



Half-year financial report

June 30, 2019

This is a free English translation of the 2019 Half-Year financial report issued in French and is provided solely for the convenience of English-speaking readers.

ID LOGISTICS GROUP

A French corporation (*société anonyme*) with capital stock of €2,821,803.50

Head office: 55, chemin des Engranauds – 13660 Orgon

TARASCON TRADE AND COMPANIES REGISTER NO. 439 418 922

Table of contents

1	PERSON RESPONSIBLE	3
1.1	PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT	3
1.2	STATEMENT OF THE PERSON RESPONSIBLE FOR THE DOCUMENT	3
2	HALF-YEAR BUSINESS REPORT	4
3	SUMMARY FINANCIAL STATEMENTS	9
4	STATUTORY AUDITORS' REPORT	20

1 PERSON RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

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

1.2 STATEMENT OF THE PERSON RESPONSIBLE FOR THE DOCUMENT

I hereby certify that, to the best of my knowledge, the summary consolidated financial statements for the six months ended June 30, 2019 were prepared in accordance with applicable accounting standards and give a fair view of the Company's assets and liabilities, financial position and earnings, as well as those of all of its consolidated companies. I also certify that the attached half-year business report presents a fair statement of key events that occurred during the first six months of the year, the impact thereof on the financial statements and the main related party transactions, as well as a description of the main risks and uncertainties to be faced during the remaining six months of the year.

Cavaillon, September 13, 2019

Eric Hémar
Chairman and CEO

2 HALF-YEAR BUSINESS REPORT

The reader is invited to read the following information concerning the Group's financial position and earnings in conjunction with the summary consolidated financial statements for the six months ended June 30, 2019 as set out in Chapter 3 "Summary financial statements" of the half-year financial report.

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

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

- EBITDA: underlying operating income (EBIT) before net depreciation, amortization and impairment of PP&E and intangible assets
- Net borrowings: gross borrowings plus bank overdrafts less cash and cash equivalents
- Net debt: Net borrowings plus lease liabilities recognized in application of IFRS 16 "Leases".
- Gearing: net borrowings over consolidated equity

2.1 First half highlights

No major events or significant changes in consolidation scope took place during the first half of 2019. The Group has adopted the new accounting standard IFRS 16 "Leases" as of January 1, 2019. As the Group has elected the simplified retrospective approach, the 2018 comparative figures have not been restated.

2.2 Consolidated income statement

<i>€m</i>	H1 2019	H1 2018
Revenues	744.5	680.4
Purchases and external charges	(352.8)	(384.9)
Staff costs	(292.4)	(262.7)
Miscellaneous taxes	(7.6)	(7.6)
Other underlying income (expenses)	0.6	0.4
Net (increases) write-backs to provisions	2.9	1.9
EBITDA	95.3	27.5
Net depreciation/impairment	(75.8)	(12.6)
EBIT before amortization of acquired customer relations	19.5	14.9
Amortization of acquired customer relations	(0.6)	(0.6)
Non-recurring expenses	-	-
Operating income	18.8	14.3
Net financial items	(7.5)	(2.3)
Corporate income tax	(5.0)	(4.7)
Share of earnings of equity affiliates	0.3	0.2
Total consolidated net income	6.6	7.4
Minority interests	1.1	1.4
Group share	5.5	6.0

First half 2019 consolidated revenues came in at €744.5 million, up 9.4% (10.9% like-for-like) on first half 2018. In accordance with the definition of alternative performance indicators set out above, the reconciliation between reported and like-for-like revenue data is as follows:

<i>(€m)</i>	H1 2018	Impact of change in consolidation	Impact of change in exchange rates	Impact of application of IAS 29	Variation Like-for-like change	H1 2019
Revenues	680.4	None	-1.5%	+0.0%	10.9%	744.5

Revenues break down as follows:

€m	H1 2019	H1 2018
France	349.0	330.6
International	395.5	349.8
Total revenues	744.5	680.4

In France, revenues amounted to €349.0 million, up 5.6% over H1 2018. Growth was mainly driven by new contracts started up in 2018 and since the beginning of 2019.

International revenues increased to €395.5 million, up 13.1% over H1 2018. Adjusted for favorable currency movements and the hyperinflation accounting treatment in Argentina, growth amounted to 16.0%. Adverse currency movements were largely offset by the impact of new contracts in 2018 and 2019 and globally positive price and volume effects. Spain, Germany, the Netherlands and Russia made the largest contributions to Group performance outside France.

First half 2019 purchases and external charges amounted to €352.8 million, up from €384.9 million in first half 2018. Purchases and external charges as a percentage of revenues decreased from 56.6% to 47.4%, mainly due to the application of IFRS 16 which reclassifies lease payments as depreciation charges. Before application of IFRS 16, purchases and external charges would have amounted to 55.8% of first half 2019 revenues, a slight decrease compared to first half 2018: after the new business acquired in 2018, use of subcontractors and especially temporary staff was reduced.

First half 2019 staff costs amounted to €292.4 million, up from €262.7 million in first half 2018. As a percentage of revenues, staff costs increased from 38.6% to 39.3%. As stated above, this increase in proportion to revenues is due to the stabilization of the new contracts recently started and the replacement of temporary staff with ID Logistics employees.

Miscellaneous taxes are down very slightly to 1.0% of revenues.

As in first half 2018, other income and expenses were close to zero for the first half of 2019.

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

Following the above items, EBITDA amounted to €95.3 million in first half 2019, up from €27.5 million in first half 2018. Adjusted for first-time application of IFRS 16, EBITDA amounted to 4.4% of first half 2019 revenues, up 40 basis points from 4.0% in first half 2018.

First half 2019 depreciation amounted to 10.2% of revenues, compared to 1.9% in first half 2018. This increase matches the decrease in lease payments due to first-time application of IFRS 16. Adjusted for IFRS 16, depreciation charges would have amounted to 2.1% of first half 2019 revenues. The increase versus 2018 is related to new contracts and the increasing use of mechanized systems as required by customers.

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

€m	H1 2019	H1 2018
France	13.2	11.8
<i>EBIT margin (% revenues)</i>	<i>3.8%</i>	<i>3.6%</i>
International	6.3	3.1
<i>EBIT margin (% revenues)</i>	<i>1.6%</i>	<i>0.9%</i>
Total	19.5	14.9
<i>EBIT margin (% revenues)</i>	<i>2.6%</i>	<i>2.2%</i>

First half 2019 EBIT before amortization of customer relations amounted to €19.5 million, generating an EBIT margin of 2.6%, up 31% compared to first half 2018. The application of IFRS 16 in 2019 has had a positive impact on this item. Adjusted accordingly, EBIT amounted to €17.1 million, up 14.8% compared to first half 2018:

- In France, the IFRS 16-restated EBIT margin came to 3.7% in first half 2019, compared to 3.6% in first half 2018. The margin continues to improve steadily as costs related to new contracts started in 2019 are kept under control and the adverse impact (€0.9 million) of the abolition of the CICE tax credit is absorbed. The CICE has been replaced by reductions in social security charges for a comparable gross amount, which however leads to an increase in the employee profit-share.
- In the international segment, IFRS 16-adjusted EBIT margin is 1.2%, up from last year despite strong revenue growth and the related start-up costs and a continued adverse currency effect of around €0.3 million.

As a reminder, ID Logistics' business is seasonal and the first half tends to be less profitable than the second.

Amortization charges for acquired customer relations were stable compared to the previous year.

The Group posted net financial expenses of €7.5 million for first half 2019, up from €2.3 million in first half 2018 including an additional €4.6 million expense related to the application of IFRS 16. Net cost of debt came to €2.1 million, up from €1.9 million in first half 2018 in line with the increase in net borrowings to fund the investments required for new contracts. Other financial items mainly included a net discounting expense (primarily related to pension liabilities) and exchange gains and losses, which also increased versus first half 2018.

Corporate income tax includes the French CVAE business value added tax, which amounted to €2.9 million in first half 2019, relatively unchanged from the same period in 2018. Excluding CVAE, the first half 2019 corporate income tax charge amounted to €2.1 million based on a Group effective tax rate of 25%, up from 20% in H1 2018.

As in H1 2018, Group share of earnings of equity affiliates was just above break-even in H1 2019.

Following the above items, first half 2019 consolidated net income amounted to €6.6 million, down from €7.4 million in the first half of 2018. Restated for the €1.6 million net expense resulting from first-time application of IFRS 16, net income would amount to €8.2 million, up 11% versus first half 2018.

2.3 Consolidated cash flow statement

<i>€m</i>	H1 2019	H1 2018
Net income	6.6	7.4
Net depreciation, impairment and provisions	75.9	11.6
Tax charge net of tax credit/(paid)	(1.6)	0.9
Net financial expenses on financing activities	6.8	1.9
Share of undistributed earnings of equity affiliates	(0.3)	(0.2)
Change in working capital	(4.9)	8.8
Net cash flow from (used by) operating activities	82.4	30.4
Net cash flow from investing activities	(36.7)	(23.2)
Net borrowings taken out (repaid)	(59.9)	(2.2)
Net financial expenses on financing activities	(6.8)	(1.9)
Treasury stock transactions	0.3	0.0
Share issue	0.0	2.6
Net cash flow from financing activities	(66.4)	(1.5)
Exchange gains (losses)	0.2	(0.1)
Change in net cash and cash equivalents	(20.4)	5.7
Opening net cash and cash equivalents	105.6	90.1
Closing net cash and cash equivalents	85.3	95.8

Net cash flow from operating activities

First half 2019 net cash flow from operating activities amounted to a €82.4 million inflow, a marked improvement on the €30.4 million inflow recorded in H1 2018.

- First half 2019 operating cash flow benefited from the application of IFRS 16 as depreciation charges increased to €60.3 million.
- Before IFRS 16 and changes in working capital, first half 2019 operating cash flow amounted to €27.0 million versus €21.6 million in first half 2018. This increase is in line with the change in EBITDA.
- First half 2019 change in working capital represented a €4.9 million cash outflow compared to an €8.8 million inflow in first half 2018.
 - o Operating working capital (i.e. inventories, trade receivables and payables) was positive and increased by €21.0 million over first half 2019, compared to a €17.6 million increase in first half 2018, in line with business growth. Operating working capital represented the equivalent of 13 days of revenues as of June 30, 2019, compared to 10 days as of June 30, 2018.
 - o Non-operating working capital (other receivables, other payables and tax and social security payables) was negative and increased by €16.1 million during first half 2019, compared to a €26.5 million increase in first half 2018. This increase is in line with revenue growth and represents 19 days of revenues as of June 30, 2019, comparable to 20 days as of June 30, 2018.

Net cash flow from investing activities

First half 2019 net cash flow from investing activities amounted to a €36.7 million outflow, compared to a €23.2 million outflow in H1 2018:

- In first half 2018 this item included the balance of "non-operating" capital expenditure incurred in second half 2017 for the new Group ERP system deployed in January 2018 (€1.2 million for the period) and the new head office occupied by the Group and France teams since July 2018 (€5.2 million for the period);
- adjusted accordingly, "operating" capex amounted to €36.7 million in first half 2019 versus €16.8 million in first half 2018, confirming the increase observed in the second half of 2018 due to higher customer demand for mechanization. As a percentage of revenues, operating capex increased from 2.5% in first half 2018 to 4.9% in first half 2019, of which 2.2% is related to projects launched over the last 12 months and 1.9% to projects to be launched over the next 12 months.

Net cash flow from financing activities

Total first half 2019 net cash flow from financing activities represented a €66.4 million outflow compared to a €1.5 million outflow in first half 2018.

- The first-time application of IFRS 16 "Leases" to the first half 2019 financial statements resulted in:
 - o a €58.1 million outflow due to rent payments now being considered as repayment of borrowings;
 - o €4.6 million of reconstituted interest expense on lease contracts henceforth considered as part of financing arrangements;
- Excluding the effects of first-time application of IFRS 16, cash outflow for the first six months of 2019 amounted to €3.7 million compared to €1.5 million for the same period in 2018:
 - o Net repayments of borrowings were relatively stable compared to first half 2018 (€1.8 million versus €2.2 million);
 - o Treasury stock transactions were undertaken in conjunction with the Group's liquidity contract, while share issues resulted from the exercise of equity warrants and similar instruments.

After all of these factors and exchange gains and losses, Group net cash decreased by €20.4 million to €85.3 million during the first half of 2019, compared to a €5.7 million increase in H1 2018.

2.4 Consolidated balance sheet

€m	6/30/2019	12/31/2018
Non-current assets	670.4	321.4
Trade receivables	263.7	250.7
Trade payables	(199.0)	(207.6)
Tax and social security payables	(150.0)	(147.2)
Other net receivables (payables) and provisions	23.6	35.5
Working capital	(61.7)	(68.6)
Net borrowings	81.9	63.0
Lease liability	329.9	n/a
Net debt	411.8	63.0
Shareholders' equity, Group share	185.4	179.4
Minority interests	11.5	10.4
Shareholders' equity	196.9	189.8

The impact of first-time application of IFRS 16 "Leases" in first half 2019 is as follows:

- Increase in non-current assets, which now include a right-of-use asset in respect of leased facilities and equipment corresponding to €328.3 million in commitments received by the Group from its customers;
- Increase in net debt which, in addition to net borrowings, now includes lease liabilities corresponding to €329.9 million in discounted lease commitments given by the Group to its suppliers;
- A €1.6 million decrease in shareholders' equity.

Excluding the impact of first-time application of IFRS 16:

- Non-current assets rose slightly compared to December 31, 2018 given that capital expenditure exceeded depreciation/amortization charges during the period.
- The Group posted negative net working capital of €61.7 million as of June 30, 2019, down €6.9 million on December 31, 2018. At June 30, 2019, working capital represented 18 days of revenues, a slight reduction compared to December 31, 2018 (20 days).
- Group net borrowings break down as follows:

(€m)	6/30/2019	12/31/2018
Acquisition bank loan	63.0	75.6
Acquisition revolving credit facility	20.0	20.0
Asset finance leases	31.2	32.3
Other borrowings	52.9	40.8
Gross borrowings	167.2	168.7
Net cash and cash equivalents	85.3	105.7
Net borrowings	81.9	63.0

In conjunction with the Logiters acquisition and the refinancing of the balance of the CEPL acquisition loan, in August 2016 the Group took out a bank loan initially amounting to €112.0 million repayable over five years. This loan is subject to the following bank covenant: as of June 30 and December 31 every year, net borrowings over underlying EBITDA must be less than 2.5 before application of IFRS 16. As of June 30, 2019, this ratio was in compliance.

Outstanding finance leases and other borrowings as of June 30, 2019 mainly related to warehouse plant and equipment (including fork-lift trucks, information systems, surveillance and access control and other equipment).

As of June 30, 2019, almost all of the Group's borrowings (in the form of bank loans or finance leases) apply to the French companies. After interest rate hedges, 53% of the Group's borrowings are subject to floating interest rates.

- Shareholders' equity amounted to €196.9 million, an increase since 12/31/2018.

2.5 Recent developments and outlook

- Seasonal factors
Although Group revenues are not subject to major seasonal fluctuations, second half revenues tend to be slightly higher than first half revenues in view of the Group's customer typology and growth profile, and excluding the impact of major discontinued operations.
However, first half revenues tend to be more volatile in terms of volumes with larger swings between business peaks and lows than in the second half. This volatility is reflected in lower operational productivity, and first half EBIT is generally lower than in the second half.
- Impact of new contract start-ups
Seasonal variations may be impacted by new contracts, which tend to generate losses in the first year of operation.

2.6 Main risks and uncertainties

The Group's main risks and uncertainties as specified under Chapter 2 of the Registration Document filed with the *Autorité des Marchés Financiers* (French financial markets regulator) on April 17, 2019 have not materially changed at June 30, 2019.

3 SUMMARY FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€000)	Notes	H1 2019	H1 2018
Revenues		744,533	680,393
Purchases and external charges		(352,766)	(384,909)
Staff costs		(292,446)	(262,678)
Miscellaneous taxes		(7,592)	(7,591)
Other underlying income (expenses)		613	401
Net (increases) write-backs to provisions		2,946	1,902
Net depreciation/impairment		(75,809)	(12,589)
EBIT before amortization of customer relations		19,479	14,929
Amortization of acquired customer relations		(644)	(644)
Non-recurring income (expenses)			
Operating income		18,835	14,285
Financial income	Note 10	267	269
Financial expenses	Note 10	(7,805)	(2,599)
Group income before tax		11,297	11,955
Corporate income tax	Note 11	(5,025)	(4,737)
Share of earnings of equity affiliates		282	193
Total consolidated net income		6,554	7,411
Minority interests		1,073	1,411
Group share		5,481	6,000
Earnings per share, Group share			
Basic EPS (€)	Note 12	0.97	1.07
Diluted EPS (€)	Note 12	0.92	1.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€000)	H1 2019	H1 2018
Total consolidated net income	6,554	7,411
Post-tax pension provision discounting income (charge)	(1,113)	(284)
Other comprehensive income not reclassified to the income statement	(1,113)	(284)
Post-tax exchange differences	781	(2,976)
Other post-tax items	556	102
Other comprehensive income that may be reclassified to the income statement, net of tax	1,337	(2,874)
Comprehensive net income	6,778	4,253
Minority interests	1,056	1,201
Group share	5,722	3,052

CONSOLIDATED BALANCE SHEET

(€000)	Notes	6/30/2019	12/31/2018
Goodwill	Note 1	172,659	172,659
Intangible assets	Note 1	22,644	22,502
Property, plant and equipment	Note 2	124,198	103,948
Right-of-use assets	Note 9	327,690	-
Investments in equity affiliates		1,511	1,229
Other non-current financial assets		12,734	11,869
Deferred tax assets		8,966	9,199
Non-current assets		670,402	321,406
Inventories		153	227
Trade receivables	Note 3	263,713	250,694
Other receivables	Note 3	47,216	53,393
Other current financial assets		20,407	23,132
Cash and cash equivalents	Note 4	87,448	105,914
Current assets		418,937	433,360
Total assets		1,089,339	754,766
Capital stock	Note 5	2,822	2,821
Additional paid-in capital	Note 5	57,241	57,241
Exchange differences		(10,629)	(11,371)
Consolidated reserves		130,488	105,369
Net income for the year		5,481	25,336
Shareholders' equity, Group share		185,403	179,396
Minority interests		11,475	10,419
Shareholders' equity		196,878	189,815
Borrowings (due in over 1 yr)	Note 6	86,971	98,937
Lease liabilities (due in over 1 yr)	Note 9	210,916	-
Long-term provisions	Note 7	22,633	20,407
Deferred tax liabilities		824	30
Non-current liabilities		321,344	119,374
Short-term provisions	Note 7	6,499	9,608
Borrowings (due in less than 1 yr)	Note 6	80,196	69,758
Lease liabilities (due in less than 1 yr)	Note 9	119,020	-
Other current financial liabilities		-	-
Bank overdrafts	Note 4	2,131	222
Trade payables	Note 8	198,964	207,616
Other payables	Note 8	164,307	158,373
Current liabilities		571,117	445,577
Total liabilities and shareholders' equity		1,089,339	754,766

CONSOLIDATED STATEMENT OF CASH FLOWS

(€000)	Note	H1 2019	H1 2018
Net income		6,554	7,411
Net depreciation, impairment and provisions		75,898	11,571
Fair value adjustments on financial instruments		-	-
Share of undistributed earnings of equity affiliates		(282)	(194)
Capital gains or losses on the sale of fixed assets		-	-
Change in working capital	Note 13	(4,893)	8,831
Net cash flows from operating activities after net cost of debt and tax		77,277	27,619
Corporate income tax	Note 11	5,025	4,737
Net financial expenses on financing activities	Note 10	6,764	1,939
Net cash flows from operating activities before net cost of debt and tax		89,066	34,295
Tax paid		(6,647)	(3,887)
Net cash flow from operating activities		82,419	30,408
Purchase of intangible assets and PP&E	Notes 1-2	(37,136)	(23,055)
Purchase of financial assets		-	(1,279)
Sale of intangible assets and PP&E		464	536
Sale of financial assets		-	642
Net cash flow from investing activities		(36,672)	(23,156)
Net financial expenses on financing activities	Note 10	(6,764)	(1,939)
Loans received		24,608	24,998
Loan repayments		(26,389)	(27,093)
Lease liability repayments		(58,092)	-
Treasury stock transactions		283	2
Minority interest dividends		-	-
Share issue		3	2,577
Net cash flow from financing activities		(66,351)	(1,455)
Exchange gains (losses)		229	(140)
Change in net cash and cash equivalents		(20,375)	5,657

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€000)	Capital stock	Additional paid-in capital	Consolidation reserves	Exchange differences	Shareholders' equity, Group share	Minority interests	Total consolidated shareholders' equity
January 1, 2018	2,801	54,684	105,014	(8,857)	153,642	8,639	162,281
H1 2017 net income	-	-	6,000	-	6,000	1,411	7,411
Gains and losses posted to shareholders' equity	-	-	(161)	(2,786)	(2,947)	(211)	(3,158)
Treasury shares	-	-	2	-	2	-	2
Share issue	19	2,557	-	-	2,576	-	2,576
June 30, 2018	2,820	57,241	110,855	(11,643)	159,273	9,839	169,112
H2 2017 net income	-	-	19,336	-	19,336	1,949	21,285
Gains and losses posted to shareholders' equity	-	-	499	272	771	41	812
Distribution of dividends	-	-	-	-	-	(1,410)	(1,410)
Treasury shares	-	-	15	-	15	-	15
Share issue	1	-	-	-	1	-	1
December 31, 2018	2,821	57,241	130,705	(11,371)	179,396	10,419	189,815
H1 2018 net income	-	-	5,481	-	5,481	1,073	6,554
Gains and losses posted to shareholders' equity	-	-	(501)	742	241	(17)	224
Treasury shares	-	-	284	-	284	-	284
Share issue	1	-	-	-	1	-	1
June 30, 2019	2,822	57,241	135,969	(10,629)	185,403	11,475	196,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

ID Logistics Group SA is a *société anonyme* (French corporation) subject to French law with head office located at 55 Chemin des Engranauds, Orgon (13660), France. ID Logistics Group SA and its subsidiaries (hereinafter the "Group") operate a logistics business in France and around ten other countries.

The Group consolidated financial statements for the six months ended June 30, 2019 were approved by the Board of Directors on August 28, 2019. Unless otherwise indicated, they are presented in thousands of euros.

There were no major seasonal fluctuations in revenues during the six months ended June 30, 2019.

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

2.1 Interim financial statements

Pursuant to European Regulation 1606-2002, the ID Logistics Group condensed consolidated interim financial statements for the six months ended June 30, 2019 were prepared in accordance with IAS 34 – Interim financial reporting. Since these financial statements are condensed, they do not contain all disclosures required under IFRS and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2018 available online at id-logistics.com.

The accounting principles adopted for the preparation of the condensed consolidated interim financial statements comply with the IFRS standards and interpretations adopted by the European Union as of June 30, 2019, which may be viewed on the website: http://ec.europa.eu/finance/company-reporting/index_en.htm.

These accounting principles are consistent with those used for the preparation of the annual consolidated financial statements for the year ended December 31, 2018, which are presented in Note 2 to the 2018 consolidated financial statements, except for the items presented in paragraph 2.2 below – Change in accounting principles.

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

- The interim period tax charge results from the estimated annual Group effective rate applied to the pre-tax interim earnings excluding material non-recurring items. This estimated annual effective rate takes into consideration, in particular, the expected impact of tax planning transactions. The tax charge relating to any non-recurring items of the period is accrued using its specific applicable taxation;
- Stock-based compensation and staff benefit costs are recorded for the period in proportion to their estimated annual costs.

2.2 Change in accounting principles

2.2.1 New compulsory standards, amendments and interpretations adopted by the European Union for fiscal 2019

The Group has applied all of the standards, amendments and interpretations compulsory for financial years beginning on or after January 1, 2019:

- IFRS 16 – Leases This standard replaces IAS 17 - Leases and all related interpretations. IFRS 16 applies to all leases entered into by the Group. Its application is described in detail below;
- IFRIC 23 - Uncertainty over income tax treatments;
- Amendments to IFRS 9 - Prepayment features with negative compensation;
- IFRS annual improvements (2015-2017 cycle);
- Amendments to IAS 19 - Plan amendment, curtailment or settlement;
- Amendments to IAS 28 - Investments in associates and joint ventures.

Only IFRS 16 had a material impact on the Group consolidated financial statements.

Application of IFRS 16

The Group adopted the standard as from January 1, 2019, without restating the comparative figures for the 2018 fiscal year, as allowed under the simplified retrospective approach. In addition, the Group has applied the exceptions allowed for short-term leases and low-value assets.

Most of the leases entered into by the Group are operating leases where the Group is a lessee. The leased assets are mainly real estate assets (warehouses), warehouse equipment and forklifts.

The key assumptions adopted by the Group for the application of the standard are:

- Term: for each lease, the Group sought, within the contractual period, to identify the extension and early termination options and determined the "reasonably certain" lease termination date taking into account all facts and relevant circumstances.
- Discount rate: the Group has defined the discount rates to reflect the credit risk specific to each subsidiary and currency. As part of the transition, the discount rate used for the restated leases is the rate applicable to the remaining term of the lease.

For leases previously classified as finance leases, the Group has maintained the carrying amount of the right-of-use assets and lease liabilities at the date of first-time application.

The impact of the application of this standard as of January 1, 2019 is reflected in an €358 million increase in Group borrowings and property, plant and equipment.

The application of IFRS 16 results in a €2.4 million increase in EBIT and a €4.6 decrease in net financial items compared to first half 2018.

The difference between the operating lease commitments as published at December 31, 2018 (€368 million) and lease liabilities recognized upon first-time application of IFRS 16 (€358 million) is due to the exclusion of short-term and low-value lease commitments.

2.2.2 New standards, amendments and interpretations not compulsory for fiscal 2019

There are no new standards, amendments or interpretations published but not yet compulsory that could have a material impact on the Group financial statements.

3 HIGHLIGHTS

No changes in consolidation took place during the first half of 2019.

4 SEGMENT INFORMATION

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

An operating segment is a distinct component of the Group:

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

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

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

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

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

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

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

	H1 2019 (6/30/2019)			H1 2018 (6/30/2018)		
	France	International	Total	France	International	Total
Revenues	351,585	395,715	747,300	331,868	350,116	681,984
Inter-segment revenues	(2,556)	(211)	(2,767)	(1,225)	(366)	(1,591)
Net revenues	349,029	395,504	744,533	330,643	349,750	680,393
EBIT before amortization of customer relations	13,168	6,311	19,479	11,821	3,108	14,929
Operating income	12,899	5,936	18,835	11,552	2,733	14,285
Net cash flow from operating activities	29,868	52,551	82,419	32,140	(1,732)	30,408
Capital expenditure	11,118	26,018	37,136	10,508	12,547	23,055
Fixed assets	256,462	390,729	647,191	137,906	141,356	279,262
Headcount	6,333	13,799	20,132	6,090	12,177	18,267

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

5.1 Balance sheet notes

Note 1: Goodwill and intangible assets

	Goodwill	Software	Customer relations & other	TOTAL
Gross:				
January 1, 2019	172,659	35,360	12,985	221,004
Acquisitions		2,860	689	3,549
Disposals		(77)	(3)	(80)
Other (reclassification, changes in consolidation etc.)		-	-	-
Exchange gains (losses)		220	(18)	202
June 30, 2019	172,659	38,363	13,653	224,675
Cumulative amortization and impairment				
January 1, 2019	-	21,661	4,182	25,843

Amortization charge		2,829	773	3,602
Impairment		-	-	-
Disposals		(25)	-	(25)
Other (reclassification, changes in consolidation etc.)		-	-	-
Exchange gains (losses)		(36)	(12)	(48)
June 30, 2019	-	24,429	4,943	29,372
Net:				
June 30, 2019	172,659	13,934	8,710	195,303

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

As of June 30, 2019, the Group reviewed the impairment indicators that could lead to a reduction in the net book value of goodwill and investments in equity affiliates. No indication of loss in value was identified.

Note 2: Property, plant and equipment

	Land and buildings	Plant and equipment	Other fixed assets	Fixed assets in progress	TOTAL
Gross:					
January 1, 2019	36,137	84,856	73,959	6,017	200,969
Acquisitions	258	6,380	8,807	18,142	33,587
Disposals	(214)	(3,604)	(1,115)	(26)	(4,959)
Exchange gains (losses)	(24)	712	21	21	730
Reclassification	(847)	2,092	472	(1,717)	-
June 30, 2019	35,310	90,436	82,144	22,437	230,327
Cumulative depreciation and impairment:					
January 1, 2019	15,731	53,629	27,661	-	97,021
Depreciation charge	486	9,521	2,510	-	12,517
Impairment	-	-	-	-	-
Disposals	(673)	(3,251)	(626)	-	(4,550)
Change in consolidation	-	-	-	-	-
Exchange gains (losses) and reclassification	19	1,133	(11)	-	1,141
June 30, 2019	15,563	61,032	29,534	-	106,129
Net:					
June 30, 2019	19,747	29,404	52,610	22,437	124,198

Note 3: Trade and other current receivables

	6/30/2019	12/31/2018
Trade receivables	267,268	254,275
Impairment provisions	(3,555)	(3,581)
Total trade receivables – net	263,713	250,694
Tax and social security receivables	32,308	42,602
Prepaid expenses	14,908	10,791
Total other receivables - net	47,216	53,393

Note 4: Net cash and cash equivalents

	6/30/2019	12/31/2018
Cash and cash equivalents	87,448	105,914
Bank overdrafts	(2,131)	(222)
Net cash and cash equivalents	85,317	105,692

Group cash and cash equivalents of €85,317,000 at June 30, 2019 comprise cash, sight bank deposits and €6,329,000 in money-market investments.

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

	Additional paid-in capital (€)	Value (€)	Number of shares
January 1, 2019	57,240,985	2,821,238	5,642,475
Exercise of equity warrants		566	1,132
June 30, 2019	57,240,985	2,821,804	5,643,607

Note 6: Financial liabilities

	6/30/2019	Due in less than 1 year	Due in 1 to 5 years	Due in more than 5 years
Current borrowings				
Bank loans	60,671	60,671		
Finance leases	12,900	12,900		
Factoring	6,556	6,556		
Other borrowings	69	69		
Total current borrowings	80,196	80,196		
Non-current borrowings				
Bank loans	68,544		61,932	6,612
Finance leases	18,427		18,287	140
Total non-current borrowings	86,971		80,219	6,752
Total borrowings	167,167	80,196	80,219	6,752

Breakdown of borrowings by interest rate and currency	Amount	Currency	Rate
Loan	81,983	EUR	Floating
Loan	30,559	EUR	Fixed
Loan	475	CNY	Fixed
Loan	603	PLN	Floating
Loan	12,896	BRL	Floating
Loan	2,699	RUB	Fixed
Factoring	6,556	EUR	Floating
Finance leases	1,201	BRL	Fixed
Finance leases	249	ARS	Fixed
Finance leases	1,235	PLN	Fixed
Finance leases	1	ZAR	Fixed
Finance leases	19,895	EUR	Fixed
Finance leases	8,746	EUR	Floating
Other payables	69	EUR	Fixed
Total	167,167		

Note 7: Provisions

	Social security and tax risks	Operating risks	Employee benefits	Total
January 1, 2019	6,200	3,408	20,407	30,015
Charges	618	592	2,394	3,604
Write-backs used	(2,544)	(1,227)	(168)	(3,939)
Write-backs not used	(208)	(342)	-	(550)
Other (consolidation, currency, reclassification etc.)	3	(1)	-	2
June 30, 2019	4,069	2,430	22,633	29,132
Of which current provisions	4,069	2,430	-	6,499
Of which non-current provisions	-	-	22,633	22,633

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

Note 8: Trade and other payables

	6/30/2019	12/31/2018
Trade payables	198,964	207,616
Tax and social security payables	149,959	147,201
Advances and payments on account received	3,128	3,595
Other current payables	6,400	3,461
Deferred income	4,820	4,116
Total other payables	164,307	158,373

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

Note 9: Right-of-use assets and lease liabilities

The change and breakdown of right-of-use assets over the period is as follows:

	Buildings	Plant and equipment	Other fixed assets	TOTAL
Gross:				
January 1, 2019	273,014	3,347	81,557	357,918
Leases	12,331	1,441	16,081	29,853
Terminations			(336)	(336)
Exchange gains (losses)	196		96	292
June 30, 2019	285,541	4,788	97,398	387,727

Cumulative depreciation and impairment:

January 1, 2019				-
Depreciation charge	43,910	1,048	15,376	60,334
Disposals			(336)	(336)
Exchange gains (losses) and reclassification	24		15	39
June 30, 2019	43,934	1,048	15,055	60,037
Net:				
June 30, 2019	241,607	3,740	82,343	327,690

Changes in lease liabilities are as follows:

	1/1/2019	New borrowings	Repayments	Scope	Exchange differences	12/31/2019
Lease liabilities	357,917	29,853	(58,092)		258	329,936
Total	357,917	29,853	(58,092)	-	258	329,936
o/w lease liabilities (due in less than 1 yr)						119,020
o/w lease liabilities (due in over 1 yr)						210,916

6.2 Income statement notes

Note 10: Net financial items

	H1 2019	H1 2018
Interest and related financial income	267	266
Interest and related financial expenses	(7,031)	(2,205)
Net financial expenses on financing activities	(6,764)	(1,939)
Discounting of balance sheet accounts	(238)	(147)

Other financial expenses	(536)	(245)
Net other financial expenses	(774)	(392)
Total	(7,538)	(2,330)

Interest and related expenses mainly relate to lease liabilities and, to a lesser extent, to bank loans, finance lease liabilities and bank overdrafts.

Note 11: Corporate income tax

	H1 2019	H1 2018
Net current tax (charge)/income	(2,091)	(1,804)
Tax on business value added (CVAE)	(2,934)	(2,933)
Total	(5,025)	(4,737)

Note 12: Earnings per share

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

(no.)	H1 2019	H1 2018
Average number of shares in issue	5,643,607	5,620,808
Average number of treasury shares	(4,597)	(6,249)
Average number of shares	5,639,010	5,614,559
Equity warrants	340,577	363,701
Average number of diluted shares	5,979,587	5,978,260

6.3 Other information

Note 13: Change in working capital

	H1 2019	H1 2018
Change in inventories	75	(59)
Change in trade receivables	(12,716)	(23,583)
Change in trade payables	(8,392)	6,020
Change in operating working capital	(21,033)	(17,622)
Change in other receivables	1,500	18,196
Change in other payables	14,640	8,257
Change in non-operating working capital	16,140	26,453
Change in working capital	(4,893)	8,831

Note 14: Transactions with related parties

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

Company	Type of relationship	Transaction type	Income (expense)		Balance sheet asset or (liability)	
			2019	2018	2019	2018
Comète	Joint director	Services provided	(275)	(275)	(307)	(217)
Financière ID	Joint shareholder	Real estate leases - Services provided	(147)	(236)	(121)	130
SAS Logistics II	Joint shareholder	Services provided	(16)		(5)	
SCI Les Cocotiers	Joint shareholder	Real estate leases	(67)	(77)	(35)	(53)
SCI Les Citronniers	Joint shareholder	Real estate leases	(70)	(79)	(38)	(55)

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

Note 15: Directors' remuneration

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

The amounts of the aforementioned services are specified under Note 13.

Gross remuneration of other Board members

	H1 2019	H1 2018
Expense type		
Total gross remuneration	313	509
Post-employment benefits	-	-
Other long-term benefits	-	-
Severance pay	-	-

Note 16: Off-balance sheet commitments and contingencies

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

	6/30/2019	6/30/2018
Commitments given		
Parent company guarantees *	21,033	22,152
Borrowings subject to covenants	63,000	88,200
Commitments received		
Bank guarantees	22,311	24,777

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

At June 30, 2019, undrawn lines of credit amounted to €9,300,000 in respect of finance leases and €25,000,000 in respect of credit facilities.

Note 17: Post balance sheet events

Recognizing that it would not achieve the critical size necessary for profitability in the country, the Group ceased operations in South Africa at the end of August 2019.

It has initiated discussions to transfer the maximum of its existing clients to other providers as well as the corresponding assets and operating staff. In view of the progress of these discussions, the costs related to this judgment should be limited.

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4 STATUTORY AUDITORS' REPORT

"To the Shareholders,

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

- performed a limited review of the summary consolidated financial statements of ID LOGISTICS GROUP covering the period from January 1 to June 30, 2019, as enclosed hereto, and
- verified the information given in the half-year business report.

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

I – Opinion on the financial statements

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

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

Without calling into question the conclusion expressed above, we draw your attention to Note "2.2.1 New compulsory standards, amendments and interpretations adopted by the European Union for fiscal 2019" in the notes to the summary consolidated half-year financial statements, which explains the impact of first-time application of IFRS 16 "Leases", applicable to fiscal years beginning on or after January 1, 2019.

II – Specific testing

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

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

Lyon and Paris-La Défense, September 9, 2019

The Statutory Auditors

Grant Thornton
Françoise Mechin

Deloitte & Associés
Benoît Pimont