND CONTRACT ASSETS										
Gross value	609 325	92 674	6 462	10 190	718 651	535 722	107 471	7 284	8 655	659 133
Provisions	0	(1 271)	(676)	(10 171)	(12 118)	0	(1 560)	(1 910)	(8 376)	(11 846)
Net values	609 325	91 403	5 786	20	706 534	535 722	105 912	5 375	279	647 287

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

3.4 EMPLOYEE PROVISIONS AND BENEFITS

Provisions

(In thousands of euros)	Social disputes ⁽¹⁾	Commercial disputes	Miscellaneous risks ⁽²⁾	TOTAL
At 31/12/2017	4 852	1 688	4 897	11 437
Change in scope	0			
Exchange rate variations			1	23
Provisions for the financial year	862	2	1 000	1 864
Reversals (provisions used)	(611)	(6)	(29)	(646)
Reversals (provisions not used)	(570)	(66)	(252)	(888)
At 30/06/2018	4 534	1 603	5 656	11 792
<i>Of which current provisions</i>	<i>2 297</i>	<i>1 561</i>	<i>4 703</i>	<i>8 561</i>
<i>Of which non-current provisions</i>	<i>2 237</i>	<i>42</i>	<i>952</i>	<i>3 231</i>

(1) Social disputes involve sums that taken individually are insignificant.

(2) The Group is involved in a number of tax and social disputes. The corresponding risks and provisions are analysed with the assistance of the Group's consultants.

Employee benefits

Employee benefits primarily comprise end-of-career commitments. These commitments were determined at the end of June 2018 based on the same actuarial assumptions as those used at 31 December 2017 with, in particular, a discount rate of 1.80%.

(In thousands of euros)	Retirement benefits
At 31/12/2017	23 081
Change in scope	0
Cost of services provided	1 177
Interest expenses	188
Actuarial gains and losses	0
Benefits paid	-94
At 30/06/2018	24 352

3.5 FINANCIAL LIABILITIES

(In thousands of euros)	31/12/2017	Inc	Repayment	Change in scope	Other (Translation adjustments, reclassifications)	30/06/2018	Current	Non-current
Bank borrowings and related debt	45 828	72 906	(1 319)	740	(53)	118 101	108 828	9 273
Bank borrowings	44 029	72 367	(79)		112	116 429	107 613	8 816
Other loans and related debt	1 799	539	(1 240)	740	(165)	1 673	1 216	457
Bank overdrafts	10 919	8 266	(10)		47	19 221	19 221	
Deposits and guarantees received	374	19	(282)		(3)	109		109
Other financial liabilities	225	147	(3)		(209)	159	5	155
Total	57 345	81 337	(1 614)	740	(218)	137 591	128 054	9 537
		a	b					
Change in statement of cash flows financial liabilities (a +b)		79 724					80 118	(394)

Bank overdrafts

(In thousands of euros)	30/06/2018	EUR	GBP	USD	MAD	CAD	Fixed	Variable
Bank overdrafts	116 429	112 336	1 345	26	456	2 267	1 986	114 443

At 30 June 2018, this item consists of:

- the drawdown of the "Club Deal" for €93 million (short-term variable-rate financing) on a line opened for €160 million;
- a loan for €7 million subscribed at the end of December 2016, repayable over three years (fixed rate of 0.4%). The remaining principal balance was €4.7 million at 30 June 2018;
- three loans maturing in three months for an amount of €14.5 million;
- other mid and long-term loans denominated in foreign currencies amounting to €4.0 million.

Other loans and related debt

Other loans and related debt at 30 June 2018 comprised, in particular, leases amounting to €1.7 million.

3.6 OTHER LIABILITIES

(In thousands of euros)	31/12/2017	Change	Change in scope	Other (Translation adjustments, reclassification)	30/06/2018	Current	Non-current
Earn-outs ⁽¹⁾	24 595	(684)	(4 798)	206	19 320	8 754	10 566
Social security debt	183 232	19 899	2 727	(1 095)	204 763	201 324	3 439
Tax liabilities	114 987	63	1 227	(402)	115 875	115 875	
Other liabilities	10 209	1 232	(1 921)	92	9 611	9 611	
Total	333 023	20 510	(2 765)	(1 199)	349 569	335 564	14 005

⁽¹⁾ Earn-outs related to company acquisitions.

3.7 PERSONNEL EXPENSES

(In thousands of euros)	30/06/2018	30/06/2017
Salaries and benefits	(775 740)	(694 101)
Social disputes	318	639
Retirement benefits	(1 083)	(1 308)
Taxes levied on wages	(12 145)	(12 103)
Employee profit sharing	(3 043)	(3 737)
Total	(791 693)	(710 610)

Share-based payments

PLAN	27/07/2016	27/10/2016	26/04/2017	26/07/2017	19/09/2017	25/10/2017	TOTAL
Date awarded by the Board of Directors	27/07/2016	27/10/2016	26/04/2017	26/07/2017	19/09/2017	25/10/2017	
Class of financial instruments awarded	Preferred B share	Preferred B share	Preferred B share	Preferred B share	Preferred B share	Preferred B share	
Number of financial instruments awarded	1 572	500	18	167	729	200	
Of which number awarded to employees	1 572	500	18	167	729	200	
Of which number awarded to Corporate Officers	0	0	0	0	0	0	
Number of instruments voided over the period	28	0	0	0	0	0	
Number of instruments subscribed for over the period	0	0	0	0	0	0	
Number of instruments outstanding at 30/06/2018	1 461	500	18	167	729	200	
Fair value of the financial instruments (in euros)	1 438,7	1 702,7	2 555,1	2 389,6	2 862,2	2 856,4	
Final award date	27/07/2018	27/10/2018	26/04/2019	26/07/2019	19/09/2019	25/10/2019	
End of lock-up/non-transferability period	27/07/2020	27/10/2020	26/04/2021	26/07/2021	19/09/2021	25/10/2021	
Cost of services provided 2018 (In thousands of euros)	419	132	4	32	180	50	817
Employer contribution cost 2018 (In thousands of euros)	77	22	0	0	14	8	121
Total							939

3.8 NON-CURRENT OPERATING INCOME AND EXPENSES

(In thousands of euros)	30/06/2018	30/06/2017
Costs associated with the acquisition of new companies	(752)	(537)
Social security and tax adjustments	(425)	(439)
Other	(313)	513
Total earnings	(1 489)	(463)
Including non-current operating expenses	(2 924)	(1 822)
Including non-current operating income	1 434	1 360

Non-current operating income and expenses consist of fees on acquisitions (-€0.8 million), of provisions for social security and tax adjustments (-€0.4 million), and of miscellaneous income and expenses related to prior acquisitions (-€0.3 million).

3.9 NET FINANCIAL INCOME

(In thousands of euros)	30/06/2018	30/06/2017
Bank interest charges	(416)	(482)
Interest on lease-financing agreements	(50)	(51)
Gross borrowing costs	(466)	(533)
Income from receivables and investments	91	173
Income from the disposal of marketable securities	0	0
Net borrowing costs	(375)	(360)
Foreign exchange losses	(2 610)	(6 731)
Other financial expenses	(221)	(369)
Discounted financial expenses	(570)	(424)
Financial provisions	0	0
Other financial expenses	(3 401)	(7 524)
Foreign exchange gains	3 199	4 024
Other financial income	658	22 195
Financial income as a result of discount	0	0
Reversal of financial provisions	0	0
Other financial income	3 857	26 219
Other net financial income and expenses	456	18 695
NET FINANCIAL INCOME (EXPENSES)	81	18 336

At 30 June 2018, other financial income solely consists of interest on loans with associates, whereas at 30 June 2017 it included the capital gains for the disposal of the AUSY securities totalling €21.5 million.

3.10 INCOME TAXES

- **Breakdown of income tax expenses**

(In thousands of euros)	30/06/2018	30/06/2017
Net income: Group and minority interests	76 252	73 759
Earnings of equity-accounted companies	(4 782)	(1 859)
Stock Options and Share Plans	817	8 680
Income tax expense	28 895	28 545
Pre-tax earnings	101 183	109 124
Tax rate of the consolidating company	34,43%	34,43%
Theoretical income tax expense	34 841	37 575
Special 3% tax on dividends paid	(20)	997
Difference in tax rate versus foreign companies	(4 343)	(3 250)
Difference in tax rate versus French companies 28%	(206)	0
Miscellaneous tax credits	(8 420)	(5 911)
Unactivated deferred tax assets	2 048	433
CVAE (value added tax) reclassification	4 251	3 998
Other permanent differences	744	(5 296)
Tax expense recognised	28 895	28 545
Effective income tax rate	28,56%	26,16%
Including deferred taxes	417	(180)
Including income tax payable	28 478	28 725
Total	28 895	28 545

The increase in the effective income tax rate at 30 June 2018 compared to 30 June 2017 is primarily due to the presence of reduced rate capital gains at 30 June 2017 resulting from the disposal of the AUSY investment securities in France.

- **Deferred taxes**

Deferred tax receivables and liabilities consist of:

(In thousands of euros)	30/06/2018	30/06/2017
Employee profit-sharing	1 016	1 246
Retirement benefits	7 486	7 703
Other timing differences	1 012	1 375
Tax-loss carry-forwards	2 327	2 590
Total deferred taxes	11 841	12 914

Including:

Deferred tax assets	12 133	13 450
Deferred tax liabilities	(292)	(536)

The amount of non-activated deferred taxes for tax-loss carry-forwards amounted to €4.8 million (€18.5 million basis) at 30 June 2018.

3.11 OPERATING SEGMENT INFORMATION

In compliance with standard IFRS 8 – Operating Segments, 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)	30/06/2018			30/06/2017		
	France	International	TOTAL	France	International	TOTAL
Net revenue	503 821	596 115	1 099 936	464 901	526 042	990 943
Operating profit on activity	50 533	52 180	102 713	46 783	45 821	92 604
Rate of operating profit on activity/revenue for the segment	10,0%	8,8%	9,3%	10,1%	8,7%	9,3%
Profit from ordinary activities	49 813	51 961	101 774	38 337	44 235	82 572
Operating profit	49 808	50 477	100 284	38 476	43 633	82 109
Net financial income	1 167	(1 085)	81	17 787	548	18 336
Income tax expense	(13 931)	(14 964)	(28 895)	(16 038)	(12 507)	(28 545)
Earnings of consolidated entities	42 515	28 955	71 470	40 226	31 674	71 899
NET OVERALL EARNINGS	47 330	28 923	76 252	41 966	31 793	73 759

(In thousands of euros)	30/06/2018			30/06/2017		
	France	International	TOTAL	France	International	TOTAL
Goodwill	126 944	348 257	475 201	126 966	285 526	412 493
Impairment over the financial year			0			0
Investments in associates	22 206	2 374	24 580	12 823	2 337	15 160
Headcount at Year End	12 000	18 000	30 000	11 280	15 014	26 294
Cash at end of period	21 495	68 112	89 607	24 389	58 735	83 124
Financial liabilities	129 355	8 235	137 590	71 485	9 105	80 590
Net investments for the period	(4 790)	(54 630)	(59 419)	(25 180)	16 481	(8 699)

Companies included in the consolidation scope during the period contributed €3.2 million to revenue for the half-year.

3.12 EARNINGS PER SHARE

(In thousands of euros)	30/06/2018	30/06/2017
Earnings	75 019	73 300
Weighted average number of shares	33 366 683	33 228 525
Earnings per share	2,25	2,21

(In thousands of euros)	30/06/2018	30/06/2017
Earnings	75 019	73 300
Effect of dilutions	0	0
Diluted earnings	75 019	73 300
Weighted average number of shares	33 366 683	33 228 525
Effect of dilutions	524 473	563 440
Weighted average number of shares after potential dilution	33 891 156	33 791 965
Diluted earnings per share	2,21	2,17

3.13 STATEMENT OF CASH FLOWS

Changes in depreciation, amortisation and provisions net of reversals	30/06/2018	30/06/2017
Amortisation of intangible assets	1 908	1 544
Depreciation of property, plant and equipment	5 254	4 602
Provisions for risks and expenses	1 601	(1 424)
Other income and calculated expenses	(813)	84
Total	7 950	4 807

Breakdown of taxes paid	30/06/2018	30/06/2017
Repayments received	7 937	3 501
Payments made	(28 664)	(27 981)
Total	(20 727)	(24 480)

Breakdown of cash flow on working capital requirements	30/06/2018	30/06/2017
Changes in net WCR - customers	(66 481)	(34 379)
Changes in net WCR - suppliers	(4 431)	(4 976)
Changes in net WCR – other receivables and operating payables	473	(6 972)
Total	(70 439)	(46 326)

Impact of changes in scope and earn-outs	30/06/2018	30/06/2017
Acquisitions of consolidated subsidiaries	(35 477)	(3 232)
Cash from new consolidated subsidiaries	2 518	2 021
Cash from deconsolidated subsidiaries	0	0
Earn-out payments	(15 054)	(10 089)
Total	(48 013)	(11 300)

Capital increase	30/06/2018	30/06/2017
Stock options exercised	0	76
Total	0	76

3.14 CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities remain essentially unchanged in nature from those presented in the 2017 consolidated financial statements.

3.15 RELATED PARTIES

Compensation and benefits granted to Corporate Officers

Over the first half of 2018, there were no significant changes to the compensation reported at 31 December 2017.

Relations with related parties

Over the first half of 2018, there were no significant changes to the information presented at 31 December 2017.

3.16 FINANCIAL COMMITMENTS

No material changes in financial commitments took place during the first half of 2018 compared to those published at 31 December 2017.

Statutory Auditors' report on the 2018 half-yearly financial information

Period from January 1, 2018 to June 30, 2018

To the Shareholders,

In compliance with the assignment entrusted to us by the 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 condensed half-year consolidated financial statements of Alten SA, for the six months ended June 30, 2018;
- the verification of the information contained in the half-year management report.

These condensed half-year 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 condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to paragraph "IFRS 15" of the Note 2.2.1."Accounting principles" to the condensed half-year consolidated financial statements, which describes the application as of January 1, 2018 of IFRS 15 "Revenue from contracts with customers".

2. Specific verification

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

French original signed by

Paris La Défense, 21 septembre 2018

Neuilly-sur-Seine, 21 septembre 2018

KPMG Audit IS

Grant Thornton

Membre français de Grant Thornton International

Jean-Pierre Valensi
Associé

Vincent Frambourt
Associé

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 management 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 2018.

Simon AZOULAY
Chairman and Chief Executive Officer