Half-year financial report

June 30, 2017

ID LOGISTICS GROUP
A French corporation (*société anonyme*) with capital stock of €2,798,440.50
Head office: 410, route du Moulin de Losque - 84300 Cavaillon
AVIGNON Trade & Companies Registry No. 439 418 922

Table of contents

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 summary consolidated financial statements for the six months ended June 30, 2017 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, September 11, 2017

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 summary consolidated financial statements for the six months ended June 30, 2017 as set out in Chapter 3 "Summary 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%.

In addition to the financial indicators directly presented in the consolidated financial statements, the Group uses a number of alternative performance indicators:

- EBITDA: underlying operating income (EBIT) before net depreciation, amortization and impairment of PP&E and intangible assets
- Net borrowings: gross borrowings plus bank overdrafts less cash and cash equivalents
- Gearing: net borrowings over consolidated equity

2.1 First half highlights

No major events or significant changes in consolidation scope took place during the first half of 2017.

2.2 Consolidated income statement

€m	H1 2017	H1 2016
Revenues	658.3	460.9
Purchases and external charges	(365.0)	(240.5)
Staff costs	(265.3)	(194.9)
Miscellaneous taxes	(7.4)	(6.9)
Other underlying income (expenses)	0.5	0.4
Net (increases) write-backs to provisions	2.3	5.8
Net depreciation/impairment	(13.6)	(10.5)
EBIT before amortization of acquired customer relations	9.8	14.5
Amortization of acquired customer relations	(0.6)	(0.3)
Non-recurring expenses	(3.2)	-
Operating income	5.9	14.2
Net financial items	(2.6)	(2.8)
Corporate income tax	(2.7)	(4.8)
Share of earnings of equity affiliates	0.1	(0.0)
Total consolidated net income	0.7	6.5
Of which minority interests	0.8	0.4
Of which Group share	(0.1)	6.1

First half 2017 consolidated revenues came in at €658.3 million, up 42.8% on first half 2016. At constant consolidation scope and exchange rates (like-for-like), revenues rose by 12.6%. Revenues break down as follows:

€m	H1 2017	H1 2016
France	309.6	277.6
International	348.7	183.3
Total revenues	658.3	460.9

In France, revenues amounted to €309.6 million, up 11.5% over H1 2016. These results were primarily driven by the full-year impact of the large volume of new business in 2016 and by favorable price/volume variance under existing contracts.

International revenues increased to €348.7 million, up 90.2% over H1 2016. After adjustment for currency gains and the consolidation of Logiters as of September 1, 2016, like-for-like growth came to 14.2%. As in France, this growth was mostly driven by the full-year impact of new contracts started in 2016.

First half 2017 purchases and external charges amounted to €365.0 million, up from €240.5 million in first half 2016. Purchases and external charges as a percentage of revenues increased from 52.2% to 55.4%, mainly due to increased use of temporary staff in connection with the large volume of new business acquired since mid-2016. The increase was also related to the consolidation of Logiters on September 1, 2016, as this company makes greater use of subcontracting in proportion to its revenues compared to the rest of the Group, particularly in its distribution network.

First half 2017 staff costs amounted to €265.3 million, up from €194.9 million in first half 2016. As a percentage of revenues, however, staff costs decreased from 42.3% to 40.3%. As explained above, this was due to increased use of temporary rather than permanent staff to handle the new business acquired since 2016 and in connection with Logiters operations.

Miscellaneous taxes amounted to 1.1% of revenues, down from 1.5% in H1 2016 due to the decrease in France's share of revenues and the late 2016 sale of a warehouse.

As in first half 2016, other income and expenses were close to zero for the first half of 2017.

Net provision write-backs mainly correspond to expenses recognized under purchases and external charges or staff costs.

First half 2017 depreciation amounted to 2.1% of revenues, compared to 2.3% in first half 2016. This decrease is related to the late 2016 warehouse sale and the fact that operating capital expenditure increased more slowly than revenues.

The table below shows the impact of these changes on EBIT margins before amortization of customer relations:

€m	H1 2017	H1 2016
France	7.0	14.6
EBIT margin (% revenues)	*2.3%*	*5.3%*
International	2.8	(0.2)
EBIT margin (% revenues)	*0.8%*	*-0.1%*
Total	9.8	14.5
EBIT margin (% revenues)	*1.5%*	*3.1%*

First half 2017 EBIT before amortization of customer relations amounted to €9.8 million, generating an EBIT margin of 1.5%, down from first half 2016.

- As in H2 2016, the France EBIT margin continued to be impacted by start-up costs related to the large number of new site launches carried out since mid-2016. It was also impacted by the costs of setting up a special France senior management team last autumn. Lastly, France revenues no longer benefit from the margin generated from leasing the Brebières warehouse, sold in late 2016.
- The international EBIT margin was impacted in the same way as France by new contracts started in 2016. This impact was mitigated, however, by the contribution from Logiters, consolidated as from September 1, and by improved performances from Brazil and the Group's existing operations in Spain.

Amortization charges for acquired customer relations increased in line with the increase in capitalized customer relations following the September 2016 Logiters acquisition.

First half 2017 non-recurring expenses include severance payments resulting from the Logiters integration and the impact of structural cost streamlining in Spain and Portugal.

The Group posted net financial expenses of €2.6 million for the first six months of 2017, stable compared to H1 2016 (€2.8 million). Net cost of debt came to €2.2 million compared to €2.3 million in first half 2016. Other financial items, largely comprising a net expense on interest rate hedges and a discounting expense (primarily related to pension liabilities), were stable compared to H1 2016.

Corporate income tax includes the French "CVAE" tax on business value added amounting to €2.5 million in H1 2017, a slight increase from €2.4 million last year. Excluding CVAE, the first half 2017 corporate income tax charge amounted to €0.2 million based on a Group effective tax rate of 25%, down from 27% in H1 2016.

As in H1 2016, Group share of earnings of equity affiliates was close to break-even in H1 2017.

Following the above items, first half 2017 consolidated net income amounted to €0.7 million, down from €6.5 million in the first half of 2016.

2.3 Consolidated cash flow statement

€m	H1 2017	H1 2016
Net income	0.7	6.5
Net depreciation, impairment and provisions	13.5	5.5
Capital gains and losses on sale of assets	(0.4)	(0.1)
Tax charge net of tax paid	(1.2)	2.5
Net financial expenses on financing activities	2.2	2.3
Fair value adjustments on financial instruments	-	(0.2)
Share of undistributed earnings of equity affiliates	(0.1)	(0.0)
Change in working capital	(3.7)	(24.2)
Net cash flow from (used by) operating activities	11.0	(7.7)
Net cash flow from investing activities	(14.8)	(6.8)
Net borrowings taken out (repaid)	(8.3)	(14.3)
Net financial expenses on financing activities	(2.2)	(2.3)
Treasury stock transactions	(0.2)	0.1
Share issue	0.4	0.1
Minority interest dividends	-	-
Net cash flow from financing activities	(10.3)	(16.3)
Exchange gains (losses)	(1.0)	0.1
Change in net cash and cash equivalents	(15.1)	(30.7)
Opening net cash and cash equivalents	89.0	69.7
Closing net cash and cash equivalents	73.9	39.0

Net cash flow from operating activities

First half 2017 net cash flow from operating activities amounted to an €11.0 million inflow compared to a €7.7 million outflow in H1 2016.

- Before changes in working capital, first half 2017 cash flow from operating activities amounted to €14.7 million, compared to €16.5 million in first half 2016. This decrease is in line with the change in operating income before depreciation/amortization.
- The first half 2017 change in working capital represented a €3.7 million cash outflow compared to a €24.2 million cash outflow in H1 2016.
    - Operating working capital (i.e. inventories, trade receivables and payables) was positive and increased by €9.2 million over first half 2017, compared to a €35.2 million increase in H1 2016. Operating working capital represented the equivalent of 10 days of revenues as of June 30, 2017, after having risen to 17 days as of June 30, 2016. This improvement was mainly due to the 5-day decrease in the average customer payment period compared to June 30, 2016, thanks to increased efficiency in collecting trade receivables in H1 2017 compared to H1 2016, particularly in France.
    - Non-operating working capital (other receivables, other payables and tax and social security payables) was negative and increased by €5.5 million during first half 2017, compared to an €11.0 million increase in H1 2016. This lower increase is due to cashing in of CICE tax receivables for the period 2013 to 2016 for a total amount of €21.8 million, through payment by the State or financing. In terms of days sales, as of June 30, 2017 non-operating working capital stood at 32 days compared to 37 days as of June 30, 2016.

Net cash flow from investing activities

First half 2017 net cash flow from investing activities amounted to a €14.8 million outflow, compared to a €6.8 million outflow in H1 2016. This breaks down as follows:

- Capital expenditure of €16.8 million in H1 2017 compared to €13.5 million in H1 2016. As a proportion of revenues, however, capital expenditure fell to 2.6% from 2.9% in H1 2016, a period marked by a large volume of new contracts;
- Disposals amounting to €1.9 million compared to €6.7 million in H1 2016, a period impacted by sales of equipment, return of materials to suppliers and repayment of deposits.

Net cash flow from financing activities

Total first half 2017 net cash flow from financing activities represented a €10.3 million outflow compared to a €16.3 million outflow in first half 2016.

- Net repayments of borrowings decreased from €27.7 million in H1 2016 to €15.8 million, mainly in relation to a penalty-free €4.5 million early repayment under the CEPL acquisition loan in H1 2016 in addition to the €12.5 million scheduled annual installment paid in February 2016, and the termination of the finance lease on the warehouse sold late 2016.
- As stated above, H1 2017 net financial expenses were virtually unchanged at €2.2 million.

- Treasury stock transactions were undertaken in conjunction with the Group's liquidity contract, while share issues resulted from the exercise of equity warrants and similar instruments.

After all of these factors and exchange gains and losses, Group net cash decreased by €15.1 million to €73.9 million during the first half of 2017, compared to a €30.7 million decrease in H1 2016.

2.4 Consolidated balance sheet

€m	6/30/2017	12/31/2016
Non-current assets	297.7	295.9
Trade receivables	226.0	224.6
Trade payables	(181.5)	(188.9)
Tax and social security payables	(137.9)	(152.5)
Other net receivables (payables) and provisions	2.0	17.4
Working capital	(95.4)	(99.4)
Net borrowings	57.1	51.1
Shareholders' equity, Group share	137.4	138.3
Minority interests	7.8	7.1
Shareholders' equity	145.2	145.4

Non-current assets rose slightly compared to December 31, 2016 given that capital expenditure exceeded depreciation/amortization charges during the period.

The Group posted negative net working capital of €95.4 million as of June 30, 2017, down €4.0 million on December 31, 2016. Working capital represented 9 days sales as of June 30, 2017, down from 14 days as of December 31, 2016 mainly due to seasonal variations in tax and social security payables.

Group borrowings changed as follows over the period:

(€m)	6/30/2017	12/31/2016
Acquisition bank loan	104.5	109.8
Asset finance leases	12.6	14.1
Other borrowings	13.9	16.1
Gross borrowings	131.0	140.0
Net cash and cash equivalents	73.9	89.0
Net borrowings	57.1	51.0

In conjunction with the Logiters acquisition and the refinancing of the balance of the CEPL acquisition loan, in August 2016 the Group took out a bank loan initially amounting to €112.0 million repayable over five years.

This loan is subject to the following bank covenant: as of June 30 and December 31 every year, net borrowings over underlying EBITDA less than 2.5. As of June 30, 2017, this ratio was in compliance.

Outstanding finance leases as of June 30, 2017 mainly related to warehouse plant and equipment (including fork-lift trucks, information systems, surveillance and access control and other equipment).

As of June 30, 2017, almost all of the Group's borrowings (in the form of bank loans or finance leases) apply to the French companies. After interest rate hedges, about 50% of the Group's borrowings are subject to floating interest rates.

Shareholders' equity amounted to €145.2 million, with little change since December 31, 2016.

2.5 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. This volatility is reflected in lower operational productivity, and first half EBIT is generally lower than in the second half.

- Impact of new contract start-ups
  Seasonal variations may be impacted by new contracts, which tend to generate losses in the first year of operation. Accordingly, new contracts started in 2016, particularly during the second half, continued to have an impact on underlying EBIT during the first half of 2017.

2.6 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 26, 2017 have not materially changed at June 30, 2017.

3 SUMMARY FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€000)	Notes	H1 2017	H1 2016
Revenues		**658,274**	**460,945**
Purchases and external charges		(364,982)	(240,526)
Staff costs		(265,313)	(194,883)
Miscellaneous taxes		(7,381)	(6,890)
Other underlying income (expenses)		458	449
Net (increases) write-backs to provisions		2,339	5,840
Net depreciation/impairment		(13,570)	(10,477)
EBIT before amortization of customer relations		**9,825**	**14,458**
Amortization of acquired customer relations		(644)	(269)
Non-recurring income (expenses)		(3,238)	-
Operating income		**5,944**	**14,189**
Financial income	Note 9	650	976
Financial expenses	Note 9	(3,323)	(3,821)
Group income before tax		**3,270**	**11,344**
Corporate income tax	Note 10	(2,755)	(4,787)
Share of earnings of equity affiliates		148	(48)
Total consolidated net income		**663**	**6,509**
Of which minority interests		831	446
Of which Group share		(168)	6,063
Earnings per share, Group share			
Basic EPS (€)	Note 11	(0.03)	1.09
Diluted EPS (€)	Note 11	(0.03)	1.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€000)	H1 2017	H1 2016
Total consolidated net income	**663**	**6,509**
Post-tax pension provision discounting income (charge)	(309)	25
Other comprehensive income not reclassified to the income statement	**(309)**	**25**
Post-tax exchange differences	(1,049)	423
Other post-tax items	188	49
Other comprehensive income that may be reclassified to the income statement, net of tax	**(861)**	**472**
Comprehensive net income (loss)	**(507)**	**7,006**
Minority interests	723	526
Group share	(1,229)	6,479

CONSOLIDATED BALANCE SHEET

(€000)	Notes	6/30/2017	12/31/2016
Goodwill	Note 1	169,268	168,417
Intangible assets	Note 1	19,924	20,635
Property, plant and equipment	Note 2	84,537	83,427
Investments in equity affiliates		882	734
Other non-current financial assets		11,911	12,376
Deferred tax assets		11,227	10,293
Non-current assets		**297,749**	**295,882**
Inventories		85	97
Trade receivables	Note 3	226,022	224,562
Other receivables	Note 3	43,516	58,112
Other current financial assets		9,760	14,429
Cash and cash equivalents	Note 4	73,962	88,988
Current assets		**353,345**	**386,188**
Total assets		**651,094**	**682,070**
Capital stock	Note 5	2,798	2,795
Additional paid-in capital	Note 5	54,317	53,841
Exchange differences		(7,474)	(6,518)
Consolidated reserves		87,885	72,715
Net income for the year		(168)	15,490
Shareholders' equity, Group share		**137,358**	**138,323**
Minority interests		7,812	7,089
Shareholders' equity		**145,170**	**145,412**
Borrowings (due in over 1 yr)	Note 6	99,303	114,114
Long-term provisions	Note 7	21,311	20,630
Deferred tax liabilities		1,390	1,279
Non-current liabilities		**122,004**	**136,023**
Short-term provisions	Note 7	11,664	12,410
Borrowings (due in less than 1 yr)	Note 6	31,723	25,938
Other current financial liabilities		-	-
Bank overdrafts	Note 4	61	10
Trade payables	Note 8	181,523	188,890
Other payables	Note 8	158,949	173,387
Current liabilities		**383,920**	**400,635**
Total liabilities and shareholders' equity		**651,094**	**682,070**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€000)	Note	H1 2017	H1 2016
Net income		663	6,509
Net depreciation, impairment and provisions		13,471	5,534
Fair value adjustments on financial instruments		-	(191)
Share of undistributed earnings of equity affiliates		(148)	(49)
Capital gains or losses on the sale of fixed assets		(360)	(108)
Change in working capital	Note 12	(3,694)	(24,238)
Net cash flows from operating activities after net cost of debt and tax		**9,932**	**(12,543)**
Corporate income tax	Note 10	2,755	4,787
Net financial expenses on financing activities	Note 9	2,244	2,311
Net cash flows from operating activities before net cost of debt and tax		**14,931**	**(5,445)**
Tax paid		(3,911)	(2,292)
Net cash flow from operating activities		**11,020**	**(7,737)**
Purchase of intangible assets and PP&E	Notes 1-2	(15,976)	(12,460)
Purchase of financial assets		(781)	(887)
Fixed asset payables		-	(190)
Sale of intangible assets and PP&E		843	5,501
Sale of financial assets		1,085	1,229
Net cash flow from investing activities		**(14,829)**	**(6,807)**
Net financial expenses on financing activities	Note 9	(2,244)	(2,311)
Loans received		7,460	13,409
Loan repayments		(15,808)	(27,686)
Treasury stock transactions		(214)	137
Minority interest dividends		-	-
Share issue		479	137
Net cash flow from financing activities		**(10,327)**	**(16,314)**
Exchange gains (losses)		(941)	145
Change in net cash and cash equivalents		**(15,077)**	**(30,713)**
Opening net cash and cash equivalents	Note 4	88,978	69,728
Closing net cash and cash equivalents	Note 4	73,901	39,015

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€000)	Capital stock	Additional paid-in capital	Consolidation reserves	Exchange differences	Shareholders' equity, Group share	Minority interests	Total consolidated shareholders' equity
January 1, 2016	**2,793**	**53,569**	**75,726**	**(7,751)**	**124,337**	**6,328**	**130,665**
H1 2016 net income	-	-	6,063	-	6,063	446	6,509
Gains and losses posted to shareholders' equity	-	-	38	380	418	79	497
Treasury shares	-	-	137	-	137	-	137
Share issue	1	135	-	-	136	-	136
June 30, 2016	**2,794**	**53,704**	**81,964**	**(7,371)**	**131,091**	**6,853**	**137,944**
H2 2016 net income	-	-	9,427	-	9,427	1,476	10,903
Gains and losses posted to shareholders' equity	-	-	(2,646)	853	(1,793)	(194)	(1,987)
Distribution of dividends	-	-	-	-	-	(1,046)	(1,046)
Treasury shares	-	-	(540)	-	(540)	-	(540)
Share issue	1	137	-	-	138	-	138
December 31, 2016	**2,795**	**53,841**	**88,205**	**(6,518)**	**138,323**	**7,089**	**145,412**
H1 2017 net income	-	-	(168)	-	(168)	831	663
Gains and losses posted to shareholders' equity	-	-	(106)	(956)	(1,062)	(108)	(1,170)
Treasury shares	-	-	(214)	-	(214)		(214)
Share issue	3	476	-	-	479	-	479
June 30, 2017	**2,798**	**54,317**	**87,717**	**(7,474)**	**137,358**	**7,812**	**145,170**

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, 2017 were approved by the Board of Directors on August 30, 2017. Unless otherwise indicated, they are presented in thousands of euros.

There were no major seasonal fluctuations in revenues during the period ended June 30, 2017.

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, 2017 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, 2016 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, 2017, which may be viewed on the website: http://ec.europa.eu/finance/company-reporting/index_en.htm.

These accounting principles are consistent with those used for the preparation of the annual consolidated financial statements for the year ended December 31, 2016, which are presented in Note 2 to the 2016 consolidated financial statements, except for the items presented in paragraph 2.2 below – Change in accounting principles.

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. The tax charge relating to any non-recurring items of the period is accrued using its specific applicable taxation;

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

2.2 Change in accounting principles

2.2.1 New compulsory standards, amendments and interpretations adopted by the European Union for fiscal 2017

The following standards, amendments and interpretations, which are compulsory as of January 1, 2017, have no material impact on the financial statements:

- Amendments to IAS 7 – Disclosure initiative
- Amendments to IAS 12 – Recognition of deferred tax assets for unrealized losses
- Annual improvements (2014-2016 cycle).

2.2.2 New standards, amendments and interpretations not compulsory for fiscal 2017

The Group has not applied in advance the following standards and amendments:

- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from contracts with customers
- IFRS 16 – Leases
- Amendments to IAS 7 – Disclosure initiative
- Amendments to IAS 12 – Recognition of deferred tax assets for unrealized losses
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IFRS 2 – Classification and measurement of share-based payment transactions
- Amendments to IFRS 4 - Applying IFRS 9, *Financial instruments* with IFRS 4, *Insurance contracts*
- IFRIC 22 – Foreign currency transactions and advance consideration
- Amendments to IFRS 15 - Clarifications to IFRS 15

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 2017.

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, Belgium, Brazil, China, Germany, Spain, Réunion, Indonesia, Morocco, the Netherlands, Poland, Portugal, 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 2017 (6/30/2017)			**H1 2016 (6/30/2016)**		
	France	**International**	**Total**	**France**	**International**	**Total**
Revenues	311,040	348,913	**659,953**	279,510	184,486	**463,996**
Inter-segment revenues	(1,403)	(276)	**(1,679)**	(1,874)	(1,177)	**(3,051)**
Net revenues	**309,637**	**348,637**	**658,274**	**277,636**	**183,309**	**460,945**
EBIT before amortization of customer relations	7,032	2,793	**9,825**	14,644	(186)	**14,458**
Operating income	6,584	(640)	**5,944**	14,375	(186)	**14,189**
Net cash flow from operating activities	6,490	4,530	**11,020**	(35,650)	27,912	**(7,738)**
Capital expenditure	9,299	6,677	**15,976**	3,838	8,622	**12,460**
Fixed assets	138,113	135,616	**273,729**	158,409	59,191	**217,600**
Headcount	5,847	12,210	**18,057**	5,234	8,734	**13,968**

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, 2017	**168,417**	**13,353**	**20,835**	**202,605**
Acquisitions	-	1,293	1,361	2,654
Disposals	-	(573)	(603)	(1,176)
Other (reclassification, changes in consolidation etc.)	851	1,349	(970)	1,230
Exchange gains (losses)	-	(26)	(235)	(261)
June 30, 2017	**169,268**	**15,396**	**20,388**	**205,052**
Cumulative amortization and impairment	-			
January 1, 2017	**-**	**10,211**	**3,342**	**13,553**
Depreciation charge	-			-
Impairment	-	1,388	1,975	3,363
Disposals	-	(573)	(602)	(1,175)
Other (reclassification, changes in consolidation etc.)	-	(681)	1,059	378
Exchange gains (losses)	-	(183)	(76)	(259)
June 30, 2017	**-**	**10,162**	**5,698**	**15,860**
Net:				
June 30, 2017	**169,268**	**5,234**	**14,690**	**189,192**

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 or 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, 2017, 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 Logiters assets and liabilities acquired on August 23, 2016 was based on their estimated fair values at September 1, 2016. Pursuant to IFRS 3, the Group has a twelve-month period with effect from the acquisition date to finalize the purchase price allocation of the Logiters assets, liabilities and contingent liabilities. No significant changes have been made to date.

The provisional purchase price allocation as of June 30, 2017 is as follows:

	Amount
Customer relations amortized over 11 years	8,200
Other non-current assets	19,927
Working capital	12,678
Current provisions	(8,617)
Operating cash and cash equivalents	1,650
Operational borrowings	(35,593)
Total revalued net assets	**(1,755)**
Investment purchase price	50,542
Goodwill	**52,297**

Note 2: Property, plant and equipment

	Land and buildings	Plant and equipment	Other fixed assets	Fixed assets in progress	TOTAL
Gross:					

January 1, 2017	**45,431**	**64,767**	**39,240**	**4,644**	**154,082**
Acquisitions	215	2,753	3,975	6,379	13,322
Disposals	(467)	(3,694)	(2,254)	5	(6,410)
Change in consolidation	-	(137)	-	-	(137)
Exchange gains (losses)	(665)	(410)	(664)	(28)	(1,767)
Reclassification	4,883	12,502	5,567	(3,475)	19,477
June 30, 2017	**49,397**	**75,781**	**45,864**	**7,525**	**178,567**
Cumulative depreciation and impairment:					
January 1, 2017	**13,666**	**38,607**	**18,372**	**10**	**70,655**
Depreciation charge	2,130	5,429	3,291	-	10,850
Impairment	-	-	-	-	-
Disposals	(595)	(3,637)	(1,694)		(5,926)
Change in consolidation	-	-	-	-	-
Exchange gains (losses) and reclassification	4,597	12,041	1,823	(10)	18,451
June 30, 2017	**19,798**	**52,440**	**21,792**	**-**	**94,030**
Net:					
June 30, 2017	**29,599**	**23,341**	**24,072**	**7,525**	**84,537**

Note 3: Trade and other current receivables

	6/30/2017	12/31/2016
Trade receivables	228,764	228,218
Impairment provisions	(2,742)	(3,656)
Total trade receivables – net	**226,022**	**224,562**
Tax and social security receivables	33,605	50,308
Prepaid expenses	9,911	7,804
Total other receivables - net	**43,516**	**58,112**

Note 4: Net cash and cash equivalents

	6/30/2017	12/31/2016
Cash and cash equivalents	73,962	88,988
Bank overdrafts	(61)	(10)
Net cash and cash equivalents	**73,901**	**88,978**

Group cash and cash equivalents of €73,901,000 at June 30, 2017 comprise cash, sight bank deposits and €4,246,000 in money-market investments.

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

	Additional paid-in capital (€)	Value (€)	Number of shares
January 1, 2017	**53,840,805**	**2,794,941**	**5,589,881**
Exercise of founders' warrants	475,930	3,500	7,000
June 30, 2017	**54,316,735**	**2,798,441**	**5,596,881**

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

Note 6: Financial liabilities

	6/30/2017	Due in less than 1 year	Due in 1 to 5 years	Due in more than 5 years
Current borrowings				
Bank loans	20,962	20,962		
Finance leases	5,394	5,394		
Factoring	4,757	4,757		
Other borrowings	610	610		

Total current borrowings	**31,723**	**31,723**		
Non-current borrowings				
Bank loans	92,102		92,102	
Finance leases	7,201		7,106	95
Total non-current borrowings	**99,303**		**99,208**	**95**
Total borrowings	**131,026**	**31,723**	**99,208**	**95**

Breakdown of borrowings by interest rate and currency	**Amount**	**Currency**	**Rate**
Loan	104,504	EUR	Floating
Loan	2,723	EUR	Fixed
Loan	957	CNY	Fixed
Loan	595	PLN	Floating
Loan	4,285	BRL	Floating
Factoring	4,757	EUR	Floating
Finance leases	730	BRL	Fixed
Finance leases	180	ARS	Fixed
Finance leases	1,482	PLN	Fixed
Finance leases	59	ZAR	Fixed
Finance leases	9,644	EUR	Fixed
Finance leases	500	EUR	Floating
Other payables	610	EUR	Fixed
Total	**131,026**		

Note 7: Provisions

	Social security and tax risks	**Operating risks**	**Employee benefits**	**Total**
January 1, 2017	**4,990**	**7,420**	**20,630**	**33,040**
Charges	1,927	3,196	917	6,040
Write-backs used	(1,114)	(4,103)	(236)	(5,453)
Write-backs not used	(500)	-	-	(500)
Other (consolidation, currency, reclassification etc.)	(137)	(15)	-	(152)
June 30, 2017	**5,166**	**6,498**	**21,311**	**32,975**
Of which current provisions	5,166	6,498	-	11,664
Of which non-current provisions	-	-	21,311	21,311

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

Note 8: Trade and other payables

	6/30/2017	**12/31/2016**
Trade payables	**181,523**	**188,890**
Tax and social security payables	137,920	152,471
Advances and payments on account received	7,133	3,145
Other current payables	5,576	5,196
Deferred income	8,320	12,575
Total other payables	**158,949**	**173,387**

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: Net financial items

	H1 2017	H1 2016
Interest and related income	650	622
Interest and related financial expenses	(2,894)	(2,934)
Net financial expenses on financing activities	**(2,244)**	**(2,312)**
Fair value adjustments on financial instruments	-	95
Discounting of balance sheet accounts	(120)	(196)
Other financial expenses	(309)	(432)
Net other financial expenses	**(429)**	**(533)**
Total	**(2,673)**	**(2,845)**

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

Note 10: Corporate income tax

	H1 2017	H1 2016
Net current tax (charge)/income	(173)	(2,377)
Tax on business value added (CVAE)	(2,582)	(2,410)
Total	**(2,755)**	**(4,787)**

Note 11: Earnings per share

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

(no.)	H1 2017	H1 2016
Average number of shares in issue	5,590,631	5,586,131
Average number of treasury shares	(5,956)	(9,403)
Average number of shares	**5,584,675**	**5,576,728**
Founders' warrants	26,000	35,000
Equity warrants	343,091	329,131
Average number of diluted shares	**5,953,766**	**5,940,859**

6.3 Other information

Note 12: Change in working capital

	H1 2017	H1 2016
Change in inventories	12	-
Change in trade receivables	(3,432)	(24,514)
Change in trade payables	(5,756)	(10,714)
Change in operating working capital	**(9,176)**	**(35,228)**
Change in other receivables	17,580	1,747
Change in other payables	(12,098)	9,243
Change in non-operating working capital	**5,482**	**10,990**
Change in working capital	**(3,694)**	**(24,238)**

Note 13: 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 2017	H1 2016	6/30/2017	6/30/2016
Comète	Joint director	Services provided	(225)	(225)	(422)	(358)
Financière ID	Joint shareholder	Services provided	128	128	153	128
SAS Logistics II	Joint director	Services provided	22	-	8	-

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 14: 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 13.

Gross remuneration of other Board members

	H1 2017	H1 2016
Expense type		
Total gross remuneration	276	339
Post-employment benefits	-	-
Other long-term benefits	-	-
Severance pay	-	-

Note 15: Commitments and contingencies

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

	6/30/2017	12/31/2016
Commitments given		
Real estate leases	246,699	283,644
Plant and equipment leases	60,171	42,315
Parent company guarantees *	10,652	10,652
Borrowings subject to covenants	106,400	112,000
Commitments received		
Bank guarantees	23,436	27,298

* 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, 2017				
Real estate leases	77,448	158,541	10,710	246,699
Plant and equipment leases	25,443	34,637	91	60,171

At June 30, 2017, undrawn lines of credit amounted to €10,270,000 in respect of finance leases and €38,500,000 in respect of credit facilities.

Note 16: Proforma financial information

1. Presentation basis

1.1 Underlying assumptions

Consolidated proforma financial information for the six months ended June 30, 2016 (hereinafter "proforma financial information") is stated in euro thousands and has been prepared to reflect the combination of ID Logistics and Logiters under the acquisition method as prescribed by IFRS, as if the acquisition had occurred on January 1, 2016.

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, 2016. Likewise, 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, 2016.

The proforma financial information has been prepared on the basis of the first half 2016 ID Logistics Group IFRS consolidated financial statements and a Logiters IFRS consolidated balance sheet at June 30, 2016.

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

The Logiters consolidated financial statements for the six months ended June 30, 2016 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 2016 consolidated financial statements.

1.3 Intercompany transactions

There were no transactions between Logiters and ID Logistics before the acquisition. Since the acquisition, all transactions between Logiters 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 2016 ID Logistics Group proforma financial information

	ID Logistics Group Reported H1 2016	**Logiters Data for 1/1-6/30/2016**	**Proforma adjustments**	**ID Logistics Group Proforma H1 2016**
Revenues	**460,945**	**126,139**		**587,084**
Depreciation/impairment	(10,477)	(2,117)		(12,594)
EBIT before amortization of customer relations	**14,458**	**3,678**		**18,136**
Amortization of acquired customer relations	(269)	-	(375)	(644)
Non-recurring expenses	-	-		-
Net financial items	(2,845)	(352)	(49)	(3,246)
Income before tax	**11,344**	**3,326**	**(424)**	**14,246**
Earnings of equity affiliates	(48)	-	-	(48)
Corporate income tax	(4,787)	(832)	106	(5,513)
Consolidated net income (loss)	**6,509**	**2,494**	**(318)**	**8,685**

3. Proforma adjustments

As stated above, the Logiters data has not been prepared on the basis that the cost savings and other synergies arising from the acquisition apply as from January 1, 2016.

However, the Logiters income statement items below have been adjusted for the purposes of preparing the proforma financial information.

3.1 Adjustments to the purchase price allocation

The purchase price calculation and allocation are given under Note 1 "Goodwill and intangible assets".

With regard to the purchase price calculation and allocation, the recognition of customer relations resulted in additional amortization charges which, for the purposes of preparing the proforma financial information, have been calculated with effect from January 1, 2016 at an amount of €375,000 for the period from January 1 through June 30, 2016.

3.2 Adjustments related to financing the acquisition

A €112 million bank loan was taken out for the following purposes:

- €50.5 million paid to the Logiters shareholders for the purchase of all of their shares
- €34 million to refinance the existing Logiters debt as of the acquisition date
- €27.5 million to refinance the outstanding amount under the €75 million loan initially contracted for the purposes of the CEPL acquisition in July 2013

In addition, the €112 million loan is hedged via an interest rate cap set up in February 2017.

The proforma financial information has been adjusted as if the acquisition bank loan and corresponding interest rate cap had been contracted as of January 1, 2016:

- The interest on the €112 million loan has been extrapolated over the half year, leading to an additional €576,000 pre-tax interest expense;
- Bank fees for setting up the acquisition loan have been deducted from the loan and will be amortized over the 5-year loan term. For the purposes of preparing the proforma financial information, corresponding amortization has been extrapolated over the half year, leading to an additional €246,000 financial expense;
- The premium paid for the interest rate cap set up in February 2017 has been extrapolated over the full year with effect from January 1, 2016. This extrapolation resulted in an additional €17,000 pre-tax expense.
- On the other hand, interest on the refinanced debt and related costs (swap, amortization of bank fees, etc.) for the period from January 1 through June 30, 2016, amounting to €790,000 before tax, have been eliminated.

3.3 Tax adjustments

Corporate income tax was estimated by applying a theoretical Spanish tax rate of 25.00% for 2016 to the proforma adjustments and earnings for the period from January 1 through August 31, 2016.

4. Seasonal factors

Like ID Logistics, Logiters does not encounter major seasonal fluctuations in revenues. However, while ID Logistics core business EBIT tends to be lower in the first half than the second, Logiters EBIT is more evenly balanced between the two periods.

Note 17: Post balance sheet events

None

4 STATUTORY AUDITORS' REPORT

"To the Shareholders,

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

- performed a limited review of the summary consolidated financial statements of ID LOGISTICS GROUP covering the period from January 1 to June 30, 2017, as enclosed hereto, and
- verified the information given in the half-year business report.

The summary 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.

I – 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 summary 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.

II – Specific testing

We have also verified the information provided in the half-year business report commenting on the summary 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 summary consolidated interim financial statements.

Paris and Neuilly-sur-Seine, September 11, 2017

The Statutory Auditors

CFG Audit	Deloitte & Associés
Philippe Joubert	Albert Aidan"