2017 half-year financial report

Content

A. Activity Report

A.1 Atos in the first half of 2017

January

On **January 2, 2017**, Atos announced the acquisition of Engage ESM, a leading provider in the enterprise-service management sector and a ServiceNow Gold Services Partner. This acquisition enabled Atos to offer enterprise and emerging customers an enhanced portfolio of cloud-based service-management solutions and further solidifies the position of Atos as Europe's number one brand in IT and digital services.

On **January 11, 2017**, Atos announced that it has signed a multi-million Euro five-year contract with Coca-Cola Hellenic Bottling Company (CCHBC), one of the world's largest bottlers of brands of The Coca-Cola Company. Under the new contract, Atos took over development and management of key IT applications supporting the CCHBC business.

Atos announced on **January 20, 2017** the first installation of its Bull sequana X1000 new-generation supercomputer system, in the UK at the Hartree Centre. Founded by the UK government, the Science and Technology Facilities Council (STFC) Hartree Centre is a high performance computing and data analytics research facility. The world's most efficient supercomputer, Bull sequana, is an exascale-class computer capable of processing a billion billion operations per second while consuming 10 times less energy than current systems.

On **January 24, 2017,** Atos announced having secured a five-year contract, extendable for an additional five years, with the government of Western Australia (WA). This followed a stringent selection process in which 56 companies pitched to deliver on the 'GovNext-ICT program', a foundational element of the State's Information and Communications Technology (ICT) strategy launched in 2016. With this appointment, Atos is on track to achieve its ambition to bring world-class standards and business practices that will re-invent and transform citizen engagement in Western Australia.

February

On **February 8, 2017**, Atos, a global leader in digital transformation, has secured an initial ten year contract with University College London Hospitals NHS Foundation Trust (UCLH) to be its Digital Transformation Partner and broadening its client base within the health services sector as a result. Under the agreement Atos will deliver IT outsourcing (ITO) and enhance the unified Information and Communications Technology (ICT) service model to fully support the UCLH mission to deliver high quality patient care, excellent education and world-class research.

On **February 17, 2017**, Atos expanded its expertise in Big Data services with the acquisition of zData, a leader in Big Data consulting and solutions for both commercial and enterprise corporations. Atos has signed a share purchase agreement with zData, bringing a unique team of software engineers and data scientists to support its customers' digital transformation journey within all sectors.

On **February 22, 2017**, Atos announced record results in 2016 and the over-achievement of all its 2016 financial objectives. Revenue was € 11,717 million, up +9.7% year-on-year, +12.8% at constant exchange rates, and +1.8% organically. Operating margin was € 1,104 million, representing 9.4% of revenue, compared to 8.3% in 2015 at constant scope and exchange rates. The commercial dynamism of the Group was particularly strong in 2016 with record order entry reaching € 13.0 billion, +16.2% compared to € 11.2 billion statutory in 2015. It represented a book to bill ratio of 111% in 2016, of which 119% during the fourth quarter of 2016. Full backlog increased by +11.9% year-on-year to € 21.4 billion at the end of 2016, representing 1.8 year of revenue. Net income was € 620 million, +41.9% year-on-year and net income Group share reached € 567 million, +39.6%. Basic EPS Group share was € 5.47, +36.1% compared to € 4.01 in 2015 and diluted EPS Group share was € 5.44, +36.5% compared to € 3.98 during 2015. Free cash flow reached € 579 million in 2016, +47.3% compared to € 393 million in 2015, materializing a strong improvement of operating margin conversion rate to free cash flow, reaching 52.5% in 2016 compared to 43% in 2015 and in line with the circa 65% 2019 objective. Net cash position was € 481 million at the end of 2016.

March

On **March 9, 2017**, the Euronext Scientific Board on Indices announced its decision to include Atos in the CAC 40 index, the primary index of the Paris stock exchange, where the Group is listed. This decision took effect as from the March 20, 2017 market trading session.

On **March 27, 2017**, Atos was ranked at the top of the CAC 40 Governance Index, a new corporate governance index based on the CAC 40, developed by Euronext together with Corporate social responsibility (CSR) rating agency Vigeo Eiris. The index rates companies listed in the CAC 40 Paris stock index on their corporate governance performance, in particular the extent to which they have integrated social responsibility and sustainability into their decision-making processes.

April

On **April 24, 2017**, Atos announced its 2017 first quarter revenue, and the decision to integrate Unify Software & Platforms with the objective to grow by year-end. Revenue (including Unify S&P as of January 1st, 2017) was € 3,111 million, up +2.0% organically and +12% at constant exchange rates. Order entry was € 3,035 million leading to a book to bill ratio of 98%. Taking into account the integration of Unify Software & Platforms from January 1st, Atos raised its 2017 operating margin objective to circa 10%.

May

On **May 11, 2017**, Atos announced that it had signed a new five year deal with the BBC to provide technology services. Atos supports the BBC's digital transformation and will provide staff with simple to use, quality tools and systems, helping them continue to make world-class programmes and services. The new contract delivers substantial savings to the BBC. It is the final contract to be procured under the BBC's Aurora Programme, which has now re-sourced the Corporation's core technology services. The BBC has now fully moved to a multi-supplier model, which will see services delivered by a combination of third parties and BBC in-house teams, giving the BBC better value, greater flexibility and access to new technology as it emerges.

Atos SE held on **May 24, 2017** its Annual General Meeting chaired by Mr. Thierry Breton, Chairman and Chief Executive Officer of the Company. All resolutions submitted by the Board of Directors were approved. The General Meeting massively approved the annual and consolidated accounts for the financial year ending December 31st, 2016 and the 2016 dividend payment of €1.60 per share, up over 45% compared to last year. The General Meeting also renewed the terms of office of Directors of Mr. Nicolas Bazire, Ms. Valérie Bernis, Mr. Roland Busch and Ms. Colette Neuville.The General Meeting issued a favorable opinion on the elements of compensation due or allocated to Mr. Thierry Breton for the financial year ending December 31st, 2016 and approved the features and criteria for setting, allocating, and granting, the fixed, variable, long-term and exceptional elements making up the total compensation and benefits of all kinds attributable to the Chairman and Chief Executive Officer for the financial year ending December 31, 2017.

June

On **June 15, 2017,** Atos, through its technology brand Bull, won a contract with GENCI (Grand Équipement National de Calcul Intensif) to deliver one of the most powerful supercomputers in the world, planned for the end of 2017. A successor of the Curie system installed at the TGCC (Très Grand Centre de Calcul of the CEA in Bruyères-Le-Chatel), the Bull Sequana supercomputer has an overall power of 9 petaflops and can carry out 9 million billion operations per second. It will be used for research purposes in France and Europe. The announcement was formalised the day before at the Ministry of Higher Education, Research and Innovation.

On **June 27, 2017**, Atos, a global leader in digital transformation, were selected by Safran, leader in the aeronautics and aerospace sectors, as its partner to optimize datacenters worldwide. The four-year contract runs till 2021 and has the option of a two-year extension. By awarding Atos the contract to optimize its datacenters, Safran is accelerating its digital transformation by securing the best solutions on the market.

A.2 Operational review

A.2.1 Statutory to constant scope and exchange rates reconciliation

Revenue in H1 2017 reached € 6,311 million, +10.8% compared to H1 2016 statutory, +11.6% at constant exchange rates, and +2.2% organically. Operating margin reached € 538 million, representing 8.5% of revenue, compared to € 408 million (6.6% of revenue) in H1 2016 at constant scope and exchange rates (+190 basis points).

In €million	H1 2017	H1 2016	% change
Statutory revenue	6,311	5,697	10.8%
Exchange rates effect		-44	
Revenue at constant exchange rates	**6,311**	**5,653**	**11.6%**
Scope effect		518	
Exchange rates effect on acquired/disposed perimeters		5	
Revenue at constant scope and exchange rates	**6,311**	**6,177**	**2.2%**
Statutory operating margin	538	444	21.2%
Scope effect		-34	
Exchange rates effect		-3	
Operating margin at constant scope and exchange rates	**538**	**408**	**32.0%**
as % of revenue	*8.5%*	*6.6%*	

The table below presents the effects on 2016 revenue of acquisitions and disposals, internal transfers reflecting the Group's new organization, and change in exchange rates.

In €million	H1 2016 statutory	Scope effect	Internal transfers	Exchange rates effect*	H1 2016 at constant scope and exchange rates
North America	990	114	-0	37	1,141
Germany	930	138	1	0	1,069
United Kingdom & Ireland	918	24	0	-90	852
France	847	1	-1	0	847
Benelux & The Nordics	492	14	37	2	546
Other Business Units	931	70	-37	18	983
Worldline	589	157	0	-6	740
TOTAL GROUP	**5,697**	**518**	**0**	**-38**	**6,177**
Infrastructure & Data Management	3,221	360	0	-25	3,556
Business & Platform Solutions	1,584	-0	-9	-8	1,567
Big Data & Cybersecurity	302	2	9	1	313
Worldline	589	157	0	-6	740
TOTAL GROUP	**5,697**	**518**	**0**	**-38**	**6,177**

* *At average Jun 2017 YTD exchange rates*

Scope effect amounted to €+518 million for revenue. This was related to the contribution of Unify Software & Platforms (6 months), Unify Services (January 2016), Anthelio (6 months), Equens, Paysquare, and Komerçni Banka Smartpay (6 months), Engage ESM and Z-data.

Internal transfers of (i) operations in Poland, Russia, and Lithuania from Other Business Units (Central & Eastern Europe) to Benelux & The Nordics, and (ii) Big Data consulting activities in Middle-East from Business & Platform Solutions to Big Data & Cybersecurity occurred as of January 1st, 2017.

From H1 2016 statutory, currency exchange rates negatively contributed to revenue for a total of €-38 million, mainly coming from the British pound depreciating versus the Euro, partly compensated by the American dollar and the Brazilian real increasing versus the Euro.

The impacts described above are reflected in the operating margin at constant scope and exchange rates. In particular, scope effect amounted to €-34 million, mostly due to the loss making Unify S&P operations in H1 2016 (before full completion of the restructuring plan). These effects are detailed below:

In €million	H1 2016 statutory	Scope effect	Internal transfers	Exchange rates effect*	H1 2016 at constant scope and exchange rates
North America	100	13	-1	4	116
Germany	81	-60	1	0	23
United Kingdom & Ireland	89	4	0	-9	84
France	48	-2	-2	-0	43
Benelux & The Nordics	38	-1	-2	-0	35
Other Business Units	53	10	4	3	70
Global structures**	-57	0	0	1	-56
Worldline	92	2	0	-1	93
TOTAL GROUP	**444**	**-34**	**-0**	**-3**	**408**
Infrastructure & Data Management	281	-36	0	-2	243
Business & Platform Solutions	78	0	-0	-1	77
Big Data & Cybersecurity	42	-0	0	0	43
Corporate costs	-48	0	0	1	-48
Worldline	92	2	0	-1	93
TOTAL GROUP	**444**	**-34**	**0**	**-3**	**408**

** At average Jun 2017 YTD exchange rates*

*** Global structures include the Global Divisions costs not allocated to the Group Business Units and Corporate costs*

A.2.2 Performance by Division

Revenue in H1 2017 was € 6,311 million, up +11.6% at constant exchange rates and +2.2% organically. The Group reached +2.4% organic growth in the second quarter of 2017, strengthening the positive trend already performed in the first quarter. All the Divisions contributed to revenue organic growth thanks to a strong commercial momentum and to the investment strategy in innovation and technology.

Operating margin was € 538 million, representing 8.5% of revenue, an improvement of +190 basis points fueled by Infrastructure & Data Management (+240 basis points), Business & Platform Solutions (+120 basis points), and Worldline (+240 basis points).

	Revenue			Operating margin		Operating margin %	
In €million	H1 2017	H1 2016*	Organic evolution	H1 2017	H1 2016*	H1 2017	H1 2016*
Infrastructure & Data Management	3,589	3,556	0.9%	329	243	9.2%	6.8%
Business & Platform Solutions	1,608	1,567	2.6%	98	77	6.1%	4.9%
Big Data & Cybersecurity	357	313	13.8%	43	43	12.2%	13.6%
Corporate costs				-46	-48	-0.8%	-0.9%
Worldline	757	740	2.3%	114	93	15.0%	12.6%
TOTAL	**6,311**	**6,177**	**2.2%**	**538**	**408**	**8.5%**	**6.6%**

** At constant scope and exchange rates*

A.2.2.1 Infrastructure & Data Management

In €million	H1 2017	H1 2016*	Organic evolution
Revenue	3,589	3,556	0.9%
Operating margin	329	243	
Operating margin rate	9.2%	6.8%	

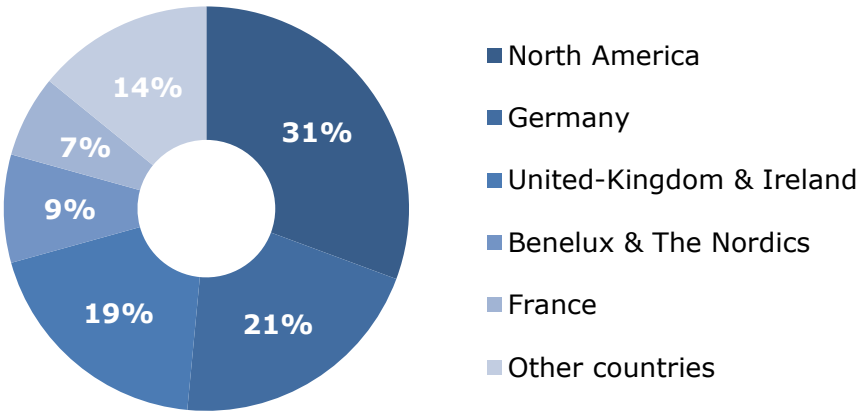
**At constant scope and exchange rates*

2017 first half **revenue** in Infrastructure & Data Management (including Unify S&P) was € 3,589 million, up +0.9% at constant scope and exchange rates, with a significant growth in Cloud Services and in Technology Transformation Services. In addition, the Division is actively involved in the transformation of its key client IT landscape through automation and robotization, and won some key contracts as part of the Digital Transformation Factory supporting growth in several geographies such as North America, Asia Pacific and Germany.

Growth materialized primarily in the Public & Health sector, notably in North America thanks to increased volumes and additional scope from an Oracle Exadata implementation for the Texas Department of Information Resources, as well as the new contracts in France with Naval Group and the CEA (Commission for Atomic Energy and Alternative Energies). Financial services benefited from the ramp-up of new large contracts signed last year such as Aegon and the National Savings & Investments in the United Kingdom, Kasbank and VGZ in the Netherlands and AXA in France, while growth in Asia Pacific was sustained by higher volumes and large deliveries with a large bank in Hong-Kong. Manufacturing, Retail & Transportation posted a solid performance in several geographies, fueled notably by the new contracts with Rheinmetall in Germany, Monsanto in North America, as well as Akzo Nobel and NXP in Benelux & The Nordics. The situation in Telcos, Media & Utilities remained challenging, in particular in the United Kingdom impacted by some scope reductions with BBC while the renewal of the contract was signed in Q2 this year.

Revenue was up +1.0% organically during the second quarter 2017.

Infrastructure & Data Management revenue profile by geographies



Operating margin in Infrastructure & Data Management (including Unify S&P) was € 329 million in the first half of 2017, representing 9.2% of revenues. This improvement of +240 basis points came from migrations to cloud-based infrastructures, automation and robotization, and industrialization. The Division also performed the successful integration of Unify Services and the execution of the restructuring plan of Unify as a whole. Additionally, margin improvement was led by increased revenue, combined with continued tight cost monitoring and strong project management. Operational profitability improved in all geographies. The performance was mainly driven by Germany, benefiting from the effect of Unify restructuring program performed last year. In Benelux & The Nordics and in France, operating margin benefited from a better business mix, whereas North America continued to show good performance thanks to operational efficiency. Finally, in the United Kingdom, operating margin improved thanks to new contracts and strong focus on the costs base which more than compensated margin effects on the BBC contract.

A.2.2.2 Business & Platform Solutions

In €million	H1 2017	H1 2016*	Organic evolution
Revenue	1,608	1,567	2.6%
Operating margin	98	77	
Operating margin rate	6.1%	4.9%	

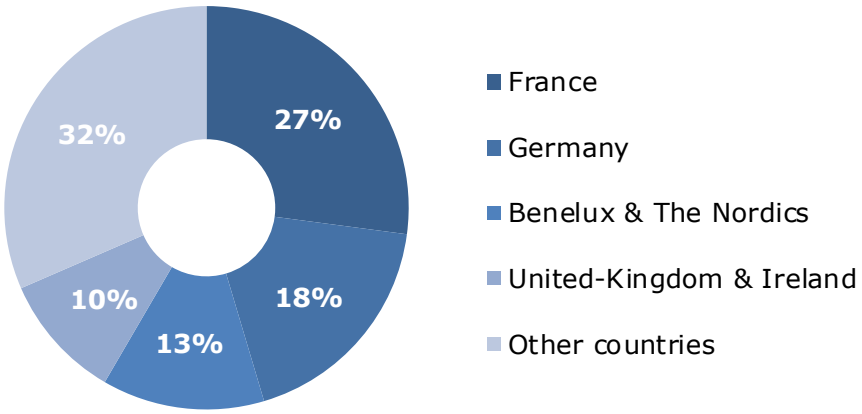
**At constant scope and exchange rates*

Business & Platform Solutions **revenue** during the first half of 2017 reached € 1,608 million, +2.6% at constant scope and exchange rates. The Division increased its competitiveness thanks to a more efficient workforce management and the industrialization of global delivery. The Division is also shifting to high value digital transformation projects and revenue growth was led by Digital Transformation Factory in particular with the implementation of Industry 4.0 solutions for large manufacturers.

Growth was driven by Manufacturing, Retail & Transportation that recorded good performance in all geographies and particularly in Germany, which benefited from the development of SAP HANA and Codex activities, notably materializing in the automotive sector with Daimler and Volkswagen; this added to the ramp-up of several contracts in Central & Eastern Europe (Coca-Cola) and Asia (Betagro). Public & Health was also growing particularly in Middle East & Africa thanks to last phase of the contract with Polimeks and successful Codex activities in Major Events and in Asia Pacific. Telcos, Media & Utilities also posted a good performance in Germany, combined with higher volumes and crosselling achieved in the energy sector in Italy thanks to Codex solutions. In Financial Services, the business was more challenging in France, Iberia and Central & Eastern Europe with less projects performed this year while in Germany the Division managed to start several new projects in mobile application development and customer experience services with a leading bank.

Revenue growth reached +2.7% organically in Q2 2017.

Business & Platform Solutions revenue profile by geographies



Operating margin was € 98 million, representing 6.1% of revenue. The strong improvement of +120 basis points was attributable to the good revenue performance, mainly in Middle East & Africa, Central & Eastern Europe, and Germany, combined with the effects in most geographies of costs savings and successful workforce management actions. France, North America, Iberia and South America succeeded to improve operating margin thanks to the application services industrialization program and the utilization rate improvement. Overall, Business & Platform Solutions continued its positive trends both in revenue and margin by investing in innovation and new Codex and SAP HANA offerings to deliver the planned operating margin enhancement.

A.2.2.3 Big Data & Cybersecurity

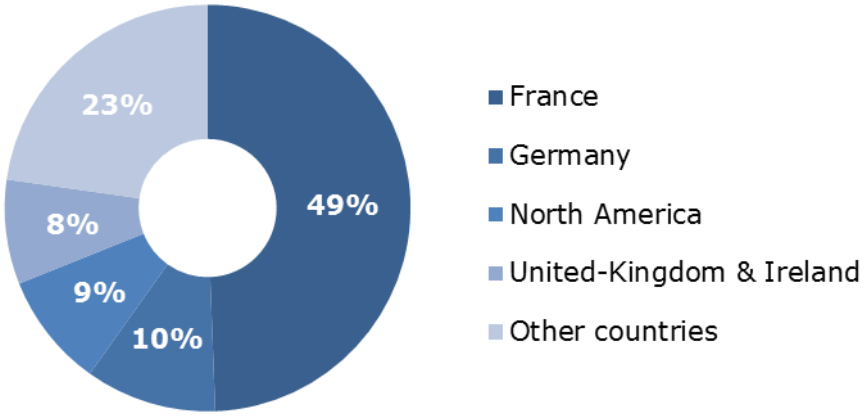
In €million	H1 2017	H1 2016*	Organic evolution
Revenue	357	313	13.8%
Operating margin	43	43	
Operating margin rate	12.2%	13.6%	

**At constant scope and exchange rates*

Revenue in Big Data & Cybersecurity was € 357 million, showing a solid organic growth of +13.8% with a strong performance recorded particularly in the United Kingdom, North America and France. This performance was largely fueled by a strong High Performance Computing (HPC) activity particularly in the United Kingdom and in France in the research area respectively with customers such as the Science & Technology Facilities Council, the Atomic Weapon Establishment, the Oxford University, and also with GENCI (Grand Equipement National de Calcul Intensif) and the CEA as well as large clients in Manufacturing. Cybersecurity activities were also very dynamic, notably pulled by contracts with large customers in North America, such as Xerox, and in Germany, such as Nokia. Indeed due to the data deluge and adoption of the new technologies, large organizations are facing more and more sophisticated cyberattacks on a scale not seen before. Atos has developed end-to-end cybersecurity capabilities to help its customers addressing these new large threats. The Group has a leadership position in security governance, secure communications, situational awareness, and digital identity & access management.

In Q2 2017, Big Data & Cybersecurity Division recorded a revenue organic growth at +14.2%.

Big Data & Cybersecurity revenue profile by geographies



Operating margin was € 43 million, representing 12.2% of revenue. The Division continued to record significant growth while investing on innovative solutions and products as well as extending its international footprint.

A.2.2.4 Worldline

A detailed review of Worldline half-year 2017 results can be found at worldline.com, in the investors section.

In €million	H1 2017	H1 2016*	Organic evolution
Revenue	757	740	2.3%
Operating margin	114	93	
Operating margin rate	15.0%	12.6%	

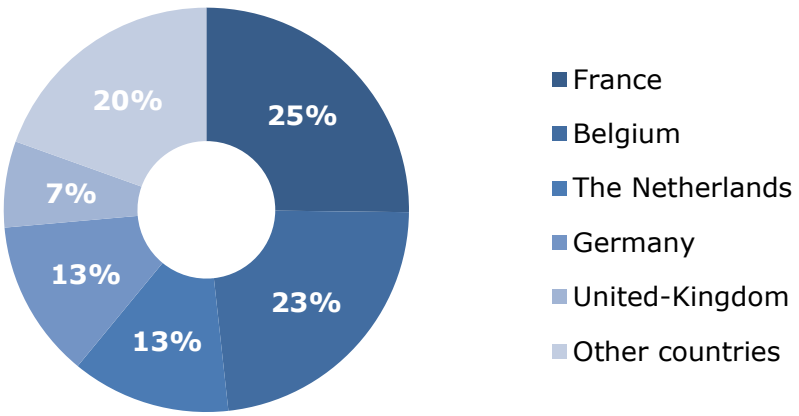
**At constant scope and exchange rates*

Worldline contributive **revenue** was € 757 million, improving by +2.3% organically.

- **Merchant Services**, grew by +5.2% organically and reached € 259 million. The growth mainly came from *Merchant Payments Services*, notably from *Commercial Acquiring*, which benefitted from a continuous increase in the number of transactions, from a strong momentum in India with the demonetization impact leading to higher volumes of transactions (x2.5 versus last year), and from positive business trends at Paysquare and KB SmartPay recently acquired. *Merchant Digital Services* grew as well, thanks to Private Label Cards & Loyalty services, with higher kiosks sales and project revenues with transportation companies in the United Kingdom.
- **Financial Processing** reached € 344 million, up +6.1% organically. Revenue in *Issuing Processing* grew thanks to a high level of *Fraud Prevention Services* in Belgium and continued strong growth in authentication services over the period (ACS and 3D Secure). Revenue increase was also sustained by the overall card payment transaction growth. *Acquiring Processing* was also particularly dynamic thanks to more volumes and projects mainly in France and in Italy. *Digital banking* grew mainly thanks to continued development and good fertilization on project related activities in France. Finally, *Accounts Payments* increased along with transaction volumes of Sepa payments in the Netherlands and in Germany, as well as significant volume growth on iDeal activity in the Netherlands, a business operated by Equens.
- **Mobility & e-Transactional Services** revenue was € 154 million, decreasing by -9.3% organically, as the *Trusted Digitization* (former « *e-Government Collection* ») business line was impacted for the last semester by the termination of the "Radars" contract that occurred in June 2016. Excluding that effect, the growth of Mobility & e-Transactional Services would have exceeded +11% in H1 2017. This performance would have been achieved thanks to a double-digit underlying growth recorded in *Trusted Digitization*, particularly in healthcare transactional services, tax collection activities in Latin America and with more revenue from various projects with French government agencies; to a robust growth in *e-Ticketing*, benefiting from a good dynamic in Latin America, thanks to higher fare collections revenue; finally to a double digit growth in *e-Consumer & Mobility* explained by a good project activity in France and in Germany.

Revenue increased by +2.6% organically in Q2 2017.

Worldline revenue profile by geographies



Operating margin was € 114 million or 15.0% of revenue, improving by +240 basis points compared to the first semester of 2016 largely fueled by the strong performance of **Financial Processing**, driven by a strong revenue growth coupled with the fast delivery of equensWorldline costs synergies. **Merchant Services** operating margin was impacted by the change of interchange fees in Belgium while the business unit performed transactions volumes growth and positive price effects in *Commercial Acquiring* and higher sales of digital self-service kiosks within *Private Label Cards & Loyalty Services*. Finally **Mobility & e-Transactional Services** operating margin was as expected strongly impacted by the termination of the "Radars" contract compared to last year. Higher volumes and resulting margin increase in *Connected Living & Mobility* and *e-Ticketing* activity together with a positive one-off pension adjustment (€ 7 million) partly compensated this effect.

A.2.3 Performance by Business Units

	Revenue			Operating margin		Operating margin %	
In €million	**H1 2017**	**H1 2016***	**Organic evolution**	**H1 2017**	**H1 2016***	**H1 2017**	**H1 2016***
North America	1,162	1,141	1.8%	124	116	10.7%	10.2%
Germany	1,080	1,069	1.0%	70	23	6.5%	2.1%
United Kingdom & Ireland	880	852	3.4%	83	84	9.4%	9.8%
France	847	847	0.1%	59	43	6.9%	5.1%
Benelux & The Nordics	536	546	-1.8%	46	35	8.7%	6.4%
Other Business Units	1,049	983	6.8%	89	70	8.5%	7.1%
Global structures**				-46	-56	-0.8%	-1.0%
Worldline	757	740	2.3%	114	93	15.0%	12.6%
TOTAL	**6,311**	**6,177**	**2.2%**	**538**	**408**	**8.5%**	**6.6%**

** At constant scope and exchange rates*

*** Global structures include Global Divisions costs not allocated to the Group Business Units and Corporate costs*

During the first half of 2017, revenue grew in most of the Business Units:

- North America with the roll-out of the Orchestrated Hybrid Cloud model, the deployment of the Digital Workplace offering, and with an increasing business in Big Data & Cybersecurity;
- Germany with the delivery of several projects, notably the implementation of Industry 4.0 solutions in the automotive sector and mobile applications in Financial Services;
- United Kingdom & Ireland confirming the positive trend recorded since the second semester last year. The Infrastructure & Data Management activity remained strong in most of the verticals. The strong revenue growth in Big Data & Cybersecurity was driven by HPC activity, including the delivery of two Sequana supercomputers in the defense and research sectors;
- France where revenue was stable thanks to IDM contracts ramp-up in the defense sector and several HPC projects in the automotive and public sectors;
- in Benelux & The Nordics, revenue continued to recover in IDM benefiting from higher volume and contracts ramp-up in Manufacturing and in Financial Services. While revenue of B&PS was stable in Benelux, the Division was affected in Q2 by a comparison basis on a contract delivered to the Polish administration last year;
- Other Business Units significantly contributed to Group revenue growth thanks to a strong performance in Asia-Pacific and Middle East mainly, and notably within Business & Platform Solutions;
- and in Worldline with the continued dynamic of Merchant Services, Financial Processing, and new activities in Mobility.

During the first semester of 2017, the Group executed its transformation programs through industrialization, automation and robotization, and continuous optimization of SG&A. In addition, the Group benefited from the Unify restructuring plan and from synergies with Equens. Almost all Business Units showed a profitability improvement, notably Germany benefiting from the Unify integration, Benelux & The Nordics with a better business mix, and France thanks to actions to improve operational efficiency. North America recorded 10.7% becoming the most profitable geography of the Group.

A.2.3.1 North America

In €million	H1 2017	H1 2016*	Organic evolution
Revenue	1,162	1,141	1.8%
Operating margin	124	116	
Operating margin rate	10.7%	10.2%	

**At constant scope and exchange rates*

Revenue reached € 1,162 million, +1.8% at constant scope and exchange rates, mainly fueled by the strong performance of Big Data & Cybersecurity activities, reflecting the progressive diversification of the Business Unit and notably its ability to leverage on large IDM customers to develop other activities. The overall revenue performance of North America was still impacted by the turn-around of the Unify S&P sales, which should contribute to the acceleration of the Business Unit growth in the second semester, together with the delivery of contracts signed in the first part of the year (book to bill at 167%, highest across the Group).

Infrastructure & Data Management achieved a successful development in Cloud services thanks to the deployment of a Hybrid Cloud solution in Texas DIR and the positive contribution from the contract won last year with Monsanto. Growth was mainly fueled by Public & Health, while the impact from the ramp up of new contracts within Manufacturing, Retail & Transportation was offset by the end of projects and contractual price adjustments with other customers. The performance in Telcos, Media & Utilities was affected by the base effect of one off sales achieved last year.

Business & Platform Solutions remains a quite small activity and was broadly stable over the period. While Manufacturing, Retail & Transportation benefited from new wins with existing US customers, this was mostly compensated by the impact from ended projects successfully achieved last year, notably in Telcos, Media & Utilities.

Revenue in Big Data & Cybersecurity recorded a particularly high growth and was strong in each vertical thanks to a strong demand on cybersecurity solutions with large longstanding customers such as Xerox. The Business Unit also developped sales in Big Data in most of the markets.

Operating margin continued to improve to reach a solid profitability of 10.7% of revenues at € 124 million. The Business Unit benefited from the impacts of revenue improvement as well as strong actions to reduce the costs base, and a more efficient project management, which translated into improvement within all Divisions.

A.2.3.2 Germany

In €million	H1 2017	H1 2016*	Organic evolution
Revenue	1,080	1,069	1.0%
Operating margin	70	23	
Operating margin rate	6.5%	2.1%	

**At constant scope and exchange rates*

During the first half of 2017, the Business Unit achieved an organic growth of +1.0% compared to the same period last year at constant scope and exchange rates, leading to € 1,080 million **revenue**. Business & Platform Solutions benefited from the ramp up of new contracts won in the prior year, while Big Data & Cybersecurity performance was affected by the base effect related to the significant deliveries achieved last year. Revenue in Infrastructure & Data Management was slightly down due to price reductions contracted with several large customers.

In Infrastructure & Data Management, revenue was fueled by the ramp-up of the new contract with Rheinmetall won in Q3 last year. Financial Services was supported by significant deliveries; this was however more than offset by contractual price reductions already agreed with some customers. The telecom market was impacted by the reduced activity with Nokia, partially mitigated by increased volumes delivered to Telefonica. Finally, the revenue growth of the Division was impacted by the integration of Unify S&P since January 1st, 2017, which should fuel acceleration by year end.

Business & Platform Solutions continued to record a strong organic growth, with all the markets contributing to this performance. In particular, Financial Services and Manufacturing sectors achieved a double digit growth, driven by SAP HANA business coupled with the ramp-up of new contracts, notably with BMW and Deutsche Bank. The good performance of Telcos, Media & Utilities was sustained by new contracts with Telefonica and EnBW. Finaly Public & Heath remained dynamic, as well as projects with Siemens.

Big Data & Cybersecurity achieved strong performance in cybersecurity services with clients such as Nokia and BMW, but this could not compensate for the base effect from successful deliveries achieved last year and not performed this year.

Operating margin reached € 70 million or 6.5% of revenue, significantly improving compared to H1 2016 at constant scope and exchange rates. Profitability grew particularly in Infrastructure & Data Management benefiting from the execution of the Unify restructuring plan which materialized through Unify S&P activities turning back to positive, as well as continued strong actions on costs optimization. Business & Platform Solutions confirmed its recovery thanks to the strong revenue growth and continued workforce optimization.

A.2.3.3 United Kingdom & Ireland

In €million	H1 2017	H1 2016*	Organic evolution
Revenue	880	852	3.4%
Operating margin	83	84	
Operating margin rate	9.4%	9.8%	

**At constant scope and exchange rates*

Revenue was € 880 million, up +3.4% at constant scope and exchange rates, pursuing the good trend recorded in the first quarter and notably fueled by the strong dynamism of IDM and BDS activities.

Infrastructure & Data Management improved compared to last year, benefiting from the ramp up of new contracts signed last year such as Aegon, as well as continued strengthening of Digital Workplace solutions for key longstanding customers and new cloud engagements notably in the Manufacturing and Public Sectors. Growth was mainly fueled by Public & Health, thanks to the ramp-up of new contracts with University College London Hospitals and Police Services Northern Ireland, combined with increased volumes and projects achieved with longstanding customers such as the Ministry of Justice and DWP for the PIP contract. Financial Services benefited from the strong activity due to the ramp up of the Aegon contract mentioned above and increased projects with NS&I. This was largely compensating for the decrease in Telcos, Media & Utilities impacted by contractual scope reductions with BBC renewed in Q2.

Within Business & Platform Solutions, growth came from most verticals thanks to an increasing demand for SAP HANA projects materialized through several new engagements. This could not compensate for the ramp down of legacy contracts in the Media and Public sectors, with BBC and the Post Office respectively.

Big Data & Cybersecurity had a strong momentum over the semester, notably in Public & Health and Manufacturing, Retail & Transportation through increased demand in cybersecurity and High Performance Computing activities.

Operating margin was € 83 million and represented 9.4% of the revenue. The Business Unit benefited from the revenue growth and managed to maintain a good level of profitability despite the negative impact of contractual price reductions mainly within Infrastructure & Data Management. In particular, strong management actions were implemented to pursue the efforts on costs savings and synergies through Tier One Program initiatives, as well as a tight project management on large contracts.

A.2.3.4 France

In €million	H1 2017	H1 2016*	Organic evolution
Revenue	847	847	0.1%
Operating margin	59	43	
Operating margin rate	6.9%	5.1%	

**At constant scope and exchange rates*

At € 847 million, **revenue** was slightly improving by +0.1% organically. The performance of the Business Unit was driven by Infrastructure & Data Management and Big Data & Cybersecurity.

In Infrastructure & Data Management, the growth came primarily from Public & Health, thanks notably to Naval Group contract in France. Financial Services recorded a strong performance with ramp up on contracts such as AXA. Manufacturing Retail & Transportation and Telcos, Media & Utilities benefited from new contracts such as the one with Safran on Orchestrated Hybrid Cloud partly offsetting the impact on some contracts ramp-down.

Business & Platform Solutions activities were led by the growth in Manufacturing sector, mainly coming from an increasing activity in Digital Workplace projects with large companies such as Michelin, Air France or Renault while Public & Health was affected by the end of a large contract with the Ministry of Defense. Telcos, Media & Utilities was stable with an increase in Codex activities especially in the energy sector.

Big Data & Cybersecurity pursued its positive trend, benefiting from the strong demand in the HPC area, with new contracts such as GENCI (Grand Equipement National de Calcul Intensif), the ramp-up of projects with CEA (Commission for Atomic Energy and Alternative Energies) and Renault, as well as from the developing Hoox business.

Operating margin reached € 59 million, representing 6.9% of revenue, an improvement by +180 basis points, notably due to a good performance in Business & Platform Solutions and Infrastructure & Data Management. In Business Platform & Solutions driven by strong costs savings actions combined with an improvement of the Average Daily Rate. In Infrastructure & Data Management, efficient workforce management as well as costs base optimization significantly increased the operating margin rate. Big Data & Cybersecurity maintained a solid level of margin while continuing to invest in innovative solutions and products. Finally, the Business Unit also benefited from strong transversal costs savings actions, including in real estate.

A.2.3.5 Benelux & The Nordics

In €million	H1 2017	H1 2016*	Organic evolution
Revenue	536	546	-1.8%
Operating margin	46	35	
Operating margin rate	8.7%	6.4%	

**At constant scope and exchange rates*

At € 536 million, **revenue** was down by -1.8% organically, the Business Unit managed to reduce the organic decrease observed last year (-7.3% organic decline in 2016).

Infrastructure & Data Management pursued its recovery and recorded a slight growth mainly sitting in the Netherland, Belgium and Poland. From a market perspective, growth was posted mainly in Manufacturing, Retail & Transportation sector, which benefited from higher volumes achieved with Akzo Nobel, NXP and the ramp-up of the Philips contract. In Financial Services, the new contracts won with Kasbank and VGZ largely compensated for lower volumes with other customers. Increased activities in Poland and with the European Union offset lower business in Telcos, Media & Utilities market with customers such as KPN and Schlumberger and also with one customer in Denmark in the Public Sector.

Business & Platform Solutions was stable in Benelux. The Division was affected in Q2 by a comparison basis on a contract delivered to the polish administration last year partly compensated by new contracts signed in the Netherlands and increased volumes with European Union. Manufacturing, Retail & Transportation benefited from new contracts such as the one signed with Akzo Nobel (One Hub) in Digital transformation. Within the Telcos, Media & Utilities market, the ramp up on the new contract signed with T-Mobile compensated less projects with KPN.

In Big Data & Cybersecurity, the activity is still in roll-out phase. During the period, some contracts were delayed to the second half of the year.

Operating margin reached € 46 million, representing 8.7% of revenue, improving by +230 basis points. Infrastructure & Data management operating margin was driven by favorable business mix coupled with a strong monitoring of the costs base. Business & Platform Solutions as well as Big Data & Cybersecurity profitability were affected by revenue decrease.

A.2.3.6 Other Business Units

In €million	H1 2017	H1 2016*	Organic evolution
Revenue	1,049	983	6.8%
Operating margin	89	70	
Operating margin rate	8.5%	7.1%	

**At constant scope and exchange rates*

Revenue in "Other Business Units" reached € 1,049 million, up +6.8% organically, fueled by strong activity in all Divisions and especially by Business & Platform Solutions.

Infrastructure & Data Management grew in Financial Services driven by higher volumes with a large bank in Hong-Kong. Telcos, Media & Utilities also recorded a strong growth in Iberia, India and Italy where state of the art Digital Workplace services were rolled-out for Enel. This compensated for contractual price reductions with one large customer in Manufacturing.

Business & Platform Solutions revenue recorded strong performance in almost all markets. In particular, the Public sector benefited from the ramp-up of new contracts such as the last phase of the Polimeks contract and the Taiwan University Games in Asia. Manufacturing, Retail & Transportation and Telcos, Media & Utilities posted significant growth as well, mainly driven by higher volumes and new projects in Central Europe and Asia. This largely compensated for customers budget restrictions in Financial Services more particularly in Iberia and in Central Europe.

Revenue in Big Data & Security slightly increased benefiting from new HPC opportunities in Africa for public sector more than compensating comparaison basis in Iberia and Central Europe.

Operating margin was € 89 million, representing 8.5% of revenue, slightly improving compared to the first half of 2016 at constant scope and exchange rates. Margin benefited mainly from the contribution of the significant growth achieved, as well as from tight monitoring of costs across all countries.

A.2.3.7 Global structures

Global structures costs decreased by €9 million compared to the first half of 2016, reflecting the continued efforts in costs optimization and a better monitoring of third party and real estate costs. As a reminder, the Group significantly invested last year in sales and portfolio offerings to prepare the recovery plan of the Business & Platfom Solutions Division and the launch of the new 3-year plan.

A.2.4 Revenue by Market

In €million	H1 2017	H1 2016*	Organic evolution
Manufacturing, Retail & Transportation	2,388	2,347	1.8%
Public & Health	1,781	1,717	3.7%
Telcos, Media & Utilities	1,016	1,042	-2.5%
Financial Services	1,126	1,071	5.1%
TOTAL	**6,311**	**6,177**	**2.2%**

** At constant scope and exchange rates*

A.2.4.1 Manufacturing, Retail & Transportation

Manufacturing, Retail & Transportation was the largest market segment of the Group (38%) and reached € 2,388 million in the first semester of 2017, growing by +1.8 % compared to the first semester of 2016 at constant scope and exchange rates. Manufacturing, Retail & Transportation revenue benefitted from contracts ramp-up in Germany including Rheinmetall and in North America with Monsanto. By Division, strong performance was posted by Business & Platform Solutions and Big Data & Cybersecurity.

In this market, the top 10 clients (excluding Siemens) represented 19% of revenue with Conduent, BASF, Johnson & Johnson, Rheinmetall, Xerox, Renault Nissan, Philips, Airbus, Daimler, and Royal Mail.

A.2.4.2 Public & Health

Public & Health was the second market of the Group (28%) with a total revenue of € 1,781 million, representing an increase of +3.7% compared to the first semester of 2016 at constant scope and exchange rates. Growth mainly came from North America notably from increased volumes with Texas DIR and from Middle East & Africa with the contract with Polymeks. By Division, the strong performance was particularly driven by Infrastructure & Data Management.

36% of the revenue in this market was realized with the 10 main clients: Department for Work & Pensions (DWP), Department of Information Resources Texas (US), Ministry of Justice (UK), European Union Institutions, McLaren Health Care Corporation (US), CEA (Commission for Atomic Energy and Alternative Energies) in France, Nuclear Decommissioning Authority (NDA) in the UK, SNCF (France), Bundesagentur für Arbeit (Germany), and AllScripts (US).

A.2.4.3 Telcos, Media & Utilities

Telcos, Media & Utilities represented 16% of the Group revenue and reached € 1,016 million, representing a decrease of -2.5%. This mainly came from some scope reduction with BBC in the United Kingdom, partially offset by a revenue increase in Central Eastern Europe with Enel, as well as in Germany with Telefonica and in Benelux & The Nordics with T-Mobile.

The top 10 main clients represented 54% of this market and were BBC, EDF, The Walt Disney Company, Telefonica/O2, Orange, Nokia, Telecom Italia, Microsoft, Enel, and Engie.

A.2.4.4 Financial Services

Financial Services represented 18% of the group revenue at €1,126 million, representing an increase by +5.1% compared to the first semester of 2016. This performance was fueled Infrastructure & Data Management with the ramp-up of Aegon in the United Kingdom and higher volumes with a large bank in Hong Kong. Worldline also contributed to the growth of this market.

44% revenue of Financial Services was generated with the 10 main clients: National Savings & Investments, Deutsche Bank, Standard Chartered Bank, Standard & Poors Global, BNP Paribas, ING, ICBPI SpA Group, Société Générale, Crédit Agricole, and La Poste.

A.2.5 Portfolio

A.2.5.1 Order entry and book to bill

During the first semester of 2017, the **Group order entry** reached **€ 6,869 million**, representing a **book to bill ratio of 109%**, and notably 120% in the second quarter.

Order entry and book to bill by Division was as follows:

	Order entry			Book to bill %		
In €million	Q1 2017	Q2 2017	H1 2017	Q1 2017	Q2 2017	H1 2017
Infrastructure & Data Management	1,793	2,218	4,012	100%	124%	112%
Business & Platform Solutions	775	882	1,657	98%	107%	103%
Big Data & Cybersecurity	199	232	431	122%	119%	121%
Worldline	267	502	769	73%	128%	102%
Total	**3,035**	**3,834**	**6,869**	**98%**	**120%**	**109%**

During the first quarter of 2017, the Group order entry reached € 6,869 million, representing a book to bill ratio of 109%, of which 120% in Q2. For IT services activities, book to bill ratio was 112% for IDM, 103% for B&PS, while Big Data & Cybersecurity reported a strong 121%.

In Q2, new deals were signed on the 4 pillars of the Atos Digital Transformation Factory, mainly in North America with a Digital Workplace contract with Enterprise Rent-A-Car, in Benelux & The Nordics with Orchestrated Hybrid Cloud solutions for a European industrial equipment manufacturer, as well as several contracts with Siemens in Germany. New projects were signed such as with Northern Ireland Electricity Networks in the United Kingdom and with Nokia in Germany. Big Data & Cybersecurity pursued its strong commercial dynamic while Worldline managed to sign new contracts in the Public Sector and in Financial Services.

Renewals in Q2 included large contracts in Infrastructure & Data Management such as the renewal of BBC in the United Kingdom, Allscripts in North America and the contract with a very large energy provider in France. Worldline renewed several Issuing Processing contracts notably with Belfius.

During the first semester, the Group has signed separate partnership agreements with Cisco, Dell EMC, and Hitachi Data Systems to resell Atos high-speed servers Bullion to their customers.

Order entry and book to bill by Market were as follows:

	Order entry			Book to bill %		
In €million	Q1 2017	Q2 2017	H1 2017	Q1 2017	Q2 2017	H1 2017
Manufacturing, Retail & Transportation	1,312	1,383	2,694	111%	115%	113%
Public & Health	760	1,263	2,023	89%	136%	114%
Telcos, Media & Utilities	508	650	1,158	100%	128%	114%
Financial Services	455	539	993	81%	96%	88%
Total	**3,035**	**3,834**	**6,869**	**98%**	**120%**	**109%**

A.2.5.2 Full backlog

In line with the dynamic commercial activity and taking into account the integration of Unify S&P, the **full backlog** at the end of June 2017 amounted to **€ 22.2 billion** compared to € 21.4 billion at the end of December 2016, representing **1.8 year of revenue**.

A.2.5.3 Full qualified pipeline

The **full qualified pipeline** was **€ 7.0 billion**, compared to € 6.5 billion at the end of December 2016 and representing **6.7 months of revenue**.

A.2.6 Human Resources

The **total headcount of the Group** was **98,480** at the end of June 2017 slightly reduced compared to 100,096 at the end of December 2016. Hiring is anticipating the implementation of automation and focused on digital transformation skills. The Group pursued the digital training and reskilling of its teamswith a strong increase of certification in this field. In Big Data & Cybersecurity, staff increased by +8% during H1.

The total headcount included entities acquired during the first quarter 2017, Engage ESM in the United Kingdom and zData in North America.

During the first semester of 2017, the Group hired 6,959 staff (of which 95% direct employees),compared to 8,148 in H1 2016. The hirings have been mainly achieved in "Other Business Units" (totaling 63% of direct hirings), notably in low costs countries such as India, Poland, Romania and Philippines, as well as in the United States, the United Kingdom to fullfil new contracts and to compensate attrition.

Attrition rate was 11.8% at Group level, of which 17.8% in offshore countries.

Headcount evolution in H1 2017 by Business Units and by Division was as the following:

	Closing December 2016	Unify S&P integration	Scope	Hiring	Leavers, Dismissals & Restructuring	Closing June 2017
Infrastructure & Data Management	46,824	1,416	80	3,927	-5,219	47,029
Business & Platform Solutions	32,564			1,981	-2,656	31,890
Big Data & Cybersecurity	3,726		23	296	-35	4,010
Functions	122			6	-8	120
Worldline	8,132			396	-428	8,100
Total Direct	**91,369**	**1,416**	**103**	**6,607**	**-8,346**	**91,148**
North America	11,704	93	23	909	-3,547	9,182
Germany	8,592	356		45	-360	8,633
United Kingdom & Ireland	8,330	57	80	533	-655	8,345
France	11,950	17		302	-779	11,490
Benelux & The Nordics	4,844	118		237	867	6,066
Other Business Units	37,398	775		4,165	-3,492	38,846
Global structures	418			20	48	486
Worldline	8,132			396	-428	8,100
Total Direct	**91,369**	**1,416**	**103**	**6,607**	**-8,346**	**91,148**
Total Indirect	**5,969**	**1,343**	**34**	**352**	**-366**	**7,332**
Unify S&P	2,759	-2,759				0
TOTAL GROUP	**100,096**	**0**	**137**	**6,959**	**-8,712**	**98,480**

A.3 2017 objectives

The Group confirms all its objectives for 2017 stated in the April 24, 2017 release:

Revenue growth: circa +9.5% at constant exchange rates, above +2% organically.

Operating margin: circa 10% of revenue.

Free cash flow: operating margin conversion rate to free cash flow between 55% and 58%.

B. Financial statements

B.1 Financial review

B.1.1 Income statement

As the sale of Unify S&P was no longer considered highly probable in the near future, it has been consolidated from January 1st, 2017 and is now included in Infrastructure & Data Management. Therefore, there are no discontinued operations in 2017.

The Group reported a net income (attributable to owners of the parent) of € 211.2 million for the half year ended June 30, 2017, representing 3.3% of Group revenue of the period and an improvement of +24.7% compared to the first half of 2016 (from continuing operations) excluding the gain on the sale of Worldline's share in Visa Europe to Visa Inc. The normalized net income before unusual, abnormal and infrequent items (net of tax) for the period was € 354.4 million, representing 5.6% of Group revenue of the period, up +60bp compared to last year.

(in € million)	**6 months ended 30 June 2017**	**% Margin**	**6 months ended 30 June 2016**	**% Margin**
Operating margin	**538.4**	**8.5%**	**444.4**	**7.8%**
Other operating income / (expenses)	-211.0		-120.5	
Operating income	**327.4**	**5.2%**	**323.9**	**5.7%**
Net financial income / (expenses)	-32.3		-31.8	
Tax charge	-55.8		-57.9	
Non-controlling interests and associates	-28.1		-29.0	
Net income from continuing operations – Attributable to owners of the parent	**211.2**	**3.3%**	**205.2**	**3.6%**
Net income from discontinued operations	0.0		-31.5	
Net income including discontinued operations – Attributable to owners of the parent	211.2	3.3%	173.7	3.0%
Normalized net income – Attributable to owners of the parent (*)	**354.4**	**5.6%**	**285.4**	**5.0%**

(*) The normalized net income is based on continuing operations and is defined hereafter.

B.1.1.1 Operating margin

Operating margin represents the underlying operational performance of the current business and is analyzed in the operational review.

B.1.1.2 Other operating income and expenses

Other operating income and expenses relate to income and expenses that are unusual, abnormal and infrequent. They represent a net expense of € 211.0 million in the first half of 2017. The following table presents this amount by nature:

(in €million)	6 months ended 30 June 2017	6 months ended 30 June 2016
Staff reorganization	-40.0	-57.3
Rationalization and associated costs	-22.8	-25.6
Integration and acquisition costs	-19.6	-14.4
Amortization of intangible assets (PPA from acquisitions)	-61.6	-44.7
Equity based compensation	-45.1	-21.5
Other items	-21.9	43.0
TOTAL	**-211.0**	**-120.5**

The € 40.0 million **staff reorganization** expense was mainly the consequence of the adaptation of the Group workforce in several countries in Continental Europe and North America.

The € 22.8 million **rationalization and associated costs** primarily resulted from the closure of office premises and data centers consolidation, mainly in France, in Germany, and North America. This amount also encompasses external costs linked to the continuation of Worldline's TEAM program including the rationalization of office premises in France.

The € 19.6 million **integration and acquisition** costs mainly related to the execution of Unify, Equens and Paysquare post-acquisition integration, and to the migration and standardization of internal IT platforms from last acquired companies.

The six-month 2017 **amortization of intangible assets recognized in the Purchase Price Allocation (PPA)** of € 61.6 million was mainly composed of:

- € 20.7 million of SIS Customer Relationships amortized over 8.75 years starting July 1, 2011;
- € 10.4 million of Xerox ITO Customer Relationships amortized over 6 to 12 years starting July 1, 2015;
- € 8.3 million of Bull Customer Relationships and Patents amortized over respectively 9.3 years and 9.9 years starting September 1, 2014;
- € 9.9 million of Unify Customer Relationships and technologies amortized over 2 to 10 years starting February 1, 2016 (in 2016 part of this amortization was included in discontinued operations);
- € 5.0 million of Equens and Paysquare Customer Relationships amortized over 6.5 to 9.5 years starting October 1, 2016; and
- € 4.6 million of Anthelio Customer Relationships amortized over 6 to 12 years starting October 1, 2016.

The **equity based compensation expense** amounted to € 45.1 million within other operating income and expenses compared to € 21.5 million from the previous period. The increase related to the scope expansion, the stock price evolution, as well as the achievement of performance conditions.

In the first half of 2016, the gain on the sale of Worldline's share in Visa Europe to Visa Inc. was included in **other items**. In the first half of 2017, other items included several settlements.

B.1.1.3 Net financial expense

Net financial expense amounted to € 32.3 million for the period (compared to € 31.8 million for the first semester of 2016) and was composed of a net cost of financial debt of € 12.8 million and non-operational financial costs of € 19.5 million.

Non-operational financial costs amounted to € 19.5 million compared to € 23.9 million in the first half of 2016 and consisted of pension financial related costs (€ 15.1 million compared to € 14.9 million in 2016), a net foreign exchange loss (€ 4.7 million compared to € 5.6 million in 2016) and other financial income (€ 0.3 million compared to other financial expense for € 3.4 million in 2016, notably thanks to higher dividends received from associates).

B.1.1.4 Corporate tax

The tax charge for the six-month period ended June 30, 2017 was € 55.8 million including the French CVAE tax, with a profit before tax of € 295.1 million. The annualized Effective Tax Rate (ETR) was 18.9% compared to 19.8% for the first half of 2016.

B.1.1.5 Non-controlling interests

Non-controlling interests included shareholdings held by joint venture partners and other associates of the Group. Non-controlling interests amounted to € 28.1 million in June 2017 (compared to € 29.0 million in June 2016). Restated from the gain on the Visa share in the prior year, minority interests increased by € 14.5 million. The increase was mostly related to the non-controlling interests in Worldline, including the joint venture partners in equensWorldline further to the transaction that occurred on September 30, 2016.

B.1.1.6 Normalized net income

The normalized net income excluding unusual, abnormal and infrequent items (net of tax) was up at € 354.4 million, representing 5.6% of Group revenue for the period, up +60 basis points compared to last year.

(in € million)	**6 months ended 30 June 2017**	**6 months ended 30 June 2016**
Net income from continuing operations - Attributable to owners of the parent	**211.2**	**205.2**
Other operating income and expenses	-211.0	-120.5
Tax impact on unusual items	67.9	40.3
Total unusual items – Net of tax	**-143.2**	**-80.2**
Normalized net income from continuing operation- Attributable to owners of the parent	**354.4**	**285.4**

B.1.1.7 Half year Earning Per Share

EPS calculation

(in €million)	6 months ended 30 June 2017	% Margin	6 months ended 30 June 2016	% Margin
Net income from continuing operations – Attributable to owners of the parent [a]	**211.2**	**3.3%**	**205.2**	**3.6%**
Impact of dilutive instruments	-		-	
Net income from continuing operations restated of dilutive instruments - Attributable to owners of the parent [b]	**211.2**	**3.3%**	**205.2**	**3.6%**
Normalized net income – Attributable to owners of the parent [c]	**354.4**	**5.6%**	**285.4**	**5.0%**
Impact of dilutive instruments	-		-	
Normalized net income restated of dilutive instruments - Attributable to owners of the parent [d]	**354.4**	**5.6%**	**285.4**	**5.0%**
Average number of shares [e]	104,919,748		103,052,796	
Impact of dilutive instruments	425,763		547,348	
Diluted average number of shares [f]	105,345,511		103,600,144	
(In €)				
Basic EPS from continuing operations [a] / [e]	**2.01**		**1.99**	
Diluted EPS from continuing operations [b] / [f]	**2.00**		**1.98**	
Normalized basic EPS [c] / [e]	**3.38**		**2.77**	
Normalized diluted EPS [d] / [f]	**3.36**		**2.75**	

Potential dilutive instruments comprised vested stock options (equivalent to 425,763 options) and did not generate a restatement of net income used for the diluted EPS calculation.

EPS calculation including discontinued operations in 2016

(in €million)	6 months ended 30 June 2017	% Margin	6 months ended 30 June 2016	% Margin
Net income including discontinued operations – Attributable to owners of the parent [a]	**211.2**	**3.3%**	**173.7**	**3.0%**
Impact of dilutive instruments	-		-	
Net income including discontinued operations restated of dilutive instruments - Attributable to owners of the parent [b]	**211.2**	**3.3%**	**173.7**	**3.0%**
Average number of shares [e]	104 919 748		103 052 796	
Impact of dilutive instruments	425 763		547 348	
Diluted average number of shares [f]	105 345 511		103 600 144	
(In €)				
Basic EPS including discontinued operations [a] / [e]	**2.01**		**1.69**	
Diluted EPS including discontinued operations [b] / [f]	**2.00**		**1.68**	

B.1.2 Cash Flow and net cash

The Group reported a net cash position of € 342.2 million at the end of June 2017 and a free cash flow generation of € 242.2 million in the first half of 2017, increasing by 35% compared to the first half of 2016.

(in €million)	**6 months ended 30 June 2017**	**6 months ended 30 June 2016**
Operating Margin before Depreciation and Amortization (OMDA)	**712.0**	**586.3**
Capital expenditures	-235.4	-201.5
Change in working capital requirement	-37.4	-23.6
Cash From Operation (CFO)	**439.2**	**361.2**
Reorganization in other operating income	-67.6	-60.2
Rationalization & associated costs in other operating income	-14.0	-25.2
Integration and acquisition costs	-19.0	-10.9
Taxes paid	-63.7	-74.0
Net cost of financial debt paid	-12.8	-7.9
Profit sharing	-1.5	-0.9
Other changes *	-18.6	-2.3
Free Cash Flow (FCF)	**242.2**	**179.8**
Net (acquisitions) / disposals	-11.6	-321.8
Proceed from the disposal of the Visa share	-	35.6
Capital increase / (decrease)	30.9	21.2
Share buy-back	-8.1	0.0
Dividends paid to owners of the parent	-167.6	-47.3
Change in net cash /(debt)	**85.8**	**-132.5**
Opening net cash /(debt)	**430.3**	**545.8**
Unify S&P opening net debt	-101.4	-
Change in net cash / (debt)	85.8	-132.5
Impact of foreign exchange rate fluctuation on net Cash / (Debt)	-72.3	-49.3
Closing net cash /(debt)	**342.2**	**364.0**

Note: Figures have been restated from change in Worldline's intermediation activities presentation (effect of €-47m on H1 2016 opening net cash, €-1m on H1 2016 FCF, and €-51m on H1 2017 opening net cash) detailed in "Significant accounting policies"
(*) "Other changes" include other operating income with cash impact (excluding reorganization, rationalization and associated costs, integration costs and acquisition costs), dividends paid to non-controlling interests, and other financial

Free cash flow represented by the change in net cash or net debt, excluding equity changes (notably cash received from employees upon exercise of stock options), dividends paid to shareholders, impact of foreign exchange rate fluctuation on opening net cash balance, and net acquisitions and disposals, reached € 242.2 million compared to € 179.8 million in the first semester 2016 (+34.7%).

Cash From Operations (CFO) amounted to € 439.2 million and increased by € 78.0 million compared to the prior year, due to the following items:

- OMDA (€+125.7 million);
- Capital expenditures (€-33.9 million);
- Change in working capital (€-13.8 million).

OMDA of € 712.0 million, representing an increase of €+125.7 million compared to June 2016, reached 11.3% of revenue compared to 10.3% of revenue in June 2016. The bridge from operating margin to OMDA was as follows:

(in €million)	**6 months ended 30 June 2017**	**6 months ended 30 June 2016**
Operating margin	**538.4**	**444.4**
+ Depreciation of fixed assets	236.5	203.6
+ Net book value of assets sold / written off	8.1	7.2
+/- Net charge / (release) of pension provisions	-26.6	-20.6
+/- Net charge / (release) of provisions	-44.3	-48.3
OMDA	**712.0**	**586.3**

Capital expenditures totaled € 235.4 million, representing 3.7% of revenue, compared to € 201.5 million in the first semester of 2016 (3.5% of revenue).

The negative contribution from **change in working capital** was €-37.4 million (compared to €-23.6 million in June 2016). The DSO ratio reached 36 days at the end of June 2017 compared to 32 days at the end of June 2016. DSO has been positively impacted by the implementation of financial arrangements on large customer contracts by 17 days in June 2017 and 14 days in June 2016. The DPO was 78 days as of June 2017 compared to 80 days at the end of June 2016.

Cash out related to **taxes paid** reached € 63.7 million and was lower than last year by € 10.3 million mainly thanks to the use of losses carried forward.

The € 12.8 million **cost of net debt** increased by € 4.9 million compared to the first half of 2016 including the following elements:

- A net cash position of € 430.3 million at the beginning of the period, compared to € 545.8 million at the beginning of 2016;
- An average expense rate of 1.66% on the average gross borrowings compared to 1.50% in 2016 and;
- An average income rate of 0.65% on the average gross cash compared to 0.99% in 2016.

Reorganization, rationalization and associated costs, and integration and acquisition costs reached € 100.5 million in line with the full year 2017 objective of 1% of Group revenue (excluding Equens integration). A larger portion of reorganization and rationalization costs was pulled forward into H1 in order to optimize the impact on the full year operating margin. **Other changes** amounted to €-18.6 million, relating to other financial expenses and several settlements.

As a result, the **Group free cash flow (FCF**) generated during the first half of 2017 € 242.2 million.

Capital increase totaled € 30.9 million in the first half of 2017 compared to € 21.2 million in the first semester of 2016, mainly reflecting the Group shareholding program SPRINT for employees, more than compensating the decrease of the number of stock options exerciced.

Share buy back was implemented within the first half of 2017 for € 8.1 million in order to deliver management performance shares with no dilution effect.

In the first half of 2017, **dividends paid to owners of the parent** amounted to € 167.6 million (€ 1.60 per share) compared to € 47.3 million in the first half of 2016 (€ 1.10 per share). The option to receive dividend payment in shares was not offered in 2017.

Foreign exchange rate fluctuation determined on debt or cash exposure by country represented a decrease in net cash of €-72.3 million mainly coming from the exchange rate of the US Dollar (€-50.1 million) and several Asian currencies (€-9.4 million) against Euro.

B.1.3 Parent company results

The profit before tax of the parent company amounted to € 25.0 million for the six-month period ended June 30, 2017 compared to € 37.2 million in the first semester of 2016.

B.2 Interim condensed consolidated financial statements

B.2.1 Interim condensed consolidated income statement

(in €million)	Notes	6 months ended 30 June 2017	6 months ended 30 June 2016
Revenue	**Note 2**	**6,310.8**	**5,697.0**
Personnel expenses	Note 3	-2,917.6	-2,720.9
Operating expenses	Note 4	-2,854.8	-2,531.7
Operating margin		**538.4**	**444.4**
% of revenue		**8.5%**	**7.8%**
Other operating income and expenses	Note 5	-211.0	-120.5
Operating income		**327.4**	**323.9**
% of revenue		**5.2%**	**5.7%**
Net cost of financial debt		-12.8	-7.9
Other financial expenses		-39.0	-34.2
Other financial income		19.4	10.3
Net financial income	Note 6	**-32.3**	**-31.8**
Net income before tax		**295.1**	**292.1**
Tax charge	Note 7	-55.8	-57.9
Net income from continuing operations		**239.3**	**234.2**
Net income from discontinued operations		-	-31.5
NET INCOME		**239.3**	**202.7**
Of which:			
- attributable to owners of the parent		**211.2**	**173.7**
- non-controlling interests		28.1	29.0

(in €million and in number of shares)	Notes	6 months ended 30 June 2017	6 months ended 30 June 2016
Net income from continuing operations - attributable to owners of the parent	**Note 8**	**211.2**	**205.2**
Weighted average number of shares		104,919,748	103,052,796
Basic earnings per share from continuing operations		**2.01**	**1.99**
Diluted weighted average number of shares		105,345,511	103,600,144
Diluted earnings per share from continuing operations		**2.00**	**1.98**

Net income - Attributable to owners of the parent	**Note 8**	**211.2**	**173.7**
Weighted average number of shares		104,919,748	103,052,796
Basic earnings per share		**2.01**	**1.69**
Diluted weighted average number of shares		105,345,511	103,600,144
Diluted earnings per share		**2.00**	**1.68**

B.2.2 Interim condensed consolidated statement of comprehensive income

(in €million)	6 months ended 30 June 2017	6 months ended 30 June 2016
Net income	**239.3**	**202.7**
Other comprehensive income		
▪ to be reclassified subsequently to profit or loss (recyclable):	**-133.5**	**-168.2**
Cash flow hedging	-2.2	0.8
Change in fair value of available for sale financial assets	1.4	-44.8
Exchange differences on translation of foreign operations	-134.3	-126.0
Deferred tax on items recyclable recognized directly on equity	1.6	1.8
▪ not reclassified to profit or loss (non-recyclable):	**38.8**	**-146.6**
Actuarial gains and losses generated in the period on defined benefit plan	46.7	-194.2
Deferred tax on items non-recyclable recognized directly on equity	-7.9	47.6
Total other comprehensive income	**-94.7**	**-314.8**
Total comprehensive income for the period	**144.6**	**-112.1**
Of which:		
▪ attributable to owners of the parent	**116.8**	**-121.6**
▪ non-controlling interests	27.8	9.5

B.2.3 Interim condensed consolidated statement of financial position

(in € million)	Notes	6 months ended 30 June 2017	31 December 2016*
ASSETS			
Goodwill	Note 9	4,193.3	3,864.8
Intangible assets		1,266.3	1,243.4
Tangible assets		702.3	740.9
Non-current financial assets	Note 10	215.3	233.3
Non-current financial instruments		-	0.1
Deferred tax assets		610.8	412.3
Total non-current assets		**6,988.0**	**6,494.8**
Trade accounts and notes receivable	Note 11	2,552.2	2,555.0
Current taxes		64.6	27.2
Other current assets	Note 12	1,500.5	1,386.8
Current financial instruments		8.2	10.0
Cash and cash equivalents	Note 13	2,015.9	2,070.5
Assets held for sale	Note 1	-	1,006.3
Total current assets		**6,141.4**	**7,055.8**
Total ASSETS		**13,129.4**	**13,550.6**

(*) 31 December 2016 adjusted to reflect change in presentation disclosed in note accounting rules and policies

(in € million)	6 months ended 30 June 2017	31 December 2016*
LIABILITIES AND SHAREHOLDERS' EQUITY		
Common stock	105.4	104.9
Additional paid-in capital	2,738.0	2,713.1
Consolidated retained earnings	1,433.8	948.4
Translation adjustments	-162.2	-29.4
Net income attributable to the owners of the parent	211.2	578.8
Equity attributable to the owners of the parent	4,326.2	4,315.8
Non-controlling interests	536.5	519.4
Total shareholders' equity	**4,862.7**	**4,835.2**
Provisions for pensions and similar benefits	Note 14	1,495.9	1,410.7
Non-current provisions	Note 15	135.1	114.0
Borrowings	1,411.5	1,500.1
Deferred tax liabilities	286.4	100.6
Non-current financial instruments	-	1.4
Other non-current liabilities	5.6	6.3
Total non-current liabilities	**3,334.5**	**3,133.2**
Trade accounts and notes payable	Note 17	2,031.6	1,919.4
Current taxes	120.9	59.9
Current provisions	Note 15	196.8	194.2
Current financial instruments	9.8	7.5
Current portion of borrowings	262.3	140.5
Other current liabilities	2,310.8	2,409.1
Liabilities held for sale	Note 1	-	851.7
Total current liabilities	**4,932.2**	**5,582.2**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**13,129.4**	**13,550.6**

(*) 31 December 2016 adjusted to reflect change in presentation disclosed in note accounting rules and policies

B.2.4 Interim condensed consolidated cash flow statement

(in €million)	Notes	6 months ended 30 June 2017	6 months ended 30 June 2016*
PROFIT BEFORE TAX		**295.1**	**292.1**
Depreciation of assets	Note 4	236.5	203.6
Net charge / (release) to operating provisions		-71.0	-68.9
Net charge / (release) to financial provisions		14.4	14.8
Net charge / (release) to other operating provisions		-20.0	-4.7
Purchase Price Allocation amortization (PPA)		61.6	44.7
Losses / (gains) on disposals of fixed assets		3.8	-58.3
Net charge for equity-based compensation		45.1	21.5
Losses / (gains) on financial instruments		0.5	4.0
Net cost of financial debt	Note 6	12.8	7.9
Cash from operating activities before change in working capital requirement, financial interest and taxes		**578.8**	**456.7**
Taxes paid		-63.7	-74.0
Change in working capital requirement		-37.4	-23.6
Net cash from/ (used in) operating activities		**477.7**	**359.1**
Payment for tangible and intangible assets		-235.4	-201.5
Proceeds from disposals of tangible and intangible assets		4.9	25.2
Net operating investments		**-230.4**	**-176.3**
Amounts paid / received for acquisitions and long-term investments		-12.6	-346.1
Cash and cash equivalents of companies purchased during the period		-0.4	24.9
Proceeds from disposals of financial investments		11.8	38.1
Cash and cash equivalents of companies sold during the period		-0.2	5.5
Net long-term investments		**-1.4**	**-277.6**
Net cash from/ (used in) investing activities		**-231.8**	**-453.9**
Capital increase		-	-
Common stock issues on the exercise of equity-based compensation		10.7	18.1
Capital increase subscribed by non-controlling interests		20.2	3.1
Purchase and sale of treasury stock		-8.1	-
Dividends paid to owners of the parent		-167.6	-47.3
Dividends paid to non-controlling interest		-0.8	-0.6
New borrowings	Note 16	112.9	11.4
New finance lease	Note 16	5.1	3.3
Repayment of long and medium-term borrowings	Note 16	-129.3	-19.9
Net cost of financial debt paid		-12.8	-0.1
Other flows related to financing activities		60.5	112.3
Net cash from/ (used in) financing activities		**-109.2**	**80.3**
Increase/ (decrease) in net cash and cash equivalents		**136.7**	**-14.5**
Opening net cash and cash equivalents		**1,991.7**	**1,826.4**
Unify S&P opening cash and cash equivalent		-92.0	-
Increase/ (decrease) in net cash and cash equivalents	Note 16	136.7	-14.5
Impact of exchange rate fluctuations on cash and cash equivalents		-75.7	-62.9
Closing net cash and cash equivalents	**Note 18**	**1,960.7**	**1,749.0**

(*) 30 June 2016 adjusted to reflect change in presentation disclosed in note accounting rules and policies

B.2.5 Interim consolidated statement of changes in shareholders' equity

(in €million)	Number of shares at period-end (thousands)	Common Stock	Additional paid-in capital	Consolidated retained earnings	Translation adjustments	Items recognized directly in equity	Net income	Total	Non controlling interests	Total shareholders' equity
At January 1, 2016	**103,520**	**103.5**	**2,626.1**	**663.0**	**18.3**	**25.6**	**406.2**	**3,842.7**	**254.4**	**4,097.1**
▪ Common stock issued	1,240	1.2	82.2	-63.4				20.0	1.2	21.2
▪ Appropriation of prior period net income				406.2			-406.2	0.0		0.0
▪ Dividends paid to shareholders and to non-controlling interests				-47.3				-47.3	-0.3	-47.6
▪ Equity-based compensation				17.2				17.2	3.4	20.6
▪ Changes in auto-control shares and treasury stock				0.1				0.1		0.1
▪ Other				-				0,0	-0.5	-0.5
Transactions with owners	1,240	1.2	82.2	312.8	0.0	0.0	-406.2	-10.0	3.8	-6.2
▪ Net income							173.7	173.7	29.0	202.7
▪ Other Comprehensive income				-141.5	-124.2	-29.6		-295.3	-19.5	-314.8
Total comprehensive income for the period				**-141.5**	**-124.2**	**-29.6**	**173.7**	**-121.6**	**9.5**	**-112.1**
At June 30, 2016	**104,760**	**104.7**	**2,708.3**	**834.3**	**-105.9**	**-4.0**	**173.7**	**3,711.1**	**267.7**	**3,978.8**
▪ Common stock issued	149	0.2	4.8	-2.8				2.2	7.3	9.5
▪ Dividends paid to shareholders and to non-controlling interests									-2.8	-2.8
▪ Equity-based compensation				24.2				24.2	-1.4	22.8
▪ Changes in auto-control shares				0.1				0.1	-	0.1
▪ Equens impact				178.5				178.5	221.8	400.3
▪ Other				0.8				0.8	0.8	1.6
Transactions with owners	149	0.2	4.8	200.8				205.8	225.7	431.5
▪ Net income				-			405.1	405.1	24.0	429.1
▪ Other Comprehensive income				-85.4	76.5	2.7	-	-6.2	2.0	-4.2
Total comprehensive income for the period				**-85.4**	**76.5**	**2.7**	**405.1**	**398.9**	**26.0**	**424.9**
At December 31, 2016	**104,908**	**104.9**	**2,713.1**	**949.7**	**-29.4**	**-1.3**	**578.8**	**4,315.8**	**519.4**	**4,835.2**
▪ Common stock issued	460	0.5	24.9					25.4	5.5	30.9
▪ Appropriation of prior period net income				578.8			-578.8	0.0		-
▪ Dividends paid to shareholders and to non-controlling interests				-167.6				-167.6	-2.5	-170.1
▪ Equity-based compensation				31.5				31.5	0.9	32.4
▪ Changes in auto-control shares and treasury stock				-8.1				-8.1		-8.1
▪ Change in scope WL						12.3		12.3	-12.3	
▪ Other				-1.9		2.0		0.1	-2.3	-2.2
Transactions with owners	460	0.5	24.9	432.7	0.0	14.3	-578.8	-106.4	-10.7	-117.1
▪ Net income							211.2	211.2	28.1	239.3
▪ Other Comprehensive income				38.3	-132.8	0.1		-94.4	-0.3	-94.7
Total comprehensive income for the period				**38.3**	**-132.8**	**0.1**	**211.2**	**116.8**	**27.8**	**144.6**
At June 30, 2017	**105,368**	**105.4**	**2,738.0**	**1,420.7**	**-162.2**	**13.1**	**211.2**	**4,326.2**	**536.5**	**4,862.7**

B.2.6 Appendices to the interim condensed consolidated financial statements

B.2.6.1 Basis of preparation

The 2017 interim condensed consolidated financial statements have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union and of mandatory application as at January 1, 2017.

The international standards comprise the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The interim condensed consolidated financial statements for the six months ended June 30, 2017 have been prepared in accordance with IAS 34 - Interim Financial Reporting. As such these financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2016.

The accounting policies, presentation and methods of computation that have been followed in these interim condensed consolidated financial statements are in line with those that were applied in the preparation of the December 31, 2016 financial statements and disclosed in the Group's 2016 Reference Document except for the change in intermediation activities of Worldline disclosed hereafter.

The new standards, interpretations or amendments whose application was mandatory for the Group effective for the fiscal year beginning January 1, 2017 did not have a material impact on the interim condensed consolidated financial statements.

The Group has not early adopted any standard or interpretation not required to be applied in fiscal year 2017. The Group does not apply IFRS standards and interpretations that have not been yet approved by the European Union at the closing date.

This interim condensed consolidated financial statements presented in euro, which is the Group's functional currency. All figures are presented in € million with one decimal.

Ceased discontinued operations and held for sale classifications of the Software and Platform business from January 1, 2017

As the sale of Unify S&P was no longer considered highly probable in the near future, it has been consolidated from January 1, 2017. The 2016 comparative financial information presented in this document has not been yet restated for this consolidation.

Nevertheless, for comparison purposes, a summarized restated income statement for the six-month period ended June 30, 2016 and a summarized restated statement of financial position as of December 31, 2016 have been computed and are presented in the note 19.

The full restatement of the 2016 consolidated accounts including the notes will be presented in December 2017 consolidated financial statements.

IFRS 15 implementation

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Constructions Contracts* and IFRIC 13 Customers Loyalty Programs. IFRS 15 will be effective for Atos Group starting January 1st, 2018.

Atos is taking part to a Syntec Numérique task force to assess the impacts of this new standard in the IT sector. The Atos Group initiated and is currently assessing the potential impacts of the new standard in its consolidated financial statements based on the analysis of a sample of contracts representative of the business of the Group and all its Divisions.

Atos Group pays a particular attention to the following topics in the course of the analysis:

- **Identification of the performance obligations in the multiple arrangements services contracts**

Under IAS 18, revenue is recognized by the Group separately for each clearly identified component of a contract as the new revenue recognition model under IFRS 15 requires a five-step analysis:

- Identifying the contract with the customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price;
- Recognizing revenue.

Under IFRS 15, contracts have to be analyzed to identify performance obligations. This analysis has to be performed based on two main criteria:

- Transfer of the control of goods or services to the customer;
- Identification of separate performance obligations according to their nature and in the context of the contract.

Contracts delivered by IDM and B&PS Divisions are more likely to be impacted by the changes introduced in the new standard as they often embed transition and transformation phases prior to delivery of recurring services. When such transition and transformation phases represent added value to the customer resulting in a transfer of control, then revenue relating to those phases can be recognized. When this is not the case, costs incurred on those phases have to be capitalized when criteria required are met and amortized over the life of the contracts. The cash collected for such phases would have to be considered as advance payment.

- **Agent versus principal**

The Group is performing an analysis of the nature of its relationship with its customers to determine if it is acting as principal or as an agent in the delivery of a contract or part of it and in particular in the commercial acquiring and issuing businesses of the Worldline Division and the resale of Hardware of IT services Divisions even if the Group tends to sell more of its own Hardware further to the Bull and Unify acquisitions.

Under IAS 18, the Group currently applies a risks and rewards analysis to determine whether it is acting as an agent or as principal in a transaction. Under IFRS 15, the Group will be considered as acting as principal if it controls goods and services before delivering them to the client. As a result, Atos may have to modify the presentation of its external revenue in some instances. A switch from principal to agent would lead to a decrease in both external revenue and operating expenses for a comparable amount.

- **Costs to acquire a contract**

Under IFRS 15, incremental costs to acquire a contract will be capitalized. Group practice is currently to expense those costs when they are incurred.

B.2.6.2 Significant accounting policies

In addition to the accounting principles as disclosed in the annual accounts, the following accounting principles are relevant for the interim accounts:

Impairment of assets

Goodwill and assets that are subject to amortization are tested for impairment whenever events or circumstances indicate that the carrying amount could not be recoverable. If necessary, an impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable value.

Such events and circumstances include but are not limited to:

- significant deviance of economic performance of the asset when compared with budget;
- significant worsening of the asset's economic environment;
- loss of a major client;
- significant increase in interest rates.

Pensions and similar benefits

The remeasurement principle for pension liabilities and assets at interim periods is the following: actuarial remeasurements are only triggered if there are significant moves in the discount rate to be used under IAS19 revised, and limited to the Group's most significant pension plans. For less significant plans or if there are no significant evolutions in discount rates to be used, actuarial projections are used.

Corporate income tax

The income tax charge includes current and deferred tax expenses. For the purposes of the interim condensed consolidated financial statements, consolidated income tax expense is determined by applying the estimated effective tax rate for the full year to the "half-year net income before tax". The estimated effective tax rate for the full-year is determined on the basis of forecasted current and deferred tax expense for the year in the light of full-year earnings projections.

Change in intermediation activities of Worldline

Acquiring is part of the business of Worldline consisting in contracting with merchants for payment card acceptance. The key role of an acquirer is to transfer to the merchant's bank account the funds received in a card transaction from the cardholder's issuing bank.

Through this intermediation activity, Worldline and its affiliates are facing cash fluctuations due to the lag that may exist between the payment to the merchants and the receipt of the funds from the payment schemes (Visa, MasterCard or other schemes). Payment Schemes also define interchange fees that apply except if there is a bilateral agreement between the Acquirer and the Issuer. Worldline has no such bilateral agreement with the Issuers. Interchange fees are consequently completely driven by the rates defined by the Schemes.

In the past, the Group had elected to net the assets and liabilities related to its intermediation activities (funds received in advance and payables to merchants). With respect to interchange fees collected from merchants, the Group used to consider them as a cash item and to recognize a liability for the corresponding payments to be made to the issuers. Interchange fees positions were not netted.

In recent years, Worldline completed several acquisitions in the acquiring business and witnessed that in some instances the time lag of intermediation flows was not as short as that experienced by the Company in the past. In addition, the Company noted that the de-netted presentation of the flows had become a common practice among large acquiring listed players publishing their Financial Statements in IFRS or US Gaap.

In order to take into account the new variety of its acquiring activities and allow for a better comparability of its financial statements with its main peers, Atos and Worldline decided to stop netting and to change the presentation of its balance sheet by isolating in dedicated lines assets and liabilities related to its intermediation activities (including interchange fees for consistency purposes). Atos and Worldline believe that this change provides reliable and more relevant information about effects of acquiring transactions on Atos and Worldline consolidated financial position. This change has been applied retrospectively and Atos has restated its opening statement of financial position accordingly presenting those intermediation positions in other current assets and other current liabilities.

The effects of the change of presentation on the cash are: €-47m on H1 2016 opening net cash, €-1m on H1 2016 free cash flow, and €-51m on H1 2017 opening net cash.

The impact on other current assets (assets linked to intermediation activities) presented in Note 12 is the same in the other current liabilities.

B.2.6.3 Notes to the half-year condensed consolidated financial statements

Note 1 Changes in the scope of consolidation

Unify acquisition

The Services activities of Unify have been integrated in the Atos Division "Infrastructure & Data Management" from February 1, 2016 and the Software and Platforms activities have been accounted for as discontinued operations.

Further to the decision of the Board of Directors in April 2017 to terminate the discussions with the potential buyers, Unify S&P is no longer held for sale and has been fully consolidated starting January 1, 2017 leading to an update of the purchase price allocation.

Identifiable assets acquired and liabilities assumed at the date of acquisition

(in € million)	**Assets acquired and liability assumed at the end of the measurement period**
Intangible assets	197.9
Tangible assets	16.9
Non-current financial assets	57.4
Total non-current assets	**272.2**
Trade accounts and notes receivables	291.4
Current taxes	6.0
Other current assets	465.8
Cash and cash equivalents	102.8
Total current assets	**866.0**
TOTAL ASSETS (A)	**1,138.2**
Provisions for pensions and similar benefits	226.9
Non-current provisions	178.8
Borrowings	11.1
Deferred tax liabilities	39.7
Total non-current liabilities	**456.5**
Trade accounts and notes payables	195.0
Current taxes	20.5
Current portion of borrowings	167.2
Other current liabilities	613.3
Total current liabilities	**808.3**
TOTAL LIABILITIES (B)	**1,264.7**
Fair value of acquisition (A) - (B)	**-126.6**

The valuation of assets acquired and liabilities assumed for Unify resulted in the recognition of customer relationships and backlog for an amount of € 108.6 million. The customer relationships will be amortized over a period from 2 to 10 years. Trade name and trademarks have been recognized for € 55.7 million and technologies for € 33.4 million. Those valuations have been performed by an independent expert.

The impact of the amortization of the customer relationships, backlog and technologies is € 9.9 million for the 6 months period ended June 30, 2017.

Final goodwill

Goodwill was recognized as follows:

(in € million)	**June 2017**
Consideration paid [A]	346.5
Fair value of identifiable net assets [B]	-126.6
Final Goodwill [A] - [B]	**473.0**

The goodwill arising from this acquisition is not tax deductible.

Equens & Paysquare acquisition

After the completion of the regulatory processes in the Netherlands and in Belgium, the transactions with Equens, Paysquare were finalized on September 30, 2016. The business combination was made up of two components:

- equensWordline

The merger of the Financial Services Business of Worldline with Equens resulted in the creation of equensWordline held at 63.6% by Wordline and 36.4% by Equens' previous shareholders. equensWordline is held at 44.5% by Atos Group.

In accordance with IFRS 3, this operation has been treated as a business combination with the takeover of equensWordline by the Group and the sale to the previous shareholders of Equens of a non-controlling interest in the Financial Services Business.

As the transaction is non cash, the consideration transferred by the Group to the previous shareholders of Equens corresponds to 36.4% of the fair value of the Financial Services Business (on the basis of a valuation of € 700 million by an independent expert for the full business) and to the counterpart received by the Group of 63.6% of the fair value of Equens (on the basis of a valuation of € 400.3 million by an independent expert for the full business).

The net assets and liabilities acquired from Equens have been booked at fair value in the Group consolidated financial statements. The net assets and liabilities of the Financial Services Business are kept at their net book value before business combination as well as the part transferred to the previous Equens' Shareholders for € 5.5 million. The impacts as at December 31th, 2016 of the Business combination in the equity of the group are as follows:

(in € million)	**Consideration transferred from Wordline**	**Consideration transferred from Equens**	**Total considaration**
Group share	-5.5	178.5	173.0
Non controlling interests	5.5	221.8	227.3
Total shareholder's equity	**0.0**	**400.3**	**400.3**

- Paysquare

On September 30, 2016, Worldline acquired from Equens 100% of its commercial acquiring subsidiary Paysquare for a cash consideration paid of € 113.2 million. Paysquare is fully consolidated in Atos Group since October 1, 2016. Paysquare is held at 69.97% by Atos Group.

The fair value of Equens and Paysquare net assets acquired are set out in the table below:

(in € million)	**Assets acquired and liability assumed at the end of the measurement period**
Fixed assets	174.6
Net debt	36.6
Provisions	-54.4
Other net assets	-44.2
Fair value of acquisition	**112.6**

Identifiable assets acquired and liabilities assumed have been further analyzed during the first half of 2017 based on the better understanding of Equens-Paysquare acquired business. This analysis led to decrease by € 35.2 million of the equity acquired mainly due to impairment of assets, originating prior to September 30, 2016.

Preliminary Goodwill

The Group has opted to measure the non-controlling interests at fair value (full Goodwill method).

(in € million)	**June 2017**
Consideration transfered for Equens	178.5
Consideration transfered for Paysquare	113.2
Total Consideration [A]	**291.7**
Fair Value of Non controlling Interest [B]	**221.8**
Equity acquired (Equens & Paysquare)	48.9
Customer RelationShips acquired net of deferred tax	63.7
Fair Value of net assets [C]	**112.6**
TOTAL [A] + [B] - [C]	**400.8**

If new information is obtained by the end of September 2017 (12 months after acquisition date) about facts and circumstances that existed at the acquisition date that would lead to adjustments to opening balance sheet, then the acquisition accounting would be revised.

Other acquisitions

Engage ESM
On December 30, 2016, Atos acquired Engage ESM in the United Kingdom, a leading provider in the enterprise-service management sector and a ServiceNow Gold Services Partner. This acquisition will enable Atos to offer enterprise and emerging customers an enhanced portfolio of cloud-based service-management solutions and further solidifies the position of Atos as Europe's number one brand in IT and digital services. This entity is fully consolidated in Atos consolidated financial statements since January 1, 2017.

zData
On February 17, 2017, Atos acquired zData, specialized in Big Data consulting and solutions for both commercial and enterprise corporations in the US. This entity is fully consolidated in Atos consolidated financial statements since February 1, 2017.

Note 2 Segment information

According to IFRS 8, reported operating segments profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Group profit or loss. The chief operating decision maker assesses segments profit or loss using a measure of operating profit. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the company CEO and Chairman of the Board of Directors who makes strategic decisions.

Operating segments in 2016	Bridge	Operating segments in 2017
Central & Eastern Europe (CEE)	Lithuania, Russia, Poland, Belarus	BTN
Unify and S&P	Chile	Other Business Units

The Global delivery centers have been isolated in Other Business Units.

Following the above mentioned changes, the Group segment organization in 2017 was the following:

Operating segments	Activities
United Kingdom & Ireland	Business & Platform Solutions, Infrastructure & Data Management and Big Data and Security in Ireland and the United Kingdom.
France	Business & Platform Solutions, Infrastructure & Data Management and Big Data and Security in France and Morocco.
Germany	Business & Platform Solutions and Infrastructure & Data Management, and Big Data and Security in Germany.
North America	Business & Platform Solutions, Infrastructure & Data Management and Big Data and Security in Canada, Mexico, the United States of America and also the Xerox ITO activities.
Benelux & The Nordics	Business & Platform Solutions, Infrastructure & Data Management and Big Data and Security in Belarus, Belgium, Denmark, Estonia, Finland & Baltics, Lithuania, Luxembourg, Poland, Russia, Sweden and The Netherlands.
Other Business Units	Business & Platform Solutions, Infrastructure & Data Management and Big Data and Security in Algeria, Andorra, Argentina, Australia, Austria, Bosnia and Herzegovina, Brazil, Bulgaria, Chile, China, Colombia, South Korea, Croatia, Czech Republic, Egypt, Gabon, Greece, Hungary, Hong-Kong, India, Italy, Ivory Coast, Japan, Lebanon, Malaysia, Madagascar, Mauritius, Namibia, New-Zealand, Peru, Philippines, Portugal, Qatar, Romania, Saudi-Arabia, Senegal, Singapore, Serbia, Slovakia, Slovenia, South-Africa, Spain, Switzerland, Taiwan, Thailand, Tunisia, Turkey, UAE, Uruguay, Venezuela, Major Events activities and the Global Delivery Centers.
Worldline	Hi-Tech Transactional Services & Specialized Businesses in Argentina, Austria, Belgium, Chile, China, Czech Republic, Finland, France, Germany, Hong-Kong, Iberia, India, Indonesia, Italia, Malaysia, Poland, Philippines, Singapore, Taiwan, Thailand, The Netherlands and the United Kingdom.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

The revenue from each external contract amounted to less than 10% of the Group's revenue.

The operating segment information for the periods is as follows:

(in €million)	United Kingdom and Ireland	France	Germany	North America	Benelux & The Nordics	Other Business Units	Worldline	Total Operating segments	Global Structures	Elimination	Total Group
6 months ended 30 June 2017											
External revenue by segment	**880.2**	**847.2**	**1,079.8**	**1,161.7**	**535.9**	**1,049.2**	**756.8**	**6,310.8**			**6,310.8**
%	13.9%	13.4%	17.1%	18.4%	8.5%	16.6%	12.0%	100.0%			100.0%
Inter-segment revenue	94.0	135.8	203.4	206.7	112.9	750.9	21.4	**1,525.1**	56.0	-1,581.1	
Total revenue	974.2	983.0	1,283.2	1,368.4	648.8	1,800.1	778.2	7,835.9	56.0	-1,581.1	6,310.8
Segment operating margin	**82.9**	**58.7**	**69.7**	**124.2**	**46.3**	**89.3**	**113.7**	**584.8**	**-46.4**		**538.4**
%	9.4%	6.9%	6.5%	10.7%	8.7%	8.5%	15.0%	9.3%			8.5%
Total segment assets	**912.6**	**1,668.1**	**1,442.4**	**1,172.7**	**648.0**	**1,656.7**	**1,895.1**	**9,395.6**	**1,042.6**		**10,438.2**
6 months ended 30 June 2016											
External revenue by segment	**917.9**	**846.8**	**929.5**	**990.2**	**588.1**	**835.3**	**589.2**	**5,697.0**			**5,697.0**
%	16.1%	14.9%	16.3%	17.4%	10.3%	14.7%	10.3%	100.0%			100.0%
Inter-segment revenue	90.0	124.6	158.7	114.4	79.2	517.0	25.6	1,109.5	39.8	-1,149.3	-
Total revenue	1,007.9	971.4	1,088.2	1,104.6	667.3	1,352.3	614.8	6,806.5	39.8	-1,149.3	5,697.0
Segment operating margin	**89.0**	**47.5**	**80.9**	**100.4**	**39.8**	**51.9**	**91.6**	**501.1**	**-56.7**		**444.4**
%	9.7%	5.6%	8.7%	10.1%	6.8%	6.2%	15.5%	8.8%			7.8%
Total segment assets	**955.5**	**1,747.8**	**1,294.1**	**1,004.9**	**1,029.1**	**1,424.9**	**1,942.7**	**9,399.0**	**635.3**		**10,034.3**

The total assets by segment for the periods is as follows:

(in €million)	30 June 2017	31 December 2016*
Total segment assets	**10,438.2**	**10,034.3**
Current & deferred tax Assets	675.3	439.5
Cash & Cash Equivalents	2,015.9	2,070.5
Asset held for sale	0.0	1,006.3
TOTAL ASSETS	**13,129.4**	**13,550.6**

(*) 31December 2016 adjusted to reflect change in presentation disclosed in note accounting rules and policies

Note 3 Personnel expenses

(in €million)	6 months ended 30 June 2017	% Revenue	6 months ended 30 June 2016	% Revenue
Wages and salaries	-2,325.5	36.9%	-2,141.6	37.6%
Social security charges	-602.6	9.5%	-571.9	10.0%
Tax, training, profit-sharing	-18.1	0.3%	-27.8	0.5%
Net (charge) /release of provisions for staff expenses	2.1	0.0%	-0.2	0.0%
Net (charge)/release of pension provisions	26.6	-0.4%	20.6	-0.4%
TOTAL	**-2,917.6**	**46.2%**	**-2,720.9**	**47.8%**

Note 4 Operating expenses

(in €million)	6 months ended 30 June 2017	% Revenue	6 months ended 30 June 2016	% Revenue
Subcontracting costs direct	-966.0	15.3%	-862.8	15.1%
Purchase hardware and software	-643.2	10.2%	-517.2	9.1%
Maintenance costs	-304.0	4.8%	-274.8	4.8%
Rent & Lease expenses	-295.0	4.7%	-264.4	4.6%
Telecom costs	-153.7	2.4%	-146.4	2.6%
Travelling expenses	-85.1	1.3%	-87.5	1.5%
Company cars	-29.3	0.5%	-34.7	0.6%
Professional fees	-118.8	1.9%	-106.0	1.9%
Taxes & Similar expenses	-13.2	0.2%	-14.1	0.2%
Other expenses	-76.4	1.2%	-91.0	1.6%
Subtotal expenses	**-2 684.7**	**42.5%**	**-2 398.9**	**42.1%**
Depreciation of assets	-236.5	3.7%	-203.6	3.6%
Net (charge) / release of provisions	42.3	-0.7%	48.5	-0.9%
Gains / (Losses) on disposal of assets	-3.8	0.1%	-3.1	0.1%
Trade Receivables write-off	-20.5	0.3%	-10.0	0.2%
Capitalized Production	48.5	-0.8%	35.4	-0.6%
Subtotal other expenses	**-170.0**	**2.7%**	**-132.8**	**2.3%**
TOTAL	**-2 854.8**	**45.2%**	**-2 531.7**	**44.4%**

The increase of hardware and software purchases in the first half of 2017 compared to the first half of 2016 is fully attributable to the consolidation of Unify S&P as of January 1st, 2017.

Note 5 Other operating income and expenses

(in €million)	6 months ended 30 June 2017	6 months ended 30 June 2016
Staff reorganization	-40.0	-57.3
Rationalization and associated costs	-22.8	-25.6
Integration and acquisition costs	-19.6	-14.4
Amortization of intangible assets (PPA from acquisitions)	-61.6	-44.7
Equity based compensation	-45.1	-21.5
Other items	-21.9	43.0
TOTAL	**-211.0**	**-120.5**

The € 40.0 million staff reorganization expense was mainly the consequence of the adaptation of the Group workforce in several countries in Continental Europe and North America.

The € 22.8 million rationalization and associated costs primarily resulted from the closure of office premises and data centers consolidation, mainly in France, in Germany, and North America. This amount also encompasses external costs linked to the continuation of Worldline's TEAM program including the rationalization of office premises in France.

The € 19.6 million integration and acquisition costs mainly related to the execution of Unify, Equens and Paysquare post-acquisition integration, and to the migration and standardization of internal IT platforms from last acquired companies.

The six-month 2017 amortization of intangible assets recognized in the Purchase Price Allocation (PPA) of € 61.6 million was mainly composed of:

- € 20.7 million of SIS Customer Relationships amortized over 8.75 years starting July 1, 2011;
- € 10.4 million of Xerox ITO Customer Relationships amortized over 6 to 12 years starting July 1, 2015;
- € 8.3 million of Bull Customer Relationships and Patents amortized over respectively 9.3 years and 9.9 years starting September 1, 2014;
- € 9.9 million of Unify Customer Relationships and technologies amortized over 2 to 10 years starting February 1, 2016 (in 2016 part of this amortization was included in discontinued operations);
- € 5.0 million of Equens and Paysquare Customer Relationships amortized over 6.5 to 9.5 years starting October 1, 2016; and
- € 4.6 million of Anthelio Customer Relationships amortized over 6 to 12 years starting October 1, 2016.

The equity based compensation expense amounted to € 45.1 million within other operating income and expenses compared to € 21.5 million from the previous period. The increase related to the scope expansion, the stock price evolution, as well as the achievement of performance conditions.

In the first half of 2016, the gain on the sale of Worldline's share in Visa Europe to Visa Inc was included in other items. In the first half of 2017, other items included several settlements.

Note 6 Net financial result

Net financial expense amounted to € 32.3 million for the period (compared to € 31.8 million for the first semester of 2016) and was composed of a net cost of financial debt of € 12.8 million and non-operational financial costs of € 19.5 million.

Net cost of financial debt

(in €million)	6 months ended 30 June 2017	6 months ended 30 June 2016
Net interest expenses	**-12.2**	**-7.1**
Interest on obligations under finance leases	-0.6	-0.9
Gain/(loss) on disposal of cash equivalents	-	0.1
NET COSTS OF FINANCIAL DEBT	**-12.8**	**-7.9**

The € 12.8 million **cost of net debt** increased by € 4.9 million compared to the first half of 2016 including the following elements:

- A net cash position of € 430.3 million at the beginning of the period, compared to € 545.8 million at the beginning of 2016;
- An average expense rate of 1.66% on the average gross borrowings compared to 1.50% in 2016 and;
- An average income rate of 0.65% on the average gross cash compared to 0.99% in 2016.

Other financial income and expenses

(in €million)	6 months ended 30 June 2017	6 months ended 30 June 2016
Foreign exchange income / (expenses)	-2.5	-2.2
Fair value gain/(loss) on forward exchange contracts held for trading	-2.2	-3.4
Other income / (expenses)	-14.8	-18.3
OTHER FINANCIAL INCOME AND EXPENSES	**-19.5**	**-23.9**
Of which:		
- other financial expenses	-39.0	-34.2
- other financial income	19.4	10.3

Non-operational financial costs amounted to € 19.5 million compared to € 23.9 million in the first half of 2016 and consisted of pension financial related costs (€ 15.1 million compared to € 14.9 million in 2016), a net foreign exchange loss (€ 4.7 million compared to € 5.6 million in 2016) and other financial income (€ 0.3 million compared to other financial expense for € 3.4 million in 2016, notably thanks to higher dividends received from associates).

The pension financial related costs represent the difference between interest costs on defined benefit obligations and the interest income on plan assets for plans which are funded.

Note 7 Income tax expenses

The tax charge for the six-month period ended June 30, 2017 was € 55.8 million including the French CVAE tax, with a profit before tax of € 295.1 million. The annualized Effective Tax Rate (ETR) was 18.9% compared to 19.8% for the first half of 2016.

Note 8 Earnings per share

Potential dilutive instruments comprised vested stock options (equivalent to 425,763 options) and did not generate a restatement of net income used for the diluted EPS calculation.

(in €million and shares)	**6 months ended 30 June 2017**	**6 months ended 30 June 2016**
Net income from continuing operations – Attributable to owners of the parent [a]	**211.2**	**205.2**
Impact of dilutive instruments	-	-
Net income from continuing operations restated of dilutive instruments - Attributable to owners of the parent [b]	**211.2**	**205.2**
Average number of shares outstanding [c]	104,919,748	103,052,796
Impact of dilutive instruments [d]	425,763	547,348
Diluted average number of shares [e]=[c]+[d]	105,345,511	103,600,144
Basic EPS from continuing operations [a] / [c]	**2.01**	**1.99**
Diluted EPS from continuing operations [b] / [e]	**2.00**	**1.98**

(in €million and shares)	**6 months ended 30 June 2017**	**6 months ended 30 June 2016**
Net income – Attributable to owners of the parent [a]	**211.2**	**173.7**
Impact of dilutive instruments	-	-
Net income restated of dilutive instruments - Attributable to owners of the parent [b]	**211.2**	**173.7**
Average number of shares outstanding [c]	104,919,748	103,052,796
Impact of dilutive instruments [d]	425,763	547,348
Diluted average number of shares [e]=[c]+[d]	105,345,511	103,600,144
Earnings per share in € [a]/[c]	**2.01**	**1.69**
Diluted earnings per share in € [b]/[e]	**2.00**	**1.68**

Note 9 Goodwill

(in €million)	**31 December 2016**	**Reclassification from asset held for sale**	**Impact of business combi-nation**	**Exchange rate fluctuations**	**30 June 2017**
Gross value	4 431.8	320.2	44.7	-38.5	4 758.2
Impairment loss	-567.0	-0.1	-	2.2	-564.9
Carrying amount	**3 864.8**	**320.1**	**44.7**	**-36.3**	**4 193.3**

During the semester, the Group has not recorded any impairment for any CGUs as there was not any triggering event.

Note 10 Non-current financial assets

(in €million)	30 June 2017	31 December 2016
Pension prepayments	104.1	96.2
Fair value of non-consolidated investments net of impairment	26.4	55.1
Other (*)	84.8	82.0
TOTAL	**215.3**	**233.3**

(*) "Other" include loans, deposits, guarantees, investments in associates accounted for under the equity method and non consolidated investments.

Note 11 Trade accounts and notes receivable

(in €million)	30 June 2017	31 December 2016
Gross value	2 673.7	2 645.1
Transition costs	13.3	32.5
Provision for doubtful debts	-134.8	-122.5
Net asset value	**2 552.2**	**2 555.0**
Prepayments	-98.0	-82.2
Deferred income and upfront payments received	-606.5	-714.5
Net accounts receivable	**1 847.7**	**1 758.2**
Number of days' sales outstanding (DSO)	**36**	**30**

Atos securitization program of trade receivables has been renewed for 5 years on June 18, 2013 with a maximum amount of receivables sold of € 500.0 million and a maximum amount of financing of € 200.0 million.

The program is structured with two compartments, called ON and OFF:

- Compartment "ON" is similar to the previous program (i.e. the receivables are maintained in the Group balance sheet) which remains by default the compartment in which the receivables are sold. This compartment was used at its lower level;
- Compartment "OFF" is designed so the credit risk (insolvency and overdue) of the debtors eligible to this compartment of the program is fully transferred to the purchasing entity of a third party financial institution.

As of June 30, 2017, the Group has sold:

- In the compartment "ON" € 339.7 million receivables for which € 68.7 million were received in cash. The sale is with recourse, thus re-consolidated in the balance sheet;
- In the compartment "OFF" € 37.1 million receivables which qualified for de-recognition as substantially all risks and rewards associated with the receivables were transferred.

Note 12 Other current assets

(in €million)	30 June 2017	31 december 2016*
Inventories	97.2	52.8
State - VAT receivables	191.0	176.4
Prepaid expenses	486.5	425.6
Other receivables & current assets	538.6	447.3
Advance payment	39.1	35.1
Assets linked to intermediation activities	148.2	249.6
TOTAL	**1 500.5**	**1 386.8**

(*) 31December 2016 adjusted to reflect change in presentation disclosed in note accounting rules and policies

Note 13 Cash and cash equivalents

(in €million)	30 June 2017	31 December 2016*
Cash in hand and short-term bank deposit	1 989.5	1 688.3
Money market funds	26.4	382.2
TOTAL	**2 015.9**	**2 070.5**

(*) 31December 2016 adjusted to reflect change in presentation disclosed in note accounting rules and policies

Depending on market conditions and short-term cash flow expectations, Atos may from time to time invest in Money Market Funds for a maturity not exceeding three months.

Note 14 Pensions and similar benefits

The net total amount recognized in the balance sheet in respect of pension plans is € 1,335.3 million (including Unify S&P plans) compared to € 1,263.3 million at December 31, 2016 (excluding Unify S&P plans). The net provision at December 31, 2016 in respect of pension plans for Unify S&P was € 124.6 million.

Discount and long term inflation rates have remained stable since December 31, 2016, notably for the Eurozone and the United Kingdom.

The following discount rates have been used:

(in %)	30 June 2017	31 December 2016
Euro zone (long duration plans)	1.95%	1.95%
Euro zone (other plans)	1.40%	1.40%
United Kingdom	2.80%	2.80%

The following long term inflation rates have been used:

(in %)	30 June 2017	31 December 2016
Euro zone	1.45%	1.45%
United Kingdom (RPI)	3.25%	3.25%

The fair value of plan assets for major schemes has been remeasured as at June 30, 2017.

The amounts recognized in the balance sheet consist of:

(In €million)	30 June 2017	31 December 2016
Prepaid pension asset	104.1	96.2
Accrued liability – pension plans	-1,439.4	-1,359.5
Total Pension plan	**-1,335.3**	**-1,263.3**
Accrued liability – other long term benefits	-56.5	-51.2
Total accrued liability	**-1,495.9**	**-1,410.7**

During the first half of 2017, a change in the plan rules was introduced in the Railways Pension Scheme to freeze the pensionable pay on an ongoing basis. As a result, pensionable benefits for the Atos Worldline UK participating employees will no longer increase with salary evolutions. A corresponding one-off impact of € 7 million was recorded in the income statement during the six-month period ending June 30, 2017.

The net impact of defined benefits plans on Group profit and loss can be summarized as follows:

(in €million)	6 months ended 30 June 2017	6 months ended 30 June 2016
Operating margin	-17.0	-26.9
Other operating income and expenses	1.4	3.6
Net financial income	-14.6	-14.9
Total (expense)/profit	**-30.2**	**-38.2**

Note 15 Provisions

(in €million)	31 December 2016	Charge	Release used	Release unused	Reclassification of liabilities previously held for sale	Other	30 June 2017	Current	Non-current
Reorganization	93.0	26.3	-46.2	-2.6	18.1	-1.9	86.7	75.8	10.9
Rationalization	21.7	5.6	-6.7	-3.4	11.6	5.1	33.9	10.6	23.3
Project commitments	72.0	7.4	-16.2	-19.0	7.3	2.1	53.6	41.9	11.7
Litigations and contingencies	121.4	10.8	-7.9	-14.3	46.3	1.3	157.6	68.5	89.2
TOTAL PROVISIONS	**308.2**	**50.1**	**-77.0**	**-39.3**	**83.3**	**6.6**	**331.9**	**196.8**	**135.1**

Note 16 Borrowings

Change in net debt over the period

(in €million)	30 June 2017	31 December 2016*
Opening net cash / (debt)	**430.3**	**541.9**
Reclassification of assets (liabilities) previously held for sale	-101.4	-
New borrowings	-112.9	-6.0
Bonds	-	-300.0
Repayment of long and medium-term borrowings	129.3	49.0
Variance in net cash and cash equivalents	136.6	189.5
New finance leases	-5.1	-4.9
Long and medium-term debt of companies acquired during the period	-	-18.2
Impact of exchange rate fluctuations on net long and medium-term debt	-72.4	-0.3
Profit-sharing amounts payable to French employees transferred to debt	-1.5	-0.8
Other flows related to financing activities	-60.5	-20.1
Closing net cash / (debt)	**342.2**	**430.3**

(*) 31December 2016 adjusted to reflect change in presentation disclosed in note accounting rules and policies

Other flows related to financing activities correspond mostly to the re-consolidation of financial liabilities on the compartment 'ON' securitization program.

Note 17 Trade accounts and notes payable

(in €million)	30 June 2017	31 December 2016*
Trade payable and notes payable	**2,031.6**	**1,919.4**
Net advance payments	-39.1	-35.1
Prepaid expenses	-486.5	-425.6
Net accounts payable	**1,506.0**	**1,458.7**
Number of days' payable outstanding (DPO)	**78.0**	**76.0**

(*) 31December 2016 adjusted to reflect change in presentation disclosed in note accounting rules and policies

Note 18 Cash flow statements

Net cash and cash equivalents

(in million)	30 June 2017	31 December 2016*
Cash and cash equivalents	2,015.9	2,070.5
Overdrafts	-55.2	-78.8
Total net cash and cash equivalents	**1,960.7**	**1,991.7**

(*) 31December 2016 adjusted to reflect change in presentation disclosed in note accounting rules and policies

Note 19 Impact of ceased discontinued operations and held for sale classifications of the Software and Platform business

The Atos Group decided, as early as the Unify acquisition date, on January 20, 2016, to put up for sale the Software & Platforms business (S&P). The S&P business has been treated as discontinued operations from February 1, 2016 in accordance with IFRS 3 and IFRS 5 requirements. As of December 31, 2016, Atos was still engaged in an active process to sell S&P business and was in discussion with potential buyers. As such, the discontinued treatment was maintained.

In the published 2016 consolidated financial statements, the flows relating to the services rendered by the continuing operations to S&P were eliminated at the S&P level. As a result, the External Revenue of the Atos Group included revenue related to such flows. In the 2016 consolidated statement of financial position, the net assets allocated to the S&P were presented on the line "Assets held for sale" and net liabilities on the line "Liabilities held for sale". The net income of the S&P business from February 1 to December 31, 2016 was presented under the "net income from discontinued operations" caption of the published consolidated income statement.

In April 2017 based on the status of the discussions with the potential buyers, the Board of Directors decided to terminate those discussions, considering that integrating Unify S&P in Atos operations would represent a higher value for Atos shareholders.

Therefore the sale was not any more highly probable and consequently the accounting treatment as discontinued operations and held for sale was no longer justified. As a result, the June 2017 condensed financial statements fully reflect the consolidation of the S&P business since January 1, 2017 for the six-month period ended June 30, 2017 and the financial position as of this date.

For comparison purposes, a summarized restated income statement for the six-month period ended June 30, 2016 and a summarized restated statement of financial position as of December 31, 2016 have been computed and are presented hereafter.

The full restatement of the 2016 consolidated accounts including the notes will be presented in December 2017 consolidated financial statements.

Summarized income statement as of June 30, 2016

(in €million)	6 months ended 30 June 2016	Impact of ceased discontinued operations	6 months ended 30 June 2016 restated
Revenue	**5,697.0**	**205.9**	**5,902.9**
Operating and personnel expenses	-5,252.6	-233.2	-5,485.8
Operating margin	**444.4**	**-27.3**	**417.1**
% of revenue	**7.8%**		**7.1%**
Other operating income and expenses	-120.5	-3.9	-124.4
Operating income	323.9	-31.2	292.7
Net financial expenses	-31.8	-0.8	-32.6
Net income before tax	**292.1**	**-32.0**	**260.1**
Tax charge	-57.9	0.4	-57.5
Net income from continuing operations	**234.2**	**-31.5**	**202.7**
Net income from discontinued operations	-31.5	31.5	-
Net income	**202.7**	**-**	**202.7**
Of which:			
- attributable to owners of the parent	**173.7**	**-**	**173.7**
- non-controlling interests	29.0	-	29.0

Summarized statement of financial position as of December 31, 2016

(in € million)	31 December 2016*	Impact of ceased held for sale	31 December 2016 restated
Goodwill	3,864.8	320.1	4,184.9
Other Fixed assets	1,984.3	137.7	2,122.0
Other non current assets	645.7	73.4	719.1
Non current assets	**6,494.8**	**531.2**	**7,026.0**
Trades, other receivables and other current assets	3,979.0	378.7	4,357.8
Cash & cash equivalent	2,070.5	-54.0	2,016.5
Assets held for sale	1,006.3	-1,006.3	-
Current assets	**7,055.8**	**-681.5**	**6,374.3**
TOTAL ASSETS	**13,550.6**	**-150.3**	**13,400.3**
Shareholders equity	**4,835.2**	**-**	**4,835.2**
Provision for pensions and for losses & contingencies	1,524.7	192.58	1,717.3
Other non current liabilities	1,608.5	44.24	1,652.7
Non current liabilities	**3,133.2**	**236.8**	**3,370.0**
Trades and other debt	4,730.5	464.5	5,195.1
Liabilities held for sale	851.7	-851.7	-
Current liabilities	**5,582.2**	**-387.2**	**5,195.1**
TOTAL LIABILITIES	**13,550.6**	**-150.3**	**13,400.3**

(*) 31December 2016 adjusted to reflect change in presentation disclosed in note accounting rules and policies

Note 20 Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on July 25, 2017.

Note 21 Subsequent event

There is no significant subsequent event to be mentioned.

B.3 Statutory auditors' review report on the half-yearly financial information for the period from January 1st to June 30, 2017

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,
In compliance with the assignment entrusted to us by the General Meetings and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying interim condensed consolidated financial statements of Atos S.E., for the period from January 1 to June 30, 2017,
- the verification of the information presented in the interim management report.

These interim condensed consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information presented in the interim management report on the condensed consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the interim condensed consolidated financial statements.

Neuilly-sur-Seine, July 26, 2017

The Statutory Auditors

French original signed by

Deloitte & Associés	**Grant Thornton** *French member of* *Grant Thornton International*
Jean-Pierre Agazzi	Victor Amselem

C. Appendices

C.1 Contacts

Institutional investors, financial analysts and individual shareholders may obtain information from:

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Requests for information can also be sent by email to investors@atos.net

C.2 Financial calendar

October 24, 2017	Third quarter 2017 revenue
February 21, 2018	FY 2017 results
April 25, 2018	Q1 2018 revenue
May 24, 2018	Annual General Meeting
July 25, 2018	H1 2018 results
October 23, 2018	Q3 2018 revenue

C.3 Full index