SYNERGIE

2019 HALF YEAR FINANCIAL REPORT 30 JUNE

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HALF-YEAR GROUP ACTIVITY REPORT

HALF-YEAR GROUP ACTIVITY REPORT AS AT 30 JUNE 2019

The Executive Board of SYNERGIE, which met on 12 September 2019 under the chairmanship of Daniel AUGEREAU, approved the 2019 consolidated half-year financial statements.

A limited review was performed of these interim financial statements. The report of this limited review is currently being issued.

1. KEY FIGURES FOR H1 2019

In € thousand	**30 June 2019**	**30 June 2018**
Turnover	**1,295,628**	**1,238,762**
Ebitda	64,838	61,520
Current operating profit	52,146	53,625
Operating profit	**51,580**	**53,102**
Financial result	(983)	(564)
Profit before tax	50,597	52,538
Tax expenses (1)	(23,417)	(15,956)
Net profit of consolidated companies (2)	**27,180**	**36,582**

(1) Including CVAE of €8.514 thousand in 2019 and €7.815 thousand in 2018
(2) Impact on net profit of conversion of the CICE (tax credit for employment and competitiveness): -€9 million

2. KEY EVENTS

1. In France, the CICE (tax credit for employment and competitiveness) has been converted into reduced social security contributions, and as in 2018, is also based on a 6% reduction for wages up to 2.5 times the statutory minimum wage.

   However, this calculation of reduced social security contributions generated surplus corporate income tax of €6.7 million and employee profit-sharing of €2.3 million, giving an overall additional expense of €9 million. This change in the legislation had a positive effect on the cash position, as the reduced charges took immediate effect on social security contributions.

2. IFRS16 was applied for the first time during the first half of 2019.

   The impact of this standard on the main aggregates of the financial statements at 30 June 2019 is as follows:

Rights of use relating to lease contracts	+ €42.3 million
of which not capitalised at 1 January 2019	€36.7 million
Medium and long-term lease debt	+ €30.8 million
Short-term lease debt	+ €11.4 million

   At consolidated net profit level:

Ebitda	+ €7.5 million
Current operating profit	+ €0.5 million
Financial income and expenses	- €0.4 million
Net profit	+ €0.1 million

3. The Australian subsidiary SYNACO GLOBAL RECRUITMENT acquired ENTIRE RECRUITMENT on 14 January 2019.

   The company developed its activity in the east of the country, primarily in the regions of Brisbane (Queensland) and Sydney (New South Wales), generating revenue of AUD38 million in 2018 (€24 million). It mainly operated in the mining, logistics and construction sectors. The tie-up of these two networks enabled SYNERGIE to operate across Australia and increased its capacity to respond to major national clients.

   There were no other changes in the consolidation scope over the period.

3. 2019 HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are presented in accordance with IFRS.

All documents comprising the half-year financial statements are presented in thousands of euros.

3.1 Turnover

SYNERGIE has confirmed its good start to 2019, with consolidated first-half turnover of €1,295.6 million, up 4.6% from 2018 (+2.2% on a like-for-like basis).

Turnover breaks down as follows:

In € thousand	30 June 2019	30 June 2018	Change
France	630,812	588,978	7.1%
Belgium	133,204	137,601	-3.2%
Others Northern and Eastern Europe	163,156	168,770	-3.3%
Italy	217,522	203,954	6.7%
Spain, Portugal	111,782	110,436	1.2%
Canada, Australia	39,152	29,024	34.9%
Total	**1,295,628**	**1,238,762**	**4.6%**

The trend by quarter is as follows:

In € thousand	30 June 2019	30 June 2018	Change
First Quarter turnover	621,239	589,574	5.4%
Second Quarter turnover	674,389	649,188	3.9%
TOTAL	**1,295,628**	**1,238,762**	**4.6%**

France

In France, turnover reached €630.8 million, an increase of +7.1% (or 4.1% on a like-for-like basis) with an excellent performance from temporary employment (+4.2% in a market that declined by 0.3% at end-July according to Prism'Emploi) and strong growth by DCS EASYWARE, the digital services company consolidated in June 2018, which generated turnover of €21.7 million (+10.8%) over the period.

International

In a more tense economic environment, the international subsidiaries broadly succeeded in outperforming their markets. The international activity grew by 2.3% (+0.5% on a like-for-like basis) to €664.8 million (51.3% of consolidated activity). Nevertheless, with contrasting performances from region to region.

Southern Europe

Growth in this region came to 4.7%, with Italy (+6.7%) and Spain (4.5%) standing out in particular.

Benelux

The Benelux countries generated turnover of €158.1 million (of which €133.2 million in Belgium), compared with €163.1 million in 2018 (of which €137.6 million in Belgium), i.e. -3.1% over the period.

Northern and Eastern Europe

Activity in the United Kingdom increased by 6.9% on a like-for-like basis to €59.5 million, against a backdrop of ongoing tension, with uncertainty around Brexit notably impacting the placement of permanent employees.

The legislative changes in Germany in 2018 (final stage of the implementation of the equal pay measure, limits around the duration of employment contracts) had a significant impact on the temporary employment landscape and the behaviour of clients, which showed a marked trend in favour of recruiting employees on temporary assignment for in-house positions; this trend was more prominent in 2019, with a significant impact for SYNERGIE PERSONNAL DEUTSCHLAND which saw its turnover decrease by 12.1% to €26.8 million.

A similar trend was seen in Austria (decrease in turnover of 6.7% to €39.7 million), to which the comparison base also contributed (35% increase during the first half of 2018).

Activity in the other countries in this zone (Switzerland and Eastern European countries) is less material.

Canada and Australia

Activity is grouped into two divisions:

- Australia, for which turnover on a like-for-like basis increased by 18.9%, with the impact of the acquisition of ENTIRE RECRUITMENT in January 2019 reaching €9.3 million;

- Canada, for which turnover reached €13.1 million compared with €14.6 million in 2018.

SYNERGIE also obtained approval from the Chinese authorities to open an office in Qingdao in the Chinese province of Shandong, allowing it to provide support services to major European clients already operating there.

3.2 Current operating profit (before amortisation and impairment of intangibles)

In € thousand	30 juin 2019	30 juin 2018
France	34,068	35,473
Belgium	7,660	7,576
Others Northern and Eastern Europe	1,706	3,161
Italy	9,438	9,601
Spain, Portugal	1,318	1,876
Canada, Australia	359	6
Total	**54,548**	**57,693**

During the first half of 2019, SYNERGIE generated current operating profit of €54.5 million compared with €57.7 million in 2018.

In France, current operating profit reached €34.1 million compaired with €35.5 million in 2018, with the following items mainly contributing to this decrease:

- The impact of the provision for employee profit-sharing of €2.3 million generated by the discontinuation of the CICE and its transformation into reduced social security contributions;

- A high level of investment in 2018 which was continued in 2019, but to a lesser degree, notably in the recruitment of expert consultants, digitisation and IT tools, intensive training initiatives for temporary and permanent employees, and the positioning of SYNERGIE, which is now a leader in several growth sectors, thus confirming our active development strategy;

- The integration of DCS EASYWARE, acquired in June 2018, which turned in an excellent performance over the period with current operating profit of €2.1 million.

At international level, operating profit reached €20.5 million versus €22.2 million in 2018. It was impacted by a weaker performance in countries with a more tense economic environment (Germany, United Kingdom) and where structural adjustments were made during the first half of the year.

The depreciation and amortisation charge (€3.3 million excluding the impact of IFRS16 of €7.2 million) reflects the ongoing investment policy focused on digitisation.

Provisions for retirement benefits in France increased by €0.6 million.

The client loss ratio remained stable, with strict management of client credit in all regions, and as a result impairment of receivables coming out at 0.16% of turnover.

3.3 Operating profit

Depreciation and amortisation of intangible assets linked to acquisitions accounts for the difference between current operating profit and operating profit, which came out at €51.6 million (compared with €53.1 million in 2018).

Depreciation and amortisation reached €2.2 million, and now include those related to DCS EASYWARE (€0.7 million over the period) which was integrated in June 2018.

Other non-current income and expenses were immaterial, similar to the level seen in 2018.

3.4 Financial result

The increase in the cost of net financial debt can mainly be attributed to the impact of the application of IFRS16 (+€0.4 million).

Excluding that impact, this cost was very moderate (€0.5 million, i.e. 0.04% of turnover) given the small increase in gross net financial debt in relation to the first half of 2018.

Exchange rate parity, including the euro/pound sterling exchange rate, had no significant impact as at 30 June 2019.

3.5 Net profit

Consolidated net profit for the period reached €27.2 million (compared with €36.6 million on 30 June 2018).

This difference stems from the items outlined previously and the tax expense in France which was much higher than in 2018 (impact of the conversion of the CICE: €6.7 million on consolidated profit).

In France, the tax expense incorporates the CVAE (value added contribution for businesses) which amounted to €8.5 million for the first six months of the year (compared with €7.8 million at 30 June 2018).

4. FINANCIAL STRUCTURE

In € thousand	30 June 2019	31 Dec 2018	30 June 2018
Consolidated shareholders' equity	**508,147**	**501,765**	**450,862**
Net cash position	71,262	45,179	37,024
Financial debt excluding IFRS 16	(41,121)	(44,231)	(64,444)
Dettes de location	(42,248)	-	-
Cash position net or any debt	**(12,108)**	**948**	**3,538**
Cash position including CICE	**102,531**	**125,583**	**86,328**
Self-financing capacity	31,939	60,231	25,601
Change in working capital requirement	30,011	(15,479)	(18,767)
Cost of net debt/revenue	0.07%	0.05%	0.03%

SYNERGIE's activity growth has enabled it to strengthen its financial structure, and the following are of note in particular:

- Consolidated shareholders' equity stands at €508.1 million (of which Group share of €490.3 million); net profit of €27.2 million and dividends (€21.4 million) explain the change in relation to the balance at the close of the previous period (€501.8 million);

- The net cash position of current bank facilities stands at a positive €71.3 million, thanks in particular to the positive impact on cash from the conversion of the CICE, which gave rise to a reduction in social security contributions;

- The cash position net of any debt stands at €102.5 million after incorporating CICE receivables recognized in the short term, and which the transfer will have a very positive impact considering the lease debt generated under IFRS 16 (€42.2 million).

This solid financial situation means the Group has the necessary resources to pursue its growth and to carry out new acquisitions, particularly abroad.

At 30 June 2019, SYNERGIE SE owned 374,943 of its own shares, including 22,480 under the liquidity contract and 352,463 as part of the share buyback programme approved by the Shareholders' Meeting of 13 June 2019.

5. MAIN RISKS AND UNCERTAINTIES FACED OVER THE NEXT SIX MONTHS

An assessment of the risks and uncertainties facing SYNERGIE is provided in the 2018 annual report, and has not changed.

The following is a reminder of the main risks identified.

5.1 Financial risks

5.1.1 Currency risk

Activity outside the Eurozone accounted for 8.5% of consolidated turnover as at 30 June 2019 (compared with 7,9% as at 30 June 2018).

Our expansion in the UK through successive acquisitions since December 2005, partly financed by current account contributions, and changes in the UK currency, have made the Group more sensitive to exchange rate fluctuations.

Brexit had an impact on the euro/sterling exchange rate and gave rise to the recognition of a financial expense to reflect the impact of a change in provision, which will be updated in the 2019 annual financial statements on the basis of the exchange rate on 31 December.

Since 2008, financing for the acquisition of subsidiaries, outside of the eurozone, has mainly been obtained locally.

5.1.2 Interest rate risk

All loans with repayment in progress as at 30 June 2019 were taken out at fixed interest rates, of which the most significant were renegotiated at the start of 2017.

The average interest rate on the Group's loans is now 1.55%

5.2 Economic risk

The victory of the UK referendum to leave the European Union ("Brexit") on 23 June 2016 could have a negative impact on the economy, the financial markets and the international foreign exchange markets. Legal uncertainties have already emerged concerning the flow of European personnel into the United Kingdom.

Nevertheless, the UK subsidiary contributed just 4.6% of SYNERGIE Group's consolidated turnover in 2019 (4.5% in full-year 2018).

The financial risks have already been studied, with the economic risks set out in Note 3.1 of the notes to the consolidated financial statements (impact of changes in discount rates and of growth and Ebit on future cash flows).

5.3 Legislative environment

The European Directive on Temporary Agency Work was definitively adopted in October 2008 by the European Parliament, with a deadline for transposition into national law by the Member States of 5 December 2011. The directive aims to provide effective minimum safeguards for temporary workers through compliance with the principle of equal treatment.

It also helps in promoting our activity more effectively in certain countries, which is broadly positive for SYNERGIE Group.

The deadline for transposition of 5 December 2011 was extended in certain countries, particularly in Germany where the equal pay principle only became applicable in 2018.

In France, the CICE for wages up to 2.5 times the statutory minimum wage was converted into reduced social security contributions, calculated on the same basis, but which generated additional corporate income tax and employee profit-sharing.

We are aware of no other legal developments that would have a significant impact on the first-half financial statements.

5.4 Client risk

SYNERGIE Group retains its independence vis-à-vis its clients, with only two clients contributing more than 1% to its turnover.

The general nature of its activity, the SME SMI / large accounts mix (58% / 42%) and the breakdown of turnover between sectors are also positive factors for the Group's development.

6. MAIN TRANSACTIONS BETWEEN RELATED PARTIES

There were no transactions between related parties that had a significant impact on SYNERGIE's financial situation or consolidated statement of income.

7. ANTICIPATED DEVELOPMENTS DURING THE YEAR

SYNERGIE Group plans to continue generating growth with a view to improving profitability in relation to the first half of the year, taking into account the seasonal impact on turnover and expense adjustments on markets suffering from a more tense economic environment (Germany, United Kingdom).

8. EVENTS AFTER THE REPORTING PERIOD

No significant events likely to affect the financial statements for the first half of 2019 took place after the end of the reporting period.

9. FINANCIAL PUBLICATIONS IN 2019

The financial data as at 30 September 2019 will be published on 23 October 2019 (after market close).

CONSOLIDATED FINANCIAL STATEMENTS

OF SYNERGIE GROUP

FINANCIAL DATA AT 30 JUNE 2019

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets In € thousand	Notes No.	30/06/2019	31/12/2018
Goodwill	4.1	107,852	102,429
Other intangible assets	4.1	43,174	44,993
Property, plant and equipment	4.2	65,695	63,086
Right of use relating to lease contracts	4.2	42,258	-
Non-current financial assets	4.3	89,850	105,239
Deferred tax assets	6.2	3,405	3,337
Non-current Assets		**352,233**	**319,084**
Trade receivables	4.4	601,460	558,529
Other receivables	4.5	89,633	76,044
Cash and cash equivalents	4.6	107,424	85,322
Current Assets		**798,517**	**719,895**
Total Assets		**1,150,751**	**1,038,980**

Liabilities In € thousand	Notes No.	30/06/2019	31/12/2018
Share capital	4.7	121,810	121,810
Reserves and carryforwards		342,644	282,315
Consolidated net profit		25,820	79,292
Non-controling interests		17,873	18,348
Sharehoders' equity	4.7	**508,147**	**501,765**
Provisions and payables for employee benefits	4.9	5,970	5,238
Non-current borrowings	4.8	32,919	34,054
Medium and Long-term lease debt	4.8	30,831	-
Deferred tax liabilities	6.2	12,410	14,323
Non-current Liabilities		**82,130**	**53,615**
Provisions		1,651	1,751
Current borrowings	4.8	8,201	10,177
Short-term lease debt	4.8	11,417	-
Current bank debt	4.8	36,163	40,143
Trade payables	4.10	21,615	20,163
Tax and social security payables	4.11	450,036	389,553
Other payables	4.11	31,391	21,813
Current Liabilities		**560,473**	**483,600**
Total Liabilities		**1,150,751**	**1,038,980**

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2.1 Consolidated income statement

In € thousand	Notes No.	30/06/2019	30/06/2018
Revenue	**5.1**	**1,295,628**	1,238,762
Other income		2,049	3,185
Purchases		(43)	(45)
Personnel costs	5.3	(1,168,266)	(1,114,065)
External expenses		(37,968)	(37,103)
Taxes and similar levies		(24,783)	(26,375)
Depreciation and amortisation		(10,291)	(3,827)
Provisions		(1,677)	(2,751)
Other expenses		(102)	(88)
Current operating profit before amortisation and impairment of intangible assets	**5.2**	**54,548**	**57,693**
Amortisation of intangible assets related to acquisitions		(2,402)	(2,568)
Impairment of intangible assets related to acquisitions		-	(1,500)
Current operating profit		**52,146**	**53,625**
Other operating income and expenses		(566)	(523)
Operating profit		**51,580**	**53,102**
Income from cash and cash equivalents		491	514
Cost of gross financial debt		(1,407)	(904)
Cost of net financial debt	**5.4**	**(916)**	**(389)**
Other financial income and expenses	5.4	(67)	(175)
Net profit before tax		**50,597**	**52,538**
Tax expense	6.1	(23,417)	(15,956)
Consolidated net profit		**27,180**	**36,582**
Group share		**25,820**	**35,505**
Non-controlling interests		**1,360**	**1.077**
Earnings per share (in €) (*)		**1.06**	**1.50**
Diluted earnings per share (in €) (*)		**1.06**	**1.50**

(*) divided by 24 362 000 shares.

2.2 Statement of net profit and gains and losses recognized directly in shareholders’ equity

In € thousand	30/06/2019	30/06/2018
Net profit	**27,180**	**36,582**
Gains and losses resulting from translation of the financial statements of foreign subsidiaries	251	(109)
Liquidity contract	132	41
Subtotal of recyclable gains and losses	**383**	**(68)**
Actuarial differences net of tax	(263)	(274)
Subtotal of non-recyclable gains and losses	**(263)**	**(274)**
Total gains and losses recognised directly in shareholders' equity	**120**	**(342)**
Net comprehensive income	**27,300**	36,240
Group share of total comprehensive income	**26,069**	35,164
Non-controlling interests' share of total comprehensive income	**1,230**	1,076

3. CONSOLIDATED STATEMENT OF CASH FLOWS

In € thousand	Notes N°	30/06/2019	31/12/2018	30/06/2018
Consolidated net profit		**27,180**	82,482	36,582
Derecognition of expenses and income without an impact on cash or not related to business activity		157	585	(601)
Depreciation, amortisation and provisions		5,806	14,030	6,449
Cost of financial debt		542	1,048	389
Deferred tax position		(317)	(1,829)	1 127
Other expenses and income not generating short-term flows (1)		(1,429)	(36,085)	(18,345)
Self-financing capacity		**31,939**	**60,231**	**25,601**
Change in working capital requirement	7	30,011	(15,479)	(18,767)
Net cash flow from operating activities		**61,950**	**44,752**	**6,834**
Purchases of fixed assets		(12,180)	(15,573)	(8,369)
Sales of fixed assets		16	2,667	474
Sales of non-current financial assets		-	28,011	28,011
Impact of changes in scope (and price supplements) (2)		(4,511)	(47,868)	(46,093)
Cash flow from investments activities		**(16,675)**	**(32,763)**	**(25,977)**
Dividends paid out to shareholders of the Parent Company	4.7	(19,188)	(19,200)	(19,200)
Dividends paid out to minority shareholders of the consolidated companies		(2,208)	(1,404)	(1,404)
Purchase of treasury shares		108	(666)	(289)
Loan issues	4.8	6,500	10,501	30,000
Loan repayments	4.8	(3.863)	(5,024)	(2,581)
Cost of net financial debt	5.4	(542)	(1,048)	(389)
Net cash flow from financing activities		**(19,193)**	**(16,841)**	**6,136**
Change in net cash position		**26,083**	**(4,852)**	**(13,007)**
Opening cash position	4.8	45,179	50,031	50,031
Closing cash position	4.8	71,262	45,179	37,024

(1) *CICE product of the non-flow generating year*

(2) *including:*

Disbursing price on acquisition	*(4,500)*	*(48,600)*	*(48,600)*
Acquired cash	-	*732*	*2,507*
Impact of changes in scope	***(4,500)***	***(47,868)***	***(46,093)***

4. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In € thousand	Capital	Capital reserves	Treasury securities	Consoli-dated reserves	Gains and losses recognised directly in shareholders' equity	Total Group share	Non-controlling interests	Total
Position at 01/01/2018	**121,810**	**12,181**	**(3,653)**	**294,010**	**1,438**	**425,786**	**9,925**	**435,712**
Appropriation of earnings n-1		-	-	-	-	-	-	-
Adjustments IFRS 9		-	-	(1,583)	-	(1,583)	(71)	(1,654)
Dividends		-	-	(19,200)	-	(19,200)	(1,404)	(20,605)
Transactions on treasury shares		-	(330)	-	(336)	(666)	-	(666)
Overall net profit for the year		-	-	79,292	-	79,292	3,190	82,482
Currency translation adjustment		-	-	-	(157)	(157)	(2)	(159)
Change in scope (*)		-	-	97	(152)	(55)	6,710	6,656
Position at 31/12/2018	**121,810**	**12,181**	**(3,983)**	**352,616**	**792**	**483,417**	**18,348**	**501,765**
Position at 01/01/2019	**121,810**	**12,181**	**(3,983)**	**352,616**	**792**	**483,417**	**18,348**	**501,765**
Appropriation of earnings n-1		-	-	-	-	-	-	-
Dividends		-	-	(19,188)	-	(19,188)	(2,208)	(21,396)
Transactions on treasury shares		-	(23)	-	132	108	-	108
Overall net profit for the year		-	-	25,820	-	25,820	1,360	27,180
Currency translation adjustment		-	-	-	252	252	(1)	251
Change in scope		-	-	(1)	(134)	(135)	374	239
Position at 30/06/2019	**121,810**	**12,181**	**(4,006)**	**359,246**	**1,042**	**490,274**	**17,874**	**508,148**

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles and methods

1.1 Overview

The consolidated half-year financial statements at 30 June 2019 were approved by resolution of the Executive Board on 12 September 2019.

These are the condensed half-year financial statements which do not include all of the notes required for the annual financial statements but rather a selection of explanatory notes. They should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2018, as shown in the annual report.

They have been approved in accordance with IAS 34 and with the rules and principles established under the IFRS as adopted by the European Union.

In France, the reduced social security contributions as part of the conversion of the CICE were recognised as a deduction of personnel costs; the resulting employee profit-sharing, which was also recognised under personnel costs, therefore had an impact on operating profit.

1.2 Accounting principles and methods applicable to the financial statements

The accounting principles and methods used are those which are set out in the notes to the 2018 consolidated annual financial statements, with the exception of new standards and interpretations the application of which became mandatory from 1 January 2019.

New IFRS and IFRIC interpretations that were published

IFRS 16 Leases

On 13 January 2016, the IASB published its new standard on leases, IFRS 16. This standard, which has not yet been adopted by the European Union, is applicable to financial years starting on or after 1 January 2019. It requires that lessees recognise all leases on the balance sheet, with only a few exceptions. Given the large number of leases taken out by the Group, this standard is likely to have a significant impact on the structure of the consolidated statement of financial position, and to a lesser degree on the structure of the consolidated statement of comprehensive income.

The Group has opted for the simplified method thus far, with no impact on opening shareholders' equity. It opted to exclude open-ended lease contracts with a notice period of less than one year, pending a response from the IFRS IC to the question posed by ESMA.

The main impacts on the consolidated financial statements at 30 June 2019 are as follows:

In € thousand	Notes No.	30/06/2019 excluding IFRS 16	IFRS 16	30/06/2019
Revenue	**5.1**	**1,295,628**	**-**	**1,295,628**
Other income		2,049	-	2,049
Purchases		(43)	-	(43)
Personnel costs	5.3	(1,168,266)	-	(1,168,266)
External expenses		(45,426)	7,459	(37,968)
Taxes and similar levies		(24,783)	-	(24,783)
Depreciation and amortisation		(3,138)	(7,153)	(10,291)
Provisions		(1,677)	-	(1,677)
Other expenses		(338)	236	(102)
Current operating profit before amortisation and impairment of intangible assets	**5.2**	**54,006**	**541**	**54,548**
Amortisation of intangible assets related to acquisitions		(2,402)	**-**	(2,402)
Impairment of intangible assets related to acquisitions		-	**-**	-
Current operating profit		**51,605**	**541**	**52,146**
Other operating income and expenses		(566)	**-**	(566)
Operating profit		**51,039**	**541**	**51,580**
Income from cash and cash equivalents		491	**-**	491
Cost of gross financial debt		(1,407)	**-**	(1,407)
Cost of net financial debt	**5.4**	**(916)**	**-**	**(916)**
Other financial income and expenses	5.4	307	(374)	(67)
Net profit before tax		**50,429**	**167**	**50,597**
Tax expense	6.1	(23,417)	**-**	(23.417)
Consolidated net profit		**26,097**	**167**	**27,180**

Impact on the main income statement headings:

Ebitda	+ €7.5 million
Current operating profit	+ €0.5 million
Financial income	- €0.4 million
Net profit	+ €0.1 million

IFRIC23 “Uncertainty over Income Tax Treatments”

Application of the interpretation of IFRIC23 “Uncertainty over Income Tax Treatments” has been mandatory from 1 January 2019; it clarifies how uncertain tax positions in relation to corporate income tax are to be identified, measured and recognised.

This interpretation had no impact on the measurement of corporate income tax liabilities or on their presentation in the group's consolidated financial statements.

Disclosure of interests in other entities pursuant to IFRS 10, 11 and 12

All entities within the scope of consolidation are controlled by SYNERGIE SE, with a percentage of voting rights of no less than 66% held by the parent company.

In the absence of any agreement, contract or local legal measure limiting the exercise of control, all of these companies are regarded as controlled within the meaning of IFRS 10 and have been fully consolidated.

The Group is not party to any joint arrangement likely to be accounted for under IFRS 11. SYNERGIE is not a stakeholder in any structured entity and does not meet the criteria for investment companies under the regulatory provisions.

Barring DCS EASYWARE (34%), there is no significant percentage of non-controlling interests (equity interests that do not confer control) in any subsidiary.

1.3 Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported in these financial statements.

This mainly concerns the valuation of the recoverable value of intangible assets and the calculation of provisions for risks and charges. Actual results may differ from these assumptions and estimates.

Moreover, as IFRS16 is currently being implemented, the estimates of remaining terms and discount rates on restated lease contracts could lead to differences in relation to the provisional estimates stated as at 30 June 2019.

Lastly, the contract for the acquisition of an Australian company signed in January 2019 includes an earn-out clause based on EBITDA performance goals in three years. An estimate of this earn-out clause was recognised in the financial statements for the period ended 30 June 2019.

Note 2 Changes in the consolidation scope

Acquisition of Australian company ENTIRE RECRUITMENT

SYNERGIE acquired all shares in the Australian company ENTIRE RECRUITMENT SYNACO on 14 January 2019, which itself acquired the business of ENTIRE RECRUITMENT on the same date.

The impact of this acquisition on the consolidated income statement at 30 June 2019 was €9.3 million on turnover and €0.2 million on net profit.

A cash outflow of €4.5 million was recognised during the period corresponding to the initial payment on this acquisition. An additional payment due in three years is incorporated into goodwill at 30 June 2019.

Note 3 Information on the consolidated companies

Information on the consolidated companies is provided in the table below, it being specified that the ISGSY economic interest grouping, which is fully controlled by Group companies, covers general-interest administrative services.

CONSOLIDATED COMPANIES	REGISTERED OFFICE	SIREN No (1)	% CONTROL HELD BY SYNERGIE		% INTEREST HELD BY SYNERGIE		CONSOLIDATION METHOD (2)	
			june-19	dec-18	june-19	dec-18	june-19	dec-18
PARENT COMPANY								
SYNERGIE S.E.	Paris 75016	329 925 010						
FRENCH SUBSIDIARIES								
AILE MEDICALE	Paris 75016	303 411 458	100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE CONSULTANTS	Paris 75016	335 276 390	100.00	100.00	100.00	100.00	FULL	FULL
DIALOGUE & COMPETENCES	Paris 75016	309 044 543	100.00	100.00	100.00	100.00	FULL	FULL
INTERSEARCH France	Paris 75016	343 592 051	100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE INSERTION	Paris 75016	534 041 355	100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE PROPERTY	Paris 75016	493 689 509	100.00	100.00	100.00	100.00	FULL	FULL
JOINT SUBSIDIARY								
I.S.G.S.Y.	Paris 75016	382 988 076	100.00	100.00	100.00	100.00	FULL	FULL
FOREIGN SUBSIDIARIES								
SYNERGIE ITALIA SPA	Turin ITALY		85.00	85.00	85.00	85.00	FULL	FULL
SYNERGIE BELGIUM	Anvers BELGIUM		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE s.r.o	Prague CZECH REPUBLIC		98.85	98.85	98.85	98.85	FULL	FULL
SYNERGIE TEMPORARY HELP	Prague CZECH REPUBLIC		98.00	98.00	98.00	98.00	FULL	FULL
SYNERGIE TEMPORARY HELP SLOVAKIA	Bratislava SLOVAKIA		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE INTERNATIONAL EMPLOYMENT SOLUTIONS (SIES)	Barcelona SPAIN		100.00	100.00	100.00	100.00	FULL	FULL
SIES SUBSIDIARIES								
DCS EASYWARE	Lyon 69003 FRANCE	797 080 397	66.00	66.00	66.00	66.00	FULL	FULL
SYNERGIE TT	Barcelona SPAIN		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE E.T.T.	Porto PORTUGAL		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE Travail Temporaire	Esch/Alzette LUXEMBOURG		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE PARTNERS	Esch/Alzette LUXEMBOURG		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE HUNT INTERNATIONAL	Montréal CANADA		100.00	100.00	100.00	100.00	FULL	FULL
ACORN (SYNERGIE) UK	New port UNITED KINGDOM		94.67	94.67	94.67	94.67	FULL	FULL
SYNERGIE PERSONAL DEUTSCHLAND	Karlsruhe GERMANY		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE (SUISSE)	Lausanne SWITZERLAND		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE HUMAN RESOURCES	Schijndel NETHERLANDS		100.00	100.00	100.00	100.00	FULL	FULL
VÖLKER BETEILIGUNGS	St. Pölten AUSTRIA		100.00	100.00	100.00	100.00	FULL	FULL

(1) SIREN no: ID number on the French national companies register
(2) Consolidation method: full consolidation, abbreviated to FULL, or equity method, abbreviated to EM

CONSOLIDATED COMPANIES	REGISTERED OFFICE	SIREN No (1)	% CONTROL HELD BY SYNERGIE		% INTEREST HELD BY SYNERGIE		CONSOLIDATION METHOD (2)	
			juin-19	dec-18	juin-19	dec-18	juin-19	dec-18
SYNERGIE PRAGUE SUBSIDIARY								
SYNERGIE SLOVAKIA	Bratislava SLOVAKIA		78.00	78.00	77.10	77.10	FULL	FULL
SYNERGIE ITALIA SPA SUBSIDIARY								
SYNERGIE HR SOLUTIONS	Turin ITALY		100.00	100.00	85.00	85.00	FULL	FULL
SYNERGIE TT SUBSIDIARY								
SYNERGIE HUMAN RESOURCE SOLUTIONS	Barcelona SPAIN		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE HRS SUBSIDIARY								
SYNERGIE OUTSOURCING Espagne	Barcelona SPAIN		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE ETT SUBSIDIARY								
SYNERGIE OUTSOURCING	Porto PORTUGAL		100.00	100.00	100.00	100.00	FULL	FULL
ACORN (SYNERGIE) UK SUBSIDIARIES								
ACORN RECRUITMENT	New port UNITED KINGDOM		100,00	100,00	94.67	94.67	FULL	FULL
ACORN RAIL	"		100,00	100,00	94.67	94.67	FULL	FULL
ACORN GLOBAL RECRUITMENT	"		75.00	75.00	71.00	71.00	FULL	FULL
CONCEPT STAFFING	"		100.00	100.00	94.67	94.67	FULL	FULL
S H R BV SUBSIDIARIES								
SYNERGIE LOGISTIEK BV	Schijndel NETHERLANDS		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE INTERNATIONAL RECRUITMENT BV	Schijndel NETHERLANDS		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE BELGIUM SUBSIDIARY								
SYNERGIE SERVICES	Anvers BELGIUM		100.00	100.00	100.00	100.00	FULL	FULL
ACORN GLOBAL RECRUITMENT SUBSIDIARY								
SYNACO GLOBAL RECRUITMENT PTY	Adelaïde AUSTRALIA		90.00	90.00	63.90	63.90	FULL	FULL
SYNACO GLOBAL RECRUITMENT PTY SUBSIDIARIES								
SYNERGIE RESOURCES PTY	Adelaïde AUSTRALIA		100.00	100.00	63.90	63.90	FULL	FULL
ENTIRE RECRUITMENT SYNACO PTY LTD	Brisbane AUSTRALIA		100.00		63.90		FULL	
SYNERGIE PERSONAL DEUTSCHLAND SUBSIDIARY								
CAVALLO SUISSE INVEST AG	Ermatingen SWITZERLAND		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE SUISSE SUBSIDIARY								
SYNERGIE INDUSTRIE & SERVICES	Milvignes SWITZERLAND		100.00	100.00	100.00	100.00	FULL	FULL
VÖLKER BETEILIGUNGS SUBSIDIARY								
VÖLKER	St. Pölten AUSTRIA		80.00	80.00	80.00	80.00	FULL	FULL
DCS EASYWARE SUBSIDIARIES								
DCS BELGIUM	Brussels BELGIUM		100.00	100.00	66.00	66.00	FULL	FULL
DCS IT IBERICA	St Cugat del Valles SPAIN		100.00	100.00	66.00	66.00	FULL	FULL
DCS IT SUPPORT	Lyon 69003 FRANCE		100.00	100.00	66.00	66.00	FULL	FULL
DCS UK	London UNITED KINGDOM		100.00	100.00	66.00	66.00	FULL	FULL

(1) SIREN no: ID number on the French national companies register
(2) Consolidation method: full consolidation, abbreviated to FULL, or equity method, abbreviated to EM

Note 4 Statement of financial position

4.1 Intangible assets

An impairment test is conducted at least once a year on unamortised intangible assets and goodwill and whenever there is an indication of an impairment loss. The value-in-use is calculated by discounting the future cash flows that will be generated by the assets being tested, based on a discount rate of between 7.23% and 9.35% depending on the country.

These cash flows are determined on the basis of economic assumptions and forecast operating conditions which give rise to re-estimated budgets proposed by the Operational Division of the subsidiary concerned for use by the Group Management.

Impairment tests were conducted on 30 June 2019 which did not lead to any impairment.

A sensitivity analysis was performed to establish the consequences of changing the above parameters on goodwill impairment, testing:

- a 1% reduction in the growth rate;
  a 0.5% increase in the discount rate.

A 0.5% increase in the discount rate, together with a decrease in the perpetual growth rate of 1%, would result in additional impairment of €7,241 thousand, breaking down as follows:

In € thousand	30/06/2019
France	
Southern Europe	
Northern and Eastern Europe	7,241
Canada / Australia	
Total	**7,241**

The impact of impairment following a decrease in the discount rate and growth rate mainly concerns the UK and Germany.

- a decrease in the EBIT rate.

Additional impairment of €1,366 thousand would be created if the EBIT rate declined by 5%, breaking down as follows:

In € thousand	30/06/2019
France	
Southern Europe	
Northern and Eastern Europe	1,366
Canada / Australia	
Total	**1,366**

The impact of impairment following a decrease in the EBIT rate mainly concerns the UK activities.

4.1.1 Goodwill

The changes in goodwill recorded in the balance sheet are as follows:

In € thousand	31/12/2018	Increase	Decrease	30/06/2019
Goodwill on securities	97,238	98	(977)	96,359
Business	5,191	6,302	-	11,493
Net goodwill	**102,429**	**6,400**	**(977)**	**107,852**

The increase in goodwill mainly relates to the acquisition of the business of ENTIRE RECRUITMENT and includes an estimate of €1.8 million in respect of the earn-out clause.

The appropriation of this business as required under revised IFRS 3 is underway and will be finalised within a year of the acquisition.

The reduction in goodwill corresponds to a revision of goodwill dated less than one year.

4.1.2 Other intangibles assets

Changes in the gross values break down as follows:

In € thousand	31/12/2018	Scope entries	Increase (*)	Decrease	30/06/2019
Software and licences	11,509		1,444	17	12,936
Client base	59,492	-	87	16	59,563
Brands	13,914	-	64	3	13,975
Rights to leases	464	-	80		544
Total	**85,380**		**1,675**	**36**	**87,018**

(*) of which translation gains of €140 thousand

Changes in amortisation break down as follows:

In € thousand	31/12/2018	Scope entries	Increase (*)	Decrease	30/06/2019
Software and licences	7,409	-	964	2	8,371
Client base	25,096	-	2,260	11	27,345
Brands	1,763	-	241	1	2,004
Rights to leases	-	-	-	-	-
Total	**34,268**		**3,465**	**14**	**37,720**

(*) of which translation gains of €65 thousand

Changes in impairment break down as follows:

In € thousand	31/12/2018	Scope entries	Increase (*)	Decrease	30/06/2019
Software and licences	-	-	-	-	-
Client base	4,496	-	15	5	4,505
Brands	1,623	-	-	2	1,620
Rights to leases	-	-	-	-	-
Total	**6,119**		**15**	**7**	**6,125**

(*) of which translation gains of €7 thousand

The net values break down as follows:

In € thousand	30/06/2019	31/12/2018
Software and licences	4,565	4,100
Client base	27,713	29,901
Brands	10,351	10,528
Rights to leases	544	464
Total	**43,174**	**44,993**

The client bases of the companies acquired are amortised on a straight-line basis over their estimated useful life, while brands tend to be amortised when the useful life has been defined.

The "Brands" item represents the brands acquired and operated by SYNERGIE Group.

4.2 Property, plant, equipment and rights of use

The changes include translation gains or losses and break down as follows:

Gross values

In € thousand	31/12/2018	Scope entries	Increase	Decrease	30/06/2019
Land, buildings and technical facilities	43,209	-	9,488	7	52,690
Fixtures, furniture, office equipment & computer equipment	54,388	58	3,174	13,667	43,953
Total	**97,597**	**58**	**12,662**	**13,674**	**96,643**
of which fixed assets under finance leases (*)	15,016	-	-	15,016	

(*) of which €12,716 thousand reclassified as rights of use related to lease contracts and €2,300 thousand related to a building maintained under the heading “Land, buildings”.

Depreciation and amortisation

In € thousand	31/12/2018	Scope entries	Increase	Decrease	30/06/2019
Land, buildings and technical facilities	2,942	4	501	150	3,297
Fixtures, furniture, office equipment & computer equipment	31,569	-	1,825	8,044	25,350
Total	**34,511**	**4**	**2,326**	**8,194**	**28,647**
of which fixed assets under finance leases (*)	7,255	-		7,255	

(*) of which €7,184 thousand reclassified as rights of use related to lease contracts and €71 thousand related to a building maintained under the heading “Land, buildings”.

Net values

In € thousand	30/06/2019	31/12/2018
Land, buildings and technical facilities	47,097	40,267
Fixtures, furniture, office equipment & computer equipment	18,598	22,819
Total	**65,695**	**63,086**
of which fixed assets under finance leases		7,761

Rights of use relating to lease contracts

In € thousand	31/12/2018	Reclassification (*)	Change in the period	30/06/2019
Gross value	-	12,716	35,513	48,229
Amortisation	-	7,184	(1,213)	5,971
Net value	**-**	**5,532**	**36,726**	**42,258**

(*) fixed assets under finance lease at 01/01/19 in accordance with IAS17

4.3 Non-current financial assets

The changes in non-current financial assets break down as follows:

In € thousand	31/12/2018	Scope entries	Increase	Decrease	30/06/2019
Investments in associates	-	-	-	-	-
Other equity investments	-	-	-	-	-
Other fixed investments	94	-	1	34	61
Loans	14	-	199	-	213
Other financial assets	105,131	-	2,563	18,118	89,576
Total	**105,239**	**-**	**2,762**	**18,118**	**89,850**

At 30 June 2019, other financial assets mainly comprised the discounted balances of the 2017 and 2018 CICE, i.e. €86,865 thousand.

They also include security deposits on commercial rents.

4.4 Trade receivables

Trade receivables and related accounts break down as follows:

In € thousand	30/06/2019	31/12/2018
Clients	614,318	570,319
Unbilled revenue	8,223	7,796
Impairment	(21,080)	(19,586)
Total	**601,460**	**558,529**

The present value of trade receivables is equal to their net value.

4.5 Other receivables

Other receivables break down as follows:

In € thousand	30/06/2019	31/12/2018
Employee-related liabilities	1,611	826
Social security and other benefits	33,891	34,067
Corporate income tax	34,416	28,347
Other taxes	7,656	2,772
Sundry debtors	6,690	6,134
Prepaid expenses	6,451	4,967
Total other receivables - Gross value	**90,715**	**77,114**
Provision for impairment	(1,083)	(1,070)
Total others receivables - Net value	**89,633**	**76,044**

The "Corporate income tax" item mainly comprises the balance of the CICE receivable for 2016 (€27,774 thousand), which is expected to be paid during the first half of 2020.

4.6 Cash and cash equivalents

In € thousand	30/06/2019	31/12/2018
Term deposits	14,900	13,352
Available cash	92,525	71,971
Cash recorded as assets (1)	**107,424**	**85,322**

(1) Net cash is presented in note 4.8.3.

Pursuant to IAS 7, deposits and term accounts (€14.9 million) were classified as cash and cash equivalents due to their liquidity (option of sale at any time) and the lack of a risk of loss.

They are measured at fair value at the period-end.

4.7 Shareholders' equity

4.7.1 Share capital

At 30 June 2019 the share capital comprises 24,362,000 shares with a par value of five euros each, and amounts to €121,810,000.

The shares have double voting rights attached if they have been registered for at least two years.

4.7.2 Appropriation of earnings in 2018

The Combined Shareholders' Meeting of 13 June 2019 (third resolution) approved a dividend payment of €19,490 thousand, but since treasury shares held on the payment date were not eligible for a dividend, there was an effective payment of €19,188 thousand.

4.8 Financial liabilities

4.8.1 Non-current borrowings

In € thousand	Total		1 yr << 5 yrs		> 5 yrs	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Lending institutions	31,517	29,515	25,000	25,616	6,516	3,900
Other loans and borrowings	1,403	7	707	7	696	
Finance lease debts		4,532		3,724		808
Non-current financial debts	**32,919**	**34,054**	**25,707**	**29,346**	**7,212**	**4,708**
Medium and long-term rental debts	30,831					
Total	**63,750**	**34,054**				

Miscellaneous loans and borrowings mainly include financial debt related to a building financed through a finance lease in 2018.

4.8.2 Current loans and borrowings

In € thousand	30/06/2019	31/12/2018
Lending institutions	7,944	7,290
Other loans and borrowings	257	18
Finance lease debts	-	2,869
Current financial debts	**8,201**	**10,177**
Short-term rental debts	11,417	
Total	**19,618**	**10,177**

4.8.3 Current bank debt and net cash

In € thousand	30/06/2019	31/12/2018	30/06/2018
Bank debt	36,116	40,093	23,721
Accrued interest	47	50	74
Total	**36,163**	**40,143**	**23,795**
Cash and cash equivalents	107,424	85,322	60,944
Net cash position	**71,262**	**45,179**	**37,149**

Net cash after taking account of all debt stands at €185,900 thousand, including the CICE receivables from 2016 to 2018 that will become available in the very short term.

4.8.4 Off balance sheet financial commitments

The Group pledged no significant financial commitments.

4.9 Provisions

4.9.1 Provisions and payables for employee benefits

The pension commitments of permanent personnel in relation to their defined benefit schemes are valued according to the projected unit credit method, pursuant to IAS 19; the following assumptions were used as at 30 June 2019:

- Salary increase rate: 1.4%
- Personnel turnover rate: calculated by age group
- Social security contribution rate: 45%
- Mortality table: TU-TD2011-2013
- Discount rate (based on iBoxx indices): 1%
- Estimate based on average departure age of 65 years
- Departure at the employee's initiative
- Retroactive application

In € thousand	30/06/2019	31/12/2018	Change
Retirement severance payment (France)	5,255	4,611	645
Severance payments in Germany and Austria	432	423	9
Severance payments (trattamento di fine rapporto) in Italy	211	194	17
Total provisions for employee benefits	**5,898**	**5,228**	**670**
Employee profit-sharing +1yr	72	10	62
Total	**5,970**	**5,238**	**732**

4.9.2 Provisions for current risks and charges

There is no significant provision for risks and charges.

4.10 Trade payables and related accounts

Trade payables and related accounts break down as follows:

In € thousand	30/06/2019	31/12/2018
Suppliers	13,459	11,900
Invoices to be received	8,156	8,263
Total	**21,615**	**20,163**

4.11 Other current liabilities

Other liabilities, accruals and deferred income break down as follows:

In € thousand	30/06/2019	31/12/2018
Tax and social security payables	450,036	389,553
Liabilities on fixed asset and related	11,104	8,867
Other debts, account payable and credit notes to be issued	20,225	12,816
Deferred revenue	62	130
Total	**481,426**	**411,366**

Note 5 Income statement and segment information

5.1 Turnover

Turnover comprises billing for human resources management services and services provided by the digital services group DCS, whose holding company is DCS EASYWARE.

At 30 June 2019, it included billing for business activities other than temporary employment (placement of permanent employees, outsourcing, training, digital services, etc.) of €39,247 thousand, or 3% of consolidated turnover.

For the time being, however, these activities are still being developed by the Group and as such are not material and do not represent a distinct business segment.

5.2 Segment information

Income statement items

In € thousand	Turnover		Current operating profit	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
France	630,812	588,978	34,068	35,473
Belgium	133,204	137,601	7,660	7,576
Others Northern and Eastern	163,156	168,770	1,706	3,161
Italy	217,522	203,954	9,438	9,601
Spain, Portugal	111,782	110,436	1,318	1,876
Canada, Australia	39,152	29,024	359	6
Total	**1,295,628**	1,238,762	**54,548**	57,693

Current operating profit is shown before amortisation and impairment of intangible assets.

In € thousand	Depreciations		Impairments	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
France	5,552	2,095	750	1,002
Belgium	1,380	821	(155)	106
Others Northern and Eastern	2,993	2,794	321	565
Italy	1,495	153	369	495
Spain, Portugal	704	373	479	407
Canada, Australia	569	159	(12)	(1)
Total	**12,693**	6,395	**1,751**	2,575

France is broken down in four regions:

Region 1: South East
Region 2: South West
Region 3: North West
Region 4: Greater Paris region, Centre, East

Giving for France:

In € thousand	Turnover		Current operating profit	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
South East	118,260	120,258	7,076	4,643
South West	101,716	100,774	6,427	4,103
North West	278,662	259,549	20,974	15,901
Greater Paris region, Centre, East	111,269	108,068	5,437	3,419
Digital Services	21,725	3,493	2,097	342
Unrestricted (*)	(821)	(3,163)	(7,943)	7,064
Total	**630,812**	588,978	**34,068**	35,473

(*) the variation in current operating profit is due to the accounting of the CICE in 2018

In € thousand	Depreciations		Impairment	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
South East	208	106	9	1
South West	194	70	4	1
North West	323	158	36	20
Greater Paris region, Centre, East	363	(59)	8	-
Digital Services	1,083	22	-	-
Unrestricted (*)	3,381	1,798	692	980
Total	**5,552**	2,095	**750**	1,002

5.3 Personnel costs

In € thousand	30/06/2019	30/06/2018
Wages and salaries	923,360	874,906
Social security contributions	242,235	239,159
Employee profit-sharing	2,672	-
Total	**1,168,266**	**1,114,065**

The average headcount of employees was 69,967 in the first half of 2019, 65,826 of which were temporary employees and 4,141 were permanent employees.

5.4 Financial result

In € thousand	30/06/2019	30/06/2018
Income from transferable securities	-	-
Income from receivables	491	514
Financial income	**491**	**514**
Interests on finance leases	402	(106)
Bank and miscellaneous charges	(828)	(597)
Interest on loans	(176)	(201)
Interests on employee profit sharing		-
Cost of gross financial debt	**(1,407)**	**(904)**
Cost of net financial debt	**(916)**	**(389)**
Translation gains or losses	(57)	(146)
Other income and expenses	(10)	(29)
Other income and expenses	**(67)**	**(175)**
Total	**(983)**	**(564)**

(*) or €542 thousand excluding IFRS16 impact of € 374 thousand in 2019

"Other financial income and expenses" were mainly impacted by changes in exchange rates, particularly in the pound sterling.

Note 6 Taxes

6.1 Tax expense

The tax expense of €23,417 thousand recognised in the income statement breaks down as follows:

In € thousand	30/06/2019	30/06/2018
Income tax	13,980	8,158
Deferred tax	317	(673)
Total Income tax	**14,297**	7,485
CVAE (France)	8,514	7,815
IRAP (Italy)	606	655
Total	**23,417**	**15,956**

6.2 Change in the deferred tax position

In € thousand	30/06/2019	31/12/2018
Deferred tax assets created for:		
Tax loss carry forwards	211	38
Temporary differences	3,194	3,299
Total deferred tax	**3,405**	**3,337**
Deferred tax liability	12,410	14,323
Total	**(9,005)**	**(10,986)**

For the sake of prudence, some tax losses that could be carried forward at the standard rate have not been retained. The corresponding tax saving would have been €1,955 thousand, of which €168 thousand applicable to the first half of 2019.

Deferred tax liabilities totalling €12,410 thousand mainly relate to brands and client bases net of amortisation since acquisition (€9,674 thousand) and accelerated depreciation (€771 thousand).

6.3 Tax proof

The gap between the amount of income tax calculated at the tax rate applicable in France and the effective tax amount is explained as follows:

In € thousand	30/06/2019	30/06/2018
Profit before tax expense	**50,597**	**52,538**
Profit before tax after CVAE and IRAP	**41,477**	**44,068**
Tax rate in force (in France)	34.43%	34.43%
Theoretical tax	**14,280**	**15,173**
CICE	(492)	(7,776)
Non-activated tax losses	168	115
Goodwill impairment	-	516
Consolidation entries without tax and miscellaneous	24	(543)
Total	**13,980**	**7,485**

Note 7 Statement of cash flow

The change in operating working capital requirements breaks down as follows:

In € thousand	**Change**	
	30/06/2019	**30/06/2018**
Clients	(42,931)	(40,911)
Other receivables	(4,701)	(14,759)
Increase in working capital	**(47,632)**	**(55,670)**
Suppliers	1,452	(623)
Tax and social security payables	68,502	24,580
Other payables	7,689	12,946
Increase in current liabilities	**77,643**	**36,903**
Change in WCR	**30,011**	**(18,767)**

OTHER INFORMATION

Note 8 Related parties

There were no transactions between related parties that had a significant impact on SYNERGIE's financial situation or consolidated statement of income.

Note 9 Contingent commitments and liabilities

9.1 Commitments received and contingent assets

Banks guaranteed SYNERGIE and some of its temporary employment subsidiaries in respect of its clients for €91,683 thousand in France and €33,240 thousand for the foreign subsidiaries at 30 June 2019.

As from 1 July 2019, guarantees concerning France stand at €94,200 thousand.

9.2 Commitments given and contingent liabilities

The retirement and other benefits granted to the personnel are all covered by provisions (Note 4.9.1).

There are no other commitments that are likely to significantly affect the assessment of the consolidated financial statements.

Note 10 Events after 30 june 2019

No event likely to call into question the half-year financial statements as at 30 June 2019 took place after the reporting date.

DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL STATEMENTS

I certify that, to my knowledge, the condensed consolidated financial statements presented in the half-year financial report were prepared in accordance with the applicable accounting standards and provide a fair view of the assets, financial position and results of SYNERGIE and of all companies included in the consolidation scope.

The half-year activity report therefore provides a fair picture of the main business developments during the first six months of the financial year and of their impact on the half-year financial statements, of the main risks and uncertainties faced over the next six months of the year, and of the main transactions between related parties.

Paris, 12 september 2019

Daniel AUGEREAU

Chairman of the Management Board

SAINT HONORE BK&A
140, rue du Faubourg Saint-Honoré
75008 PARIS
Membre de la Compagnie de Paris

APLITEC AUDIT & CONSEIL
4-14 rue Ferrus
75014 PARIS
Membre de la Compagnie de Paris

SYNERGIE

STATUTORY AUDITORS' REPORT

ON THE HALF-YEAR FINANCIAL INFORMATION

AS AT 30 JUNE 2019

SYNERGIE

A European Company (SE) with share capital of €121,810,000

Registered office: 11, avenue du Colonel Bonnet

75016 PARIS

ARIS TRADE AND COMPANIES REGISTER (RCS) NO. 329 925 010

STATUTORY AUDITORS' REPORTON THE HALF-YEAR FINANCIAL INFORMATION

To the Shareholders,

Under the terms of the assignment entrusted to us by your Shareholders' Meeting and in accordance with Article L.232-7 of the French Commercial Code and Article L.451-1-2 III of the French Monetary and Financial Code, we have carried out:

- a limited review of the condensed consolidated half-year financial statements of Synergie SE for the period from 1 January to 30 June 2019, as attached to this report;
- verifications of the information provided in the half-year activity report.

These condensed consolidated half-year financial statements have been drawn up under the responsibility of your Executive Board. Our role is to express our conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We carried out our limited review in accordance with the professional standards applicable in France. A limited review essentially consists in making inquiries of the members of the management responsible for financial and accounting matters, and applying analytical review procedures. A limited review is substantially less broad in scope than an audit conducted in accordance with professional standards applicable in France, and consequently does not enable us to obtain more than a moderate assurance, less than would be obtained in the case of an audit, that the financial statements do not contain significant anomalies.

Based on our limited review, no significant anomaly has come to our attention that would cause us to doubt that the accompanying condensed consolidated half-year financial statements are prepared in all material respects in accordance with IAS 34, the IFRS standard as adopted by the European Union applicable to interim financial statements.

Without prejudice to the above opinion, we draw your attention to Note 1.2 – “Accounting principles and methods” of the condensed consolidated half-year financial statements which sets out the impacts at 1 January 2019 of IFRS 16 “Leases”.

2. Specific verification

We also verified the information given in the half-year activity report commenting on the condensed consolidated half-year financial statements submitted to our limited review.

We have no observations to make as to their sincerity and consistency with the condensed consolidated half-year financial statements.

Signed in Paris on 4 October 2019

The Statutory Auditors

SAINT HONORE BK&A

Registered member of the Compagnie de Paris

Frédéric BURBAND

APLITEC AUDIT & CONSEIL

Registered member of the Compagnie de Paris

Marie-Françoise BARITAUX-IDIR

Laurent GUEZ