Half-year financial report

6 months ended June 30, 2014

ID LOGISTICS GROUP
Société anonyme **(French corporation) with €2,791,440.50 capital**
Head office: 410, route du Moulin de Losque - 84300 Cavaillon
AVIGNON Trade & Companies Registry No. 439 418 922

Table of contents

1 PERSON RESPONSIBLE **3**
1.1 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT 3
1.2 STATEMENT OF THE PERSON RESPONSIBLE FOR THE DOCUMENT 3
2 HALF-YEAR BUSINESS REPORT **4**
3 CONDENSED FINANCIAL STATEMENTS **10**
4 STATUTORY AUDITORS' REPORT **28**

1 PERSON RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Mr. Eric Hémar, Chairman and CEO of ID Logistics Group.

1.2 STATEMENT OF THE PERSON RESPONSIBLE FOR THE DOCUMENT

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the six months ended June 30, 2014 were prepared in accordance with applicable accounting standards and give a fair view of the Company's assets and liabilities, financial position and earnings, as well as those of all of its consolidated companies. I also certify that the attached half-year business report presents a fair statement of key events that occurred during the first six months of the year, the impact thereof on the financial statements and the main related party transactions, as well as a description of the main risks and uncertainties to be faced during the remaining six months of the year.

Cavaillon, August 29, 2014

Eric Hémar
Chairman and CEO

2 HALF-YEAR BUSINESS REPORT

The reader is invited to read the following information concerning the Group's financial position and earnings in conjunction with the condensed consolidated financial statements for the six months ended June 30, 2014 as set out in Chapter 3 "Condensed financial statements" of the half-year financial report.

Given that the figures stated in euro millions in the tables and analyses in this chapter have been rounded, the totals shown do not necessarily equal the sum of the individual rounded figures. Similarly, the sum of the percentages that are based on the rounded figures does not necessarily equal 100%.

2.1 First half highlights

No significant events or major changes in the consolidation scope took place during the first half of 2014. The Group focused on optimizing the ongoing integration of the CEPL business acquired in July 2013 while continuing to implement an energetic sales development strategy with new site launches in France and abroad.

2.2 Consolidated income statement

€m	H1 2014	H1 2013
Revenues	415.5	310.7
Purchases and external charges	(205.8)	(161.5)
Staff costs	(179.2)	(128.6)
Miscellaneous taxes	(6.2)	(5.0)
Other underlying income (expenses)	0.0	(0.1)
Net (increases) write-backs to provisions	0.9	0.6
Net depreciation/impairment	(11.4)	(7.7)
EBIT before amortization of acquired customer relations	13.7	8.5
Amortization of acquired customer relations	(0.3)	-
Non-recurring expenses	(0.8)	-
Operating income	12.6	8.5
Net financial items	(3.7)	(1.7)
Corporate income tax	(4.0)	(2.7)
Share of earnings of equity affiliates	(0.1)	0.0
Total consolidated net income	4.8	4.2
Of which minority interests	0.4	0.3
Of which Group share	4.4	3.9

First half 2014 consolidated revenues came in at €415.5 million, up 33.7% from first half 2013. Like-for-like revenues (at constant consolidation and exchange rates) rose by 12.9%. Revenues break down as follows:

€m	H1 2014	H1 2013
France	240.3	180.2
International	175.2	130.5
Total revenues	415.5	310.7

First half France revenues grew by 33.4% (10.6% like for like) compared to first half 2013. The change in consolidation includes the revenues from CEPL's French operations. Like-for-like top-line growth in France was driven by the start-up of new contracts since the beginning of the year.

First half international revenues came in up 34.3%. The first-time consolidation of CEPL's international business operations in Germany, the Netherlands and Spain largely compensated for adverse currency movements, mainly in Latin America. Like-for-like International revenues were up 16.6%, primarily driven by Russia, Poland, Argentina and Spain.

Taking these changes into account, the International segment accounted for 42% of Group first half revenues, as in 2013.

First half 2014 purchases and external charges amounted to €205.8 million, up from €161.5 million last year. Purchases and external charges as a percentage of revenues decreased from 52.0% to 49.5%, mainly due to a reduction in temporary staff costs and, to a lesser extent, tight control over other expenses.

First half 2014 staff costs amounted to €179.2 million, or 43.1% of revenues, compared to €128.6 million or 41.4% of revenues in first half 2013. This increase is mainly due to the aforementioned reduction in temporary staff costs and, to a lesser extent, the hiring of new permanent staff to drive business growth in China and Russia.

First half 2014 miscellaneous taxes increased compared to H1 2013 in line with revenue growth. As in first half 2013, other income and expenses and net provision write-backs were close to zero for the first half of 2014. Depreciation increased at a slightly higher rate than revenues.

The table below shows the impact of these changes on EBIT margins:

€m	H1 2014	H1 2013
France	9.2	7.2
EBIT margin (% revenues)	*3.8%*	*4.0%*
International	4.5	1.3
EBIT margin (% revenues)	*2.6%*	*1.0%*
Total	13.7	8.5
EBIT margin (% revenues)	*3.3%*	*2.7%*

First half 2014 EBIT amounted to €13.7 million generating an EBIT margin of 3.3%, a sharp improvement compared to H1 2013. The EBIT margin was boosted by the consolidation of the CEPL business (H1 2013 Group proforma EBIT margin of 2.9%, including CEPL revenues from January 1, 2013 plus the impact of synergies in first half 2014) and higher productivity on contracts started in 2012 and early 2013 offsetting an expected negative impact of a large number of new contracts launched this year in France and abroad.

First half 2014 non-recurring costs include severance pay primarily for operating staff following the CEPL acquisition.

Net financial expenses increased from €1.7 million in H1 2013 to €3.7 million in H1 2014. The net cost of debt increased from €1.6 million in H1 2013 to €3.2 million in H1 2014, mainly due to a bank loan taken out in July 2013 to finance the CEPL acquisition and the first time consolidation of CEPL's real estate leases. Other financial items, which largely comprise a net expense on interest rate hedges and a discounting expense (primarily related to pension liabilities), rose €0.4 million compared to H1 2013.

Corporate income tax includes the French tax "CVAE" (tax on business value added) amounting to €2.4 million in H1 2014, up from €1.7 million in H1 2013. This increase arose due to higher earnings in the France business during the period and the consolidation of CEPL in the second half of 2013. Excluding CVAE, the first half 2014 corporate income tax charge amounted to €1.6 million based on the Group's effective tax rate of 25%, compared to the 2013 effective tax rate of 27.8%.

Group share of earnings of equity affiliates remained stable in H1 2014 compared to the same period last year.

Following the above items, first half 2014 consolidated net income amounted to €4.8 million, up from €4.2 million in the first half of 2013.

2.3 PROFORMA FINANCIAL INFORMATION

Consolidated proforma financial information for first half 2013 (hereinafter "proforma financial information") has been prepared to reflect the combination of ID Logistics and CEPL under the acquisition method as prescribed by IFRS, as if the acquisition had occurred on January 1, 2013. The proforma financial information is provided only as a guideline and does not reflect the post-acquisition results of operations or financial position of the new Group that would have arisen if the acquisition had occurred on January 1, 2013. Furthermore, the proforma financial information is not indicative of future results of operations or the future financial position of the new Group.

€m	ID Logistics Group H1 2013	CEPL H1 2013	Proforma adjustments	ID Logistics Group proforma H1 2013
Revenues	310.7	86.1	-	396.8
Depreciation/impairment	(7.7)	(2.1)	(0.1)	(9.9)
EBIT	8.5	(1.0)	4.1	11.5
Amortization of acquired customer relations	-	-	(0.3)	(0.3)
Non-recurring expenses	-	-	-	-
Net financial items	(1.7)	(14.7)	12.9	(3.5)
Income before tax	6.8	(15.8)	16.8	7.8
Earnings of equity affiliates	0.0	-	-	0.0
Tax on added value (CVAE)	(1.0)	(0.6)	(0.1)	(1.6)
Corporate income tax	(1.7)	4.5	(4.6)	(1.8)
Consolidated net income/(loss)	4.2	(11.8)	12.1	4.5

The principles underlying the preparation and presentation of financial information are detailed in Note 17 to the consolidated financial statements, "Proforma financial information", in Chapter 3 "Condensed financial statements" of this half-year financial report.

The proforma financial information above is taken from Note 30 of the 2013 Group consolidated financial statements, "Proforma financial information". Proforma results form part of the audit scope for the auditors of the 2013 consolidated financial statements, whose report is given in section 4.8.2, "Statutory auditors report on the 2013 Group consolidated financial statements".

2.4 Consolidated cash flow statement

€m	H1 2014	H1 2013
Net income	4.8	4.2
Net depreciation, impairment and provisions	10.5	7.3
Tax charge net of tax paid	(1.3)	(0.4)
Net financial costs from financing activities	3.2	1.6
Fair value adjustments on financial instruments	0.2	(0.2)
Share of undistributed earnings of equity affiliates	0.1	(0.0)
Change in working capital	7.3	(1.0)
Net cash flow from operating activities	24.8	11.6
Net cash flow from investing activities	(8.3)	(8.4)
Net borrowings taken out (repaid)	(16.6)	(1.4)
Net financial costs from financing activities	(3.2)	(1.6)
Treasury share transactions	(0.5)	(0.0)

Capital increase after costs	-	-
Net cash flow from financing activities	(20.3)	(3.0)
Exchange gains (losses)	(0.3)	(0.2)
Net change in cash and cash equivalents	(4.1)	(0.1)
Opening net cash and cash equivalents	66.6	45.5
Closing net cash and cash equivalents	62.5	45.4

Net cash flow from operating activities

First half 2014 net cash flow from operating activities came in at €24.8 million, once again sharply up over the prior year (H1 2013: €11.6 million).

- Before changes in working capital, first half 2014 cash flow from operating activities amounted to €17.5 million, compared to €12.6 million in first half 2013. This increase is in line with the improvement in operating income before depreciation/amortization.
- The first half 2014 change in working capital represented a €7.3 million cash inflow compared to a €1.0 million cash outflow in H1 2013.
    - While operating working capital (i.e. inventories, trade receivables and payables) consumed capital, it improved by €10 million compared to H1 2013, whereas in the previous year it had increased by €4.3 million. Accordingly, operating working capital decreased again, from 8 days of revenues at December 31, 2013 to 5 days at June 30, 2014, mainly due to tight management of customer payment deadlines.
    - Non-operating working capital (other receivables, other payables and tax and social security payables) remained positive but fell by €2.7 million during first half 2014, whereas in H1 2013 it had increased by €3.3 million. As of June 30, 2014 it represented 38 days of revenues compared to 41 days at December 31, 2013.
- In total, first half 2014 net cash flow from operating activities rose sharply again to €24.8 million, up from €11.6 million in first half 2013.

Net cash flow from investing activities

First half 2014 net cash flow from investing activities amounted to €8.3 million, almost identical to the previous year's result (H1 2013: €8.4 million), reflecting the Group's strict control over capital expenditure despite a large volume of new business.

Net cash flow from financing activities

Total first half 2014 net cash flow from financing activities represented a €20.3 million outflow compared to a €3.0 million outflow in first half 2013.

- Net repayments of borrowings increased from €1.4 million in H1 2013 to €16.6 million in H1 2014, impacted by the repayment of the first installment on the CEPL acquisition loan (€12.5 million) plus scheduled payments under CEPL's real estate leases as of its first-time consolidation on July 1, 2013.
- Net financial expenses increased due to additional interest payments incurred in relation to the €75 million CEPL acquisition loan.
- Treasury stock transactions were undertaken in conjunction with the Group's liquidity contract.

After all of these factors and exchange gains and losses, Group net cash decreased by €4.1 million to €62.5 million during the first half of 2014, whereas in H1 2013 cash had remained stable.

2.5 Consolidated balance sheet

€m	6/30/2014	12/31/2013
Non-current assets	278.9	283.0

Trade receivables	127.5	131.5
Trade payables	(113.8)	(110.2)
Tax and social security payables	(112.4)	(109.8)
Other net payables and provisions	(11.5)	(17.1)
Working capital	(110.2)	(105.6)
Net borrowings	74.0	86.6
Shareholders' equity, Group share	91.5	88.0
Minority interests	3.2	2.9
Shareholders' equity	94.7	90.9

Non-current assets fell slightly compared to December 31, 2013 given that depreciation/amortization charges exceeded capital expenditure during the period.

Working capital amounted to €110.2 million as of June 30, 2014, a €4.6 million improvement on December 31, 2013. At June 30, 2014, working capital represented 48 days of revenues, stable compared to December 31, 2013.

The Group continued to pay down debt during the first half year. Group borrowings can be broken down as follows:

(€m)	6/30/2014	12/31/2013
Bank loans	62.8	73.7
Real estate leases	47.4	50.5
Asset finance leases	22.6	23.7
Other borrowings	3.6	5.2
Gross borrowings	136.5	153.1
Net cash and cash equivalents	62.5	66.6
Net borrowings	74.0	86.6

In conjunction with the CEPL acquisition, in July 2013 the Group took out a bank loan initially amounting to €75.0 million repayable over six years, with the first annual repayment installment due on May 15, 2014. Bank fees in relation to setting up this loan are accounted for as a deduction from the initial amount and amortized over the loan term.

The loan is subject to compliance with certain financial ratios, calculated on an annual basis. The ratios applicable to fiscal 2013 and 2014 are as follows:

Ratio	Definition	2013 limit	2014 limit
Gearing	Borrowings over consolidated equity	< 2.5	< 2.0
Leverage	Net borrowings excluding current cash over underlying EBITDA	< 2.6	< 2.2
Debt coverage	Cash flow before repayment of debt and interest/Repayment of debt and interest	n/a	> 1.0
Capital expenditure	Capital expenditure during the year	< €41 million	< €46 million

As of December 31, 2013 all ratios were in compliance. At the present time there is no reason to doubt the Group's ability to comply with the ratios applicable to fiscal 2014.

Finance leases at June 30, 2014 included €47.4 million in real estate leases on warehouses, including €23.7 million in leases covering the CEPL warehouses. The other leases principally comprise finance leases on warehouse plant and equipment (including fork-lift trucks, information systems, surveillance and access control and other equipment).

As of June 30, 2014, almost all of the Group’s borrowings (in the form of bank loans or finance leases) are taken out by French legal entities. After interest rate hedges, about 33% of the Group's borrowings are subject to floating interest rates.

Shareholders' equity increased €3.8 million to €94.7 million, boosted by net income of €4.8 million partly offset by adverse currency movements and transactions under the liquidity contract.

2.6 Recent developments and outlook

- Seasonal factors
  Although Group revenues are not subject to major seasonal fluctuations, second-half revenues tend to be slightly higher than first half revenues in view of the Group's customer typology and growth profile, and excluding the impact of major discontinued operations.
  However, first half revenues tend to be more volatile in terms of volumes with larger swings between business peaks and lows than in the second half. Such fluctuations result in lower operational productivity, and first half EBIT is generally lower than in the second half.

- In view of the high revenues generated in first half 2014, the Group plans to continue to grow revenues while improving the EBIT margin and maintaining a strong balance sheet.

2.7 Main risks and uncertainties

The Group's main risks and uncertainties as specified under Chapter 2 of the Registration Document filed with the *Autorité des Marchés Financiers* (French financial markets regulator) on April 28, 2014 have not materially changed at June 30, 2014. As of said date, these are still the main risks and uncertainties facing the Group.

3 CONDENSED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€000)	Notes	H1 2014	H1 2013
Revenues		**415,472**	**310,725**
Purchases and external charges		(205,828)	(161,502)
Staff costs		(179,249)	(128,603)
Miscellaneous taxes		(6,205)	(4,971)
Other underlying income (expenses)		4	(57)
Net depreciation/impairment		(11,427)	(7,667)
Net (increases) write-backs to provisions		902	551
EBIT before impairment of customer relations		**13,669**	**8,476**
Amortization of customer relations		(269)	-
Non-recurring expenses	Note 9	(817)	-
Operating income		**12,583**	**8,476**
Financial income	Note 10	539	526
Financial expenses	Note 10	(4,219)	(2,202)
Group income before tax		**8,903**	**6,800**
Corporate income tax	Note 11	(4,011)	(2,652)
Share of earnings of equity affiliates		(57)	45
Total consolidated net income		**4,835**	**4,193**
Of which minority interests		393	345
Of which Group share		4,442	3,848
Earnings per share, Group share			
Basic EPS (€)	Note 12	0.80	0.70
Diluted EPS (€)	Note 12	0.75	0.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€000)	H1 2014	H1 2013
Total consolidated net income	**4,835**	**4,193**
Exchange differences	160	(1,356)
Other comprehensive income	(650)	160
Other post-tax comprehensive income transferable to income statement in future periods	**(490)**	**(1,196)**
Comprehensive net income	**4,345**	**2,997**
Of which minority interests	269	456
Of which Group share	4,076	2,540

CONSOLIDATED BALANCE SHEET

(€000)	Notes	6/30/2014	12/31/2013
Goodwill	Note 1	121,328	121,204
Intangible assets	Note 1	7,580	8,050
Property, plant and equipment	Note 2	134,737	138,223
Investment in equity affiliates		1,124	1,211
Other non-current financial assets		5,378	4,503
Deferred tax assets		8,722	9,801
Non-current assets		**278,869**	**282,992**
Inventories		488	105
Trade receivables	Note 3	127,484	131,487
Other receivables	Note 3	36,205	31,578
Other current financial assets		5,085	5,124
Cash and cash equivalents	Note 4	63,072	67,440
Current assets		**232,334**	**235,734**
Total assets		**511,203**	**518,726**
Capital stock	Note 5	2,791	2,791
Additional paid-in capital	Note 5	53,265	53,265
Exchange differences		(3,370)	(3,616)
Consolidated reserves		34,405	23,479
Net income of the year		4,442	12,050
Shareholders' equity, Group share		**91,533**	**87,969**
Minority interests		3,151	2,882
Shareholders' equity		**94,684**	**90,851**
Borrowings (due in more than 1 yr)	Note 6	103,898	122,915
Long-term provisions	Note 7	15,879	15,061
Deferred tax liabilities		5,120	5,753
Non-current liabilities		**124,897**	**143,729**
Short-term provisions	Note 7	20,391	18,624
Borrowings (due in less than 1 yr)	Note 6	31,659	29,425
Other current financial liabilities		978	802
Bank overdrafts	Note 4	552	852
Trade payables	Note 8	113,843	110,166
Other payables	Note 8	124,199	124,277
Current liabilities		**291,622**	**284,146**
Total liabilities and shareholders' equity		**511,203**	**518,726**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€000)	Note	H1 2014	H1 2013
Net income		4,835	4,193
Net depreciation , impairment and provisions		10,461	7,331
Fair value adjustments on financial instruments		176	(150)
Share of undistributed earnings of equitiy affiliates		87	(45)
Change in working capital	Note 13	7,320	(996)
Net cash flow from operating activities after net cost of debt and tax		**22,879**	**10,333**
Corporate income tax	Note 11	4,011	2,652
Net financial costs from financing activities	Note 10	3,220	1,614
Net cash flow from operating activities before net cost of debt and tax		**30,110**	**14,599**
Tax paid		(5,313)	(3,041)
Net cash flow from operating activities		**24,797**	**11,558**
Purchase of intangible assets and PP&E	Notes 1- 2	(8,652)	(8,200)
Purchase of fihancial assets		(1,932)	(921)
Fixed asset payables		451	75
Sale of intangible assets and PP&E		862	479
Sale of finahcial assets		1,016	168
Net cash flow from investing activities		**(8,255)**	**(8,399)**
Net financial costs from financing activities	Note 10	(3,220)	(1,614)
Loans received		5,740	5,766
Loan repayments		(22,368)	(7,190)
Treasury share transactions		(512)	(10)
Net cash flow from financing activities		**(20,360)**	**(3,048)**
Exchange gains (losses)		(250)	(193)
Net underlying change in cash and cash equivalents		**(4,068)**	**(82)**
Opening net cash and cash equivalents	Note 4	66,588	45,467
Closing net cash and cash equivalents	Note 4	62,520	45,385

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€000)	Capital stock	Issue premium	Consolidated reserves	Exchange differences	Shareholders Equity, Group share	Minority interests	Total consolidated Shareholders' equity
December 31, 2012	**2,737**	**49,562**	**23,193**	**(823)**	**74,669**	**2,531**	**77,200**
H1 2013 income			3,848		3,848	345	4,193
Gains and losses posted to shareholders' equity			25	(1,331)	(1,306)	110	(1,196)
Treasury shares			(76)		(76)		(76)
June 30, 2013	**2,737**	**49,562**	**26,990**	**(2,154)**	**77,135**	**2,986**	**80,121**
H2 2013 income			8,202		8,202	723	8,925
Gains and losses posted to shareholders' equity			(16)	(1,462)	(1,478)	(564)	(2,042)
Treasury shares			353		353		353
Distribution of dividends					-	(263)	(263)
Capital increase	54	3,703			3,757		3,757
December 31, 2013	**2,791**	**53,265**	**35,529**	**(3,616)**	**87,969**	**2,882**	**90,851**
H1 2014 income			4,442		4,442	393	4,835
Gains and losses posted to shareholders' equity			(612)	246	(366)	(124)	(490)
Treasury shares			(512)		(512)		(512)
June 30, 2014	**2,791**	**53,265**	**38,847**	**(3,370)**	**91,533**	**3,151**	**94,684**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

ID Logistics Group SA is a *société anonyme* (French corporation) subject to French law with head office located at 410, route du Moulin de Losque 84300 Cavaillon. ID Logistics Group SA and its subsidiaries (hereinafter the "Group") operate a logistics business in France and around ten other countries.

The Group consolidated financial statements for the six months ended June 30, 2014 were approved by the Board of Directors on August 27, 2014. Unless otherwise indicated, they are presented in thousands of euros.

There were no major seasonal fluctuations in revenues during the period ended June 30, 2014.

2 BASIS FOR THE PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Interim financial statements

Pursuant to European Regulation 1606-2002, the ID Logistics Group condensed consolidated interim financial statements for the six months ended June 30, 2014 were prepared in accordance with IAS 34 – Interim Financial Reporting. Since these financial statements are condensed, they do not contain all disclosures required under IFRS and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2013 available online at id-logistics.com.

The accounting principles adopted for the preparation of the condensed consolidated interim financial statements comply with the IFRS standards and interpretations adopted by the European Union as of June 30, 2014, which may be viewed on the website:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

These accounting principles are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2013, which are presented in Note 2 to the 2013 consolidated financial statements, except for the items presented in paragraph 2.2 below – New IFRS standards and interpretations.

The valuation methods specific to the condensed consolidated interim financial statements are as follows:

• The interim period tax charge results from the estimated annual Group effective rate applied to the pre-tax interim earnings excluding material non-recurring items. This estimated annual effective rate takes into consideration, in particular, the expected impact of tax planning transactions. Any non-recurring items for the period are reported post tax;

• Stock-based compensation and staff benefit costs are recorded for the period in proportion to their estimated annual costs.

• The French "CICE" (tax credit for employment competitiveness) income deducted from staff costs for first half 2013 equals half the estimated CICE income for the full year.

2.2 Change in accounting principles

2.2.1 New compulsory standards, amendments and interpretations adopted by the European Union for fiscal 2014

The new standards, amendments and interpretations published by the IASB and compulsorily applicable in 2014 did not have a material impact on the Group financial statements:

- Amendments to IFRS 10 and 12 and IAS 27 - Investment entities;
- Amendments to IFRS 10, 11 and 12 - Transition guidance;
- Amendments to IAS 32 - Offsetting financial assets and financial liabilities;
- Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets;
- Amendments to IAS 39 - Novation of derivatives and continuation of hedge accounting;
- IFRS 10 - Consolidated financial statements;
- IFRS 11 – Joint arrangements;
- IFRS 12 - Disclosure of interests in other entities;
- IAS 27 revised – Separate financial statements;
- IAS 28 revised – Investments in associates and joint ventures.

2.2.2 New standards, amendments and interpretations adopted by the European Union and compulsory for fiscal years beginning 2015

The Group has not applied in advance new standards and other amendments and interpretations approved by the European Union, including the following:

- 2013 annual improvements in IFRS (2010-2012 and 2011-2013 cycles);
- Amendments to IAS 19 – Defined benefit plans: employee contributions;
- Amendments to IAS 16 and 38 – Clarification of acceptable methods of depreciation and amortization;
- IFRS 14 – Regulatory deferral accounts (rate-regulated activities);
- Amendments to IFRS 11 – Acquisitions of interests in joint operations;
- IFRIC 21 – Levies;
- IFRS 9 - Financial instruments;
- IFRS 15 – Revenue recognition.

The Group is currently analyzing the consequences of these new standards, amendments and interpretations and the impact of their application on the financial statements.

3 Highlights

No changes in consolidation took place during the first half of 2014.

4 Segment information

Pursuant to IFRS 8 – Operating segments, the information below for each operating segment is identical to that presented to the chief operational decision-maker for purposes of deciding on the allocation of resources to the segment and assessing its performance.

An operating segment is a distinct component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operational decision-maker in order to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

The Group's chief operational decision-maker has been identified as the Chairman and CEO and the Deputy General Manager, who jointly take strategic decisions.

The Group's two operating segments are France and International, determined in accordance with IFRS 8.

The France segment is made up of subsidiaries with head offices in continental France.

The International segment is made up of subsidiaries with head offices in the following countries: Argentina, Brazil, China, Germany, Spain, Réunion, Indonesia, Morocco, the Netherlands, Poland, Russia, South Africa and Taiwan.

Fixed assets are operating assets used by a segment for operational purposes. They include goodwill, intangible assets and property, plant and equipment. They do not include current assets used for operational purposes, deferred tax assets/liabilities or non-current financial assets.

Segment information, as presented to the chief decision-makers relating to continuing operations, is as follows:

	H1 2014			H1 2013		
	France	**Inter national**	**Total**	**France**	**Inter national**	**Total**
Revenues	243,409	175,311	**418,720**	182,082	131,275	**313,357**
Inter-segment revenues	(3,098)	(150)	**(3,248)**	(1,898)	(734)	**(2,632)**
Net revenues	**240,311**	**175,161**	**415,472**	**180,184**	**130,541**	**310,725**
EBIT before amortization of customer relations	9,162	4,507	**13,669**	7,187	1,289	**8,476**
Operating income	8,076	4,507	**12,583**	7,187	1,289	**8,476**
Net cash flow from operating activities	14,443	10,354	**24,797**	1,772	9,786	**11,558**
Capital expenditure	5,535	3,117	**8,652**	4,390	3,810	**8,200**
Fixed assets	203,667	59,978	**263,645**	105,561	24,028	**129,589**
Headcount	5,083	7,929	13,012	3,652	6,924	10,576

5 NOTES RELATING TO THE BALANCE SHEET, INCOME STATEMENT AND STATEMENT OF CASH FLOWS AND CHANGES THERETO

5.1 Balance sheet notes

Note 1: Goodwill and intangible assets

	Goodwill	Software	Customer Relations & other	TOTAL
Gross:				
January 1, 2014	**121,204**	**10,724**	**5,002**	**136,930**
Acquisitions	-	664	-	664
Disposals	-	(77)	-	(77)
Other (Reclassification, change in consolidation)	124	-	-	124
Exchange gains (losses)	-	115	-	115
June 30, 2014	**121,328**	**11,426**	**5,002**	**137,756**
Cumulative depreciation and impairment				
January 1, 2014	**-**	**7,300**	**376**	**7,676**
Depreciation charge	-	851	286	1,137
Impairment	-	-	-	-
Disposals	-	(28)	-	(28)
Other (Reclassification, change in consolidation)	-	-	-	-
Exchange gains (losses)	-	63	-	63
June 30, 2014	**-**	**8,186**	**662**	**8,848**
Net :				
June 30, 2014	**121,328**	**3,240**	**4,340**	**128,908**

The net book value of goodwill, customer relations, other intangible assets and investments in equity affiliates is reviewed at least once a year and when events or circumstances indicate that a loss in value may have taken place. Such events or circumstances are related to material adverse changes of a permanent nature that impact either the economic environment the assumptions or objectives adopted as of the date of acquisition. An impairment charge is recorded when the recoverable value of the assets tested falls permanently below their net book value.

As of June 30, 2014, the Group reviewed the impairment indicators that could lead to a reduction in the net book value of goodwill and investments in equity affiliates. No indication of loss in value was identified.

The purchase price allocation of the CEPL assets and liabilities acquired on July 22, 2013 was based on their estimated fair values at July 1, 2013. Pursuant to IFRS 3, the Group had a twelve-month period with effect from the acquisition date to finalize the purchase price allocation of the CEPL assets, liabilities and contingent liabilities. No significant changes were made.

Consequently, the final purchase price allocation approved as of June 30, 2014 is as follows:

	Amount
Real estate assets	65,514
Customer relations amortized over 9 years	4,499
Other non-current assets	18,535
Operating working capital	(5,340)
Current provisions	(15,654)
Non-current provisions	(12,689)
Operating cash and cash equivalents	9,847
Operating borrowings	(29,899)
Total revalued net assets	**34,813**
Investment price purchase	95,500
Goodwill	**60,687**

Note 2: Property, plant and equipment

	Land & buildings	Plant & equipment	Other Fixed assets	Fixed assets in progress	TOTAL
Gross:					
January 1, 2014	**114,020**	**53,147**	**24,273**	**429**	**191,869**
Acquisitions	583	2,594	3,640	1,171	7,988
Disposals	(203)	(407)	(235)	(47)	(892)
Change in consolidation					-
Exchange gains (losses)	170	(148)	(11)	-	11
Reclassifications					-
June 30, 2014	**114,570**	**55,186**	**27,667**	**1,553**	**198,976**
Cumulative depreciation and impairment:					
January 1, 2014	**16,133**	**26,429**	**11,084**	**-**	**53,646**
Depreciation charge	2,999	4,957	2,602		10,558
Impairment					-
Disposals	(7)	(30)	(40)		(77)
Change in consolidation					-
Exchange gains (losses) and reclassification	59	52	1		112
June 30, 2014	**19,184**	**31,408**	**13,647**	**-**	**64,239**
Net:					
June 30, 2014	**95 386**	**23,778**	**14,020**	**1,553**	**134,737**

Note 3: Trade and other current receivables

	6/30/2014	12/31/2013
Trade receivables	128,508	132,550
Impairment provisions	(1,024)	(1,063)
Total trade receivables - net	**127,484**	**131,487**
Tax and social security receivables	26,151	22,848
Prepaid expenses	10,054	8,730
Total other receivables -net	**36,205**	**31,578**

Note 4: Net cash and cash equivalents

	6/30/2014	12/31/2013
Cash and cash equivalents	63,072	67,440
Bank overdrafts	(552)	(852)
Net cash and cash equivalents	**62,520**	**66,588**

Group cash and cash equivalents of €63,072,000 at June 30, 2014 comprise cash, sight bank deposits and €11,285,000 in money-market investments.

Note 5: Issued capital stock and additional paid-in capital

	Additional paid-in Capital (€)	Amount in €	Number of shares
January 1, 2014	**53,264,915**	**2,791,441**	**5,582,881**
June 30, 2014	**53,264,915**	**2,791,441**	**5,582,881**

The Group has a single class of shares of common stock that entitle stockholders to the same dividend.

Note 6: Financial liabilities

	6/30/2014	Due in less than 1 year	Due in 1 to 5 years	Due in more than 5 years
Current borrowings				
Bank loans	13,675	13,675		
Finance leases	15,152	15,152		
Other borrowings	2,832	2,832		
Total current borrowings	**31,659**	**31,659**		
Non–current borrowings				
Bank loans	49,106		49,106	
Finance leases	54,792		38,684	16,108
Total Non–current borrowings	**103,898**		**87,790**	**16,108**
Total borrowings	**135,557**	**31,659**	**87,790**	**16,108**

Breakdown of borrowings by interest rate and by currency	Amount	Currency	Rate
Loan	167	PLN	Variable
Loan	548	CNY	Variable
Loan	112	BRL	Fixed
Loan	61,954	EUR	Variable
Finance leases	1,239	BRL	Fixed
Finance leases	1,059	ARS	Fixed
Finance leases	199	PLN	Fixed
Finance leases	20,859	EUR	Fixed
Finance leases	46,571	EUR	Variable
Finance leases	17	Other	Fixed
Other payables	2,832	EUR	Fixed
Total	**135,557**		

Note 7: Provisions

	Social security and tax risks	Operating risks	Employee benefits	Total
January 1, 2014	**10,323**	**8,301**	**15,061**	**33,685**
Charges	597	34	1,287	1,918
Write-backs used	(1,697)	(609)	(469)	(2,775)
Write-backs not used	-	-	-	-
Other changes (consolidation, change…)	(64)	3,506	-	3,442
June 30, 2014	**9,159**	**11,232**	**15,879**	**36,270**
Of which current provisions	9,159	11,232	-	20,391
Of which non-current provisions	-	-	15,879	15,879

The provisions for operating risks primarily relate to disputes with customers, lessors etc.

Note 8: Trade and other payables

	6/30/2014	12/31/2013
Trade payables	**113,843**	**110,166**
Tax and social security payables	112,416	109,841
Advances and payments on account received	1,644	2,192
Other current payables	978	1,175
Deferred income	9,161	11,069
Total other payables	**124,199**	**124,277**

Trade and other payables all fall due in less than one year except for some deferred income which is amortized over the term of the customer contracts.

6.2 Income statement notes

Note 9: Non-recurring expenses

First half 2014 non-recurring expenses consisted of €817,000 in staff costs arising from the integration of the CEPL business.

Note 10: Net financial items

	H1 2014	H1 2013
Interest and related income	444	691
Interest and related expenses	(3,664)	(2,305)
Net financial costs from financing activities	**(3,220)**	**(1,614)**
Fair value adjustments on financial instruments	95	150
Discounting of balance sheets accounts	(318)	(99)
Other financial expenses	(237)	(113)
Other financial expenses	**(460)**	**(62)**
Total	**(3,680)**	**(1,676)**

Interest and related expenses largely relate to bank loans, finance lease liabilities and bank overdrafts.

Note 11: Corporate income tax

	H1 2014	H1 2013
Net current tax (charge)/income	(1,630)	(985)
Tax on added value (CVAE)	(2,381)	(1,667)
Total	**(4,011)**	**(2,652)**

Note 12: Earnings per share

The average number of shares during the period was as follows:

Item no.	H1 2014	H1 2013
Average number of shares in issue	5,582,881	5,474,480
Average number of treasury shares	(4,657)	(6,885)
Average number of shares	**5,578,224**	**5,467,595**
Founders' warrants	21,260	
Equity warrants	311,040	311,040
Average number of diluted shares	**5,910,524**	**5,778,635**

6.3 Other information

Note 13: Change in working capital

	6/30/2014	6/30/2013
Change in inventories	(384)	(4)
Change in trade receivables	6,472	(11,577)
Change in trade payables	3,898	7,270
Change in operating working capital	**9,986**	**(4,311)**
Change in other receivables	(3,194)	(5,643)
Change in other payables	528	8,958
Change in non-operating working capital	**(2,666)**	**3,315**
Change in working capital	**7,320**	**(996)**

Note 14: Transactions with related parties

Transactions conducted between the Group and affiliated companies on an arm's length basis were as follows:

Company	Type of relationship	Transaction type	Income (expense)		Balance sheet asset or (liability)	
			H1 2014	H1 2013	6/30/2014	6/30/2013
Comète	Joint director	Services provided	(225)	(180)	(398)	(290)
Financière ID	Joint shareholder	Services provided	173	176	-	210
SCI Financière ID Brebières II	Joint shareholder	Services provided Real estate lease	1,543	(783)	-	452
SCI Financière ID Genlis	Joint shareholder	Services provided	-	(126)	-	
SAS Logisitcs II	Joint shareholder	Services provided	-	(36)	-	

Transactions with equity affiliates, which are concluded on an arm's length basis, related to ongoing administrative services and in total are not material in relation to the Group's business.

Note 15: Directors' remuneration

The Chairman of the Board of Directors does not receive any remuneration from the Group. He receives remuneration from Comète, in which he holds a 95.97% equity stake, and which has signed services agreements with various Group subsidiaries. The services specified in these agreements include management related to strategy and business development.

The amounts of the aforementioned services are specified under Note 14.

Gross remuneration of other Board members

	6/30/2014	6/30/2013
Expense type		
Total gross remuneration	226	215
Post-employment benefits	-	-
Other long-term benefits	-	-
One-time retirement compensation	-	-

Note 16: Commitments and contingencies

The Group's signed commitments at the balance sheet date were as follows:

	H1 2014	H1 2013
Commitments given		
Real estate leases	145,691	138,629
Plant and equipment leases	41,318	38,315
Parent company guarantees *	3,251	3,251
Borrowings subject to covenants	62,500	75,000
Individual training entitlements ("DIF"), no. of hours	432,163	401,937
Commitments received		
Bank guarantees	14,701	13,875

** The parent company guarantees above do not include guarantees given for leasing commitments or for debt with covenants, which are described on the corresponding lines.*

Commitments given in relation to real estate and plant and equipment leases were as follows:

	Due in less than 1 year	Due in 1 to 5 years	Due in more than 5 years	Total
June 30, 2014				
Real estate leases	43,854	87,869	13,968	145,691
Plant and equipment leases	16,200	25,106	12	41,318

In order to raise €75 million of funds for the CEPL acquisition, the Group pledged the following assets to the initial lenders:

- Ficopar shares held by ID Logistics Group
- ID Logistics shares held by Ficopar
- ID Logistics France shares held by ID Logistics
- Compagnie Financière de Logistique shares held by ID Logistics
- ID Logistics business goodwill (including the ID Logistics brand)

At June 30, 2014, undrawn lines of credit amounted to €17,350,000 in respect of finance leases and €11,482,000 in respect of credit facilities.

Note 17: Proforma financial information

1. Presentation basis

1.1 Underlying assumptions

Consolidated proforma financial information for the six months ended June 30, 2013 (hereinafter "proforma financial information") is stated in euro thousands and has been prepared to reflect the combination of ID Logistics and CEPL under the acquisition method as prescribed by IFRS, as if the acquisition had occurred on January 1, 2013.

The proforma financial information is provided only as a guideline and does not reflect the post-acquisition results of operations or financial position of the new Group that would have arisen if the acquisition had occurred on January 1, 2013. Furthermore, the proforma financial information is not indicative of future results of operations or the future financial position of the new Group.

Only proforma adjustments relating directly to the acquisition that can be documented and accurately estimated have been included. The proforma financial information has not been prepared on the basis that the cost savings and other synergies arising from the acquisition apply as from January 1, 2013. The same applies to the consequences of CEPL French subsidiaries joining the ID Logistics tax group for French subsidiaries as from September 1, 2013.

The proforma financial information has been prepared on the basis of the first half 2013 ID Logistics Group IFRS consolidated financial statements and a CEPL IFRS consolidated balance sheet at June 30, 2013.

1.2 Basis for the preparation and presentation of the consolidated financial statements

The CEPL consolidated financial statements for the six months ended 2013 have been prepared pursuant to ID Logistics Group accounting principles described in Note 2 "Basis for the preparation and presentation of the consolidated financial statements" and Note 4 "Accounting principles and methods" to the 2013 consolidated financial statements.

1.3 Intercompany transactions

There were no transactions between CEPL and ID Logistics before the acquisition. Since the acquisition, all transactions between CEPL and ID Logistics have been classified as intercompany transactions. Sales and purchases between companies of the new Group have been eliminated for purposes of the proforma financial information.

2. First half 2013 ID Logistics Group proforma financial information

	ID Logistics Group Reported H1 2013	CEPL Data H1 2013	Proforma adjustments	ID Logistics Group Proforma H1 2013
Revenues	310,725	86,100	-	396,825
Depreciation/impairment	(7,667)	(2,109)	(127)	(9,903)
EBIT before amortization of customer relations	**8,476**	**(1,033)**	**4,077**	**11,520**
Amortization of acquired customer relations	-	-	(250)	(250)
Non-recurring expenses	-	-	-	-
Net financial items	(1,676)	(14,749)	12,934	(3,491)
Income before tax	**6,800**	**(15,782)**	**16,761**	**7,779**
Earnings of equity affiliates	45	-	-	45
Tax on added value (CVAE)	(985)	(555)	(63)	(1,603)
Corporate income tax	(1,667)	4,538	(4,639)	(1,768)
Consolidated net income/(loss)	**4,193**	**(11,799)**	**12,059**	**4,453**

3. Proforma adjustments

As stated above, the CEPL data has not been prepared on the basis that the cost savings and other synergies arising from the acquisition apply as from January 1, 2013. The same applies to the consequences of CEPL French subsidiaries joining the ID Logistics tax group for French subsidiaries as from September 1, 2013.

However, the CEPL income statement items below were adjusted in the proforma financial information.

3.1 Adjustments related to CEPL's pre-acquisition structure

Before the acquisition:

- CEPL group belonged to its former shareholders following an LBO. CEPL debt in relation to the LBO amounted to some €250 million, which was not transferred to ID Logistics on acquisition. For purposes of the proforma financial information, the cost of servicing this debt amounting to €14,334,000 before tax has been excluded from the CEPL data.

- Before the acquisition CEPL was in financial difficulties, which led to negotiations with its creditors and to the opening of consensual pre-insolvency proceedings. A search process for investors was begun, which concluded with the ID Logistics acquisition of CEPL. This process resulted in bank, legal and various consultancy fees as well as exceptional bonuses for the management and management fees charged by the CEPL group parent company. For purposes of the proforma financial information, these fees amounting to €4,204,000 before tax have been excluded from the CEPL data.

3.2 Adjustments to the purchase price allocation

The purchase price calculation and allocation are given under Note 3 to the 2013 consolidated financial statements, "Changes in consolidation".

With respect to the purchase price calculation and allocation:

- The revaluation of CEPL's real estate resulted in additional depreciation which, for purposes of the proforma financial information, was computed with effect from January 1, 2013 and amounted to €127,000 for the 6 months ended June 30, 2013.

- The revaluation of CEPL's customer relations resulted in additional amortization which, for purposes of the proforma financial information, was computed with effect from January 1, 2013 and amounted to €250,000 for the 6 months ended June 30, 2013.

3.3 Adjustments related to financing the acquisition

As stated under Note 3 to the 2013 consolidated financial statements, "Main changes in consolidation scope", a portion of the purchase price was funded by a €75 million bank loan, which has been hedged with an interest rate swap.

The proforma financial information has been adjusted as if the acquisition bank loan and corresponding interest rate swap had been contracted as of January 1, 2013:

- Interest on the €75 million loan has been extrapolated over the half year, leading to a €1,031,000 pre-tax interest expense in addition to the actual interest costs since July 22, 2013, the effective date of the loan;
- As stated under Note 10 "Financial liabilities", bank fees for setting up the purchase price loan have been deducted from the loan and will be amortized over the 6-year loan term. For purposes of the proforma financial information, corresponding amortization has been extrapolated over the half year, leading to a €240,000 pre-tax financial expense in addition to the actual charge since July 22, 2013;
- Interest paid under the interest rate swaps to financial institutions has been extrapolated over the half year compared to the actual interest paid since the effective date of November 15, 2013 without taking account of changes in the underlying EURIBOR 3 month rate during the period. This extrapolation resulted in a €129,000 pre-tax additional expense.

ID Logistics paid €16.5 million of the purchase price directly from available cash. However, the opportunity cost associated with this cash, had it been invested as of January 1, 2013, was not taken into account in the proforma adjustments given that such cost was not material.

3.4 Tax adjustments

- CVAE (French tax on business value added) was estimated on proforma adjustments that affected value added under ordinary law.
- Corporate income tax was estimated by applying the actual tax rate, excluding CVAE, of 27.78% for the full year 2013, including CEPL data as from July 1, 2013, to the proforma adjustments and 2013 first half earnings.

4. Seasonal factors

Like ID Logistics, CEPL does not encounter major seasonal fluctuations in revenues. However, first half revenues tend to be more volatile in terms of volumes with larger swings between business peaks and lows than in the second half. This volatility is reflected in lower operational productivity, and first half EBIT is generally lower than in the second half.

Note 18: Post balance sheet events

None

4 STATUTORY AUDITORS' REPORT

"To the Shareholders,

Pursuant to our engagement by the shareholders' general meeting and to Article L. 451-1-2 III of the French Monetary and Financial Code, we have:

- performed a limited review of the condensed consolidated interim financial statements of ID LOGISTICS GROUP covering the period from January 1 to June 30, 2014, as attached hereto,
- verified the information given in the half-year business report.

The condensed consolidated interim financial statements have been prepared under the responsibility of the Board of Directors. Our responsibility is to express our opinion on these financial statements on the basis of our limited review.

- Opinion on the financial statements

We have conducted our limited review in accordance with professional standards applicable in France. A limited review consists primarily of making inquiries of the members of the management responsible for accounting and financial matters and applying analytical procedures. The work is of limited scope compared to the work required for an audit performed in accordance with auditing standards applicable in France. Accordingly, the assurance under a limited review that the financial statements, taken as a whole, are free from material misstatement, is moderate and less than that obtained under a full audit scope.

On the basis of our limited review, we did not identify any material misstatements that cause us to believe that the condensed consolidated interim financial statements have not been prepared in accordance with IAS 34 – Interim Financial Reporting, as included in the IFRS standards adopted by the European Union.

- Specific testing

We have also verified the information provided in the half-year business report commenting on the condensed consolidated interim financial statements on which we performed our limited review.

We have no comments on the report's fairness and its consistency with the condensed consolidated interim financial statements.

Paris and Neuilly-sur-Seine, August 29, 2014
The Statutory Auditors

CFG Audit	Deloitte & Associés
Represented by	Represented by
Philippe Joubert	Albert Aidan"