devoteam

2018

Interim Financial Report

30 June 2018
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SELECTED FINANCIAL INFORMATION

QUARTERLY REVENUE GROWTH

In millions of euros, quarterly figures unaudited	Q1 2018 restated(2)	Q1 2017 restated (2)	Var.	Q2 2018	Q2 2017 restated(2)	Var.	H1 2018	H1 2017 restated(2)	Var.
Revenue	**153.7**	**124.7**	**23.2%**	**152.8**	**119.1**	**28.3%**	**306.5**	**243.8**	**25.7%**

KEY FIGURES FOR THE PERIOD

In millions of euros(1)	30.06.2018	30.06.2017 restated(2)	30.06.2017 presented(3)	Total change(4)	Organic growth(5)
Revenue	**306.5**	**243.8**	**256.5**	**+25.7%**	**+18.4%**
Operating margin	**34.0**	**25.4**	**25.4**	**+33.6%**	
As % of revenue	11.1%	10.4%	9.9%	+0.7 pts	
Operating income	**28.8**	**21.7**	**21.7**	**+32.6%**	
As % of revenue	9.4%	8.9%	8.5%	+0.5 pts	
Net income - Group share	**16.8**	**11.9**	**11.9**	**+41.0%**	
Diluted earnings per share(6)	€2.04	€1.47	€1.50	+38.9%	
Net cash at closing(7)	**36.7**	**49.0**	**49.0**	**-€12.4m**	

(1)The financial statements were approved by the Supervisory Board on 3 September 2018

(2)Restated in accordance with IFRS 15 on revenue, and including share-based payment expenses in the dilution calculation for diluted earnings per share.

(3)In the 2017 interim press release.

(4)Based on 2017 restated.

(5)At comparable scope and exchange rates, based on 2017 restated.

(6)Based on the weighted average number of shares for the year

(7)Cash position net of all financial debts

INTERIM MANAGEMENT REPORT

INTERIM HIGHLIGHTS

The first half of 2018 once again saw very strong growth in business and operating profitability. Following the application of IFRS 15 (see preliminary note in the analysis of the consolidated financial statements below), revenue in the first half of 2018 totalled €306.5 million versus €243.8 million in the first half of 2017, up 18.4% at constant scope and exchange rates. Operating margin rose 70 basis points to €34.0 million, or 11.1% of revenue, compared with €25.5 million and 10.4% of revenue in the first half of 2017. This excellent performance in the first six months of the year will enable the Group to meet its annual targets (see "Outlook for the second half" below).

The Group has also been named by Google Cloud as its Service Partner of the Year for Europe and North Africa, reflecting the market recognition of its leadership in supporting customers in their Digital Transformation.

The Group also announced several changes in scope, enabling it to push forward in the direction envisaged in the Scale! strategic plan.

- On 23 August 2018, Devoteam S.A. acquired 58% of the share capital of Bold International in Portugal. The 630 employees of Bold, headquartered in Lisbon with offices in Aveiro and Porto, bring their strong SMACS expertise to major account customers in the strategic area of Agile IT, particularly DevOps and Cloud Transformation. This acquisition will enable Devoteam to provide local support to the numerous international customers who choose to set up centres of technological excellence in Portugal, benefiting from expert, mobile and competitive teams. Bold and its subsidiaries generated consolidated revenue of €20 million in 2017. This acquisition will be consolidated from 1 September 2018.

- As announced on 12 July, on 30 August 2018 the Group finalised the acquisition of 100%compensation of the share capital of Alegri International Service GmbH, a leader in Digital Workplace consulting and IT transformation in Germany. Alegri assists German and international major accounts in all sectors with their transition towards a modern, digital, employee-focused workplace and agile IT accelerated by the Cloud for businesses, mainly working with Microsoft solutions. Alegri, headquartered in Munich with offices in Germany, Switzerland and Austria, has 240 employees. It has a 2018 revenue target of around €40 million, with a high-end single-digit operating margin.

In addition, the Group has acquired two other niche players which expand its core offering: New Bic in Spain for Data, and Paradigmo in Belgium for Cybersecurity. These two companies joined the scope of consolidation on 1 July 2018. The Group has also finalised the sale of Shift, which left the scope of consolidation on 1 September 2018.

REVENUE BY GEOGRAPHICAL AREA

In millions of euros	Q1 2018	Q1 2017 restated	Q2 2018	Q2 2017 restated	H1 2018	H1 2017 restated
France	**80.2**	**63.4**	**79.8**	**60.0**	**160.0**	**123.3**
Variation	26.6%		33.1%		29.8%	
L-f-l variation	19.7%		26.1%		22.8%	
Northern Europe & Benelux	**39.8**	**31.6**	**39.3**	**28.6**	**79.0**	**60.3**
Variation	25.7%		37.2%		31.2%	
L-f-l variation	8.9%		17.1%		12.7%	
Central Europe	**16.8**	**13.7**	**16.1**	**14.1**	**32.9**	**27.8**
Variation	22.9%		14.4%		18.6%	
L-f-l variation	22.2%		14.1%		18.1%	
Iberia & Latam	**7.8**	**6.9**	**8.2**	**7.0**	**15.9**	**13.9**
Variation	12.7%		16.2%		14.5%	
L-f-l variation	13.5%		17.8%		15.7%	
Rest of the world	**9.8**	**9.1**	**10.4**	**9.6**	**20.2**	**18.7**
Variation	8.2%		7.7%		7.9%	
L-f-l variation	21.3%		15.3%		18.2%	
Corporate & other	**(0.7)**	**0.1**	**(0.9)**	**(0.2)**	**(1.7)**	**(0.1)**
Total	**153.7**	**124.7**	**152.8**	**119.1**	**306.5**	**243.8**
Variation	23.2%		28.3%		25.7%	
L-f-l variation	16.3%		20.5%		18.4%	

Of which impact of significant acquisitions:

In millions of euros	Q1 2018	Q1 2017	Q2 2018	Q2 2017	H1 2018	H1 2017
France	**4.4**		**4.2**		**8.6**	
D2SI, consolidated as of [1] October 2017	3.8		3.6		7.4	
Progis, fully consolidated as of 1 January 2018	0.4		0.4		0.8	
Altius Services, consolidated as of 1 February 2018	0.2		0.2		0.4	
Northern Europe & Benelux	**6.0**		**6.0**		**11.9**	
TMNS, consolidated as of 1 July 2017 (estimated)	6.0		6.0		11.9	

Results by geographical area

In millions of euros	H1 2018	H1 2017 restated
France		
Contribution to revenue	160.0	123.3
Operating margin	23.8	17.0
In % of Group contribution	14.9%	13.8%
Northern Europe & Benelux		
Contribution to revenue	79.0	60.3
Operating margin	6.7	4.6
In % of Group contribution	8.5%	7.6%
Central Europe		
Contribution to revenue	32.9	27.8
Operating margin	3.2	2.4
In % of Group contribution	9.6%	8.5%
Iberia & Latam		
Contribution to revenue	15.9	13.9
Operating margin	1.3	0.6
In % of Group contribution	8.1%	4.4%
Rest of the world		
Contribution to revenue	20.2	18.7
Operating margin	1.9	1.6
In % of Group contribution	9.4%	8.5%
Corporate & other		
Contribution to revenue	(1.7)	(0.1)
Operating margin	(2.9)	(0.7)
Total		
Contribution to revenue	306.5	243.8
Operating margin	34.0	25.4
In % of Group contribution	11.1%	10.4%

Analysis of the condensed interim consolidated financial statements

Preliminary note – Correction of Q1 2018 revenue taking into account the application of IFRS 15

Following an analysis with its Statutory Auditors, the Group has revised its interpretation of IFRS 15, applicable since 1 January 2018. The revenue reported for the first quarter of 2018 has been adjusted. Income from the resale of third-party licences and subscription rights for SaaS platforms in integration projects (mainly Google) is now recognised on the basis of the margin on these sales. In the interests of comparable reporting, the financial statements for 2017 were also restated according to the same logic. The retrospective application of the new IFRS standard led to a reduction in revenue of €12.7 million (or 5%) for the first half of 2017, and of €27.4 million (or 5.1%) for the full year 2017. When it was published in May 2018, the impact had been estimated at €5 million, or around 1% of full-year 2017 revenue. This has no impact on the amount in euros of operating margin, net income, earnings per share and free cash flow. As a result, the margin rate for the first half of 2017 increased from 9.9% to 10.4%, while the rate for the full year 2017 rose from 10% to 10.5%. Further details on the application and impact of IFRS 15 can be found in Note 2.4 of the notes to the financial statements to 30 June 2018.

Analysis of the consolidated income statement

Consolidated **revenue** amounted to €306.5 million, up 18.4% from the prior period at constant scope and exchange rates.

Operating margin, defined as recurring operating profit before the impact of share-based payments and the amortisation of intangible assets from acquisitions, stood at €34.0 million. As a percentage of revenue, operating margin is 11.1%, an improvement of nearly 70 basis points in the first half of 2018.

Operating result came to €28.8 million in the first half of 2018, compared with €21.7 million in the same period of 2017. It includes share-based payment expenses and amortisation of intangible assets from acquisitions for €1.7 million, restructuring costs for €0.6 million, goodwill impairment losses for €0.6 million, and extraordinary expenses related to ongoing litigation and miscellaneous risks for €2.4 million.

The **net financial** loss of -€1.3 million compared with -€0.9 million in June 2017 increased slightly due to foreign exchange losses recorded for the period.

Income **tax expense** came to €8.4 million, compared with €7.8 million in the first half of 2017. It represented 30.3% of the profit before tax, against 37.3% in the first half of 2017. Excluding the impact of income/expenses with no tax effect and other extraordinary items, the Group's normalised rate was 31.4%, compared with 33.8% in June 2017 as a result of tax cuts in France and Belgium. The tax expense included the effect of additional local taxes (mainly CVAE in France) for €1.8 million (versus €1.5 million at 30 June 2017).

Net income totalled €19.4 million, compared with €13.6 million a year earlier, of which €2.6 million was returned to the minority shareholders of subsidiaries. Diluted earnings per share amounted to €2.04 (versus €1.47 at 30 June 2017, after adjusting for the dilution of free shares).

Consolidated balance sheet analysis

The main items of the consolidated balance sheet changed as follows during the first half of 2018:

In millions of euros	30 June 2018	Non-current assets and liabilities held for sale (see note 3.2.3)	31 December 2017	Change	Main reasons for the change
Non-current assets	**117.8**	**(0.0)**	**114.5**	**3.3**	The change is mainly due to investments in improvements to business premises and IT equipment for the Group's operational needs for €2.5 million.
Operating receivables	**250.7**	**6.7**	**225.7**	**25.0**	Operating receivables increased as a result of the Group's growth and the seasonal increase in days sales outstanding (DSO), which rose from 61 days at the end of December 2017 to 73 days at the end of June.
Cash and cash equivalents	**68.1**	**(0.3)**	**79.6**	**(11.5)**	See below
Non-current assets held for sale	**6.4**	**6.4**	**6.9**	**(0.5)**	This concerns the Group's interest in Devoteam Morocco and Shift by S'Team, classified as available-for-sale assets (see Note 3.2.3).
Equity attributable to the Group	**161.5**	**-**	**150.8**	**10.7**	The main reason for the change is the recognition of income for the period of €16.8 million, net of dividends paid of -€7.2 million.
Non- controlling interests	**9.9**	**-**	**11.2**	**(1.3)**	Non-controlling interests (see note 4.9.4 to the consolidated financial statements).
Non-current liabilities	**43.8**	**0.0**	**45.4**	**(1.6)**	The decrease in non-current liabilities is mainly due to the reclassification of the short-term portion of earn-out liabilities for €1.9 million.
Current liabilities	**225.6**	**3.9**	**214.8**	**9.0**	The increase in current liabilities is mainly due to the increase in tax and social security liabilities and in the trade payables item for €2.0 million and €1.4 million respectively, in line with the Group's operational growth, the recognition of dividends payable to minority shareholders for €2.5 million, and the reclassification of the short-term portion of earn-out liabilities for €1.9 million.
Non-current liabilities held for sale	**3.9**	**3.9**	**4.5**	**(0.6)**	This concerns the Group's interest in Devoteam Morocco and Shift by S'Team, classified as available-for-sale assets (see Note 3.2.3).

* **Cash and cash equivalents** (excluding financial investments recognised as "Cash management assets", net of €0.9 million in bank overdrafts) fell by €9.8 million during the half-year to €69.8 million. This change is due to:

- negative **cash flow from operating activities** of €4.4 million, resulting from a major boost to the Group's operating cash flows of €33.0 million (versus €25.4 million at 30 June 2017) and a seasonal increase in WCR of -€30.4 million (versus -€20.9 million at 30 June 2017), mainly due to the increase in DSO at the end of the period, which stood at 73 days (compared with 61 days at 31 December 2017 and 64 days at 30 June 2017);

- negative **cash flow from investing activities** of €1.2 million for the period (versus -€2.7 million at 30 June 2017), largely due to the receipt of the deferred sale price for Between for €2.3 million, disbursements related to acquisitions of subsidiaries (net of cash acquired) for €0.8 million, and acquisitions of fixed assets for the Group's operational needs for €2.4 million;

- negative **cash flow from financing activities** of €4.7 million, which includes in particular:
  - a net cash outflow of €0.7 million related to transactions on minority interests,
  - an increase in outstanding receivables sold for €3.5 million,
  - the payment of dividends of €7.7 million, of which €7.2 million was paid to Group shareholders and €0.4 million to minority shareholders.

The Group's financial position remains sound, as the **cash** position net of borrowings stands at €36.7 million. This breaks down as follows:

In millions of euros	**30 June 2018**	**31 December 2017**
Short-term investments	10.2	0.1
Cash at bank*	60.5	82.1
Bank overdrafts (liability)	(0.9)	(2.7)
Cash and cash equivalents	**69.8**	**79.6**
Cash management assets	**0.3**	**0.3**
Bonds	(29.8)	(29.8)
Obligations under finance leases	(0.1)	(0.1)
Draw-downs on bank and similar facilities and other borrowings	(2.1)	(1.0)
Long-term borrowings	**(32.1)**	**(30.9)**
Bonds	(0.9)	(0.4)
Obligations under finance leases	(0.4)	(0.8)
Draw-downs on bank and similar facilities and other borrowings	(0.2)	(0.3)
Short-term borrowings	**(1.5)**	**(1.5)**
Total borrowings	**(33.5)**	**(32.4)**
Derivative instruments	-	-
Net *cash**	**36.7**	**47.5**
of which cash from discontinued operations	1.6	1.8
Total Equity	**171.4**	**162.0**
Debt to equity ratio	**-21.4%**	**-29.3%**

In the first half of 2018, net cash included the positive impact (net of security deposits) of agreements to transfer non-recourse trade receivables amounting to €17.1 million, compared with €13.8 million in 2017.

RELATED PARTIES

Agreements between related parties have been identified in the condensed consolidated financial statements to 30 June 2018 (note 6.2).

In June 2018, the Group signed a new sub-lease agreement with SCI 73 rue Anatole France for premises located at 43 boulevard Barbès in Paris. Although SCI 73 rue Anatole France and the Group share the same management, the Group is satisfied that the transaction was agreed on standard terms, as confirmed by an independent appraisal.

PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2018

The nature and degree of the risks to which the Group is exposed are unchanged from the risk factors presented on pages 19 to 22 of the 2017 annual financial report.

OUTLOOK FOR THE SECOND HALF OF 2018

Given the significant organic growth in the first half of the year and the changes in scope, and despite the new interpretation of IFRS 15, the Group has raised its annual revenue target to €640 million, an increase of almost 25% on 2017. This target reflects:

- organic growth of around 15% (versus 12.5% in the last press release);
- a negative exchange rate impact of 0.7%;

- a contribution from acquisitions (net of disposals) of around 10%.

The Group has also raised its operating margin target to take into account the relutive effect of IFRS 15, now estimated at 50 basis points over the year, and the excellent trend in the first half. The operating margin is accordingly expected to be just over 11% of revenue in 2018 (versus 10.5% previously).

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS TO 30 JUNE 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS In thousands of euros	Note	30 June 2018	31 December 2017
Goodwill	4.3	91,897	91,791
Other intangible assets	4.1	2,310	2,513
Tangible assets	4.2	6,868	5,955
Financial assets	4.4	3,421	2,934
Investments in associates	4.5	3,860	3,508
Investments property	4.6	1,142	1,370
Deferred tax assets		6,917	6,196
Other non-current assets	4.12	1,408	254
NON-CURRENT ASSETS		**117,823**	**114,521**
Trade receivables	4.7	196,543	176,025
Other receivables	4.7	36,444	33,024
Tax receivables	4.7	14,749	14,570
Other current financial assets	4.8.1	2,611	1,766
Cash management assets	4.8.2	346	346
Cash and cash equivalents	4.8.2	70,740	82,239
TOTAL CURRENT ASSETS		**321,433**	**307,970**
Non-current assets held for sale	3.2.3	6,362	6,852
TOTAL ASSETS		**445,618**	**429,344**

EQUITY & LIABILITIES In thousands of euros	Note	30 June 2018	31 December 2017
Share capital	4.9.1	1,263	1,263
Share premium		1,934	1,934
Consolidated reserves		146,518	128,420
Treasury shares		(2,956)	(3,139)
Translation reserves		(2,021)	(2,721)
Profit for the year		16,807	25,043
EQUITY ATTRIB. TO EQUITY HOLDERS OF PARENT COMPANY		**161,545**	**150,800**
Non-controlling interests	4.9.4	9,896	11,209
TOTAL EQUITY		**171,441**	**162,009**
Loans, borrowings and bank overdraft	4.10	32,050	30,908
Provisions	4.11	527	1,606
Pension liabilities	4.11	4,182	3,984
Deferred tax liabilities		598	750
Other liabilities	4.12	6,428	8,110
NON-CURRENT LIABILITIES		**43,785**	**45,358**
Loans, borrowings and bank overdraft	4.10	2,385	4,187
Provisions	4.11	8,635	6,735
Trade payables	4.7	41,725	40,287
Tax and social security liabilities	4.7	100,869	98,832
Income tax payable	4.7	3,291	3,785
Other liabilities	4.7	69,601	63,640
CURRENT LIABILITIES		**226,507**	**217,465**
Non-current liabilities held for sale	3.2.3	3,884	4,512
TOTAL LIABILITIES		**274,176**	**267,335**
TOTAL EQUITY & LIABILITIES		**445,618**	**429,344**

CONSOLIDATED INCOME STATEMENT

In thousands of euros, except earnings per share	Note	30 June 2018	30 June 2017 restated*	30 June 2017 presented
Continuing operations				
NET REVENUE	5.1	**306,463**	**243,848**	**256,511**
Other income		-	-	-
CURRENT OPERATING INCOME		306,463	243,848	256,511
Purchase of merchandise		(419)	(721)	(4,438)
Other purchase and external charges		(77,069)	(65,383)	(74,328)
Taxes		(2,448)	(2,087)	(2,087)
Payroll expenses		(190,609)	(148,604)	(148,604)
Fixed assets depreciation		(1,769)	(1,524)	(1,524)
Increase in provision from current assets		(142)	(57)	(57)
Other expenses		(6)	(22)	(22)
CURRENT OPERATING EXPENSES		(272,462)	(218,398)	(231,061)
OPERATING MARGIN		**34,001**	**25,450**	**25,450**
Cost of share-based payment	5.3	(1,395)	(1,028)	(1,028)
Amort. of customer relationships resulting from acquisitions		(355)	(111)	(111)
CURRENT OPERATING PROFIT		**32,251**	**24,311**	**24,311**
Other operating income	5.4	141	119	119
Other operating expenses	5.4	(3,590)	(2,717)	(2,717)
OPERATING PROFIT		**28,801**	**21,712**	**21,712**
Financial income	5.5	131	129	129
Financial expenses	5.5	(1,441)	(1,073)	(1,073)
FINANCIAL RESULT		**(1,309)**	**(944)**	**(944)**
Share of profit of associates		380	111	111
PROFIT BEFORE INCOME TAX		**27,872**	**20,880**	**20,880**
Income tax expense	5.6	(8,434)	(7,797)	(7,797)
PROFIT FROM CONTINUING OPERATIONS		**19,438**	**13,082**	**13,082**
Discontinued operation				
Profit (loss) from discontinued operation, net of tax		-	549	549
PROFIT FOR THE YEAR		**19,438**	**13,631**	**13,631**
Attributable to:				
Equity holders of the parent company		**16,807**	**11,917**	**11,917**
Non-controlling interests	4.9.4	2,631	1,714	1,714
Basic earnings per share (euro)		**2.10**	**1.51**	**1.51**
Diluted earnings per share (euro)		**2.04**	**1.47**	**1.50**
Basic earnings per share - continuing operations (euro)		**2.10**	**1.44**	**1.44**
Diluted earnings per share - continuing operations (euro)		**2.04**	**1.40**	**1.44**

* Restated following the application of IFRS 15 on revenue and free shares for diluted earnings per share.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

In thousands of euros	30 June 2018	30 June 2017 restated*	30 June 2017 presented
Profit for the year	**19,438**	**13,631**	**13,631**
Defined benefit plan actuarial gains (losses)	**-**	-	-
Deferred taxes on defined benefit plan actuarial gains (losses)	**-**	-	-
Items that will never be reclassified to profit or loss	**-**	**-**	**-**
Foreign currency translation differences	761	(1,849)	(1,849)
Items that are or may be reclassified subsequently to profit or loss	**761**	***(1,849)***	***(1,849)***
Other comprehensive income (loss) for the year, net of income tax	**761**	**(1,849)**	**(1,849)**
Comprehensive income for the period	**20,199**	**11,782**	**11,782**
Attributable to:			
Equity holders of the parent company	17,508	10,242	10,242
Non-controlling interests	2,691	1,540	1,540

* Restated following the application of IFRS 15 on revenue and free shares for diluted earnings per share.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	30 June 2018	30 June 2017
Profit for the year	**19,438**	**13,631**
Adjustments for :		
Share of profit of associates	(380)	(111)
Income tax expense	8,434	7,979
Amortisation and provision	3,790	2,310
Other transactions without impact on cash and cash equivalents	856	696
Income from asset disposals	10	(3)
Net interests income	895	851
Change in net working capital	(30,472)	(20,917)
Income tax paid	(6,995)	(7,783)
Net cash from operating activities*	**(4,425)**	**(3,347)**
Purchase of fixed assets	(2,387)	(1,760)
Purchase of financial assets	(531)	(540)
Proceed from sale of fixed assets	14	7
Dividends received	40	14
Proceed from sale of financial assets	135	130
Proceed of subsidiaries, net of cash divested	2,338	-
Acquisition of subsidiaries, net of cash acquired	(814)	(542)
Net cash from investing activities*	**(1,205)**	**(2,691)**
Proceeds from issue of share capital	(0)	2
Repayments of borrowings	(674)	(467)
Proceeds from borrowings	938	101
Change in factored receivables (net of security deposit)	3,535	4,002
Interests paid	(306)	(316)
Acquisition of non-controlling interests	(822)	(4,400)
Reduction in ownership interests while retaining control	116	2,569
Dividends paid	(7,654)	(340)
Transactions on own shares and equity instruments	210	5,551
Net cash from financing activities*	**(4,657)**	**6,703**
Net change in cash and cash equivalents	**(10,288)**	**665**
Net cash and cash equivalents at year start	79,587	91,013
Effect of non-current assets held for sale	277	(9,783)
Effect of exchange rate fluctuation on cash held	232	(876)
Net cash and cash equivalents at the end of the period	**69,809**	**81,018**
Cash and cash equivalents in the balance sheet	**70,741**	**82,024**
Bank overdrafts	(932)	(1,006)
Cash and cash equivalents in the consolidated statement of cash flows	**69,809**	**81,018**

* The contribution of non-current assets held for sale (Shift by S'Team and Devoteam Morocco) is presented in Note 3.2.3 to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros, except per share data	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves	Translation reserves	Total equity - Owners of the company	Non-controlling interests	Total equity
Balance at 1 January 2018	**8,332,407**	**1,263**	**1,934**	**(3,139)**	**153,463**	**(2,721)**	**150,800**	**11,209**	**162,009**
Comprehensive income for the period									
Profit for the year					16,807		16,807	2,631	19,438
Other comprehensive income (1)					-	701	701	59	761
Comprehensive income for the period					**16,807**	**701**	**17,508**	**2,691**	**20,199**
Transactions with owners of the Company									
Contributions and Distributions									
Dividends to equity holders for the profits of 2017					(7,206)		(7,206)	(2,993)	(10,199)
Valuation of payments based on shares					856		856		856
Operations on equity instruments			-		-		-		-
Adjustment related to the number and value of own shares				182	18		200		200
Capital increase through exercise of options	-	-	-				-		-
Total contributions and distributions	-	-	-	182	(6,332)	-	(6,150)	(2,993)	(9,142)
Changes in ownership interests									
Acquisition and disposal of NCI without change in control					(247)		(247)	(445)	(692)
NCI on the acquisition/creation/disposal of subsidiaries					0		0	(332)	(331)
Total changes in ownership interests	-	-	-	-	(247)	-	(247)	(777)	(1,024)
Other movements (2)				-	(367)	-	(367)	(233)	(600)
Total transactions with owners of the Company	-	-	-	182	(6,946)	-	(6,763)	(4,003)	(10,766)
Balance at 30 June 2018	**8,332,407**	**1,263**	**1,934**	**(2,957)**	**163,324**	**(2,020)**	**161,545**	**9,896**	**171,441**

(1) See details in the statement of comprehensive income
(2) Essentially corresponds to the adjustment to goodwill of the Scandinavia CGU

(In thousands of euros, except per share data)	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves	Translation reserves	Total equity - Owners of the company	Non-controlling interests	Total equity
Balance at 1 January 2017	**8,327,907**	**1,262**	**1,845**	**(11,839)**	**145,030**	**42**	**136,341**	**9,778**	**146,119**
Comprehensive income for the period									
Profit for the year					11,917		11,917	1,714	13,631
Other comprehensive income (1)					22	(1,697)	(1,675)	(174)	(1,849)
Comprehensive income for the period					**11,939**	**(1,697)**	**10,242**	**1,540**	**11,782**
Transactions with owners of the Company									
Contributions and Distributions									
Dividends to equity holders for the profits of 2016					(4,786)		(4,786)	(659)	(5,445)
Valuation of payments based on shares					680		680		680
Operations on equity instruments			-		-		-		-
Adjustment related to the number and value of own shares				968	2,991		3,960		3,960
Capital increase through exercise of options	-	-	-				-		-
Total contributions and distributions	-	-	-	968	(1,115)	-	(146)	(659)	(806)
Changes in ownership interests									
Acquisition and disposal of NCI without change in control					(1,071)		(1,071)	(1,046)	(2,117)
NCI on the acquisition/creation/disposal of subsidiaries					-		-	(3)	(3)
Total changes in ownership interests	-	-	-	-	(1,071)	-	(1,071)	(1,049)	(2,120)
Other movements (2)				7,658	(6,740)	-	919	(65)	854
Total transactions with owners of the Company	-	-	-	8,627	(8,925)	-	(298)	(1,773)	(2,071)
Balance at 30 June 2017	**8,327,907**	**1,262**	**1,845**	**(3,212)**	**148,045**	**(1,655)**	**146,285**	**9,544**	**155,830**

(1) See details in the statement of comprehensive income.
(2) Mainly relates to the reclassification of transactions in own shares from previous financial years.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2018

(Amounts in thousands of euros, unless otherwise stated)

Note 1 – Nature of the business and significant events

Devoteam is a major player in innovative technology and management consulting for businesses. We are 5,600 professionals dedicated to ensuring our clients win their digital battles. Present in 18 countries in Europe and the Middle East and drawing on more than 20 years of experience, we use 'Technology for People' to create value for our customers, partners and employees.

The company's condensed interim consolidated financial statements for the six months to 30 June 2018 include the company and its subsidiaries ("the Group"), as well as the Group's share of the results of associates and jointly controlled companies.

The condensed consolidated interim financial statements to 30 June 2018 and the notes were prepared by the Management Board and approved at its meeting of 3 September 2018.

Note 2 – Consolidation principles and methods

2.1 Statement of compliance

The condensed interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all the information required for the annual financial statements and should be read in conjunction with the 2017 financial report.

The IFRS applied to the interim financial statements to 30 June 2018 are those published in the Official Journal of the European Union before 30 June 2018 and available on the website of the European Commission (https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr) They are consistent with the IFRS published by the IASB.

The main new standards, amendments, improvements and interpretations applicable as of 1 January 2018 concern IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial instruments", the impact of which is described in Note 2.4 below. Furthermore, the Group chose not to apply any standards, amendments or interpretations early.

2.2 Basis of measurement and presentation currency

Unless otherwise stated, the financial statements are presented in thousands of euros (the company's functional currency), rounded to the nearest thousand. They are based on historical cost, except for the following:

- derivative financial instruments measured at fair value;
- financial instruments at fair value through profit or loss;
- available-for-sale financial assets measured at fair value;
- investment property measured at fair value;
- liabilities arising from share-based payments settled using treasury shares measured at fair value;
- net liabilities (assets) in respect of defined-benefit plans.

2.3 Use of estimates and judgements

The preparation of financial statements under IFRS requires the use of judgements, estimates and assumptions to determine the value of assets and liabilities and income and expenses for the period. These measurements are based on the experience gained by the Group and other factors considered reasonable under the prevailing circumstances. Actual amounts may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognised during the period of the change, if the change affects that period only, or during the period of the change and future periods, if the change affects both.

The significant judgements made by Management to apply the Group's accounting policies in preparing the condensed interim consolidated financial statements and the principal sources of uncertainty in the estimates did not differ significantly from those affecting the consolidated financial statements for the year ended 31 December 2017.

2.4 Significant accounting policies

Basis of preparation of the interim consolidated financial statements

The accounting policies applied by the Group in the condensed consolidated interim financial statements are identical to those used and described in the consolidated financial statements for the year ended 31 December 2017. These accounting policies have been applied consistently by all Group entities.

Application of IFRS 15 "Revenue from Contracts with Customers":

IFRS 15 sets out the new reference framework for revenue recognition from 1 January 2018. It introduces a five-step revenue recognition model based on the transfer of control of performance obligations identified in customer contracts. It replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and their interpretations.

The main impact identified for the application of IFRS 15 relates to the resale of third-party licences and subscription rights for SaaS platforms in integration projects. Under the new standards, the Group is now considered to act as principal if it controls the goods or services before transferring them to customers. Otherwise, the Group acts as agent in the transaction. Specifically:

- in the case of a sale of third-party perpetual publisher licences representing a separate performance obligation, the Group decided that it did not obtain control of the licence prior to its transfer to the customer, since it was not authorised to make changes to that licence, and noted that in the majority of cases, the licence was transferred directly by the publisher to the customer. In this case, the Group acts as agent and only recognises the sales margin in revenue. Conversely, if the licence is an integral part of a complex integration solution overseen by the Group, the Group considers that it acts as principal for the entire project, including the licence;
- in the case of the sale of a subscription to a software platform in "Cloud or SaaS" mode, as an integral part of an overall solution in which, for the term of the contract, the Group is responsible for operational performance on the customer's behalf, the Group considers that it acts as principal for the entire solution. Otherwise, the Group acts as agent in the resale of access rights to the platform.

The Group has adopted the retrospective method on a transitional basis, with the information presented for 2017 being restated accordingly. The retrospective application of the standard led to a reduction in the revenue presented of €12.7 million for the first half of 2017. This reduction has no impact on operating margin, net income, equity or cash flows (for more details, see Note 5.1).

Except for the impact below, revenue recognition for other services described in the 2017 financial report remains unchanged.

Application of IFRS 9 "Financial Instruments":

IFRS 9 replaced IAS 39 "Financial Instruments: Recognition and Measurement" with effect from 1 January 2018.

Classification of financial assets:
IFRS 9 defines a new approach to the classification and measurement of financial assets based on three categories: those measured at amortised cost, those measured at fair value through profit or loss, and those measured at fair value through other comprehensive income. The new provisions have no significant impact on how the Group accounts for its trade receivables, loans and short-term investments.

Impairment – financial assets and contract assets:
IFRS 9 replaces the "losses incurred" model under IAS 39 with an "expected credit losses" model. Following analysis, the Group has concluded that the new model has no significant impact on the financial statements at this stage, by comparison with the IAS 39 model.

Note 3 – Scope of consolidation

3.1 Scope of consolidation

The consolidated financial statements to 30 June 2018 include the financial statements of Devoteam S.A. and the financial statements of companies controlled directly or indirectly by the Group, as well as companies over which the Group has significant influence.

The main companies included in the scope of consolidation of the Devoteam Group are set out below. Entities without activity are not included below.

Companies (SIREN)	% share of capital held (1)		Consolidation method	
	2018	2017	2018	2017
FRANCE				
Devoteam S.A.	Parent company	Parent company	Parent company	Parent company
Devoteam Consulting	80.20%	80.20%	FC	FC
Devoteam Outsourcing	100.00%	100.00%	FC	FC
Exaprobe ECS	35.00%	35.00%	EM	EM
S'Team Management	100.00%	100.00%	FC	FC
Inflexsys	20.00%	20.00%	EM	EM
Axance	87.62% (2)	76.60%	FC	FC
RVR Parad	95.00%	95.00%	FC	FC
Shift by S'Team	65.50%	65.50%	FC	FC
Siticom	65.00%	65.00%	FC	FC
Devoteam G Cloud	100.00%	100.00%	FC	FC
Be Team	61.20% (3)	70.00%	FC	FC
Progis	87.48% (4)	24.89%	FC	EM
Axance People	87.62% (5)	76.60%	FC	FC
DBSE	73.33%	73.33%	FC	FC
Devoteam Digital Factory	69.20%	69.20%	FC	FC
My-G	100.00%	100.00%	FC	FC
Marflie	100.00%	100.00%	FC	FC
Technologies & Opérations	70.47%	70.47%	FC	FC
Devoteam Customer Effectiveness	57.37% (6)	58.97%	FC	FC
Fi-makers	66.96%	66.96%	FC	FC
Myfowo.com	99.73% (7)	96.63%	FC	FC
Energy Dynamics	34.97% (8)	34.86%	EM	EM
D2SI	82.06%	82.06%	FC	FC
D2SI Group	82.06%	82.06%	FC	FC
Devoteam nexDigital	75.00%	75.00%	FC	FC
Altius Services	57.37% (9)	0.00%	FC	NC
GERMANY				
Devoteam GmbH	100.00%	100.00%	FC	FC
Siticom GbmH	35.00%	35.00%	FC	FC
Q-Partners Consulting & Management	88.30%	88.30%	FC	FC
TMNS GmbH	80.00%	80.00%	FC	FC
AUSTRIA				
Devoteam Consulting GmbH	100.00%	100.00%	FC	FC
BENELUX				
Devoteam N/V	99.71%	99.71%	FC	FC
DFSJ	45.00%	45.00%	EM	EM
Devoteam Consulting Belux	60.00%	60.00%	FC	FC
Devoteam S.A. (Luxembourg)	100.00%	100.00%	FC	FC
Devoteam Consulting Holding	100.00%	100.00%	FC	FC
Devoteam Communication	100.00%	100.00%	FC	FC
Devoteam Nederland BV	80.00%	80.00%	FC	FC
Between Holding BV	35.00%	35.00%	EM	EM
TMNS BV	80.00%	80.00%	FC	FC
Between Staffing Group	35.00%	35.00%	EM	EM
UNITED ARAB EMIRATES				
Devoteam Middle East FZ LLC	76.00%	76.00%	FC	FC

Companies (SIREN)	% share of capital held (1)		Consolidation method	
	2018	2017	2018	2017
SPAIN				
Devoteam Fringes S.A.U.	100.00%	100.00%	FC	FC
Keivox	35.01%	35.01%	EM	EM
DPI	81.00% (10)	67.50%	FC	FC
Drago Solution S.A.U.	81.00% (10)	67.50%	FC	FC
Softoro Development Center S.A.U.	81.00% (19)	67.50%	FC	FC
Devoteam Cloud Services	80.30%	80.30%	FC	FC
My-G work for Espana	100.00%	100.00%	FC	FC
IRELAND				
Voxpilot Limited	100.00%	100.00%	FC	FC
ITALY				
Devoteam Italy SRL	20.00%	20.00%	FC	FC
MOROCCO				
Devoteam SARL	100.00%	100.00%	FC	FC
Devoteam Services SARL	100.00%	100.00%	FC	FC
Devoteam Consulting Maroc	75.00%	75.00%	FC	FC
MEXICO				
Devoteam Mexico	99.00%	99.00%	FC	FC
Devomex Cloud Services	98.00%	98.00%	FC	FC
PANAMA				
Drago Solutions Corp. PANAMA	81.00% (10)	67.50%	FC	FC
POLAND				
Devoteam S.A. (formerly Wola Info SA)	61.59%	61.59%	FC	FC
CZECH REPUBLIC				
Devoteam s.r.o	80.00%	80.00%	FC	FC
UNITED KINGDOM				
Devoteam UK Limited	100.00%	100.00%	FC	FC
TMNS Digitisation Solutions Limited	80.00%	80.00%	FC	FC
RUSSIA				
Media-Tel LLC	32.50%	32.50%	EM	EM
SCANDINAVIA				
Devoteam A/S	90.00%	90.00%	FC	FC
Devoteam | Globicon	90.00%	90.00%	FC	FC
Fornebu Consulting AS	100.00%	100.00%	FC	FC
SERBIA				
TMNS Empiry d.o.o.	80.00%	80.00%	FC	FC
SWEDEN				
HNCO AB	30.00%	30.00%	EM	EM
SWITZERLAND				
TMNS GmbH	80.00%	80.00%	FC	FC
TUNISIA				
Devoteam Tunisia	75.00%	75.00%	FC	FC
Devoteam Technology Consulting	75.00% (11)	0.00%	FC	NC
TURKEY				
Devoteam Information Technology and Consultancy A.S. (formerly Secura)	100.00%	100.00%	FC	FC

FC: full consolidation EM: equity method NC: not consolidated

(1) Represents the percentage of capital held directly or indirectly by Devoteam S.A.

(2) Restructuring of the Axance, Axance People and S'Team Management scope. The Group's equity interest in Axance is now 87.62%.

(3) Disposal of 8.80% of the capital of BeTeam. The Group's equity interest is now 61.20%.

(4) The Group has increased its stake in Progis from 24.89% to 87.48%.

(5) Holding increased following the additional acquisition of Axance. The Group's equity interest is now 87.62%.

(6) Disposal of 2.00% of the capital of Devoteam Customer Effectiveness, held via the subsidiary Devoteam Consulting. The Group's equity interest is now 57.37%.

(7) Acquisition of an additional 3.10% of the share capital of Myfowo.com. The Group's equity interest is now 99.73%.

(8) Holding increased following the additional acquisition of Myfowo.com. The Group's equity interest is now 34.97%.

(9) Acquisition of 100% of Altius Services through the subsidiary Devoteam Customer Effectiveness. The Group's equity interest is 57.37%.

(10) Acquisition of an additional 13.50% of the share capital of DPI, the parent company of the Drago group.

(11) Creation of Devoteam Technology Consulting. The Group's equity interest is 75% through Devoteam S.A.

3.2 Changes during the period

3.2.1 Acquisitions

On 15 January 2018, the Group acquired 100% of the securities of Altius through its subsidiary Devoteam Customer Effectiveness. Altius generated revenue of €1 million in its last financial year ended 31 January 2018 and has 12 employees. This acquisition has been fully consolidated since 1 February 2018.

The Group also increased its stake in Progis in January 2018 from 27.87% to 87.48%, giving the Group control. In its last financial year, Progis generated revenue of €1.3 million. Previously consolidated by the equity method, the company has been fully consolidated since 1 January 2018.

Net assets of the acquired companies

In thousands of euros	Altius	Progis
Fixed assets	70	16
Trade and other receivables	356	1,679
Cash and cash equivalents	-	41
Current and non-current provisions	-	-
Trade and other payables	(281)	(2,157)
Net assets and liabilities	**146**	**(422)**

Goodwill
Goodwill arising from the acquisition was calculated as follows:

In thousands of euros	Altius	Progis
Consideration transferred as part of the takeover	459	33
Of which contingent consideration	*57*	-
Non-controlling interest measured as a share of the net identifiable assets recorded	62	(53)
Fair value of the interest previously acquired	-	-
Less fair value of net identifiable assets	(146)	422
Goodwill	**375**	**402**

Acquisition accounting and evaluation period

The purchase price allocation for companies acquired during the period is being analysed and will be finalised in 2018.
The impact of the first-time consolidation carried out in the first half of 2018 and in 2017 (acquisitions and controlling interests) on the Group's financial statements is presented below:

In thousands of euros	Transactions in 2018	Transactions in 2017*
Revenue	397	17,255
Current operating profit	(17)	1,881
Net income	(12)	871
Total assets	34	14,414
Changes in WCR	96	293

* Concerns acquisitions of the TMNS group, D2SI and MyFowo.com during 2017.

3.2.2 Disposals

There were no disposals during the first half of 2018.

3.2.3 Assets held for sale

At 31 December 2017, the Group was in advanced talks for the sale of its subsidiaries Shift by S'Team in France and Devoteam Morocco. The Group has therefore classified these two subsidiaries as assets held for sale. This classification was maintained at 30 June 2018, since the transactions had not been finalised by that date.
Shift by S'Team has about 60 employees and earned revenue of €8.8 million while Devoteam Morocco has about 100 employees and earned revenue of €6.2 million in respect of 2017.

The transfer of control of Shift by S'Team was finalised on 4 September 2018. It will be deconsolidated from 1 September.

At the end of the period, the Group still presented these entities in assets and liabilities held for sale. The assets and liabilities of these companies, after recognition of any impairment losses based on fair value, are as follows:

ASSETS (*Amounts in thousands of euros*)	Shift by S'Team	Devoteam Morocco	Total at 30 June 2018
Goodwill	-	-	-
Other intangible assets	0	1	1
Tangible assets	62	34	96
Non-current financial assets	20	113	132
Deferred tax assets	4	26	30
TOTAL NON-CURRENT ASSETS	**86**	**173**	**259**
Trade receivables	2,015	1,941	3,096
Other receivables	313	229	542
Current tax receivables	23	18	41
Cash and cash equivalents	1,479	84	1,563
TOTAL CURRENT ASSETS	**3,830**	**2,273**	**6,102**
Non-current assets held for sale	**3,916**	**2,446**	**6,362**

LIABILITIES (*Amounts in thousands of euros)*	Shift by S'Team	Devoteam Morocco	Total at 30 June 2018
Non-current provisions	0	34	34
Pension liabilities	19	-	19
TOTAL NON-CURRENT LIABILITIES	**19**	**34**	**53**
Short-term loans and borrowings	0	-	0
Trade payables	638	987	1,624
Tax and social security liabilities	1,194	784	1,978
Income tax payable	6	15	21
Other liabilities	81	127	207
TOTAL CURRENT LIABILITIES	**1,918**	**1,912**	**3,831**
Non-current liabilities held for sale	**1,938**	**1,946**	**3,884**

The valuation at fair value of these assets resulted in the recognition of an impairment loss of €572 thousand for Devoteam Morocco, which was recognised under "Other operating expenses" with a reduction in current assets as counterparty.

Cash flows from assets held for sale are as follows:

In thousands of euros	Shift by S'Team	Devoteam Morocco	Total at 30 June 2018
Cash flow from operating activities	(266)	(41)	(307)
Cash flow from investing activities	-	30	30
Cash flow from financing activities	-	-	-

Cash flow from operating activities mainly corresponds to the change in working capital requirement.

Note 4 – Information on the consolidated statement of financial position

4.1 Intangible assets

During the first half of the year, the Group made no significant intangible asset purchases.

4.2 Tangible assets

During the first half of 2018, the Group spent €2,175 thousand on tangible assets (versus €1,488 thousand in the first half of 2017). These mainly consist of improvements to business premises and IT equipment for the Group's operational needs.

4.3 Goodwill

At 30 June 2018, goodwill comprised:

In thousands of euros	30 June 2018			31 December 2017		
Goodwill	**Gross goodwill**	**Cumulative impairment losses**	**Net goodwill**	**Gross goodwill**	**Cumulative impairment losses**	**Net goodwill**
Scandinavia CGU (1)	24,184	-	24,184	24,693	-	24,693
Germany CGU (1)	14,401	(2,049)	12,352	14,401	(2,049)	12,352
Devoteam Consulting France	8,405	-	8,405	8,405	-	8,405
Devoteam UK	8,451	(946)	7,505	8,449	(946)	7,503
Netherlands CGU (1)	13,916	(1,533)	12,382	13,916	(1,533)	12,382
G Cloud CGU (France) (1)	5,911	-	5,911	5,911	-	5,911
D2SI (France)	8,297	-	8,297	8,297	-	8,297
Belux CGU (1)	5,527	-	5,527	5,527	-	5,527
Other net goodwill < €2,200 thousand	12,769	(5,435)	7,334	12,309	(5,588)	6,720
Total	**101,861**	**(9,964)**	**91,897**	**101,908**	**(10,117)**	**91,791**

(1) Details of the entities are provided in Note 3.2 to the 2017 financial statements.

The nature of the Group's business results in the recognition of significant goodwill. In a business combination, the Group primarily acquires human capital.

Net goodwill rose by €106 thousand in the first half of 2018, mainly due to:

- the increase in goodwill for €777 thousand, following the acquisition of control of Progis for €402 thousand and Altius for €375 thousand;
- the adjustment to goodwill of the Scandinavia CGU for -€612 thousand;
- foreign exchange effects for –€59 thousand.

The Group conducted impairment tests on CGUs where there was an indication of impairment, mainly based on a negative deviation of actual compared with budgeted results during the first half. The only CGU identified according to this method is Devoteam Turkey.

At 30 June 2018, no impairment loss was recognised following the impairment tests. As 31 December 2017, impairment losses had been recognised on the Devoteam Netherlands CGU for €972 thousand and on the Siticom GmbH CGU in Germany for €882 thousand. These impairments resulted from the deteriorated outlook for growth and profitability.

The key assumptions used to determine the recoverable amount of the CGUs tested are detailed below:

2018 key assumptions	Discount rate	Long-term growth rate	Normative rate of return(1)
France	7.70%	2%	between 3% and 10%
Other European countries	7.40% to 9.70%	2%	between 7% and 9%
Middle East	8.20% to 11.70%	2.50%	between 6% and 9%
North Africa	10.90% to 11.00%	2.50%	between 4% and 9%

(1) Long-term EBIT.

These assumptions are unchanged from 31 December 2017.

Sensitivity tests were carried out on the principal calculation parameters for the CGUs tested:

- a 0.5-point increase in the discount rate would have had no impact on the Group's results;
- a 0.5-point decrease in the growth rate to infinity would have had no impact on the Group's results;
- a 0.5-point decrease in the normative rate of return would have had no impact on the Group's results.

4.4 Non-current financial assets

In thousands of euros	30 June 2018	31 December 2017
Loans, guarantees and other receivables	2,143	2,131
Other non-current financial assets	1,278	803
Total	**3,421**	**2,934**

Non-current financial assets consist primarily of security deposits with a net value of €2,087 thousand (compared with €2,075 thousand at the end of 2017). Other non-current financial assets consist mainly of cash advances to associates.

4.5 Investments in associates

The following financial disclosures concern the following equity-accounted associates: Keivox (Spain), Inflexsys (France), DFSJ (Belgium), Between Staffing Group B.V. (Netherlands), HNCO AB (Sweden) Media-Tel LLC (Russia), Progis (2017 only), Energy Dynamics and Exa ECS (France).

In thousands of euros	30 June 2018	31 December 2017
Investments in associates	3,860	3,508

Since the Group exercises a significant influence over these entities, they are accounted for under the equity method.

Selected financial information for these companies can be found below:

Recorded amounts In thousands of euros	30 June 2018	31 December 2017
Non-current assets	1,907	1,901
Current assets	11,148	9,702
Non-current liabilities	435	849
Current liabilities	6,215	5,317
100% of net assets	6,404	5,437
Net assets attributable to equity holders of the parent	3,808	3,455
Goodwill	53	53
Other	-	-
Carrying amount of interests in associates	3,860	3,508
Net revenue	46,961	14,662
Profit after tax from continuing operations	1,096	442
100% of other comprehensive income	-	-
100% of total comprehensive income	1,096	442
Total comprehensive income attributable to equity holders of the parent	380	70

4.6 Investment property

Assets In thousands of euros	30 June 2018	31 December 2017
Investment property measured at amortised cost	1,142	1,370
Investment property measured at fair value	-	-
Total	**1,142**	**1,370**

It is depreciated on a straight-line basis over a period of 15 years.

The table below summarises the carrying amounts of the complex:

In thousands of euros	30 June 2018	31 December 2017
Gross value	5,955	5,955
Accumulated depreciation	(4,813)	(4,585)
Net carrying amount	**1,142**	**1,370**

4.7 Other current assets and liabilities

Assets In thousands of euros	30 June 2018	31 December 2017
Trade receivables	135,563	137,843
Contract assets	60,979	38,182
Tax and social security receivables	9,208	9,327
Current tax receivables	14,749	14,570
Other receivables	2,498	5,671
Prepaid expenses	24,739	18,027
Total	**247,736**	**223,619**

<u>Trade receivables and contract assets</u>

The increase of €20,518 thousand in trade receivables and contract assets during the first half of 2018 stems from business growth (organic and external) and the seasonal increase in the Group's DSO at 30 June 2018. DSO stands at 73 days, compared with 61 days at 31 December 2017 and 64 days at 30 June 2017 (note that the DSO calculation is adjusted for the impact of IFRS 15).

<u>Other receivables</u>

The decrease in other current receivables is due to the receipt of the deferred portion of the sale price of Between for €2,338 thousand and the reclassification of a portion of the long-term receivable relating to the sale of Bengs in other non-current assets for €1,125 thousand.

<u>Prepaid expenses</u>

The change in prepaid expenses is consistent with growth in the Group's business.

Liabilities (excluding current provisions, loans and short-term borrowings) In thousands of euros	30 June 2018	31 December 2017
Trade payables	41,725	40,285
Tax and social security liabilities	100,869	98,832
Income tax payable	3,291	3,785
Debt on acquisition of fixed assets	2	2
Other current liabilities	15,632	10,858
Contract liabilities	53,969	52,782
Total	**215,487**	**206,543**

Other current liabilities

Other current liabilities amount to €15,632 thousand and break down as follows:

- advance payments from customers and customer credit notes to be prepared for €7,530 thousand (versus €6,949 thousand at the end of 2017), mainly for the French entities (€6,157 thousand) and Danish entities (€1,246 thousand);
- current liabilities in respect of earn-outs and put options on non-controlling interests in a total amount of €4,521 thousand (compared with €2,483 thousand in 2017) relating to acquisitions;
- a residual liability of €286 thousand on a European project at Devoteam GmbH in Germany;
- the current portion of contingent considerations in the amount of €225 thousand;
- dividends payable to minority shareholders for €2,543 thousand.

Other current liabilities presented no significant change.

4.8 Other current financial assets and net cash

4.8.1 Other current financial assets

This item mainly includes a security deposit in the context of the disposal of receivables contract for €2,498 thousand (compared to €1,655 thousand at the end of 2017) and short-term loans and guarantees for €112 thousand (compared to €111 thousand at the end of 2017).

4.8.2 Net cash

Cash in the statement of cash flows consists of cash and cash equivalents (short-term investments and cash), net of bank overdrafts.

Net cash includes cash, as defined above, as well as cash management assets (assets presented separately in the statement of financial position due to their characteristics), less short- and long-term financial liabilities. It also takes into account, where appropriate, the impact of hedging instruments as they relate to borrowings and treasury shares.

In thousands of euros	30 June 2018	31 December 2017
Short-term investments	10,232	145
Cash at bank	60,508	82,095
Bank overdrafts (liability)	(932)	(2,652)
Cash and cash equivalents	**69,808**	**79,587**
Cash management assets(1)	**346**	**346**
Bonds	(29,836)	(29,811)
Obligations under finance leases	(78)	(101)
Draw-downs on bank and similar facilities and other borrowings	(2,136)	(996)
Long-term borrowings	**(32,050)**	**(30,908)**
Bonds	(930)	(446)
Obligations under finance leases	(364)	(752)
Draw-downs on bank and similar facilities and other borrowings	(160)	(336)
Short-term borrowings	**(1,453)**	**(1,534)**
Total borrowings(2)	**(33,503)**	**(32,442)**
Derivative instruments	-	-
Net cash	**36,651**	**47,491**
of which cash from discontinued operations	**1,565**	**1,841**

(1) Cash management assets correspond to the euro-denominated capitalisation contract signed in 2006 with a leading insurer, which fulfils the characteristics enabling the Group to use the fair value option through profit or loss (IAS 39.9). The carrying amount was €346 thousand at 30 June 2018 (compared with €346 thousand at the end of 2017).

(2) Details of financial liabilities are disclosed in note 4.10.

Cash held in countries subject to foreign exchange control mechanisms amounts to €432 thousand (versus €199 thousand at the end of 2017).

The main changes in the Group's cash are described below.

Cash flow from operating activities

Operating cash flows

Reflecting the improvement in the Group's results, cash flow rose by 30.3% from €25,353 thousand at 30 June 2017 to €33,042 thousand at 30 June 2018.

Change in net working capital

The change in working capital deteriorated to -€30,472 thousand at 30 June 2018, compared with -€20,917 thousand at the end of June 2017. This is mainly due to the seasonal increase in DSO at the end of the period, which was 73 days (compared with 64 days at the end of June 2017).

Income tax paid

Income tax paid remained relatively unchanged over the period at €6,995 thousand, compared with €7,783 thousand at 30 June 2017.

Cash flow from investing activities

Negative cash flow from investing activities for the period stood at €1,205 thousand (versus -€2,691 thousand at 30 June 2017), mainly as a result of the receipt of the deferred sale price of Between for €2,338 thousand, disbursements related to acquisitions of subsidiaries (net of cash acquired) for -€814 thousand, and acquisitions of fixed assets, mainly corresponding to improvements to business premises and IT equipment for the Group's operational needs for €2,387 thousand.

Cash flow from financing activities

Cash flow from financing activities amounted to -€4,657 thousand. This mainly included:

- a net cash outflow of €706 thousand related to transactions on minority interests;
- an increase in outstanding receivables sold for €3,535 thousand;
- a cash inflow related to the sale of treasury shares for €210 thousand;
- the payment of dividends of €7,654 thousand, of which €7,206 thousand was paid to Group shareholders and €448 thousand to minority shareholders.

4.9 Equity

4.9.1. Share capital

At 30 June 2018, the share capital of Devoteam S.A. amounted to €1,263,015, divided into 8,332,407 ordinary shares.

4.9.2. Dividends

The Management Board proposed a dividend of €0.90 per share for 2017 at the General meeting on 18 May 2018. The proposal was approved and the dividend was paid on 18 June 2018.

4.9.3. Treasury shares

Taking into account the 20,000 stock options exercised by employees during the half-year, the Group now holds 324,259 treasury shares, or 3.89% of the share capital at 30 June 2018, compared with 344,259 shares, or 4.13% of the share capital, at 31 December 2017.

4.9.4. Non- controlling interests

At 30 June 2018, the principal non-controlling interests by value were minority interests held in the subsidiaries Devoteam Middle East, Devoteam Netherlands and TMNS group, Shift by S'Team, D2SI, Devoteam Italy, Siticom, Devoteam Digital Factory and Technologies & Opérations.

The following table summarises disclosures relating to subsidiaries with non-controlling interests, before intragroup eliminations.

In thousands of euros	30 June 2018	31 December 2017
Non-current assets	29,457	49,254
Current assets	171,900	166,738
Non-current liabilities	(29,595)	(33,641)
Current liabilities	(121,880)	(110,327)
Net assets	49,882	72,024
Reclassification of non-controlling interests	2,250	1,255
Carrying amount of non-controlling interests	**9,896**	**11,209**
Net revenue (1)	172,918	288,261
Net income	13,467	21,173
Other comprehensive income	-	-
Total comprehensive income	**13,467**	**21,173**
Net income allocated to non-controlling interests	2,631	4,241
Other comprehensive income allocated to non-controlling interests	-	-
Cash flow from operating activities	6,610	27,299
Cash flow from investing activities	542	(23,636)
Cash flow from financing activities	(10,931)	(11,412)
Effect of non-current assets held for sale	266	(1,745)
Effect of exchange rate fluctuation on cash held	87	(1,104)
Net increase (decrease) in cash and cash equivalents	**(3,425)**	**(10,598)**

(1) Before the application of IFRS 15 at 31 December 2017 (see Note 2.4).

4.10 Loans and borrowings

The various loans and borrowings comprise:

In thousands of euros	30 June 2018	Portion due in less than 1 year	Portion due in 1 to 5 years	Portion due in more than 5 years
Bonds	30,766	930	29,836	-
Loans from credit institutions	2,295	160	2,136	-
Finance lease liabilities	441	364	78	-
Bank overdrafts	932	932	-	-
Total loans and borrowings	**34,434**	**2,385**	**32,050**	**-**

In thousands of euros	31 December 2017	Portion due in less than 1 year	Portion due in 1 to 5 years	Portion due in more than 5 years
Bonds	30,257	446	29,811	-
Loans from credit institutions	1,332	336	996	-
Finance lease liabilities	853	752	101	-
Bank overdrafts	2,652	2,652	-	-
Total loans and borrowings	**35,094**	**4,187**	**30,908**	**-**

4.11 Current and non-current provisions and pension commitments

Current and non-current provisions:

Current and non-current provisions amounting to €9,162 thousand at the end of June (compared with €8,341 thousand at the end of December 2017) chiefly consist of the following:

- restructuring provisions in the amount of €1,678 thousand (compared with €2,213 thousand at 31 December 2017), split between Germany (€1,002 thousand), Spain (€99 thousand), France (€466 thousand) and Morocco €112 thousand).
  The change recorded over the period was mainly due to:
    - the reversal of provisions for restructuring in Germany (€624 thousand) and Spain (€289 thousand),
    - the increase in provisions for restructuring in France (€385 thousand);

- provisions for employee disputes for €1,413 thousand (compared to €1,110 thousand at 31 December 2017), mostly recognised in France (€1,376 thousand);

- provisions for liabilities and charges for €6,072 thousand (compared to €5,018 thousand at 31 December 2017). The change recorded over the period was mainly due to:
    - the reversal of net provisions for €315 thousand relating to social security and tax risks,
    - the increase in provisions for disputes with non-controlling interests and other risks in Poland for €1,915 thousand,
    - the reversal of net provisions for €370 thousand related to guarantees given to customers,
    - the reversal of provisions for losses related to subsidiary closures in progress of €277 thousand.

Provisions for pension commitments

Provisions for retirement benefits totalled €4,182 thousand (versus €3,984 thousand at 31 December 2017). These mainly concern the French entities. The key assumptions for the calculation of provisions for retirement benefits are identical to those adopted at 31 December 2017. The Group's service cost for the period totalled €230 thousand and the financial cost amounted to €43 thousand.

Contingent liabilities

- In January 2013, the Group was accused by an industry player of unfair competition. The initial amount of the claim was €9.55 million. More than one year later and on several occasions since then, the opposing party produced an independent expert report in support of its claims and significantly increased its initial demands. While disputing the very basis of the accusation, the Group had the report analysed by another expert appointed by it, who concluded that the private report produced by the other party contained methodological and factual errors that totally call into question the valuation of the alleged damage.

  In December 2016, the Commercial Court of Paris, while holding that it could note the existence of acts of unfair competition on the part of the Group, did not determine the amount of the damage and appointed its own court-appointed expert, who was tasked with giving an opinion on the amount of the alleged damage. The Group appealed against the decision, and that proceeding is still pending before the Court. In early March 2018, the court-appointed expert delivered his final report, which concluded that there was damage of €10.1 million. No court decisions have been issued since the last decision of March 2018.

  After consulting with its counsel, the Group believes that it has solid legal and technical arguments to refute the existence of acts of unfair competition and challenge the serious and numerous errors in the report by the court-appointed expert. It therefore believes that there is a strong chance that the Court of Appeal will overturn the judgment of the Commercial Court of Paris.

  In this context and for these reasons, the Group has not changed its initial position and has not recorded a provision for damages.

- When it acquired Wola Info (now Devoteam Poland) in 2010, Devoteam S.A. granted a put option on 38.4% of the remaining capital. Wola's actual net position – and the company's overall condition in general – was deliberately concealed by the sellers. Devoteam S.A. took them to court, refusing to recognise the put option which had been exercised in the meantime.

In May 2018, a Polish court ordered Devoteam S.A. to pay €1.5 million for the put option, in addition to penalties for delay and court fees for a total amount of €4.2 million. Devoteam S.A. immediately appealed the judgment. In agreement with its counsel, Devoteam S.A. believes it has a solid case, particularly regarding the disproportionate nature of the penalties for delay compared with the principal amount.

At 30 June 2018, the Devoteam Group therefore recognised, in addition to the exercise price of the option classified in liabilities since 2010, the amount of €1.4 million in respect of statutory interest and procedural costs which could be due in the event that it loses the appeal.

4.12 Other non-current assets and liabilities

Assets **In thousands of euros**	**30 June 2018**	**31 December 2017**
Other	1,408	254
Total	**1,408**	**254**

Other non-current assets mainly correspond to the long-term portion of the deferred sale price for Bengs (€1,125 thousand) and to long-term prepaid expenses recorded at Devoteam Belgium (€207 thousand).

Liabilities **In thousands of euros**	**30 June 2018**	**31 December 2017**
Other non-current liabilities	6,428	8,110
Deferred income	-	-
Total	**6,428**	**8,110**

Other non-current liabilities mainly break down as follows:

- earn-out liabilities for €569 thousand, including €457 thousand for Devoteam G Cloud and €100 thousand for Altius;
- put-option debt for the TMNS entity for €4,576 thousand;
- non-current liabilities related to mandatory severance pay in the event of departures of employees in Italy in the amount of €694 thousand;
- non-current liabilities related to the deferred portion of the Globicon acquisition price in the amount of €225 thousand.

Note 5 – Information on the income statement

5.1 Comparative information

Pursuant to AMF Instruction No. 2007-05 dated 2 October 2007, pro-forma financial statements must be prepared if the scope of consolidation varies by more than 25% during the period. As the impact was less than 25%, the Group has no obligation to prepare pro-forma financial statements. The impact of changes in scope for the period is summarised in note 3.

Summary of the impacts of the initial application of IFRS 15:

As stated in Note 2.4, the retrospective implementation of IFRS 15 led to the restatement of the information presented for the first half of 2017. The table below summarises the impact of IFRS 15 on revenue at 30 June 2017 and the distribution of the impact by operating segment.

In thousands of euros	30 June 2017 restated	Impact IFRS 15	Impact of 2018 reallocations	30 June 2017 presented
France	123,330	8,916		132,246
Northern Europe & Benelux	60,252	1,547		61,800
Iberia & Latam	13,912	51	(13,963)	0
Central Europe	27,767	55		27,823
Rest of the world	18,713	2,093	14,265	35,071
Corporate & other	(126)	0	(302)	(428)
Total Group	**243,848**	**12,663**	**0**	**256,511**

As stated in Note 2.4, the application of IFRS 15 had no impact on other aggregates in the consolidated financial statements, such as operating margin, net income and equity.

5.2 Operating segments

Under IFRS 8, operating segments must be based on internal reporting regularly reviewed by the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing the performance of the various operating segments, are the Chairman of the Management Board and the Chief Executive Officer, who are responsible for taking strategic decisions within the Executive Committee.

These “geographical splits” were established in accordance with various criteria to ensure consistency:

- revenue in the region: each region is the sum of countries that generate a certain volume of revenue;
- a natural central point for the region (e.g. a “large” country plus a number of “smaller” countries) or an appropriate split between entities (a number of “small” countries);
- geographical, linguistic and cultural proximity between countries of the same region;
- synergy between offers: capturing growth opportunities by developing synergy between offers (e.g. by extending an offer from one country to another country within the same region).

The regions thus created are as follows:

- “**France**”, which includes the French entities, as well as service centres in Morocco and Spain;
- “**Northern Europe & Benelux**”, which consolidates entities in the United Kingdom, the Scandinavian countries excluding discontinued operations, Luxembourg, Belgium and the Netherlands excluding Between;
- “**Central Europe**”, which consists of Germany, Austria, Poland and the Czech Republic;
- the “**Iberia & Latam**” region includes entities in Spain and Latin America (Panama and Mexico);
- the “**Rest of the world**” region comprises the Middle East, Italy, Morocco (excluding service centres), Tunisia and Turkey;

- the "**Corporate & other**" sector covers head office activities that cannot be directly allocated to operational regions, and residual elements of discontinued operations (mainly outsourcing);

The definition of the "geographical splits" in 2017 and 2018 is presented below for the entire scope.

Entity	Country	30 June 18	31-Dec-17	Entity	Country	30 June 18	31-Dec-17
Devoteam S.A.	France	France	France	Devoteam Consulting Holding	Luxembourg	Corporate & Other	Corporate & Other
Devoteam Consulting	France	France	France	Devoteam S.A.	Luxembourg	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam Outsourcing	France	Corporate & Other	Corporate & Other	Devoteam Communication	Luxembourg	Corporate & Other	Corporate & Other
Exaprobe ECS	France	Corporate & Other	Corporate & Other	Devoteam Nederland BV	Netherlands	Northern Europe & Benelux	Northern Europe & Benelux
S'team Management	France	France	France	Between Holding BV	Netherlands	Divested entities	Between
Inflexsys	France	Corporate & Other	Corporate & Other	TMNS BV	Netherlands	Northern Europe & Benelux	Northern Europe & Benelux
Axance	France	France	France	Between Staffing Group	Netherlands	Corporate & Other	Corporate & Other
RVR Parad	France	France	France	Devoteam Middle East FZ LLC	United Arab Emirates	Rest of the world	Rest of the world
Shift by S'Team	France	France	France	Devoteam Fringes S.A.U.	Spain	Iberia & Latam	Rest of the world
Siticom	France	France	France	Keivox	Spain	Corporate & Other	Corporate & Other
Devoteam G Cloud	France	France	France	DPI	Spain	Iberia & Latam	Rest of the world
Be Team	France	France	France	Drago Solution S.A.U.	Spain	Iberia & Latam	Rest of the world
Progis	France	France	Corporate & Other	Softoro Development Center S.A.U.	Spain	Iberia & Latam	Rest of the world
Bengs	France	Divested entities	Corporate & Other	Devoteam Cloud Services	Spain	Iberia & Latam	Rest of the world
Axance People	France	France	France	My-G work for Espana	Spain	Corporate & Other	Rest of the world
Devoteam Cloud Services	France	France	France	Voxpilot Limited	Ireland	Corporate & Other	Corporate & Other
Devoteam Digital Factory	France	France	France	Devoteam Italy SRL	Italy	Rest of the world	Rest of the world
My-G	France	France	France	Devoteam SARL	Morocco	Rest of the world	Rest of the world
Marflie	France	Corporate & Other	Corporate & Other	Devoteam Services SARL	Morocco	Rest of the world	Rest of the world
Technologies & Opérations	France	France	France	Devoteam Consulting Maroc	Morocco	Corporate & Other	Rest of the world
Devoteam Customer Effectiveness	France	France	France	Devoteam Mexico	Mexico	Iberia & Latam	Rest of the world
Fi-makers	France	France	France	Devomex Cloud Services	Mexico	Iberia & Latam	Rest of the world
Myfowo.com	France	Corporate & Other	Corporate & Other	Drago Solutions Corp. Panama	Panama	Iberia & Latam	Rest of the world
Energy Dynamics	France	Corporate & Other	Corporate & Other	Devoteam S.A. (formerly Wola Info SA)	Poland	Central Europe	Central Europe
D2SI	France	France	France	Devoteam s.r.o	Czech Republic	Central Europe	Central Europe
D2SI Group	France	France	France	Devoteam UK Limited	United Kingdom	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam nexDigital	France	France	France	TMNS Digitisation Solutions Limited	United Kingdom	Northern Europe & Benelux	Northern Europe & Benelux
Altius Services	France	France	Not applicable	Media-Tel LLC	Russia	Corporate & Other	Corporate & Other
Devoteam Consulting Algeria	Algeria	Corporate & Other	Rest of the world	Devoteam A/S	Denmark	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam GmbH	Germany	Central Europe	Central Europe	Devoteam | Globicon	Denmark	Northern Europe & Benelux	Northern Europe & Benelux
Fontanet GmbH	Germany	Central Europe	Central Europe	Fornebu Consulting AS	Norway	Northern Europe & Benelux	Northern Europe & Benelux
Q-Partners Consulting & Management	Germany	Central Europe	Central Europe	TMNS Empiry d.o.o.	Serbia	Northern Europe & Benelux	Northern Europe & Benelux
TMNS GmbH	Germany	Northern Europe & Benelux	Northern Europe & Benelux	HNCO AB	Sweden	Corporate & Other	Corporate & Other
Devoteam Consulting GmbH	Austria	Central Europe	Central Europe	TMNS GmbH	Switzerland	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam N/V	Belgium	Northern Europe & Benelux	Northern Europe & Benelux	Devoteam Tunisia	Tunisia	Rest of the world	Rest of the world
DFSJ	Belgium	Corporate & Other	Corporate & Other	Devoteam Technology Consulting	Tunisia	Rest of the world	Rest of the world
Devoteam Consulting Belux	Belgium	Northern Europe & Benelux	Northern Europe & Benelux	Devoteam Information Technology and Consultancy A.S. (formerly Secura)	Turkey	Rest of the world	Rest of the world

* Entities merged into Devoteam A/S Denmark.

Comparative segment information in respect of 2017 has been restated to match the new structure of operating segments.

The key performance indicators set out below are used by the Group in its internal reporting and are identical to those applied at the 2017 reporting date (see note 3.19 to the 2017 financial statements):

- first, operating margin is defined as recurring operating profit before the impact of share-based compensation and the amortisation of business relationships acquired in business combinations;
- second, the group contribution is defined as the total revenue (internal and external) of an operating segment less the cost of internal subcontracting acquired from other Group entities. This indicator reflects the segment's contribution to consolidated revenue from its own resources. The sum of group contributions of the operating segments is the Group's consolidated revenue.

The results and assets of the various operating segments are presented below:

In thousands of euros	France		Northern Europe & Benelux		Iberia & Latam		Central Europe		Rest of the world		Corporate & other		Total Group	
	30 June 2018	30 June 2017 restated[2]	30 June 2018	30 June 2017 restated[2]	30 June 2018	30 June 2017 restated[2]	30 June 2018	30 June 2017 restated[2]	30 June 2018	30 June 2017 restated[2]	30 June 2018	30 June 2017 restated[2]	30 June 2018	30 June 2017 restated[2]
Group contribution [1]	160,047	123,330	79,035	60,252	15,927	13,912	32,926	27,767	20,194	18,713	(1,666)	(126)	306,463	243,848
Depreciation and amortisation of tangible and intangible assets	(752)	(615)	(395)	(280)	(61)	(69)	(190)	(194)	(131)	(123)	(240)	(243)	(1,769)	(1,524)
Operating margin [1]	23,800	17,048	6,733	4,551	1,289	606	3,172	2,371	1,901	1,588	(2,895)	(713)	34,001	25,450
Operating income	23,406	15,306	6,725	4,311	1,097	150	3,162	2,114	1,900	1,532	(7,488)	(1,700)	28,801	21,712

(1) See definition in note 3.19 of the 2017 financial report.

(2) Restated for 2018 geographical reallocations and the application of IFRS 15.

Net financial income/(loss)	(1,309)	(944)
Income from associates	380	111
Income tax expense	(8,434)	(7,797)
Net income from continuing operations	**19,438**	**13,082**
Profit (loss) from discontinued operation, net of tax	0	549
Net income	**19,438**	**13,631**

Impairment losses on goodwill and other assets (see note 4.3) are allocated to the "Corporate" operating segment.

In thousands of euros	France		Northern Europe & Benelux		Iberia & Latam		Central Europe		Rest of the world		Corporate & other		Total consolidated assets	
	30 June 2018	31 December 2017 restated	30 June 2018	31 December 2017 restated	30 June 2018	31 December 2017 restated	30 June 2018	31 December 2017 restated	30 June 2018	31 December 2017 restated	30 June 2018	31 December 2017 restated	30 June 2018	31 December 2017 restated
Segment assets*	190,885	178,304	109,044	118,617	43,090	42,521	14,032	14,053	51,773	43,922	36,639	31,929	**445,618**	**429,344**

*Assets shared by two segments are broken down in proportion to the "group contribution" generated during the period.

The results and assets of the various operating segments are presented below in comparison with restated information for 2017.

In thousands of euros	France		Northern Europe & Benelux		Iberia & Latam		Central Europe		Rest of the world		Corporate & other		Total Group	
	30 June 2017 restated	30 June 2017 presented	30 June 2017 restated	30 June 2017 presented	30 June 2017 restated	30 June 2017 presented	30 June 2017 restated	30 June 2017 presented	30 June 2017 restated	30 June 2017 presented	30 June 2017 restated	30 June 2017 presented	30 June 2017 restated	30 June 2017 presented
Group contribution*	123,330	132,246	60,252	61,800	13,912	0	27,767	27,823	18,713	35,071	(126)	(428)	**243,848**	**256,511**
Depreciation and amortisation of tangible and intangible assets	(615)	(615)	(280)	(280)	(69)	0	(194)	(194)	(123)	(196)	(243)	(239)	**(1,524)**	**(1,524)**
Operating margin *	17,048	17,048	4,551	4,551	606	0	2,371	2,371	1,588	2,061	(713)	(581)	**25,450**	**25,450**
Operating income	15,306	15,306	4,311	4,311	150	0	2,114	2,114	1,532	1,459	(1,700)	(1,478)	**21,712**	**21,712**

* See definition in Note 3.19 of the 2017 financial report.

Net financial income/(loss)	(944)	(944)
Income from associates	111	111
Income tax expense	(7,797)	(7,797)
Net income from continuing operations	**13,082**	**13,082**
Profit (loss) from discontinued operation, net of tax	549	549
Net income	**13,631**	**13,631**

In thousands of euros	France		Northern Europe & Benelux		Central Europe		Iberia & Latam		Rest of the world		Corporate & other		Total consolidated assets	
	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented
Segment assets*	178,304	178,304	118,617	118,617	42,521	42,521	14,053	0	43,922	58,400	31,929	31,503	**429,344**	**429,344**

*Assets shared by two segments are broken down in proportion to the "group contribution" generated during the period.

5.3 Share-based payment

The impact of the free share plans, classified in operating margin and recurring operating profit at 30 June 2018, totalled -€1,391 thousand (compared with -€997 thousand at 30 June 2017).

The terms and conditions of existing option plans are described in the 2017 financial statements. No new plans were issued in the first half of 2018.

5.4 Other operating income and expenses

The main components of other operating income and expenses are as follows:

In thousands of euros					
Other operating expenses	**30 June 2018**	**30 June 2017**	**Other operating income**	**30 June 2018**	**30 June 2017**
Restructuring expenses	(583)	(1,443)	Income from the reversal of unused provisions for restructuring	-	-
Net value of fixed assets sold	(19)	-	Net value of fixed assets sold	10	1
Net loss on disposals of subsidiaries	-	-	Net gain on disposal of subsidiaries	-	-
Impairment of goodwill	(572)	(972)		-	-
Impairment of other assets	-		Gains on acquisitions	-	-
Vesting period of securities	-	-			
Other expenses	(2,417)	(303)	Other income	131	118
Total	**(3,590)**	**(2,717)**	**Total**	**141**	**119**

At 30 June 2018, income and expenses from restructuring mainly related to the adjustment of resources and the costs of downsizing. These costs mainly concern French entities for €476 thousand.

Goodwill impairment losses relate to the remeasurement at fair value of the assets of the Morocco CGU for €572 thousand.

Other expenses mainly relate to disputes with non-controlling interests and various risks in Poland for €1,916 thousand, as well as tax risks and legal fees from ongoing disputes for €468 thousand.

5.5 Financial income and expenses

At 30 June 2018, the main components of financial income were as follows:

In thousands of euros					
Financial expenses	**30 June 2018**	**30 June 2017**	**Financial income**	**30 June 2018**	**30 June 2017**
Negative exchange rate differences	(356)	-	Positive exchange rate differences	-	68
Interest on bonds measured at the effective interest rate	(509)	(508)	Interest on bonds measured at the effective interest rate	-	-
Interest on finance leases measured at the effective interest rate	(3)	(8)		-	-
Discounting of long-term financial liabilities	(140)	(89)		-	-
Provisions on financial assets	(2)	(80)	Provisions on financial assets	-	-
Other financial expenses	(432)	(389)	Other financial income	131	61
Total	**(1,441)**	**(1,073)**	**Total**	**131**	**129**

Net financial income for the period declined by €365 thousand from 30 June 2017, mainly as a result of negative foreign exchange differences for -€356 thousand at 30 June 2018 (versus €68 thousand at 30 June 2017). These essentially related to intragroup foreign currency loans and receivables which the Group does not hedge. Accrued interests for the period on the bond issued in July 2015 remain stable at €509 thousand.

The Group's net borrowing costs remain stable and break down as follows:

In thousands of euros	30 June 2018	30 June 2017
Interest expense on financing operations at the effective interest rate	(943)	(904)
Income and expense from interest rate hedges on financial debt	-	-
Gross borrowing costs	**(943)**	**(904)**
Interest income from cash and cash equivalents	17	22
Capital gains on assets at fair value through profit or loss	-	-
Net borrowing costs	**(926)**	**(882)**

5.6 Income tax expense

The income tax expense recognised is determined on the basis of the Management's best estimate of the weighted average annual tax rate expected for the full year, applied to interim pre-tax profit, in accordance with IAS 34.

At 30 June 2018, the increase in income tax expense is mainly due to the improvement in Group earnings and amounted to €8,434 thousand, compared with €7,797 thousand at 30 June 2017. It also includes additional local taxes (CVAE in France and IRAP in Italy) for €1,829 thousand at 30 June 2018, compared with €1,501 thousand at 30 June 2017.
The effective tax rate (ETR) is therefore 30.3% of pre-tax net income, versus 37.3% in the first half of 2017. Excluding the impact of income/expenses with no tax effect and other extraordinary items, the Group's normalised rate was 31.4%, compared with 33.8% in June 2017 as a result of tax cuts in France and Belgium.
The balance of unrecognised tax loss carryforwards stood at €13,175 thousand at 30 June 2018, compared with €12,120 thousand at 31 December 2017. The change is mainly due to the unrecognised losses of the acquiree Progis for €2,796 thousand and the use of prior recognised tax losses.

The expiration dates of the tax loss carryforwards did not change significantly in the first half of 2018. These tax loss carryforwards have no expiration date, except at Devoteam Poland, where most of them expire in 2019 and 2020. These have not been recognised as there is not sufficient probability that taxable profit will allow them to be used within a three-year period.

Note 6 – Miscellaneous information

6.1 Breakdown of the workforce

The Group's workforce totalled 5,596 employees at 30 June 2018, compared with 5,195 at 31 December 2017 and 4,422 at 30 June 2017, and consists almost entirely of managers.

6.2 Related parties

6.2.1 Information on compensation and benefits allocated to management bodies

The compensation of the members of the Management board is as follows:

In thousands of euros	30 June 2018	30 June 2017
Short-term employee benefits	724	555
Post-employment benefits	-	-
Employment contract termination benefits	-	-
Directors' fees	100	100
Share-based payments	-	-
Total	**824**	**655**

These amounts include total gross remuneration, including benefits in kind and the value of stock options granted during the period. Executive corporate officers are not eligible for any long-term benefits.

6.2.2 Information on associates and other related parties

Sales and purchases with related parties are made at market prices. The following table gives a breakdown of the total amount of related party transactions:

In thousands of euros **Recorded amounts**	**30 June 2018**			**30 June 2017**		
	Associates(1)	**Joint ventures**	**Other related parties (2)**	**Associates(1)**	**Joint ventures**	**Other related parties (2)**
Sales to related parties	-	-	-	73	-	-
Purchases from related parties	47	-	1,294	483	-	1,036
Dividends and other investment income	38	-	-	14	-	-
Interest and financial expense	6	-	-	8	-	-
Other operating income	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-
Receivables from related parties	1,448	-	706	1,822	-	537
Payables to related parties	783	-	-	202	-	716

(1) Concerns DFSJ, Keivox, Media-Tel LLC, HNCO AB, Inflexsys, Exa ECS, Progis, Energy Dynamics and NL07 Between Staffing Group for the 2018 financial year.
(2) Concerns SCI 73 rue Anatole France.

6.3 The Group's exposure to financial risks

The Group's exposure to financial risks, as described in its financial statements to 31 December 2017, has not significantly changed. The accounting policies and calculation methods (e.g. fair value measurement) have not been modified.

6.3.1 Credit risk

The Group has not identified any new credit risk on trade receivables or investments of its cash surplus.

6.3.2 Interest rate risk

Interest rate risk is managed by the Group's Finance Department in connection with its main bank counterparties. The Group's policy is to hedge against an increase in its future repayments when its exposure is significant. To this end, it uses financial derivative instruments contracted with leading banks. At 30 June 2018, since most of the Group's financial debt was fixed rate, no hedging instruments were in place.

6.3.3 Liquidity risk

Liquidity risk is the risk of the Group failing to meet its financial obligations. The Group's approach to managing this risk is to ensure that it at all times has sufficient funds to meet its liabilities as they fall due.

The Finance Department has established a prospective cash flow monitoring system (monthly and annual) for each Group operating entity, which gives it sufficient visibility to manage its liquidity risk.

The Group has conducted a specific review of its liquidity risk, and considers itself able to meet its future payments. At 30 June 2018, cash and cash equivalents including cash management assets and net of bank overdrafts of €70.2 million exceeded the €33.5 million in financial liabilities.

In addition, the Group has senior confirmed revolving credit facilities (RCFs) with leading banking counterparties in the amount of €30 million for a period of three years, expiring at the end of 2018.

At 30 June 2018, the Group had not drawn down any sums on these credit facilities, and the covenants were all met.

Lastly, the factoring agreement established in 2013 was still in effect at the closing date. The maximum authorised drawdown line is €33 million, of which €19.6 million was used at 30 June 2018.

6.4 Off-balance sheet commitments

There has been no material change in either the nature or amount of other off-balance sheet commitments presented in note 9.3 of the 2017 financial statements.

Note 7 - Subsequent events

On 23 August 2018, Devoteam S.A. acquired 58% of the share capital of Bold International in Portugal. The 630 employees of Bold, headquartered in Lisbon with offices in Aveiro and Porto, bring their strong SMACS expertise to major account customers in the strategic area of Agile IT, particularly DevOps and Cloud Transformation. This acquisition will enable Devoteam to provide local support to the numerous international customers who choose to set up centres of technological excellence in Portugal, benefiting from expert, mobile and competitive teams. Bold and its subsidiaries generated consolidated revenue of €20 million in 2017. This acquisition will be consolidated from 1 September 2018.

On 30 August 2018, the Group finalised the acquisition of 100% of the share capital of Alegri International Service GmbH, a leader in Digital Workplace consulting and IT transformation in Germany. Alegri assists German and international major accounts in all sectors with their transition towards a modern, digital, employee-focused workplace and agile IT accelerated by the Cloud for businesses, mainly working with Microsoft solutions. Alegri, headquartered in Munich with offices in Germany, Switzerland and Austria, has 240 employees. It has a 2018 revenue target of around €40 million, with a high-end single-digit operating margin.

In addition, in July 2018 the Group acquired two other niche players which expand its core offering: New Bic in Spain for Data, and Paradigmo in Belgium for Cybersecurity. These two companies joined the scope of consolidation on 1 July 2018.

On 4 September 2018, the Group finalised the sale of Shift by S'Team, which left the scope of consolidation on 1 September 2018.

STATUTORY AUDITORS' REPORT

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General meeting and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code, we hereby report to you on:

- our limited review of the accompanying condensed interim consolidated financial statements of Devoteam S.A. for the period 1 January 2018 to 30 June 2018;
- the verification of information disclosed in the interim management report.

The condensed interim consolidated financial statements were prepared by the Management Board. Our responsibility is to express an opinion on those financial statements on the basis of our limited review.

I - Opinion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review essentially consists of making inquiries of members of the management responsible for financial and accounting matters and applying analytical procedures. A review is substantially less extensive than an audit conducted in accordance with professional standards applicable in France. Consequently, unlike a full audit, a review only provides moderate assurance that the financial statements, taken as a whole, are free from material misstatement.

Based on our review, we have not identified any material misstatements likely to call into question the compliance of the condensed interim consolidated financial statements with IAS 34 on interim financial reporting, as adopted in the European Union.

Without qualifying the opinion expressed above, we draw your attention to note 2.4 "Significant accounting policies" in the notes to the condensed interim consolidated financial statements, which describes the adoption on 1 January 2018 of IFRS 15 "Revenue from Contracts with Customers".

II – Specific verification

We also verified the information disclosed in the interim management report accompanying the condensed interim consolidated financial statements subject to our limited review. We have no comments to make as to its fairness and consistency with the condensed interim consolidated financial statements.

Paris La Défense, 28 September 2018	Neuilly-sur-Seine, 28 September 2018
KPMG Audit IS	Grant Thornton *French member of Grant Thornton International*
Jean-Pierre Valensi Partner	Vincent Papazian Partner

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the past six-month period have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the company and of all the companies in the consolidated group, and that the accompanying interim management report includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the accounts, a description of the main related party transactions and a discussion of the principal risks and uncertainties for the remaining six months of the year. The Statutory Auditors' report on the condensed interim consolidated financial statements presented in this document can be found on page 39.

Stanislas de Bentzmann
Co-CEO

devoteam