HALF-YEARLY FINANCIAL REPORT

30 JUNE 2017

www.actia.com

ACTIA Group
Limited Liability Company with an Executive Board and a Supervisory Board

with Share Capital of €15,074,955.75

Head Office: 5, Rue Jorge Semprun

31400 TOULOUSE

TOULOUSE Trade and Companies Register: 542 080 791

We present to you this interim financial report covering the six months period ending 30 June 2017, drawn up in compliance with the provisions of Article L.451-1-2 III of the French Monetary and Financial Code and Articles 222-4 et seq. of the French Financial Markets Authority (AMF) General Regulation.

This report has been distributed in compliance with the provisions of Article 221-3 of the AMF General Regulation. It is also available on our company site - www.actia.com.

Translation disclaimer: This document is a free translation of the French language half-year financial report (*rapport financier semestriel*) for the sixth-month period ended June 30, 2017 produced solely for the convenience of English speaking readers. As such, this report should consequently be read in conjunction with, and construed in accordance with French law and French generally accepted accounting principles. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and ACTIA Group expressly disclaims all liability for any inaccuracy herein.

Figures in this report (excluding tables) expressed as “k€” in the original French document have been rounded off accordingly to the nearest thousand (€’000s).

CONTENTS

1 CHAIRMAN'S STATEMENT

I hereby certify, to the best of my knowledge, that the condensed interim financial statements have been drawn up in compliance with the applicable accounting standards and give a true and fair view of the assets, financial health and results of all the companies included in the scope of consolidation and that the half-yearly management report in Chapter 2 "Half-yearly Management Report" gives a true and fair view of the important events that have occurred during the six months under review and of their effect on the interim accounts, the principal related party transactions, as well as a description of the principal risks and areas of uncertainty for the remaining six months of the financial year.

18 September 2017

Jean-Louis PECH

Chairman of the Executive Board

2 HALF-YEARLY MANAGEMENT REPORT

2.1 The Figures

2.1.1 Revenue

The consolidated financial statements of our Group for H1 2017 show revenue of €218.2, down by 1.6%. At constant exchange rates the decline is only 0.8%.

In € millions	2017			2016			Variance in %		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
Automotive	102.6	96.3	198.9	94.3	105.8	200.1	8.8%	(9.0)%	(0.6)%
Telecommunications	10.1	9.2	19.2	11.2	10.4	21.6	(10.3)%	(11.8)%	(11.0)%
Total	**112.7**	**105.5**	**218.2**	**105.5**	**116.2**	**221.8**	**6.8%**	**(9.3)%**	**(1.6)%**

The **Automotive** business represents 91.2% of Group revenue and was down by 0.6% over the first half (+ 0.3% at constant exchange rates). Sales of telematic boxes remained firm but supply issues in the components market, particularly for batteries, caused production delays and increased transport costs. The resulting late deliveries will be made up for in the second half and ACTIA reconfirms the announced intention of consolidating the annual sales. A major contract for telematics for heavy goods vehicles was won during the period: this will further boost revenue in the period beyond 2020.

Furthermore, following a first half 2016 boosted by sales related to the implementation of the OTC-Lan regulations on 01/07/16, technical inspection shows a decline in spite of a good performance in international markets. Similarly, our historical customers in the area of electric powertrains have experienced delays and so have not generated the same level of orders as in H1 2016.

The **Telecommunications** business represents 8.8% of Group revenue and was down by 11.0% over the first half. Sales trends are nevertheless in line with the current business cycle and it should be noted that H1 2016 was exceptionally robust, driven by sales of radio stations and sales related to the deployment of 4G networks. Sales in 2017 are expected to be more evenly spread across the financial year, particularly for ground stations and network infrastructure.

Sales by the international subsidiaries reached €121.9 million (55.9% of Group revenue), up by 5.7%. Sales by the French entities generated revenue of €96.3 million (44.1%of Group revenue). For the whole of H1 2017, sales to our customers outside France represented 70.4% of the Group's business, greater than for the same period in 2016 (64.5%), and the performance by geographic area was in line with expectations.

2.1.2 The results

The consolidated results were as follows:

In € thousands	H1 2017	H1 2016	H1 2015
Revenue	**218,167**	221,772	183,040
Operating income	**6,307**	13,270	7,521
Financial income	**(3,697)**	(1,132)	(2,236)
Income for the period	**2,411**	10,902	4,676
attributable to Group shareholders	**2,285**	10,602	4,243
minority interests	**126**	300	432

The Group's operating income fell by € 7.0 million (52.5%), while the financial impacts related mainly to non-recurrent items were limited, there was also a less favourable product mix than in the first half 2016.

The **Telecommunications Division** saw its revenue decline by 11.0% over the period, due to the business being more evenly spread than in 2016. Its operating margin reached 7.4%. The fixed cost structure did not benefit from the same high level of activity as in H1 2016. The portion of materials consumed was 34.5% of revenue, whereas the figure for the same period last year was 44.5%.

The **Automotive Division** suffered a slight drop of 0.6%, but at constant exchange rates the outcome would have been flat at +0.3%. The product mix was more marked by longer production runs for automotive and less so by technical inspection products (H1 2016: new regulations) and electric vehicles (reduced demand from our historical customer). Furthermore, the supply difficulties experienced with certain components, particularly batteries over H1 also resulted in production delays (€10 million) and exceptional transport costs of €4.2 million. This had a direct effect on the division's income statement which shows a decline in materials consumed of (€7.1) million, representing 52.5% of consolidated revenue as opposed to 55.7% at 30 June 2016.

Despite a turbulent period in the currency markets, the EUR/USD rate had only a limited impact on the accounts in terms of purchases. In effect, through its currency hedging strategy, the Group was able to buy dollars across the period at an average rate of 1.1481 compared to 1.1591 over the first half 2016. The Group thus outperformed the spot market where the average rate over the period was 1.0827, compared to 1.1161 in the first half 2016.

Adversely affected by the supply difficulties in the components market, particularly batteries, the Automotive Division recorded current operating income of €5.0 million compared to €11.7 million at 30 June 2016. The increases in other line items on the income statement such as personnel costs of +4.8% with an additional 161 employees as compared to 30 June 2016 and the increase in external charges of 15.9%, equivalent to €4.185 million, and including exceptional extra transport costs of €4.250 to attempt to remedy the late deliveries of components, bear witness to the efforts made to improve the Group's profitability through cost control, while continuing to prepare for the future.

In relation to 31 December, the increase in headcount was lower (+50 people) than in previous periods and was mainly limited to our sites in Spain, Mexico and Tunisia.

With the continuation of the R&D programmes for telematic boxes for trucks, specialist vehicles and the aftermarket, for electric utility vehicles, urban buses and for use in the rail applications included in our offers, R&D expenditure grew by €1.9 and represented, at 30 June 2017, 14.5% of consolidated revenue. The impact on the income statement was €19.8 million, slightly down by €0.1 million or (0.7%), with the portion being re-invoiced to customers over the period rising from 24.7% to 33.9%.

Interest payments were down, benefiting from an extremely favourable climate. The average rate was 1.60% compared to 1.87% in H1 2016. However, financial income was badly affected by the IFRS method of valuing hedging instruments. Whereas the valuation of +€42 thousands at 30 June 2016 had no material impact on the accounts, that of 30 June 2017 results in a charge of €2.6 million, even though our instruments allowed us to outperform the spot market and maintain our prices.

The level of net indebtedness was very slightly up by 0.3% in comparison to 30 June 2016 and decreased by €0.4 million in relation to 31 December 2016 (0.4%). Investments, down by €2.2 million compared to the same period in the previous year (17.8%), notably due to the use of new production materials in H1 2016, returned to normal levels for the Group. The variance in working capital requirements was positive at +€3.3 million, compared to +€0.3 million at 30 June 2016, and the growth of the business consumed €3.6 million in cash as opposed to generating €6.2 million over the first half 2016, mainly explained by the supply difficulties and the resulting additional costs. The setting up of medium term loans for R&D purpose will take place mainly in Q3 2017, as it does every year, even if the financing relative to the real estate programmes will continue into 2018.

The gearing ratio stood at 76.6% compared to 80.5% at 30 June 2016 and, excluding the collateralization of receivables, at 55.8% compared to 53.5%.

EBITDA therefore fell by 47.3% compared to H1 2016, as shown below:

In € thousands	H1 2017	H1 2016	H1 2015
Income	**2,411**	10,902	4,676
Taxation	**(217)**	1,316	698
Interest and financials charges	**1,003**	1,110	1,314
Provisions for depreciation	**7,875**	7,701	6,234
Depreciation of goodwill	**0**	0	0
Total	**11,073**	**21,028**	**12,921**

It should be noted that ending the sale and leaseback arrangement concerning the Coteaux de Pouvourville SCI (property management company) and its tax treatment has resulted in an adjustment entry affecting the accounts for a negative impact of €0.4 million (Group share of net income of companies consolidated by the equity method).

2.2 The business

2.2.1 Automotive Division

With its strong base of multi-year contracts, the Automotive Division contributed €198.9 million to the Group's business, a drop of just 0.6% compared to H1 2016. Fluctuations in exchange rates affecting our foreign subsidiaries in Sweden and Poland mask the stability of sales at +0.3% at constant rates.

The division had achieved 76.2% of its sales with foreign customers at 30 June 2017, with France down by €12.0 million (20.2%) over the period due mainly to the sales of technical inspection products and powertrains for electric vehicles. Europe, which represents 53.4% of the division's consolidated revenue, up by 6.3%, supported this growth with an improvement of €6.3 million.

The Americas region grew by 17.4% with varying situations depending on the local economic conditions and market cycles. The Group was down by €0.3 million in South America, decrease of 7.8%. On the other hand, North America progressed by 22.0% or €4.2 million.

The Asia region grew by 16.4% or €2.0 million, due mainly to the resumption of growth in the Chinese market at +14.2%. The market nevertheless remains highly competitive, resulting in pressure on prices.

Business to date by segment at the half-year does not necessarily reflect the expected situation for the full year, in part due to the invoicing of R&D which is not linear across the accounting period.

The highlights of H1 2017 for the 3 business segments of the division are as follows:

- OEM (Original Equipment Manufacturers)

  Confirming the trend seen in 2016, the OEM segment achieved revenue of €150.5 million up by 3.5%, representing 69.0% of the Group's business.

  As for the preceding half- and full years, growth was very much the result of sales related to telematics, even if the supply difficulties with batteries caused production delays and substantial additional transport costs of €4.2 million to avoid interruptions to production for our customers. Sales of boxes for lightweight vehicles have now reached their peak, with the end of one of the two contracts expected to result in a significant decrease over coming months. The replacement business expected from the heavy and industrial vehicles sector is now happening with growth of 23.9%. Production may nevertheless continue to suffer disturbances as long as the market for electronic components suffers from abnormally long delivery lead times.

  Benefiting from the long term relationships with their customers, the bus and coach and off-road segments grew respectively by 6.1% and 17.8%, in line with expectations.

  Similarly, rail recorded its first sales with growth of 58.4% or +€2.5 million. However, the electric vehicle segment, particularly for powertrains, saw a distinct decline of (35.7%) due to commercial delays suffered by our customers.

- Aftermarket

Sales in this segment were €22.2 million by 30 June 2017 down by €9.4 million or (29.8%) compared to H1 2016.

The performance of this department was in sharp contrast to that of H1 2016. Indeed, last year, regulations in France required improvements to the equipment in the technical inspection centres in the field of gas emissions, thus multiplying sales over the period by 3. No longer benefiting from these regulations which have now been in place since 1st July 2016, the revenue of this business unit fell by 56.0%, despite regular business in the international markets. Compared to sales in the first half 2015, revenue grew by 34.8%.

The garages business unit, the bulk of whose sales are in France, was also affected by these regulations, as some garages use the same equipment to carry out pre-inspection services. The basis of comparison for sales is all the less favourable (18.2%) because the new products showcased at the Equip'Auto trade fair in the autumn cause a delay in spending by the garages, which are also suffering in a sector that is undergoing consolidation.

Finally, the fleet management business unit was up by 15.2%, thus encouraging the Group's repositioning into services associated with aftermarket equipment. In order to be able to offer a wider range of connected services of even higher quality, ACTIA Group acquired Market IP (100%) in July 2017. A small company with around twenty employees located in Namur (Belgium), it brings the Group an additional technological edge in the management of mobility for people and goods. This acquisition was the next logical move following several months of working hand in hand to respond to a number of promising tenders.

- Manufacturing – Design & Services

This department generated sales of €26.2 million, up by €3.0 million, bringing its contribution to the Group's consolidated revenue to 11.5%. By maintaining a diverse portfolio of customers for its factories in both France and Tunisia, the Group continues to pursue its commercial activities against a backdrop of fierce international competition. New contracts have been signed, maintaining the diversity of the Group's production and expertise in the production of electronics while further cementing the long term relationships with its longstanding customers, especially in the field of aeronautics where the partnership with one of our major customers has been renewed until end 2020.

Over the period, the product mix was less favourable, but the impact of fluctuations to the Euro/Dollar exchange rate on our purchases stabilised at (€0.3) million at the average exchange rate for H1 2016, despite the considerable turbulence in the financial markets. In contrast to the situation at 30 June 2016, when the valuation of the currency hedging instruments had no material impact on the income statement, the valuation at 30 June 2017 gave rise to a provision of €2.6 million.

However, the supply difficulties for components in general, which suffered from greatly extended delivery lead times, particularly for batteries, (lack of capacity) disrupted production, including that of telematic boxes, causing late deliveries and exceptional transport costs of an additional €4.2 million. For this reason, and in spite of a particular focus on controlling external charges, these grew by €4.2 million. Operating income therefore fell by €6.4 million or (55.1%), with reductions also being seen in R&D expenditure being activated (13.8% of R&D expenditure in the Automotive Division was activated in H1 2016, as opposed to just 10.9% in H1 2017) due to the state of progress with the various projects. The contribution to net income therefore fell by €7.4 million. In this difficult context, the operating margin for the division slipped from 5.8% at 30 June 2016 to 2.6% at 30 June 2017.

It should be noted that inventory in the division only rose by 5.5%. However, this highlights the difficulties experienced with supplies with a substantial increase in raw materials of €8.5 million and a significant decrease in work in progress and finished product of (€3.3) million, which had a favourable impact on variances in working capital requirements.

Since 30 June 2016, headcount grew by 161 people, an increase of 5.5%, resulting in personnel costs rising by €2.2 million or 4.8%. These figures are due to an increase in wages, a decrease in activated R&D, and the recruitments made in H2 2016, with the trend slowing in H1 2017, even if Spain, France, Mexico, China and Tunisia continue to bolster their workforces.

2.2.2 Telecommunications Division

With a contribution to consolidated revenue of €19.2 million, down by 11.0%, the Telecommunications Division represents 8.8% of the Group's business.

The highlights for the first half 2017 in the 4 business segments of this division were as follows:

- Satcom

  With half-yearly sales of €8.7 million, this department fell by 30.2%, returning to a level of business in line with its multi-year contracts, with no non-recurrent invoicing as was the case in H1 2016.

  The level of orders against short term contracts with the other customers in this segment remained at very satisfactory levels.

- Energy/Aeronautics-Defence (EAD)

  Revenue at 30 June had reached €3.9 million, stable in relation to H1 2016, also with a solid base of multi-year contracts in the field of energy. New commercial breakthroughs are expected to drive business in this segment forward in two years' time.

- Broadcasting/Rail - Transport (BFT)

  This department progressed by €1.0 million or 49.0%, thanks to the shift towards applying telecommunications technologies in the field of transport, particularly for the rail segment. Commercial successes continue, especially thanks to the partnership with Alstom, which will deliver higher rates of growth between now and 2019-2020.

  The broadcasting segment now consists almost exclusively of network maintenance and so represents a very low level of activity.

- Infrastructure – Networks – Telecoms (IRT)

  Ongoing investments by mobile telephone customers in the deployment of the 4G network in France have helped to maintain this business at the satisfactory level of €6.3 million.

The contribution by this division to operating income fell to €1.4 million from €1.9 million at 30 June 2016. With a structure that comes with fixed costs, personnel costs were slightly higher by 1.7%, representing 40.1% of revenue as opposed to 35.1% at 30 June 2016. Relying on outside service providers to maintain its flexibility, external charges represented 13.7% of revenue as compared to 12.7% at 30 June 2016. The operating margin at the end of the period thus stood at 7.4% compared to 9.0% for H1 2016.

2.3 Outlook

ACTIA reconfirms its objective of consolidating these levels of business in both divisions for 2017 and plans to continue with its efforts to rebuild profitability in the second half despite the exceptional costs incurred due to the supply difficulties experienced with certain components.

2.4 Principal related party transactions

The principal related party transactions are covered under Note 19 "Transactions with related parties" in the Notes to the condensed consolidated financial statements as at 30 June 2017.

3 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3.1 Consolidated balance sheet

Consolidated assets in € thousands	Notes	30/06/2017	31/12/2016
Goodwill	Note 4	21,668	21,668
Development costs	Note 4	33,118	33,937
Other intangible assets	Note 4	1,162	590
Total intangible assets	**Note 4**	**55,948**	**56,195**
Land	Note 5	2,854	2,849
Buildings	Note 5	6,296	6,620
Technical equipment	Note 5	14,355	13,739
Other tangible assets	Note 5	6,602	5,885
Total tangible fixed assets	**Note 5**	**30,107**	**29,093**
Equity method investments		528	985
Non-current financial assets	Note 10	1,385	1,433
Deferred taxation	Note 9	11,414	10,898
Non-current tax credit	Note 10	12,913	11,722
TOTAL NON-CURRENT ASSETS		**112,295**	**110,326**
Stocks and work in progress	Note 6	99,664	93,778
Accounts receivable	Note 7	119,300	118,378
Other business related current receivables	Note 7	7,165	6,297
Current tax credit	Note 7	7,806	5,489
Other miscellaneous current receivables	Note 7	2,217	814
Current financial assets	Note 8.2		692
Total current receivables		**236,151**	**225,447**
Cash equivalents	Note 8.1	181	184
Cash	Note 8.1	30,742	27,162
Total cash and cash equivalents	**Note 8.1**	**30,923**	**27,346**
TOTAL CURRENT ASSETS		**267,074**	**252,793**
Goodwill		**379,370**	**363,119**

Equity and consolidated liabilities in € thousands	Notes	30/06/2017	31/12/2016
Capital	Note 12	15,075	15,075
Premiums	Note 12	17,561	17,561
Reserves	Note 12	81,421	61,994
Retained earnings	Note 12	7,781	8,534
Translation reserve	Note 12	(2,404)	(386)
Treasury shares	Note 12	(162)	(162)
Income for the period	Note 12	2,285	20,914
Group common shareholders' equity	**Note 12**	**121,557**	**123,528**
Income from non-controlling interests	Note 12	126	371
Reserves from non-controlling interests	Note 12	1,260	1,336
Non-controlling interests	**Note 12**	**1,386**	**1,707**
EQUITY	**Note 12**	**122,944**	**125,235**
Borrowings from credit institutions	Note 11	52,126	54,568
Miscellaneous debt	Note 11	1,941	1,941
Lease financing obligations	Note 11	3,551	3,965
Total non-current debt	**Note 11**	**57,618**	**60,474**
Deferred tax liabilities	Note 9	2,947	3,786
Provisions for pensions and other long term benefits	Note 14	8,583	9,075
TOTAL NON-CURRENT LIABILITIES		**69,148**	**73,335**
Other provisions	**Note 14**	**5,294**	**5,466**
Short term debt	Note 11	67,541	61,497
Financial instruments	Note 8.2	1,944	
Total current debt		**69,485**	**61,497**
Accounts payable	Note 15	60,794	52,351
Other operating liabilities	Note 15	32,729	32,888
Corporate taxes	Note 15	1,716	1,457
Other miscellaneous debt	Note 15	3,569	79
Deferred income		13,691	10,810
TOTAL CURRENT LAIBILITIES		**187,277**	**164,548**
TOTAL EQUITY AND LIABILITIES		**379,370**	**363,119**

3.2 Consolidated income statement

Consolidated income statement in € thousands	Notes	H1 2017	H1 2016	FY 2016
Revenue from operations *(Revenue)*	**Note 16**	**218,167**	**221,772**	**431,648**
- Materials and supplies	Note 16	(111,347)	(121,317)	(230,332)
- Personnel costs	Note 16	(55,646)	(53,350)	(103,816)
- External charges	Note 16	(34,778)	(30,411)	(59,672)
- Taxes		(3,489)	(3,733)	(7,088)
- Provisions for depreciation	Note 16	(7,875)	(7,701)	(16,209)
+/- Changes in stocks of finished products and work in progress		(1,943)	4,317	5,123
+/- Exchange gains / losses on operating activities		1,545	1,182	2,719
+ Research tax credit		1,368	2,200	3,761
Current Operating Income	**Note 16**	**6,001**	**12,958**	**26,135**
+ Other operating income		350	225	362
- Other operating expenses		(81)	82	(159)
+/- Profit / loss on disposal of assets		37	4	22
- Depreciation of goodwill	Note 4			
Operating Income	**Note 16**	**6,307**	**13,270**	**26,361**
+ Income from cash and cash equivalents		29	23	62
- Interest and financial costs	Note 16	(1,003)	(1,110)	(2,191)
+ Other financial income		168	382	102
- Other financial costs		(2,890)	(427)	(586)
Financial Result	**Note 18**	**(3,697)**	**(1,132)**	**(2,614)**
+ Group share of Net Income from equity method consolidated companies		(416)	80	128
+ Taxation	Note 16	217	(1,316)	(2,590)
Income for the period	**Note 16**	**2,411**	**10,902**	**21,285**
* attributable to owners of the parent		2,285	10,602	20,914
* non-controlling interests		126	300	371
Basic and diluted earnings per share (in €) – Group share	**Note 13**	**0.11**	**0.53**	**1.04**

3.3 Statement of comprehensive income

Statement of comprehensive income in € thousands	H1 2017	H1 2016	FY 2016
Income for the period	**2,411**	**10,902**	**21,285**
Items that will not be reclassified to profit or loss			
Defined benefit pension plans – Actuarial differences	1,056	(1,035)	(887)
Deferred taxation on defined benefit pension plans – Actuarial differences	(351)	345	297
Items that may subsequently be reclassified to profit or loss			
Exchange translation differences	(2,000)	(2,234)	(1,658)
Other comprehensive income for the year, net of tax	**(1,295)**	**(2,923)**	**(2,249)**
Total comprehensive income for the period	**1,117**	**7,979**	**19,036**
* attributable to owners of the parent	973	7,832	18,920
* non-controlling interests	144	146	116

3.4 Statement of changes in equity

In € thousands	Capital	Treasury shares	Premiums	Consolidated reserves, retained earnings, income	Translation reserve	Total attributable to the Group	Non-controlling interests	Total Shareholders' funds
At 01/01/2016	**15,075**	**(162)**	**17,561**	**73,135**	**1,017**	**106,626**	**4,378**	**111,004**
Comprehensive income								
Income for the period				10,602		10,602	300	10,902
Other comprehensive income				(690)	(2,080)	(2,770)	(153)	(2,923)
Comprehensive income for the period	**0**	**0**	**0**	**9,913**	**(2,080)**	**7,832**	**146**	**7 979**
Transactions with shareholders								
Distributions to shareholders				(2,082)		(2,082)	(272)	(2,355)
Others				140		140	(66)	74
At 30/06/2016	**15,075**	**(162)**	**17,561**	**81,105**	**(1,063)**	**112,515**	**4,187**	**116,702**
At 01/01/2017	**15,075**	**(162)**	**17,561**	**91,442**	**(386)**	**123,528**	**1,707**	**125,235**
Comprehensive income								
Consolidated income				2,285		2,285	126	2,411
Other comprehensive income				705	(2,017)	(1,312)	17	(1,295)
Comprehensive income for the period	**0**	**0**	**0**	**2,990**	**(2,017)**	**973**	**144**	**1,117**
Transactions with shareholders								
Distributions to shareholders				(3,038)		(3,038)	(273)	(3,310)
Changes to scope of consolidation				(224)		(224)		(224)
Others				318		318	(191)	127
At 30/06/2017	**15,075**	**(162)**	**17,561**	**91,488**	**(2,404)**	**121,557**	**1,386**	**122,944**

3.5 Consolidated cash flow statement

Consolidated cash flow statement in € thousands	Notes	H1 2017	H1 2016
Income for the period	**3.2**	**2,411**	**10,902**
Adjustments for:			
Depreciation and provisions	3.2	8,132	8,754
Profit / loss from disposal of assets	3.2	(53)	(9)
Interest charges	3.2	1,003	1,110
Current tax charge (excl. Research tax credit)	3.2	1,499	2,374
Changes to deferred taxation	3.2	(1,716)	(1,058)
Research tax credit	3.2	(1,368)	(2,200)
Other income / expense	3.2	(100)	28
Share of the profit / loss of associates	3.2	416	(80)
Operating cash flow before changes to working capital requirements		***10,225***	***19,821***
Changes to working capital requirements related to the business	Note 22.1	3,312	320
Cash flow from operating activities		13,537	20,140
Income tax paid (excl. Research tax credit)		(1,240)	(1,524)
Receipt of Research tax credit			2,026
Net cash flow from operating activities		**12,297**	**20,643**
Capital purchases	Notes 4 & 5	(10,237)	(12,461)
Dividends received from associates		54	12
Income from disposal of assets	3.2	296	18
Acquisitions during the period under net of cash acquired			
Net cash flow from investing activities		**(9,888)**	**(12,430)**
Dividends paid to the owners of the parent company			
Dividends paid to non-controlling interests in consolidated companies		(271)	(272)
New borrowings	Note 11	11,617	11,276
Repayment of borrowings	Note 11	(15,594)	(11,124)
Interest paid	Note 18	(1,003)	(1,110)
Net cash flow from financing activities		**(5,251)**	**(1,229)**
Effect of exchange rate changes		(735)	(808)
Cash and cash equivalents – opening balance	Note 8.1	(8,650)	(31,444)
Cash and cash equivalents – closing balance	Note 8.1	(12,227)	(25,268)
Changes in cash and cash equivalents		**(3,577)**	**6,176**

3.6 Notes to the consolidated financial statements

Note 1. Information about the Group – Entity presenting the financial statements

ACTIA Group is domiciled in France. The Company's registered head office is located at 5, Rue Jorge Semprun - 31400 Toulouse. The Company's consolidated financial statements include the Company and its subsidiaries (the whole being considered as the "Group"). The principal business areas of the Group are high-added value on-board electronic systems for the automotive and telecommunications markets.

The condensed consolidated financial statements at 30 June 2017 were approved by the Executive Board on 18 September 2017.

Note 2. Accounting principles

Note 2.1 Basis for the preparation of the financial statements

The accounting methods and means of calculation have been applied in an identical manner for all the periods presented.

The sums stated in these financial statements are expressed in thousands of Euros (€k).

The consolidated interim financial statements have been prepared in accordance with the IFRS Standards as published by the IASB and adopted by the European Union. Compliance with these standards includes the definitions, and accounting and valuation methods recommended by IFRS, as well as all the information that they require. In compliance with Standard IAS 34, *Interim financial information*, they do not include all the information required for annual financial statements and must be read in conjunction with the Group's financial statements for the year ended 31 December 2016.

Note 2.2 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS Standards requires management to exercise judgement, and make estimates and assumptions that have an impact on the application of the accounting methods and on the value of assets, liabilities, income and expenditure. These underlying estimates and assumptions are made on the basis of past experience and other factors considered to be reasonable in view of the circumstances. They therefore serve as the basis for exercising the judgement needed to determine the book value of certain assets and liabilities that cannot otherwise be determined directly from other sources. The actual value may differ from the estimated value.

These underlying estimates and assumptions are constantly re-examined. The impact of changes to accounting estimates is recognised during the period in which the change occurs if they only affect that period, or in the period in which the change occurs and the subsequent periods if these are also affected by the change.

The principal line items in the balance sheet that are affected by these estimates are deferred tax (see Note 9 "Deferred taxation"), Goodwill (see Note 4 "Intangible assets"), capitalised development costs (see Note 4 "Intangible assets") and provisions (see Note 14 "Provisions").

Note 2.3 Changes to IFRS Standards

The new IAS/IFRS texts and interpretations that became effective on 1 January 2017 and have been applied by the Group when preparing these consolidated financial statements at 30 June 2017 are as follows:

	IASB date of application	EU date of adoption	EU date of application
Amendment to IAS 7: Initiative concerning the information to be provided	01/01/2017	Q4 2017?	01/01/2017?
Amendment to IAS 12: Recognition of deferred tax assets as unrealised losses	01/01/2017	Q4 2017?	01/01/2017?
Annual improvements 2014-2016	01/01/2017	Q4 2017?	01/01/2017?

The application of these new standards and interpretations has no impact on the consolidated half-yearly accounts.

Other new standards, interpretations and amendments have been adopted by the European Union, but with a date of application for accounting periods commencing after 1 January 2017. They are:

	IASB date of application	EU date of adoption	EU date of application
IFRS 9 – Financial Instruments	01/01/2018	22/11/2016	01/01/2018
IFRS 15 – Revenue from contracts with customers	01/01/2018	22/09/2016	01/01/2018
Interpretation IFRIC 22 – Foreign currency transactions and advance consideration	01/01/2018	Q4 2017?	01/01/2018?
Interpretation IFRIC 23 – Uncertainty over income tax treatments	01/01/2019	2018?	01/01/2019?
Annual improvements 2014-2016	01/01/2018	Q4 2017?	01/01/2018?

The Group has chosen not to apply these standards, interpretations and amendments in advance. Their application should not have any material impact on the Group's consolidated accounts.

The Group is currently examining these accounting methods with regards to the future application of **IFRS 15**. This analysis concerns the type of contracts that currently exist within the Group.

- Sales of goods and equipment

Revenue is currently recognised upon delivery and the application of IFRS 15 will not change this form of recognition. Neither has the Group identified any changes regarding transaction prices that may result from IFRS 15.

- Multiple-element contracts

These contracts include development and different types of goods and services. It will be necessary to identify the performance obligations under the terms of each contract. Revenue from each performance obligation will be recognised as a function of the transfer of control. This could consequently modify the timing of recognition of revenue and the related margins.

At this stage of the analysis concerning this type of contract, the Group believes that the part of the contract concerning specific development will not, generally speaking, constitute a distinct performance obligation because development is inseparable from series production. Consequently, development costs will be recognised under the "cost of execution" of the contracts and accounted for under expense for the duration of these contracts. These costs are currently recycled under revenue on the basis of forecast sales of series production runs upon the actual delivery of each product.

Recognition under revenue of items produced in series, currently accounted for upon delivery, is not expected to change.

For certain contracts in the Defence and Energy sectors within the Telecommunications Division, the Group currently treats revenue as a global performance obligation. Revenue and margins are therefore accounted for as a function of the progression of the costs. The application of IFRS 15 is not expected to change these accounting principles.

The Group plans to apply this new standard as of 1 January 2018 in accordance with the method known as "fully retrospective". Therefore, shareholders' funds as stated in the opening balance sheet on 1 January 2017 will be adjusted to allow for the effect of applying this new standard, and the comparative statements covering 2017 presented in the consolidated financial statements for 2018 will also be adjusted accordingly.

In summary, the implementation of IFRS 15 should not have any material impact on the consolidated shareholders' funds at 1 January 2017, either on the Group's annual level of revenue with the current scope. Furthermore, there will be no impact on the related cash flow.

Note 3. Consolidated companies

During H1 2017, the Group decided to consolidate the internet start-up COOVIA, of which ACTIA Group holds 19.98% of the share capital, by the equity method.

Note 4. Intangible assets

During H1 2017, capitalised development costs stood at €4.2 million as compared to €4.4 million during the same period 2016.

Details of acquisitions of intangible assets are given in the following table:

In € thousands	30/06/2017	30/06/2016	30/06/2015
Development			
Automotive Division	3,349	3,501	3,994
Telecommunications Division	844	852	1,081
Total	**4,194**	**4,353**	**5,074**
Other Intangible Assets			
Automotive Division	800	128	189
Telecommunications Division	27	45	33
Others (incl. Holding Company)	0		1
Total	**828**	**173**	**223**

Note 5. Tangible fixed assets

During H1 2017, acquisitions of fixed assets reached €5.5 million as compared to €6.5 million for H1 2016; all were acquired from external suppliers.

Details are given in the following table:

In € thousands	30/06/2017	30/06/2016	30/06/2015
Land			
AUTOMOTIVE DIVISION	193		4
TELECOMMUNICATIONS DIVISION	-	-	-
Sub-total	**193**		**4**
Buildings			
AUTOMOTIVE DIVISION	223	49	176
of which Lease Financing			
TELECOMMUNICATIONS DIVISION	3	3	1
Others (incl. Holding Company)	-	-	-
Sub-total	**227**	**52**	**177**
Technical Equipment			
AUTOMOTIVE DIVISION	3,052	4,800	1,679
of which Lease Financing		*3,398*	*220*
TELECOMMUNICATIONS DIVISION	135	106	30
Sub-total	**3,186**	**4,906**	**1,708**
Other fixed assets			
AUTOMOTIVE DIVISION	1,807	1,498	872
of which Lease Financing	*312*	*83*	*96*
TELECOMMUNICATIONS DIVISION	59	38	46
Others (incl. Holding Company)	-	-	-
Sub-total	**1,866**	**1,536**	**918**
Total	**5,472**	**6,493**	**2,807**
of which Lease Financing	***312***	***3,481***	***316***

Note 6. Stocks and work in progress

The net realizable value of stocks was as follows:

In € thousands	30/06/2017	31/12/2016	30/06/2016	31/12/2015
Raw materials	47,595	38,768	39,835	39,201
Work in progress Goods and Services	23,507	19,979	21,790	17,795
Intermediate and finished products	19,378	25,284	22,563	22,938
Goods	9,182	9,746	10,774	10,795
Total	**99,664**	**93,778**	**94,961**	**90,728**

During H1 2017, stocks increased overall by €5.9 million as compared to €6.3 million in H1 2016. These **half-yearly changes** are shown in the following table:

In € thousands	Gross	Depreciation	Net
At 31/12/2015	**99,510**	**(8,782)**	**90,728**
Change over the period	6,747		6,747
Net depreciation		(2,083)	(2,083)
Changes in scope			
Effect of exchange rates	(448)	18	(430)
At 30/06/2016	**105,809**	**(10,847)**	**94,961**
Change over the period	(1,555)		(1,555)
Net depreciation		250	250
Changes in scope			
Effect of exchange rates	158	(38)	121

In € thousands	Gross	Depreciation	Net
At 31/12/2016	**104,412**	**(10,635)**	**93,777**
Change over the period	6,565		6,565
Net depreciation		(125)	(125)
Changes in scope			
Effect of exchange rates	(630)	76	(554)
At 30/06/2017	**110,348**	**(10,684)**	**99,663**

Pledges of stocks are listed under Note 21 “Security given against assets ».

Note 7. Trade and other receivables

The details of trade receivables and other current receivables are given in the following table:

In € thousands	Net value at 31/12/2016	Changes over the period	Depreciation / Reversal	Changes of scope	Effect of changes to exchange rates	Net value at 30/06/2017
Trade receivables	**118,378**	**1,600**	**(91)**		**(587)**	**119,300**
Pre-payments	**1,874**	1,469			(53)	**3,290**
Social security receivables	**436**	(60)			(22)	**354**
VAT claims	**2,254**	(238)			2	**2,018**
Accruals	**1,733**	(205)			(25)	**1,503**
Other business related current receivables	**6,297**	**966**			**(97)**	**7,165**
Tax receivables	**1,159**	2,112			(71)	**3,201**
Research Tax Credit	**4,330**	275				**4,605**
Current tax credit	**5,489**	**2,387**			**(71)**	**7,806**
Miscellaneous current receivables	**814**	**1,420**			**(17)**	**2,217**
Total	**130,978**	**6,373**	**(91)**		**(773)**	**136,488**

At 30 June 2017, the schedule for gross trade receivables not yet due and past due (aged balance) was as follows:

In € thousands	Not yet due	Past due by 0 to 30 days	Past due by 31 to 60 days	Past due by 61 to 90 days	Past due by more than 91 days	Total trade receivables (Gross)
Gross at 30/06/2017	98,268	7,337	3,364	4,183	8,614	**121,766**
Gross at 31/12/2016	91,259	11,622	4,823	4,349	8,732	**120,784**

No significant uncollectable debt was recognised at 30 June 2017, as was the case at 30 June 2016.

Note 8. Cash, cash equivalents and financial instruments at fair value through profit and loss

Note 8.1 Cash and cash equivalents

These changed as follows:

In € thousands	30/06/2017	31/12/2016	Change
Cash equivalents	181	184	(2)
Cash	30,742	27,162	3,580
Cash and cash equivalents	**30,923**	**27,346**	**3,578**
- Short term bank borrowings	**(43,150)**	**(35,996)**	**(7,154)**
Total	**(12,227)**	**(8,650)**	**(3,577)**

Short term bank borrowings are included in "Short term debt" under Current Liabilities.

Marketable securities are recognised at their market value on the date of closing. The impact on income for the period is as follows:

In € thousands	Fair value at 30/06/2017	Fair value at 31/12/2016	Impact
Marketable securities	181	184	0

Note 8.2 Financial instruments at fair value through profit and loss

These include:

- Interest rate hedging instruments

At 30 June 2017, the subsidiary ACTIA Automotive S.A. held interest rate SWAPs the details of which are given in the following table:

In € thousands	Initial amount	Amount at 30/06/2017	Fixed rate	Start date	End date	Bullet redemption
SWAP 1	5,000	5,000	0.50%	01/06/2016	01/06/2021	In fine
SWAP 2	5,000	4,000	0.34%	01/06/2016	01/06/2021	quarterly
SWAP 3	5,000	4,250	0.25%	01/09/2016	01/09/2021	quarterly
SWAP 4	5,000	5,000	0.45%	01/09/2016	01/09/2021	In fine
Total	**20,000**	**18,250**				

These hedging instruments are not linked to specific finance contracts but they cover the Group's indebtedness to a level of €18.3 million at 30 June 2017.

ACTIA Group recognises these hedging instruments at fair value through profit and loss.

The impact of this treatment on the results is shown in the following table:

In € thousands	30/06/2017		31/12/2016	
	Fair value	Impact	Fair value	Impact
ASSET/LIABILITY Financial instruments				
SWAP	(258)	131	(389)	(138)
Total	**(258)**	**131**	**(389)**	**(138)**

An analysis of ACTIA Group's exposure to interest rate risk is given under Note 22.2 "Market risks".

- Currency hedging instruments

At 30 June 2017, ACTIA Automotive and ACTIA Telecom held currency hedging contracts. Details of these contracts are given in the following table:

In currency	Maximum initial amount	Maximum amount remaining to be acquired at 30/06/2017	Minimum threshold	Strike	Start date	End date
EUR/USD Accumulator	$5,200,000	$1,900,000	1.0470	1.2170	10/03/2016	10/11/2017
EUR/USD Accumulator	$7, 500,000	$3,000,000	1.1050	1.2007	07/09/2016	18/12/2017
EUR/USD range of options	$9,300,000	$7,800,000	-	1.1975	28/01/2016	18/12/2017
EUR/USD Accumulator	$10,200,000	$5,000,000	1.0210	1.1300	04/01/2017	28/12/2017
EUR/USD Accumulator	$28,000,000	$16,000,000	1.0480	1.1745	21/11/2016	05/04/2018
Protected EUR/USD ABF	$21,000,000	$12,000,000	1.0480	1.1770	21/11/2016	09/04/2018
EUR/USD Accumulator	$10,800,000	$7,200,000	1.0510	1.1755	08/12/2016	06/06/2018
EUR/USD Accumulator	$14,400,000	$9,600,000	1.0510	1.1735	06/12/2016	12/06/2018
EUR/USD Accumulator	$3,600,000	$2,400,000	1.0210	1.1410	03/01/2017	18/06/2018

In currency	Maximum initial amount	Maximum amount remaining to be acquired at 30/06/2017	Minimum threshold	Strike	Start date	End date
EUR/USD Accumulator	$12,000,000	$7,800,000	1.0420	1.1657	24/11/2016	10/07/2018
EUR/USD Accumulator	$12,000,000	$8,400,000	1.0210	1.1600	05/01/2017	20/08/2018
EUR/USD Accumulator	$20,000,000	$14,000,000	1.0250	1.1600	04/01/2017	21/08/2018
EUR/USD Accumulator	$3,800,000	$3,600,000	1.0750	1.1855	17/05/2017	04/12/2018
EUR/USD Accumulator	$10,600,000	$10,600,000	1.0500	1.2000	23/02/2017	02/02/2019
EUR/USD Accumulator	$16,000,000	$16,000,000	1.0800	1.2167	07/06/2017	13/02/2019
EUR/USD Accumulator	$18,000,000	$18,000,000	1.1000	1.1700	07/04/2017	15/02/2019
EUR/USD Accumulator	$9,000,000	$9,000,000	1.0585	1.1960	25/04/2017	22/02/2019
EUR/USD Accumulator	$7,800,000	$7,800,000	1.0875	1.2300	30/06/2017	22/02/2019
EUR/USD Accumulator	$14,100,000	$14,100,000	1.0600	1.1860	21/04/2017	23/04/2019
EUR/JPY Accumulator	¥180,000,000	¥72,000,000	112.0000	122.2000	07/10/2016	19/12/2017
EUR/JPY Accumulator	¥144,000,000	¥120,000,000	119.2000	130.0000	10/03/2017	29/03/2018

ACTIA Group recognises these currency hedging instruments at fair value through profit and loss.

The impact of this treatment on the results is shown in the following table:

In € thousands	30/06/2017		31/12/2016	
	Fair value	Impact	Fair value	Impact
ASSET/LIABILITY Financial instruments				
EUR / USD hedging	(1,650)	(2,779)	1,129	(76)
EUR / JPY hedging	(36)	12	(48)	(54)
Total	**(1,685)**	**(2,766)**	**1,081**	**(130)**

Note 9. Deferred taxation

In € thousands	30/06/2017	31/12/2016
Tax assets recognized under:		
Timing differences	5,189	4,672
Of which provision for pension benefits	*1,743*	*2,011*
Of which profits on stocks	*430*	*456*
Of which other adjustments	*3,015*	*2,205*
Losses carried forward	6,226	6,226
Net total tax assets	**11,414**	**10,898**
Tax liabilities recognized under:		
Deferred tax liabilities	2,947	3,786
Net total tax liabilities	**2,947**	**3,786**
Net total deferred tax assets and liabilities	**8,467**	**7,111**

Note 10. Financial assets and liabilities

Financial assets and liabilities are carried at amortized cost.

The Group distinguishes between three categories of financial instruments according to the consequences of their characteristics in terms of their valuation method, and uses this classification to present some of the types of information required by the standard IFRS 13:

- Level 1: “market value”; financial instruments listed in an active market,
- Level 2: “model with observable inputs”; financial instruments whose valuation is calculated using valuation techniques based on observable inputs,
- Level 3: “model with unobservable inputs”.

Note 10.1 Financial assets

In € thousands	30/06/2017				31/12/2016			
	Financial assets available for sale	Financial assets at fair value through profit and loss	Loans and receivables	Consolidated Group accounts(*)	Financial assets available for sale	Financial assets at fair value through profit and loss	Loans and receivables	Consolidat-ed Group accounts(*)
Non-current assets								
Non-current financial assets	657		728	**1,385**	563		870	**1,433**
Non-current Research tax credit			12,913	**12,913**			11,722	**11,722**
Current assets								
Trade receivables			119,300	**119,300**			118,378	**118,378**
Current tax credit			7,806	**7,806**			5,489	**5,489**
Other miscellaneous receivables			2,217	**2,217**			814	**814**
Financial instruments		0		**0**		692		**692**
Cash equivalents		181		**181**		184		**184**
Cash			30,742	**30,742**			27,162	**27,162**
Total	**657**	**181**	**173,705**	**174,543**	**563**	**876**	**164,435**	**165,873**

(*) The fair value is identical to the value recognised in the consolidated accounts for all financial assets.

In € thousands	Level 1 Market value	Level 2 With observable inputs	Level 3 With unobservable inputs
Financial instruments		0	
Cash equivalents	181		
Total	**181**	**0**	**-**

Note 10.2 Financial liabilities

In € thousands	30/06/2017			31/12/2016		
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit and loss	Consolidated Group accounts(*)	Financial liabilities at amortized cost	Financial liabilities at fair value through profit and loss	Consolidated Group accounts(*)
Non-current liabilities						
Borrowings from credit institutions	52,126		**52,126**	54,568		**54,568**
Miscellaneous debt	394	1,547	**1,941**	394	1,547	**1,941**
Debt - lease financing	3,551		**3,551**	3,965		**3,965**
Current liabilities						
Short term debt	66,854	687	**67,541**	60,810	687	**61,497**
Financial instruments		1,944	**1,944**			**0**
Accounts payable	60,794		**60,794**	52,351		**52,351**
Other miscellaneous liabilities	3,569		**3,569**	79		**79**
Total	**187,289**	**4,177**	**191,466**	**172,168**	**2,234**	**174,401**

(*) The fair value is close to the value recognised in the consolidated accounts for the financial liabilities.

In € thousands	Level 1 Market value	Level 2 With observable inputs	Level 3 With unobservable inputs
Non-current liabilities			
Miscellaneous debt	1,547		
Current liabilities			
Short term debt	687		
Financial instruments		1,944	
Total	**2,234**	**1,944**	**-**

Note 11. Financial debt

Financial debt by type and by maturity breaks down as follows:

In € thousands	30/06/2017				31/12/2016			
	<30/06/18	>01/07/18 <30/06/22	>01/07/22	Total	<31/12/17	>01/01/18 <31/12/21	>01/01/22	Total
Borrowings from credit institutions	22,145	49,124	3,002	**74,271**	22,512	50,733	3,835	**77,080**
Miscellaneous debt	793	1,667	274	**2,734**	1,414	1,667	274	**3,355**
Debt – lease financing(*)	1,453	3,353	198	**5,004**	1,576	3,538	426	**5,540**
Short term bank borrowings and overdrafts	43,150			**43,150**	35,996			**35,996**
Total	**67,541**	**54,144**	**3,474**	**125,159**	**61,497**	**55,939**	**4,534**	**121,971**

(*)See paragraph "Tangible fixed assets "

During H1 2017, financial debt changed as shown below:

In € thousands	At 01/01/17	New borrowings	Repayments and other changes	Translation differences	At 30/06/17
Borrowings from credit institutions	**77,080**	9,015	(11,705)	(118)	**74,271**
Miscellaneous debt	**3,355**	2,593	(3,197)	(16)	**2,734**
Debt - lease financing	**5,540**	312	(849)		**5,004**
Short term bank borrowings and overdrafts	**35,996**		7,284	(129)	**43,150**
Total	**121,971**	**11,919**	**(8,467)**	**(264)**	**125,159**

At 30 June 2017, the schedule for financial debt, including interest not yet accrued breaks down as follows:

In € thousands	<30/06/18		>01/07/18 <30/06/22		>01/07/22		Total		
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Borrowings from credit institutions	22,145	849	49,124	1,142	3,002	51	**74,271**	**2,042**	**76,313**
Miscellaneous debt	793		1,667		274		**2,734**	**0**	**2,734**
Debt - lease financing	1,453	54	3,353	85	198	2	**5,004**	**141**	**5,145**
Short term bank borrowings and overdrafts	43,150	503					**43,150**	**503**	**43,653**
Total	**67,541**	**1,405**	**54,144**	**1,227**	**3,474**	**53**	**125,159**	**2,686**	**127,845**

Financial debt by currency of subscription breaks down as follows:

In € thousands	EUR	USD	Others	Total
Borrowings from credit institutions	72,847	1,424	0	**74,271**
Miscellaneous debt	2,199	0	535	**2,734**
Debt - lease financing	5,004	0	0	**5,004**
Short term bank borrowings and overdrafts	42,213	342	595	**43,150**
Total	**122,263**	**1,766**	**1,130**	**125,159**

The net debt to equity (gearing) ratio was as follows:

In € thousands	30/06/2017	31/12/2016
Borrowings from credit institutions	74,271	77,080
Miscellaneous debt	2,734	3,355
Debt - lease financing	5,004	5,540
Short term bank borrowings and overdrafts	43,150	35,996
Sub-total A	**125,159**	**121,971**
Cash equivalents	181	184
Cash	30,742	27,162
Sub-total B	**30,923**	**27,346**
Total net debt = A - B	**94,236**	**94,625**
Total equity	**122,944**	**125,235**
Gearing ratio	**76.6%**	**75.6%**

The gearing ratio adjusted for the impact of the financing of trade receivables, the Research (CIR) and Competitivity and Employment (CICE) Tax Credits, was as follows:

In € thousands	30/06/2017	31/12/2016
Borrowings from credit institutions	74,271	77,080
Miscellaneous debt	2,734	3,355
Debt - lease financing	5,004	5,540
Short term bank borrowings and overdrafts	43,150	35,996
- Financing of trade receivables	*(15,656)*	*(11,945)*
- CIR	*(8,078)*	*(8,078)*
- CICE	*(1,954)*	*(2,400)*
Sub-total A	**99,471**	**99,548**
Cash equivalents	181	184
Cash	30,742	27,162
Sub-total B	**30,923**	**27,346**
Total net debt = A - B	**68,548**	**72,202**
Total equity	**122,944**	**125,235**
Gearing ratio	**55.8%**	**57.7%**

The breakdown between fixed and variable rate debt was as follows:

In € thousands	30/06/2017			31/12/2016		
	Fixed	Variable	Total	Fixed	Variable	Total
Borrowings from credit institutions	54,530	19,741	**74,271**	51,503	25,577	**77,080**
Miscellaneous debt	2,734	0	**2,734**	3,355	0	**3,355**
Debt - lease financing	5,004	0	**5,004**	5,540	0	**5,540**
Short term bank borrowings and overdrafts	2,392	40,758	**43,151**	2,760	33,236	**35,996**
Total	**64,661**	**60,499**	**125,159**	**63,158**	**58,813**	**121,971**
As a percentage	51.7%	48.3%	**100.0%**	51.8%	48.2%	**100.0%**

All debt covenants and short term borrowings must be checked on an annual basis at year end. At 30 June 2017, they applied to 18.33% of the debt.

At 31 December 2016, all non-current debts were within the financial ratios. As a consequence there were no requests for waivers and no reclassifications were carried out.

Any collateral given against borrowings and financial debt is listed under Note 21 “Security given against assets”.

In the case of the borrowing agreements entered into by the Group, certain banks include general clauses regarding the use of the assets or the taking out of new loans.

Note 12. Equity

During H1 2017, changes to the Group’s equity were related mainly to income for the period.

Details of changes to the number of shares over the period were as follows:

In units	31/12/2016	Increases in capital	30/06/2017
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

At 30 June 2017, the share capital consisted of 7,995,132 single voting shares, 12,088,053 double voting shares and 16,756 treasury shares with no voting rights.

There are 12,317,272 registered shares and 7,782,669 bearer shares.

The company ACTIA Group S.A. has no priority dividend shares and no preference shares.

The nominal value of a share is €0.75.

During H1 2017, changes to the Group’s equity were related to:

- Income for the period of €2,285 k,
- The distribution of dividends decided on by the General Shareholders’ Meeting of the Holding Company ACTIA Group SA. The amount of the dividend payable per share is €0.15. The dividend will be paid on 29 September 2017 after suspending trading on 27 September.

Note 13. Earnings per share

Note 13.1 Basic earnings per share

The calculation of basic earnings per share at 30 June 2017 was carried out on the basis of the income attributable to the Group, with the details of the calculation being given in the table, below:

In Euros	30/06/2017	31/12/2016
Consolidated income attributable to owners of the parent *(in €)*	**2,284,859**	**20,913,875**
Weighted average number of shares		
Shares issued as at 1 January	20,099,941	20,099,941
Own shares held at the end of the period	(3,328)	(3,328)
Weighted average number of shares	**20,096,613**	**20,096,613**
Basic earnings per share *(in €)*	**0.11**	**1.04**

Note 13.2 Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2017 was carried out on the basis of the income attributable to the Group’s shareholders. No correction has been made to this amount. The weighted average number of potential ordinary shares over the period was 20,096,613 shares.

Details of the calculation are given in the table, below:

In Euros	30/06/2017	31/12/2016
Diluted earnings *(in €)*	**2,284,859**	**20,913,875**
Weighted average number of potential shares		
Weighted average number of ordinary shares	20,096,613	20,096,613
Effect of stock option plans	0	0
Diluted weighted average number	**20,096,613**	**20,096,613**
Diluted earnings per share *(in €)*	**0.11**	**1.04**

Note 14. Provisions

During H1 2017, provisions for pensions and other long term benefits fell by €492 k to a total of €8,583 k at 30 June 2017. The actuarial difference recognised in other comprehensive income corresponds to a reversal of €754 k. The assumptions used in the calculation at 30 June 2017 changed as follows:

- Discount rate of 1.67% (1.31% at 31/12/16) for the French companies, 7.31% (7.31% at 31/12/16) for the Tunisian companies,
- Salary inflation of 2.25% for the French companies and 3% for the Tunisian companies,
- Higher or lower revenue depending on the companies and the categories of employees (management or non-management).

The assumptions used for the calculation may be adjusted using internal analyses of payroll.

Other provisions for risks and charges diminished by a total of €168 k.

Note 15. Other current liabilities

Details of other current liabilities are given in the table, below:

In € thousands	Net amounts at 31/12/2016	Changes over the period	Changes in scope	Effect of foreign exchange	Net amounts at 30/06/2017
Suppliers of goods and services	**52,351**	**8,849**	**0**	**(406)**	**60,794**
Prepayments received	**5,228**	556		(16)	**5,768**
Social security liabilities	**19,637**	1,806		(232)	**21,11**
Tax liabilities	**8,023**	(2,236)		(38)	**5 ,50**
Other operating liabilities	**32,888**	**126**	**0**	**(286)**	**32,729**
Tax liabilities (Corporate taxes)	**1,457**	**290**		**(31)**	**1,716**
Fixed asset liabilities	**22**	(22)		0	**0**
Advances payable	**(315)**	3 540		(17)	**3,208**
Miscellaneous liabilities	**372**	(6)		(5)	**361**
Other miscellaneous liabilities	**79**	**3,512**	**0**	**(22)**	**3,569**
Total	**86,776**	**12,777**	**0**	**(745)**	**98,808**

Note 16. Operating segments

In accordance with the provisions of the standard IFRS 8, the information by operating segment is based on the approach taken by management, meaning the way in which management allocates resources depending on the performance of the different segments. Within ACTIA Group, the Chairman of the Executive Board is the chief operating decision maker. The Group has two segments to present, which offer distinct products and services and are managed separately insofar as they require different technological and commercial strategies. The types of activities conducted by each of the two segments presented may be summarised as:

- The Automotive Division includes “Original Equipment Manufacturer” (OEM), “Aftermarket” and “Manufacturing - Design & Services” (MDS) products ;
- The Telecommunications Division includes “Satcom” (SAT), “Energy / Aeronautics – Defence” (EAD), “Broadcasting / Rail – Transport” (BRT) and “Infrastructure-Networks-Telecommunications” (INT) products.

In addition to these two operating segments there is also:

- A heading “Others” including the Holding Company ACTIA Group S.A., the property management company SCI Les Coteaux de Pouvourville and COOVIA, both accounted for by the equity method.

For H1 2017, the key performance indicators by operating segment were as follows:

In € thousands	30/06/2017			
	Automotive	**Telecom-munications**	**Others**	**Consolidated Group accounts**
Revenue from ordinary activities				
(Revenue)				
*excl. Group (external customers)	198,911	19,215	40	**218,167**
Materials and supplies	(104,361)	(6,622)	(364)	**(111,347)**
Personnel costs	(47,534)	(7,711)	(402)	**(55,646)**
External charges	(30,488)	(2,628)	(1,663)	**(34,778)**
Provisions for depreciation (A)	(7,417)	(454)	(4)	**(7,875)**
Current Operating Income	**4,956**	**1,389**	**(343)**	**6,001**
Depreciation of goodwill (C)	0	0	0	**0**
Operating Income	**5,250**	**1,416**	**(359)**	**6,307**
Interest and financial costs (B)	(924)	(31)	(48)	**(1,003)**
Taxes (D)	89	228	(101)	**217**
NET INCOME (E)	**1,810**	**1,503**	**(901)**	**2,411**
EBITDA (F) = (E)-(A)-(B)-(C)-(D)	**10,062**	**1,760**	**(749)**	**11,073**
SEGMENT ASSETS				
Non-current assets	91,380	19,822	1,094	**112,295**
Stocks	89,088	10,576	0	**99,664**
Trade receivables	99,614	19,662	24	**119,300**
Other current receivables	15,630	1,482	75	**17,187**
Cash and cash equivalents	26,466	3,905	552	**30,923**
TOTAL SEGMENT ASSETS	**322,179**	**55,446**	**1,745**	**379,370**
INVESTMENTS				
Intangible	4,150	871	0	**5,021**
Tangible	5,331	197	0	**5,528**
Financial	0	0	0	**0**
TOTAL INVESTMENTS	**9,480**	**1,068**	**0**	**10,549**
SEGMENT LIABILITIES				
Non-current liabilities	57,620	5,592	5,937	**69,148**
Short term debt	62,332	1,705	3,504	**67,541**
Accounts payable	55,887	4,097	810	**60,794**
Other current liabilities	43,912	11,138	3,892	**58,942**
TOTAL SEGMENT LIABILITIES	**219,751**	**22,532**	**14,143**	**256,426**

For H1 2016, the key performance indicators by operating segment were as follows:

In € thousands	30/06/2016			
	Automotive	Telecom-munications	Others	Consolidated Group accounts
Revenue from ordinary activities				
(Revenue)				
* excl. Group (external customers)	200,139	21,591	42	**221,772**
Materials and supplies	(111,427)	(9,598)	(292)	**(121,317)**
Personnel costs	(45,364)	(7,581)	(404)	**(53,350)**
External charges	(26,302)	(2,748)	(1,361)	**(30,411)**
Provisions for depreciation (A)	(7,083)	(616)	(1)	**(7,701)**
Current Operating Income	**11,672**	**1,643**	**(358)**	**12,958**
Depreciation of goodwill (C)	0	0	0	**0**
Operating Income	**11,694**	**1,938**	**(361)**	**13,270**
Interest and financial costs (B)	(1,004)	(37)	(69)	**(1,110)**
Taxes (D)	(1,248)	19	(87)	**(1,316)**
NET INCOME (E)	**9,165**	**1,884**	**(147)**	**10,902**
EBITDA (F) = (E)-(A)-(B)-(C)-(D)	**18,501**	**2,517**	**11**	**21,028**
SEGMENT ASSETS				
Non-current assets	87,628	18,619	745	**106,992**
Stocks	85,460	9,501	0	**94,961**
Trade receivables	99,438	23,599	0	**123,037**
Other current receivables	14,825	1,924	88	**16,838**
Cash and cash equivalents	22,782	1, 121	697	**24,601**
TOTAL SEGMENT ASSETS	**310,133**	**54,765**	**1,531**	**366,428**
INVESTMENTS				
Intangible	3,627	897	0	**4,524**
Tangible	6,431	147	0	**6,578**
Financial	86	0	100	**186**
TOTAL INVESTMENTS	**10,144**	**1,044**	**100**	**11,288**
SEGMENT LIABILITIES				
Non-current liabilities	49,911	5,357	3,555	**58,824**
Short term debt	60,891	4,563	6,309	**71,763**
Accounts payable	54,337	4,597	726	**59,660**
Other current liabilities	45,218	11,447	2,814	**59,480**
TOTAL SEGMENT LIABILITIES	**210,357**	**25,964**	**13,405**	**249,726**

Note 17. Income taxes

Details of Group income taxes were as follows:

In € thousands	30/06/2017	30/06/2016
Income from consolidated companies	2,827	10,822
Current taxation (credit)	1,499	2,374
Deferred taxation (credit)	(1,716)	(1,058)
Of which	*(1,705)*	*(1,058)*
Deferred tax on changes in tax rates	*(11)*	*0*
Income from consolidated companies before tax	**2,610**	**12,138**

At 30 June 2017, there were no deferred taxes resulting from the deactivation of fiscal losses.

Note 18. Notes to the financial result

The financial result is shown in the following table:

In € thousands		30/06/2017	31/12/2016
Income from cash and equivalents		29	62
Interest and financial costs		(1,003)	(2,191)
Of which	*Interest on debt*	*(1,003)*	*(2,191)*
Other financial income			102
Of which	*Interest received*	*37*	*73*
	Dividends received	*0*	*28*
	Income from financial instruments	*131*	*0*
Other financial costs		(2,890)	(586)
Of which	*Costs on financial instruments*	*(2,766)*	*(269)*
Financial result		**(3,697)**	**(2,614)**

Note 19. Transactions with related parties

Details of the transactions carried out in the first half 2017 with parties related to ACTIA Group are discussed below.

Note 19.1 With the Holding Company: LP2C S.A.

The nature of the relationship with LP2C is set out in the agreement signed by the two companies on 14 June 2013:

Ongoing services concern the following areas:

- General Group policy and management,
- Management of the business,
- Communications,
- Accounting, legal and administrative assistance,
- Financial assistance.

Additional activities: LP2C may undertake, upon request by ACTIA Group and on its behalf, specific and clearly defined activities, which are limited in duration and do not enter into the normal framework of the services listed above. These specific additional activities are subject to separate agreements established according to the same terms and conditions as the agreement covering the ongoing services.

This agreement has been entered into for a fixed period of five years, from 1 January 2013 to 31 December 2017.

The figures concerning balance sheet items are as follows:

In € thousands		H1 2017	H1 2016
Net amount of the transaction (expense)		**(855)**	**(829)**
Of which	*Ongoing services*	*(898)*	*(874)*
	Ad hoc services to the Holding Company	*43*	*45*
Net balance sheet entry (liability)		**(539)**	**(628)**
Of which	*Current accounts*	*0*	*0*
	Supplier payables	*(539)*	*(628)*
	Trade receivables	*0*	*0*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

Note 19.2 With investments consolidated by the equity method

The relationship between SCI Los Olivos, SCI Les Coteaux de Pouvourville and the Group involve the management of land and property:

- SCI Los Olivos owns land and a building in Getafe (Spain) that are rented to ACTIA Systems,
- SCI Les Coteaux de Pouvourville owns land and buildings located in Toulouse (Department 31) that are leased to ACTIA Group and ACTIA Automotive pro rata to the surface area used.

Otherwise, in 2016 the Group, through the parent company ACTIA Group, took up a minority interest (20% of the share capital) in COOVIA, an internet start-up specialising in urban carpooling.

The figures concerning **SCI Los Olivos** are as follows:

In € thousands		H1 2017	H1 2016
Net amount of the transaction (expense)		**(59)**	**(60)**
Of which	*Invoicing of rent*	*(60)*	*(60)*
	Interest and financial costs	*1*	*0*
Net balance sheet entry (liability)		**0**	**0**
Of which	*Current account*	*0*	*0*
	Supplier payables	*0*	*0*
	Trade receivables	*0*	*0*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

The figures concerning **SCI Les Coteaux de Pouvourville** are as follows:

In € thousands		H1 2017	H1 2016
Net amount of the transaction (expense)		**(261)**	**(379)**
Of which	*Invoicing of rent*	*(263)*	*(382)*
	Interest and financial costs	*2*	*3*
Net balance sheet entry (liability)		**(3)**	**0**
Of which	*Current account*	*0*	*0*
	Supplier payables	*(3)*	*0*
	Trade receivables	*0*	*0*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

The figures concerning **COOVIA** are as follows:

In € thousands		H1 2017
Net amount of the transaction (expense)		**0**
Of which	*Invoicing of rent*	*0*
Net balance sheet entry (liability)		**600**
Of which	*Current account*	*600*
	Supplier payables	*0*
	Trade receivables	*0*
Invoicing terms		Annual
Payment terms		Cash
Provisions for bad debt		**0**

Note 19.3 With the subsidiaries

These are companies included in the Group's scope of consolidation (see Note 3 "Consolidated companies").

Transactions with the subsidiaries are eliminated in full in the consolidated accounts. They are of various kinds:

- buying or selling of goods and services,
- rental of premises,
- transfer of research and development,
- buying or selling of capital assets,
- licence agreements,
- management fees,
- current accounts,
- loans…

Note 19.4 With the members of management bodies

This is the remuneration paid to individuals who are corporate officers of the company ACTIA Group S.A.:

- ACTIA Group: members of the Executive Board and Supervisory Board,
- LP2C, controlling company: members of the Executive Board and Supervisory Board,
- In the controlled companies, subsidiaries of ACTIA Group.

The details of the remuneration paid to corporate officers are as follows:

In € thousands		H1 2017	H1 2016
Remuneration of corporate officers		**210**	**183**
Of which	*Fixed*	*206*	*179*
	Variable	*0*	*0*
	Exceptional	*0*	*0*
	Benefits in kind	*4*	*4*
Other remuneration for non-executive directors		**78**	**78**
Attendance fees		**0**	**0**
Total		**288**	**261**

Note 19.5 With other related parties

- GIE PERENEO

The company ACTIA Automotive S.A. holds 50% of GIE PERENEO. The purpose of this economic interest group is to respond to Maintenance in Operational Condition (MOC) and upkeep of electronic systems service offers.

The figures concerning transactions with GIE PERENEO are as follows:

In € thousands	H1 2017	H1 2016
Amount of the transaction (expense)	771	532
Balance sheet entry (liability)	459	479
Payment terms	Cash	Cash
Provisions for bad debt	0	0

The financial information regarding GIE PERENEO is as follows:

In € thousands	H1 2017	H1 2016
Total assets	1,289	1,359
Debt	(1,254)	(1,329)
Revenue	1,952	1,749
Income	(15)	(6)

Note 20. Off-balance sheet commitments

Off-balance sheet commitments break down as follows:

In € thousands	30/06/2017	31/12/2016
Commitments received		
Bank guarantees	966	1,699
Total commitments received	**966**	**1,699**

The above information does not include:

- Lease financing balances that are covered under Note 11 “Financial debt”,
- Lease financing commitments and operating leases,
- Interest on borrowings that are covered under 11 “Financial debt”,
- Foreign currency term sales commitments and interest rate SWAPs that are covered under Note 8.2 “Financial instruments at fair value through profit and loss”.

Note 21. Security given against assets

Security given against assets corresponds to assets serving as security against debts recognised under liabilities. This is broken down as follows:

In € thousands	30/06/2017				31/12/2016			
	Automotive Division	Telecom-munications Division	Other subsid-iaries	Total	Automotive Division	Telecom-munications Division	Other subsid-iaries	Total
Equity interests in consolidated companies(*)	0	4,916	0	**4,916**	199	4,916	0	**5,115**
Secured debt	*0*	*3,256*	*0*	***3,256***	*0*	*3,500*	*0*	***3,500***
Assignment of trade receivables	22,153	0	0	**22,153**	16,010	0	0	**16,010**
Of which: Dailly secured	*5,815*	*0*	*0*	***5,815***	*5,591*	*0*	*0*	***5,591***
Dailly with recourse	*16,338*	*0*	*0*	***16,338***	*10,419*	*0*	*0*	***10,419***
Discounted notes not yet matured	*0*	*0*	*0*	***0***	*0*	*0*	*0*	***0***
Assignment of CIR & CICE	10,032	0	0	**10,032**	10,478	0	0	**10,478**
Assignment of stocks	0	0	0	**0**	1	0	0	**1**
Assignment other receivables	0	0	0	**0**	0	0	0	**0**
Assignment of equipment	1,633	0	0	**1,633**	1,942	0	0	**1,942**
Mortgages/Security (land/buildings)	4,586	0	0	**4,586**	3,963	0	0	**3,963**
Total	**38,404**	**4,916**	**0**	**43,321**	**32, 593**	**4,916**	**0**	**37,509**

(*)Book value of pledged securities

Note 22. Risk factors

ACTIA Group undertakes reviews of risks that may have a material adverse effect on its business, financial health, its results, and its ability to achieve its objectives.

The principal risks to which ACTIA Group is exposed have been identified and are described in the 2016 Registration Document (Note 25).

The relevant and material risk factors as identified on the date of publication of the half-yearly report are presented in this paragraph.

Apart from the risks presented in this paragraph, the Group considers that there are no other material risks.

Note 22.1 Liquidity risks

The company has undertaken a specific review of its liquidity risk and considers that it is in a position to meet its future commitments. However, ACTIA Group undertakes such reviews on a regular basis in order to be prepared for any eventualities and to be able to provide a rapid response if necessary.

A detailed study of financial debt, the cash position, net debt and debt including interest is provided under Note 11 “Financial debt”.

The half-yearly accounts do not allow for the presentation of the medium term financing required for investments in R&D because these will be put in place during the second half 2017. Concerning production equipment, efforts will be limited and will concern both France and Tunisia as of the second half. An overall amount of €44 million in medium term financing was presented to the partner banks, including the sum required for real estate projects, which will be implemented between now and end 2018. The Group received approvals of up to 2.1 times the required amounts. This level of approvals thus obtained from our partner banks will enable the Group to allocate its medium and short term financing in its own best interests.

A detailed study of financial assets and liabilities is provided under Note “Financial assets and liabilities” and summarised in the following tables:

At 30 June 2017:

In € thousands	<30/06/18	>01/07/18 <30/06/22	>01/07/22	Total
Total financial assets	160,246	12,913	1,385	**174,543**
Total financial liabilities	(133,848)	(54,144)	(3,474)	**(191,466)**
Net position before management	**26,398**	**(41,232)**	**(2,089)**	**(16,923)**
Off-balance sheet commitments	(966)			**(66)**
Net position after management	**25,432**	**(41,232)**	**(2,089)**	**(17,888)**

At 31 December 2016:

In € thousands	<31/12/17	>01/01/18 <31/12/21	>01/01/22	Total
Total financial assets	152,719	11,722	1,433	**165,873**
Total financial liabilities	(113,928)	(55,939)	(4,534)	**(174,401)**
Net position before management	**38,791**	**(44,217)**	**(3,102)**	**(8,528)**
Off-balance sheet commitments	(1,699)			**(1,699)**
Net position after management	**37,092**	**(44,217)**	**(3,102)**	**(10,227)**

In ACTIA Group, the risk that a business unit might encounter difficulties in honouring its financial liabilities is related to its level of invoicing and debt collection, but there are no such difficulties to be reported.

The companies in ACTIA Group manage their future cash requirements independently. The parent company only intervenes in case of difficulties. Cash is generated mainly by the business, and sometimes by bank borrowings obtained locally. Major investments are decided on by senior Group management (buildings, production equipment and significant R&D projects) and are partially financed by loans or leasing contracts taken on by the entity in question. ACTIA Automotive S.A., as the leading company in the Automotive Division, may be called upon to finance major investments on behalf of its subsidiaries (e.g. the investment in telematics with its subsidiary ACTIA Nordic).

Finally, the Group, with the benefit of excess cash within some subsidiaries, has set up bilateral cash management agreements.

To date, ACTIA Automotive S.A. has signed framework agreements with its subsidiaries ACTIA Systems (Spain), ACTIA I+Me (Germany), ACTIA Italia (Italy), and ACTIA PCs (France) in order to make the best possible use of the excess cash available within the Group. During H1 2017, ACTIA Automotive S.A enjoyed access to €1,000 k from its subsidiaries:

- ACTIA I+Me: €1,000 k

Similarly, ACTIA Telecom has signed a bilateral cash management agreement with its parent company ACTIA Group S.A. in the sum of €3.0 million, €2.0 million of which had been used at 30 June 2017.

It should be noted that the purpose of these agreements is to make use of the cash available within the Group in order to limit use of the short term financing lines available to the parent, thereby reducing financial costs: it does not involve transferring bank borrowings to the subsidiaries.

Note 22.2 Market risks

❖ Interest rate risk

At 30 June 2017, the company examined its interest rate risk and the resulting figures are presented in the following table:

In € thousands	Financial assets* (a)		Financial liabilities* (b)		Net exposure before hedging (c) = (a) - (b)		Hedging instruments (d)		Net exposure after hedging (e) = (c) + (d)	
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable
< 1 year	160,246		84,050	49,798	76,196	(49,798)	18,250	(18,250)	**57,946**	**(31,548)**
From 1 to 2 years	3,292		14,202	6,763	(10,910)	(6,763)			**(10,910)**	**(6,763)**
From 2 to 3 years	3,675		13,553	3,200	(9,878)	(3,200)			**(9,878)**	**(3,200)**
From 3 to 4 years	4,731		11,216	738	(6,485)	(738)			**(6,485)**	**(738)**
From 4 to 5 years	1,215		4,472	0	(3,258)	0			**(3,258)**	**0**
> 5 years	1,385		3,474		(2,089)	0			**(2,089)**	**0**
Total	**174,543**	**0**	**130,967**	**60,499**	**43,576**	**(60,499)**	**18,250**	**(18,250)**	**25,326**	**(42,249)**

*The details of financial assets and liabilities are given under Note 11 in the notes to the consolidated accounts.

At Group level, checks are conducted to ensure that the overall interest rate risk remains equally shared between fixed and variable rates, as far as bank borrowings are concerned.

The majority of bank debt has been entered into at variable rates with the Euribor 3 months rate as the benchmark. As a floor of 0 has been put in place as imposed by the banks, and in view of low interest rates, the Group intends to favour fixed rate financing in 2017. The breakdown of fixed and variable rate financial debt is given under Note 111 "Financial debt".

In order to achieve a balance between fixed and variable rates, the Group has put in place a hedging instrument designed to bring the share of variable rate bank borrowings to 60.6%. The characteristics of the rate swaps held by ACTIA Automotive S.A. are described under Note 8.2 "Financial instruments at fair value through profit and loss".

The sensitivity of a variance of +/- 1% of the benchmark rate has been calculated on a post-hedging basis. The figures resulting from this analysis are given below:

In € thousands	30/06/2017	
	Impact on income before tax	Impact on equity before tax
Impact of a variance of + 1% in interest rates	**(422)**	**(422)**
Impact of a variance of - 1% in interest rates	**422**	**422**

❖ Foreign exchange risk

Commercial and financial operations conducted in foreign currencies systematically involve a foreign exchange risk.

In countries where there are the most significant currency related risks, the Group invoices in Euros for all intra-group transactions and limits customer credit in countries with "soft" currencies.

For transactions conducted in foreign currencies (e.g. buying or selling in USD/JPY by companies in the Euro zone), the companies in question manage their foreign exchange risk independently and make use, as necessary, of foreign exchange hedges.

At 30 June 2017, the companies ACTIA Automotive and ACTIA Telecom held foreign exchange hedging contracts the details of which are given under Note 8.2 "Financial instruments at fair value through profit and loss".

It should be noted that the variety of instruments (multiple lines of different amounts and duration, use of instruments with different characteristics (forward purchases, accumulators…)) makes it possible to remain proactive. In this way, ACTIA Automotive, the French subsidiary most exposed to purchases in dollars, was able to achieve an average rate of 1.1572, whereas the average rate in the financial markets was 1.0827 over H1 2017, thus reducing the impact by almost €2.0 million. At constant average exchange rates for the whole Group, meaning 1.1591 for the first half 2016, the Group would have improved its operating income by €0.4 million over the same period 2017.

The Group has analysed the foreign exchange risk on trade receivables and payables after hedging and the resulting figures are presented in the table, below:

In € thousands	Trade receivables - gross (a)	Trade payables (b)	Off-balance sheet commitments (c)	Net position before hedging (d)=(a)+(b)+(c)	Financial hedging instruments (e)	Net position after hedging (f)=(d)+(e)
EUR	106,708	(44,684)	966	62,990		62,990
USD	2,470	(10,605		(8,135)	6,539	(1,596)
Other currencies	12,588	(5,505)		7,082	206	7,289
Total	**121,766**	**(60,794)**	**966**	**61,937**	**6,746**	**68,683**

As the majority of transactions are conducted in Euros, the Group is not over sensitive to foreign exchange risk in accounting terms. The sensitivity analysis using a variance of +/- 1% in the exchange rate was conducted for the USD, the second most used currency within the Group, with the nine other currencies being grouped together in the following table under the heading “Other currencies” presenting no material risk.

The sensitivity of a variance of +/- 1% in the EUR/USD exchange rate has been calculated on a post-hedging basis. The figures resulting from this analysis are given below:

In € thousands		Impact on income before tax		Impact on equity before tax	
		Rise of 1%	Fall of 1%	Rise of 1%	Fall of 1%
Net position after hedging in USD		(1,596)	(1,596)	(1,596)	(1,596)
USD	0.87627	0.88503	0.86751	0.88503	0.86751
Estimated risk		**-14**	**+ 14**	**-14**	**+ 14**

Note 23. Post-balance sheet events

In the month of July 2017, ACTIA Group acquired control of the Belgian company Market IP, employing 21 people, with which the Group has been working for some months. This growth through acquisition will reinforce the Group’s capacity in terms of connected services with additional expertise focused on the management of the mobility of goods and people.

4 STATUTORY AUDITORS' REPORT

Actia Group S.A.

Registered head office: 5, Rue Jorge Semprun - 31400 Toulouse
Share Capital: €15,074,956

Statutory Auditors' Report on the interim financial statements 2017

Period from 1 January 2017 to 30 June 2017

Ladies and Gentlemen Shareholders,

Under the terms of the assignment entrusted to us by your General Meeting and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have carried out:

- a limited review of the condensed consolidated interim financial statements of the company ACTIA Group S.A. in respect of the period 1 January 2017 to 30 June 2017, as attached to this report,
- a verification of the information provided in the half-yearly management report.

These condensed consolidated interim financial statements have been compiled under the responsibility of the Executive Board. Our role, on the basis of our limited review, is to express our opinion on these accounts.

I – Conclusion on the financial statements

We have carried out our limited review in accordance with the generally accepted professional standards in France. A limited review primarily involves discussions with the members of management in charge of accounting and financial matters and the application of analytical procedures. The scope of this review is less extensive than that required for an audit conducted in accordance with generally accepted professional standards in France. Consequently, the assurance that the accounts, taken as a whole, are free of material misstatements, obtained within the framework of a limited review, is only a moderate assurance, with less weight than that obtained within the framework of a full audit.

On the basis of our limited review, we have noted no material misstatements leading us to believe that the condensed consolidated interim financial statements do not comply with the requirements of standard IAS 34 – an IFRS accounting standard adopted by the European Union regarding interim financial information.

II – Specific verification

We have also carried out a verification of the information provided in the half-yearly management report commenting on the condensed consolidated interim financial statements, which we have examined as part of our limited review. We have no matters to report as to its fair presentation of and consistency with the condensed consolidated interim financial statements.

Labège, 20 septembre 2017

KPMG Audit
Department of KPMG S.A.

Philippe Saint Pierre
Partner

Paris, 20 septembre 2017

Eric Blache