

# Blue Solutions

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**Half-year financial report**

**2017**



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## ACTIVITY REPORT

### 1\_HALF-YEAR 2017 RESULTS

#### Consolidated key figures

in millions of euros	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change (%)
Trunover	54,8	65,7	(17%)
<b>EBITDA</b>	<b>5,2</b>	<b>16,1</b>	<b>(68%)</b>
<b>Operating income</b>	<b>(3,0)</b>	<b>7,7</b>	<b>na</b>
<i>Operating margin (%)</i>	<i>(5,6%)</i>	<i>11,7%</i>	-
Financial income	(1,1)	1,4	-
Net income	(4,1)	8,9	na
<b>Group share of Net income</b>	<b>(4,1)</b>	<b>8,9</b>	-
in millions of euros	June 30, 2017	December 31, 2016	Change (€M)
<b>Shareholder's equity, Group share</b>	<b>133</b>	<b>138</b>	<b>(6)</b>
<b>Net debt</b>	<b>44</b>	<b>22</b>	<b>22</b>
Gearing (%) <sup>(1)</sup>	33%	16%	-

(1) gearing = ratio of net debt to shareholder equity

#### Turnover

At 54.8 million euros, turnover was down 16.7% compared with the first half of 2016. This was attributable to a decline in battery sales (-27% compared with the first half of 2016). Sales of batteries to Bluecar were down sharply (926 batteries sold, compared with 1,396 in the first half of 2016), while battery sales to Bluebus were up sharply (172 in the first half of 2017, compared with 89 in the first half of 2016).

Half-year 2017 turnover also includes an 8.5 million euros contribution to Blue Solutions under a collaboration agreement signed between Blue Solutions France and jointly Bluecar, Bluebus and Bluestorage.

#### EBITDA and Operating income

EBITDA amounted to 5.2 million euros, compared with 16.1 million euros in the first half of 2016; Operating income was a loss of 3.0 million euros, compared with a profit of 7.7 million euros in the first half of 2016.

The drop in operating income was attributable to a decline in battery production and sales, and to the consolidation of Capacitor Sciences. In contrast, the overall figure benefits from the contribution of Blue Applications' R&D to Blue Solutions.

#### Net income

Consolidated net income was a loss of 4.1 million euros (compared with a profit of 8.9 million euros in the first half of 2016). It includes a net financial expense of 1.1 million euros (income of 1.4 million euros in the first half of 2016, including a favorable exchange rate effect of 1.8 million euros).

#### Shareholder's equity/Net debt

At June 30, 2017, the shareholders' equity amounted to 133 million euros (versus 138 million euros at December 31, 2016), for a net debt which stands at 44 million euros. The decrease in equity at June 30, 2017 compared with December 31, 2016 stemmed mainly from the recognition of the net loss for the period. The increase in indebtedness is mainly attributable to a cyclical deterioration in working capital requirements. Capital expenditure was stable compared with the first half of 2016 (-9.2 million euros).

## 2\_HIGHLIGHTS

### **Finalization of agreements with Blue Solutions and completion of Bolloré's simplified public tender offer for Blue Solutions shares at 17 euros per share in July 2017**

The Boards of Directors of Bolloré, Blue Solutions, Compagnie du Cambodge and Société Industrielle et Financière de l'Artois met on May 11 and 12, 2017, and approved the agreements resulting from discussions between the Boards of Directors of Bolloré and Blue Solutions. These agreements provide for:

- the implementation of a new period for the exercise of the seven call options granted to Blue Solutions, now exercisable between January 1, 2020 and June 30, 2020;
- a commitment by Bolloré to finance Blue Solutions until June 30, 2020;
- the termination of the battery supply agreement between Blue Solutions and Bluecar;
- the introduction of a new and longer supply agreement for Blue Solutions batteries with Bluecar (until December 31, 2025), extended to Blue Storage and Bluebus, incorporating a deferral of volumes and a revision of contract prices in line with anticipated market trends.

In June 2017, Bluebus, Bluecar, Bluestorage and Blue Solutions again joined forces to sign, on top of their agreements dated May 12, 2017, a research and development cooperation agreement in order to enhance the development potential of batteries and various applications.

### **Result of Bolloré's simplified public tender offer for Blue Solutions shares at 17 euros per share in July 2017**

In line with its undertaking, the Group filed a simplified public tender offer with the AMF on June 19, 2017. Following the AMF's approval, the simplified public tender offer for Blue Solutions shares ran from July 6 to July 19, 2017 inclusive at 17 euros per share. The offer allowed Bolloré to acquire 2,192,482 shares for a total of 37.3 million euros. Following the offer, Blue Solutions' shareholding structure is as follows: Bolloré: 78.8%; Bolloré Participations: 17.8%; Free float: 3.4%.

Following this transaction, the Bolloré Group reiterated its commitment to submitting a tender offer at 17 euros per Blue Solutions share after the release of Blue Solutions' 2019 financial statements, on that condition that the average Blue Solutions share price is less than 17 euros during a reference period. The terms of this commitment can be found in Section 1.3.1 of the Bolloré SA Securities Note approved by the AMF on July 4, 2017 (approval no. 17-326).

### 3\_ACTIVITIES

The activities below, on which Blue Solutions' has a call options, are developed by the Bolloré Group and represent of good opportunities for the Blue Solutions' batteries.

#### BLUE APPLICATIONS - MOBILITY

##### Car-sharing <sup>(1)</sup>

- Fleet of close to 4,900 electric vehicles | including 3,900 Autolib';
- 1,600 stations equipped with circa 8,000 charging terminals | of which 1,100 stations and 6,200 terminals for Autolib';
- 158,063 annual subscribers (113,400 in June 2016, i.e. +39%);
- Almost 3 million rentals in First half 2017;
- Car-sharing projects being rolled out: Singapore, Los Angeles;
- London: roll-out and management of the terminals. Test launch of the car-sharing business in a number of boroughs before the service gets a wider launch in early 2018.

##### Bluebus

- In 2017, the Group plans to deliver 27 12-meter buses and 50 6-meter buses.
- In first half 2017, the company began the production of a 2nd batch of 20 buses for the RATP (following the delivery of 23 12-meter buses at end-2016) slated for delivery in the second half of 2017. 8 6-meter buses have already been delivered.

##### Bluecar

- Delivery of 304 vehicles in the first half of 2017 (1,281 in the first half of 2016 including 622 E-Mehari). The company focused its efforts on R&D work to obtain certification for Bluecar Phase IV (vehicle to be used for carsharing in Singapore in particular) and the next generation of E-Mehari.

#### BLUE APPLICATIONS - STATIONARY, IER, POLYCONSEIL

##### Stationary:

- In tandem with Vivendi Group, continuation of the establishment of storage systems to supply electricity to Canal Olympia theaters in Africa.
- Many projects being studied to pair storage with production of solar power (Africa and French overseas departments & territories, etc.).
- Signing in partnership with ADEME of an agreement to supply electricity to a village with 2,000 inhabitants in Guinea.

##### IER:

- Major player in developing and marketing smart connected recharging infrastructure (creation of terminals for Autolib', Bluely, Bluecub, BlueIndy, and London) and vehicle geolocation and remote control systems.
- Sustained growth in terminals for the airline sector as well as terminals and access control systems for station platforms for the SNCF;
- Automatic Systems continued to benefit from strong demand in North America for its building access control equipment.

##### Polyconseil:

- Delivers IT services and consulting and designs software, also plays an important role in car-sharing and electrical storage management systems.
- Increased turnover and results from consultancy work (digital projects and international telecoms).

(1) Autolib' in Paris, Bluely in Lyon, Bluecub in Bordeaux, BlueIndy in Indianapolis, Blue Torino in Turin, Bluecity in London.

## Financial data Blue Applications

(in thousands of euros)	1 <sup>st</sup> Half 2017	1 <sup>st</sup> Half 2016
Bluecarsharing, Bluecar®, Autolib' and other car-sharing companies <sup>(1)</sup>		
- Turnover	29,727 <sup>(2)</sup>	40,143 <sup>(2)</sup>
- Operating income	(53,431)	(61,856)
Bluebus <sup>(3)</sup>		
- Turnover	4,856 <sup>(4)</sup>	5,359 <sup>(4)</sup>
- Operating income	(16,205)	(14,346)
Blueboat <sup>(5)</sup>		
- Turnover	0	0
- Operating income	(73)	(380)
Bluetram <sup>(5)</sup>		
- Turnover	1	335
- Operating income	(366)	(3,274)
Bluestorage <sup>(3)</sup>		
- Turnover	9,296 <sup>(6)</sup>	1,206 <sup>(6)</sup>
- Operating income	(7,940)	(1,046)
IER <sup>(7)</sup>		
- Turnover	74,475 <sup>(8)</sup>	76,814 <sup>(8)</sup>
- Operating income	(38)	(1,828)
Polyconseil <sup>(5)</sup>		
- Turnover	13,694 <sup>(9)</sup>	13,381 <sup>(9)</sup>
- Operating income	2,286	2,957

(1) Combined data under IFRS (not audited).

(2) Including 1,858 thousands euros at June 30, 2017 and 851 thousands euros at June 30, 2016 with other entities making up Blue Solutions or Blue Applications.

(3) Combined data under IFRS (not audited).

(4) At June 30, 2017, 159 thousands euros, with entities making up Blue Solutions or Blue Applications. At June 30, 2016, 391 thousands euros was achieved with entities making up Blue Solutions and Blue Applications.

(5) Data from the audited separate financial statements according to French standards.

(6) Including 9,129 thousands euros at June 30, 2017 and 1,122 thousands euros at June 30, 2016 with over entities making up Blue Solutions and Blue Applications.

(7) Combined data from the consolidated financial statements under IFRS (not audited).

(8) Including 7,444 thousands euros at June 30, 2017 and 17,327 thousands euros at June 30, 2016 with entities other entities Blue Applications and 356 thousands euros at June 30, 2017 and 361 thousands euros at June 30, 2016 with entities making up Blue Solutions.

(9) Including 9,095 thousands euros at June 30, 2017 and 8,953 thousands euros at June 30, 2016 with entities other entities Blue Solutions and Blue Applications.

## 4\_EVENTS AFTER THE REPORTING PERIOD

### Results of Bolloré SA's simplified tender offer for the shares of Blue Solutions France

Bolloré SA filed a tender offer with the AMF to purchase 3,171,714 Blue Solutions shares at a price of 17 euros per share. AMF gave its approval on July 4, 2017, with the offer period running from July 6 to 19, 2017. The clearance certificate was issued on July 21, 2017.

At the end of the offer period, Bolloré SA had acquired 2,192,482 shares for a total of 37,272,194 euros taking its interest to 22,725,357 shares, representing 78.80% of the share capital of Blue Solutions. Bolloré and Bolloré Participations thus owned 96.6% of the share capital and 98.2% of the voting rights of Blue Solutions.

At the end of the offer period, Bolloré Group reiterated its commitment to file a tender offer at a price of 17 euros per Blue Solutions share following the publication of the Blue Solutions financial statements for the 2019 fiscal year, provided the average Blue Solutions share price during the reference period is below 17 euros.

## 5\_MAIN RISKS AND UNCERTAINTIES

The main financial risks with which the group could be confronted during the second half-year 2017 are explained in the note 8 in appendix to the condensed half-yearly consolidated financial statements.

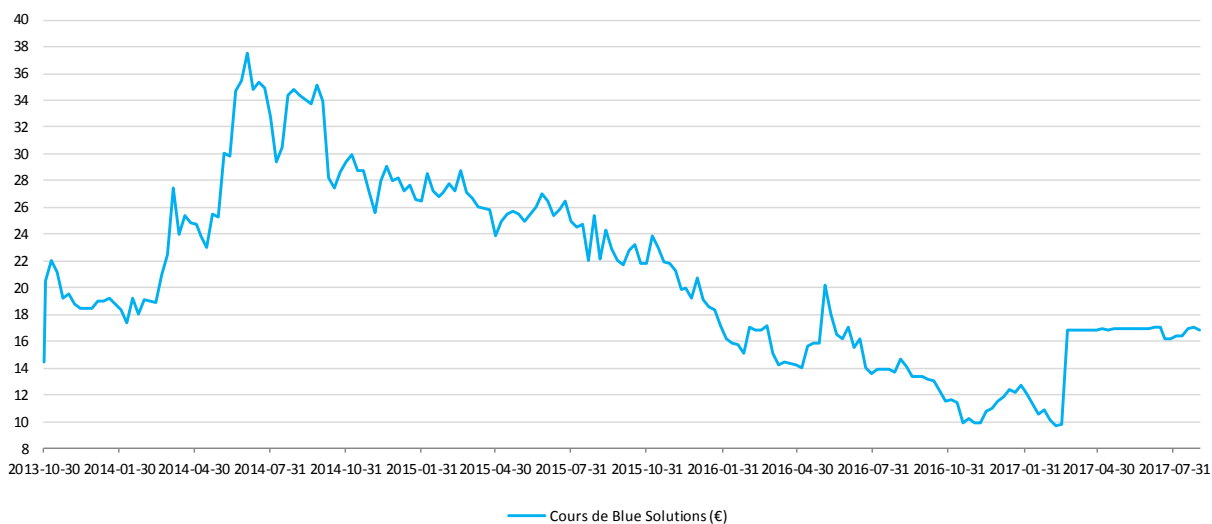
## 6\_MAIN RELATED-PARTY TRANSACTIONS

The main related-party transactions are detailed in the note 13 in appendix to the condensed half-yearly consolidated financial statements.

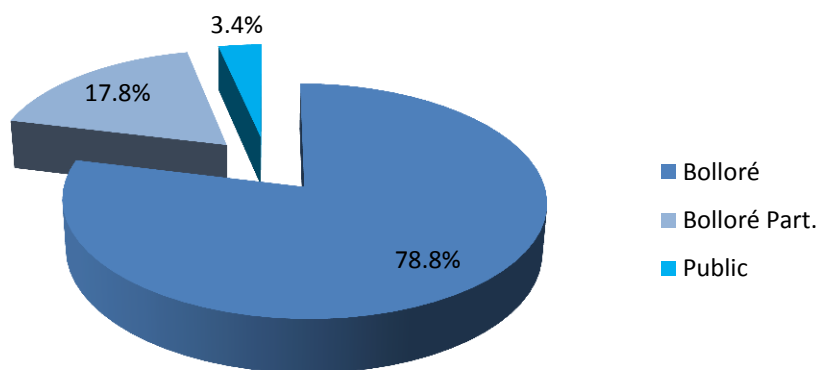
### 7\_CHANGE IN THE SHARE PRICE

Stock market price at September 1, 2017.

IPO : October 30, 2013, 14.50€ - OPAS : July 6, 2017, 17€



### 8\_BLUE SOLUTIONS' SHAREHOLDING (AFTER OPAS)





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**CONSOLIDATED INCOME STATEMENT**

(in thousands of euros)	Notes	June 2017	June 2016	December 2016
<b>Turnover</b>	5.1 - 5.2 -	<b>54,770</b>	<b>65,686</b>	<b>109,337</b>
Goods and services bought in	5.3	(37,115)	(37,849)	(69,453)
Staff costs	5.3	(16,379)	(15,731)	(31,451)
Depreciation, amortization and provisions	5.3	(8,243)	(8,414)	(18,658)
Other operating income	5.3	4,541	4,594	12,486
Other operating expenses	5.3	(623)	(597)	(2,703)
<b>Operating income</b>	5.3	<b>(3,049)</b>	<b>7,689</b>	<b>(442)</b>
Net financing expenses	7.1	(357)	(309)	(637)
Other financial income	7.1	432	2,175	3,170
Other financial expenses	7.1	(1,171)	(437)	(866)
<b>Financial income</b>	7.1	<b>(1,096)</b>	<b>1,429</b>	<b>1,667</b>
Share in net income of operating companies accounted for using the equity method	7.4	73	54	28
Corporate income tax	12	(65)	(284)	(1,333)
<b>Consolidated net income</b>		<b>(4,137)</b>	<b>8,888</b>	<b>(80)</b>
Consolidated net income, Group share		(4,137)	8,888	(80)
Non-controlling interests		0	0	0

**EARNINGS PER SHARE**

9.2

(in euros)	June 2017	June 2016	December 2016
<b>Net income, Group share</b>			
- basic	(0.14)	0.31	(0.00)
- diluted	(0.14)	0.31	(0.00)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(in thousands of euros)	June 2017	June 2016	December 2016
<b>Consolidated net income for the period</b>	<b>(4,137)</b>	<b>8,888</b>	<b>(80)</b>
Translation adjustment of controlled entities <sup>(1)</sup>	(2,504)	(279)	(35)
<b>Total changes in items that will be recycled subsequently through profit or loss</b>	<b>(2,504)</b>	<b>(279)</b>	<b>(35)</b>
Actuarial gains and losses recognized in equity		(141)	(347)
<b>Total changes in items that will not be recycled subsequently through profit or loss</b>		<b>(141)</b>	<b>(347)</b>
<b>COMPREHENSIVE INCOME</b>	<b>(6,641)</b>	<b>8,468</b>	<b>(462)</b>
Of which:			
- Group share	(6,641)	8,468	(462)
- non-controlling interests	0	0	0
<i>Of which taxes:</i>			
- on actuarial gains and losses	0	0	0

(1) Mainly includes the recognition of unrealized foreign exchange gains and losses on the Canadian dollar financing given to Blue Solutions Canada by Blue Solutions France for a total of (2,408) thousand euros.

**CONSOLIDATED BALANCE SHEET****ASSETS**

(in thousands of euros)	Notes	06/30/2017	12/31/2016
<i>Goodwill</i>	6.3	22,906	24,776
Intangible assets	6.2	3,593	4,109
Tangible assets	6.1	97,556	100,844
Investments in equity affiliates	7.4	1,620	1,547
Other non-current financial assets		982	209
Deferred tax		0	0
Other non-current assets	5.7.1	29,125	25,564
<b>Non-current assets</b>		<b>155,782</b>	<b>157,049</b>
Inventories and work in progress	5.4	20,068	22,079
Trade and other receivables	5.5	36,872	18,965
Current tax		0	0
Other current assets		1,170	573
Cash and cash equivalents	7.2	932	12,529
<b>Current assets</b>		<b>59,042</b>	<b>54,146</b>
<b>TOTAL ASSETS</b>		<b>214,824</b>	<b>211,195</b>
<b>LIABILITIES</b>			
Share capital		144,192	144,192
Share issue premiums		0	0
Consolidated reserves		(11,542)	(5,767)
<b>Shareholders' equity, Group share</b>		<b>132,650</b>	<b>138,425</b>
Non-controlling interests		0	0
<b>Shareholders' equity</b>	9.1	<b>132,650</b>	<b>138,425</b>
Non-current financial debts	7.3	34,187	34,581
Provisions for employee benefits	11	2,691	2,584
Other non-current provisions	10	799	799
Deferred tax		0	0
Other non-current liabilities	5.7.2	14,913	14,926
<b>Non-current liabilities</b>		<b>52,590</b>	<b>52,890</b>
Current financial debts	7.3	10,480	307
Current provisions	10	740	1,120
Trade and other payables	5.6	17,751	17,739
Current tax		0	59
Other current liabilities		613	655
<b>Current liabilities</b>		<b>29,584</b>	<b>19,880</b>
<b>TOTAL LIABILITIES</b>		<b>214,824</b>	<b>211,195</b>

**CHANGES IN CONSOLIDATED CASH FLOWS**

(in thousands of euros)	NOTES	June 2017	June 2016	December 2016
<b>Cash flows from operating activities</b>				
Net income, Group share		(4,137)	8,888	(80)
Net income, non-controlling interests' share		0	0	0
<b>Consolidated net income</b>		<b>(4,137)</b>	<b>8,888</b>	<b>(80)</b>
Non-cash income and expenses:				
- elimination of depreciation, amortization and provisions		7,829	8,295	18,361
- other income/expenses not affecting cash flow or not related to operating activities		1,424	(1,088)	(1,323)
Other adjustments:				
- net financing expenses		357	309	637
- tax expenses		66	284	533
Dividends received:				
- dividends received from companies accounted for using the equity method		0	54	54
Taxes paid		(125)	(290)	(764)
Impact of the change in working capital requirement:		(18,163)	(5,999)	1,786
- of which inventories and work in progress		1,735	(2,366)	3,169
- of which payables		2,256	3,994	(4,523)
- of which receivables <sup>(1)</sup>		(22,154)	(7,628)	3,140
<b>Net cash from operating activities</b>		<b>(12,749)</b>	<b>10,452</b>	<b>19,204</b>
<b>Cash flow from investing activities</b>				
Disbursements related to acquisitions <sup>(2)</sup> :				
- tangible assets	6.1	(8,299)	(9,054)	(17,344)
- intangible assets	6.2	(84)	(100)	(185)
- securities and other non-current financial assets		(823)	(3)	(101)
Income from disposal of assets:				
- tangible assets		0	0	1,696
Effect of changes in consolidation scope on cash flow		0	0	(7,640)
<b>Net cash from investing activities</b>		<b>(9,206)</b>	<b>(9,156)</b>	<b>(23,574)</b>
<b>Cash flows from financing activities</b>				
Net interest paid		(45)	25	50
<b>Net cash from financing activities</b>		<b>(45)</b>	<b>25</b>	<b>50</b>
Effect of exchange rate fluctuations		(53)	47	65
<b>Net increase in cash and cash equivalents</b>		<b>(22,052)</b>	<b>1,369</b>	<b>(4,255)</b>
Cash and cash equivalents at the beginning of the period <sup>(3)</sup>		12,504	16,759	16,759
Cash and cash equivalents at the end of the period <sup>(3)</sup>		(9,548)	18,128	12,504

(1) The marked deterioration in the working capital requirement with respect to receivables was mainly due to the increase in Bolloré Group trade receivables. See notes 5.5 - Trade and other receivables and 13 - Related-party transactions.

(2) Cash flows from investing activities in 2017 and 2016 were mainly related to capital expenditure on capacity to sustain the development of factories in Brittany and Canada.

(3) See note 7.2 - Cash and cash equivalents.

## CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of euros)	Number of shares	Share capital	Translation adjustment	Actuarial (losses) and gains	Reserves	Shareholders' equity, Group share	Non-controlling interests	Total
<b>Shareholders' equity at December 31, 2015</b>	<b>28,838,316</b>	<b>144,192</b>	<b>910</b>	<b>(396)</b>	<b>(9,005)</b>	<b>135,701</b>	<b>0</b>	<b>135,701</b>
<b>Transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,024</b>	<b>3,024</b>	<b>0</b>	<b>3,024</b>
Capital increase						0	0	0
Dividends distributed						0	0	0
Share-based payments <sup>(1)</sup>					768	768	0	768
Changes in consolidation scope						0	0	0
Other changes <sup>(2)</sup>					2,256	2,256	0	2,256
<b>Comprehensive income items</b>			<b>(279)</b>	<b>(141)</b>	<b>8,888</b>	<b>8,468</b>	<b>0</b>	<b>8,468</b>
Net profit/loss for the period					8,888	8,888	0	8,888
Change in items recyclable through profit and loss								
- translation adjustment of controlled entities			(279)			(279)	0	(279)
- change in the fair value of controlled-entity financial instruments						0	0	0
- other changes in comprehensive income						0	0	0
Change in items that will not be recycled								
- actuarial (losses) and gains				(141)		(141)	0	(141)
<b>Shareholders' equity at June 30, 2016</b>	<b>28,838,316</b>	<b>144,192</b>	<b>631</b>	<b>(537)</b>	<b>2,907</b>	<b>147,193</b>	<b>0</b>	<b>147,193</b>
<b>Shareholders' equity at December 31, 2015</b>	<b>28,838,316</b>	<b>144,192</b>	<b>910</b>	<b>(396)</b>	<b>(9,005)</b>	<b>135,701</b>	<b>0</b>	<b>135,701</b>
<b>Transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,186</b>	<b>3,186</b>	<b>0</b>	<b>3,186</b>
Capital increase						0	0	0
Dividends distributed						0	0	0
Share-based payments <sup>(1)</sup>					1,532	1,532	0	1,532
Changes in consolidation scope						0	0	0
Other changes <sup>(2)</sup>					1,654	1,654	0	1,654
<b>Comprehensive income items</b>			<b>(35)</b>	<b>(347)</b>	<b>(80)</b>	<b>(462)</b>	<b>0</b>	<b>(462)</b>
Net profit/loss for the period					(80)	(80)	0	(80)
Change in items recyclable through profit and loss								
- translation adjustment of controlled entities			(35)			(35)	0	(35)
- change in the fair value of controlled-entity financial instruments						0	0	0
- other changes in comprehensive income						0	0	0
Change in items that will not be recycled								
- actuarial (losses) and gains				(347)		(347)	0	(347)
<b>Shareholders' equity at December 31, 2016</b>	<b>28,838,316</b>	<b>144,192</b>	<b>875</b>	<b>(743)</b>	<b>(5,899)</b>	<b>138,425</b>	<b>0</b>	<b>138,425</b>
<b>Transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>866</b>	<b>866</b>	<b>0</b>	<b>866</b>
Capital increase						0	0	0
Dividends distributed						0	0	0
Share-based payments <sup>(1)</sup>					443	443	0	443
Changes in consolidation scope						0	0	0
Other changes <sup>(2)</sup>					423	423	0	423
<b>Comprehensive income items</b>			<b>(2,504)</b>	<b>0</b>	<b>(4,137)</b>	<b>(6,641)</b>	<b>0</b>	<b>(6,641)</b>
Net profit/loss for the period					(4,137)	(4,137)	0	(4,137)
Change in items recyclable through profit and loss								
- translation adjustment of controlled entities			(2,504)			(2,504)	0	(2,504)
- change in the fair value of controlled-entity financial instruments						0	0	0
- other changes in comprehensive income						0	0	0
Change in items that will not be recycled								
- actuarial (losses) and gains				0		0	0	0
<b>SHAREHOLDERS' EQUITY AT JUNE 30, 2017</b>	<b>28,838,316</b>	<b>144,192</b>	<b>(1,629)</b>	<b>(743)</b>	<b>(9,170)</b>	<b>132,650</b>	<b>0</b>	<b>132,650</b>

(1) Share-based payment involving Blue Solutions SA and Bolloré SA shares - See note 11.1 - Share-based payment transactions.

(2) See note 7.3 - Debt.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The Blue Solutions Group is a limited company (*société anonyme*) incorporated under French law and subject to all legislative and other provisions applying to trading companies in France, and in particular those of the French company law (*Code de commerce*). Its registered office is at Odet, 29 500 Ergué-Gabéric. The company is listed on the Paris stock exchange.

The Blue Solutions Group (the Group) comprises Blue Solutions and its subsidiaries. Blue Solutions is consolidated in the financial statements of Bolloré and of Bolloré Participations.

The interim financial statements have been prepared further to the instructions of the Board of Directors' meeting of September 1, 2017.

## Note 1 - Significant events

### Half-year 2017 results

Turnover of 54.7 million euros was 16.7% lower than at June 30, 2016.

The turnover notably includes an 8.5 million euro contribution granted to Blue Solutions as part of a cooperation agreement signed by Blue Solutions France and jointly Bluecar, Bluebus and Bluestorage.

The decline in turnover (of 29.6% when adjusted to reflect this new contribution) was due to lower sales of batteries to Bluecar (926 batteries sold compared with 1,396 in the first half of 2016). However, sales of batteries to Bluebus rose sharply (172 batteries sold in the first half compared with 89 in the first half of 2016).

## Note 2 - Significant accounting policies

The accounting principles and methods used to prepare the condensed half-yearly consolidated financial statements are identical to those used by the Group for the consolidated financial statements for the year ended December 31, 2016, prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and detailed in note 2 "General accounting policies" to the consolidated financial statements for the 2016 fiscal year; subject to the following:

- application by the Group of the accounting standards or interpretations, set out in 2.1.1 below - IFRS, IFRIC interpretations or amendments applied by the Group from January 1, 2017;
- application of the specifics of IAS 34 "Interim Financial Reporting".

In accordance with IAS 34, these financial statements do not include all of the notes required in the annual financial statements, but a selection of explanatory notes. They must be read in relation to the Group's financial statements for the year ended December 31, 2016.

## 2.1 - Changes in standards

### 2.1.1 - IFRS, IFRIC interpretations or amendments applied by the Group from January 1, 2017

Standards, Amendments or Interpretations	Application dates:	
	Dates of adoption by the European Union	fiscal years beginning on or after
Amendments to IAS 12 - Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses	01/19/2016	01/01/2017

No new standard, applicable from January 1, 2017 was adopted by the European Union as of June 30, 2017.

It should be noted that the amendment to IAS 7 "Statement of Cash Flows" under the "Disclosure Initiative", which is mandatory from January 1, 2017 according to the European Union, had been applied early in the financial statements at December 31, 2016.



### 2.1.2 - Accounting standards or interpretations that the Group will apply in the future

The IASB published standards and interpretations which have not yet been adopted by the European Union as of June 30, 2017; at this date, they have not been applied by the Group.

Standards, Amendments or Interpretations	Dates of publication by the IASB	Application dates pursuant to IASB: fiscal years beginning on or after
IFRS 16 "Leases"	01/13/2016	01/01/2019
Amendments to IAS 12 "Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses"	01/19/2016	01/01/2017
Clarification of IFRS 15 "Recognition of Revenue from Contracts with Customers"	04/12/2016	01/01/2018
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	06/20/2016	01/01/2018
Amendments to IFRS 4 "Applying IFRS 9 with IFRS 4 Insurance Contracts"	09/12/2016	01/01/2018
Improvements to IFRS - 2014-2016 cycle	12/08/2016	01/01/2017-01/01/2018
IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"	12/08/2016	01/01/2018
Amendment to IAS 40 "Transfers of Investment Property"	12/08/2016	01/01/2018
IFRS 17 "Insurance Contracts"	05/18/2017	01/01/2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	06/07/2017	01/01/2019

The IASB published standards and interpretations, adopted by the European Union on June 30, 2017, for which the application date is after January 1, 2017. These new provisions were not applied in advance.

Standards, Amendments or Interpretations	Dates of adoption by the European Union	Application date pursuant to European Union: fiscal years beginning on or after
IFRS 9 "Financial Instruments"	11/29/2016	01/01/2018
IFRS 15 "Recognition of Revenue from Contracts with Customers"	10/29/2016	01/01/2018

The Group is in the process of finalizing its work on the implementation of these new standards.

In the case of IFRS 15 "Revenue from Contracts with Customers", preliminary work has been undertaken to identify the areas of impact for each Group business line. The Group has not identified any significant impact compared with how revenue is currently recognized.

With respect to IFRS 9 "Financial Instruments", the Group also reviewed whether its methodology for funding provisions for trade receivables complied with IFRS 9.

## 2.2 - Use of estimates

The preparation of financial statements in accordance with IAS 34 leads management to use estimates and assumptions in the implementation of accounting principles in order to value assets and liabilities, as well as revenues and expenses for the period presented.

### Note 3 - Comparability of financial statements

The financial statements for the first half of 2017 are comparable to those for the first half of 2016 with the exception of changes in the scope of consolidation (Note 4 - Consolidation scope).

Had Capacitor Sciences Inc, acquired in the second half of 2016, been consolidated from January 1, 2016, the Group's operating income at June 30, 2016 would have been 1,462 thousand euros lower.

### Note 4 - Consolidation scope

#### 4.1 - Principal changes in consolidation scope

##### 4.1.1 - First half 2017

None.

**4.1.2 - 2016 fiscal year****Acquisition of Capacitor Sciences Inc.**

On September 21, 2016, Blue Solutions Canada acquired controlling interests in Capacitor Sciences Inc, a start up based in Palo Alto, California. The company was thus fully consolidated in the financial statements of Blue Solutions Group from the acquisition of controlling interests.

The acquisition of controlling interests was treated in accordance with IFRS 3R, and in accordance with the standards the earn-outs provided for upon acquisition were measured at fair value and included in the calculation of goodwill. Management of Blue Solutions assessed the likelihood of the payment of the earn-outs along with the likely timing of their payment.

The provisional goodwill thus recognized in 2016 totaled 25.6 million US dollars (24.2 million euros at December 31, 2016). The earn-out liability stood at 15.8 million US dollars (14.6 million euros at December 31, 2016).

**4.2 - Commitments given and received as part of share dealings****4.2.1 - Commitments received**Options concerning Blue Applications

Blue Solutions Group has seven call options over each Blue Applications company, the initial exercise period of which was between September 1, 2016 and June 30, 2018. Amendments signed on May 12, 2017 postponed the exercise window to between January 1, 2020 and June 30, 2020:

1. Bluecar, Autolib' and Bluecarsharing (this agreement can only be exercised on the three companies together);
2. Bluebus;
3. Blueboat;
4. Bluetram;
5. Bluestorage;
6. Polyconseil;
7. IER.

It will be up to the Board of Directors of Blue Solutions to assess whether it makes sense for Blue Solutions Group to exercise each of these options. The request by Blue Solutions to appoint an independent expert may only be made once, either in Q4 2019, or in Q1 2020.

**Note 5 - Activity data****5.1 - Turnover**

(in thousands of euros)	June 2017	June 2016	December 2016
Sale of goods	41,179	59,252	96,310
Provision of services <sup>(1)</sup>	13,446	4,096	8,276
Income from associated activities	145	2,338	4,751
<b>Turnover</b>	<b>54,770</b>	<b>65,686</b>	<b>109,337</b>

(1) Including, at June 30, 2017, a service pertaining to a cooperation agreement signed in 2017 by Blue Solutions France and jointly Bluecar, Bluebus and Bluestorage (entities jointly controlled by Bolloré SA) totaling 8,520 thousand euros. This two-year 25 million euro agreement, which is intended to support the research and development work undertaken by Blue Solutions France, is recognized as turnover at Blue Solutions France on the basis of battery sales.

**5.2 - Information on operating segments**

The Group produces and sells batteries and, to a lesser extent, supercapacitors, and realizes the majority of its sales in France. The Group focuses on a single industry and the segment reporting based on the core business is therefore clearly visible in the financial statements.

**5.2.1 - Information by partner**

(in thousands of euros)	June 2017	June 2016	December 2016
<b>TURNOVER<sup>(1)</sup></b>	<b>54,770</b>	<b>65,686</b>	<b>109,337</b>
- Bluecar	39,467	57,693	86,206
- Bluebus	9,797	5,601	18,101
- Bluestorage	4,566	1,205	2,916
- Bluetram	211	292	465

(1) Total turnover with controlled entities of the Bolloré Group, see note 13 - Related-party transactions.

**5.2.2 - Information by geographical area**

(in thousands of euros)	France and French overseas departments and territories	Americas	<b>Total</b>
<b>In June 2017</b>			
Turnover	53,457	1,313	54,770
Intangible assets	150	3,443	3,593
Tangible assets	81,718	15,838	97,556
Tangible and intangible capital expenditure	3,845	1,526	5,371
<b>In June 2016</b>			
Turnover	64,758	928	65,686
Intangible assets	202	4,222	4,424
Tangible assets	85,140	19,216	104,356
Tangible and intangible capital expenditure	9,334	658	9,992
<b>In December 2016</b>			
Turnover	106,962	2,375	109,337
Intangible assets	156	3,953	4,109
Tangible assets	83,057	17,787	100,844
Tangible and intangible capital expenditure	16,467	1,672	18,139

Turnover by geographical area shows the distribution of products according to the country in which they are sold.

**5.3 - Operating income**

(in thousands of euros)	<b>June 2017</b>	June 2016	December 2016
Turnover <sup>(1)</sup>	54,770	65,686	109,337
Goods and services bought in:	(37,115)	(37,849)	(69,453)
- goods and services bought in	(36,377)	(37,577)	(68,748)
- lease payments and rental expenses	(738)	(272)	(705)
Staff costs	(16,379)	(15,731)	(31,451)
Amortization and provision expense	(8,243)	(8,414)	(18,658)
Other operating income <sup>(*)</sup>	4,541	4,594	12,486
Other operating expenses <sup>(*)</sup>	(623)	(597)	(2,703)
<b>OPERATING INCOME</b>	<b>(3,049)</b>	<b>7,689</b>	<b>(442)</b>

(1) Change in turnover is listed by geographical area in note 5.2.2 - Information by geographical area.

**(\*) Details of other operating income and expenses**

(in thousands of euros)	June 2017			June 2016		
	Total	Operating income	Operating expenses	Total	Operating income	Operating expenses
Capital gains (losses) on the disposal of non-current assets	0	0	0	0	0	0
Foreign exchange gains and losses	169	438	(269)	(65)	500	(565)
Research tax credit	3,641	3,641	0	3,637	3,637	0
Other	108	462	(354)	425	457	(32)
<b>OTHER OPERATING INCOME AND EXPENSES</b>	<b>3,918</b>	<b>4,541</b>	<b>(623)</b>	<b>3,997</b>	<b>4,594</b>	<b>(597)</b>
				December 2016		
(in thousands of euros)	Total	Operating income	Operating expenses			
Capital gains (losses) on the disposal of non-current assets	0	1,696	(1,696)			
Foreign exchange gains and losses	(280)	669	(949)			
Research tax credit	8,573	8,573	0			
Other	1,490	1,548	(58)			
<b>OTHER OPERATING INCOME AND EXPENSES</b>	<b>9,783</b>	<b>12,486</b>	<b>(2,703)</b>			

## 5.4 - Inventories and work in progress

(in thousands of euros)	At 06/30/2017			At 12/31/2016		
	Gross value	Provisions	Net value	Gross value	Provisions	Net value
Raw materials, supplies, etc.	12,114	(1,243)	10,871	12,393	(1,268)	11,125
Semi-finished, intermediate and finished products	6,537	(325)	6,212	8,233	0	8,233
Goods	3,040	(55)	2,985	2,880	(159)	2,721
<b>TOTAL</b>	<b>21,691</b>	<b>(1,623)</b>	<b>20,068</b>	<b>23,506</b>	<b>(1,427)</b>	<b>22,079</b>

## 5.5 - Trade and other receivables

(in thousands of euros)	At 06/30/2017			At 12/31/2016		
	Gross value	Provisions	Net value	Gross value	Provisions	Net value
Trade accounts receivable	25,901	0	25,901	8,885	0	8,885
Taxes and social security contributions <sup>(1)</sup>	10,941	0	10,941	10,053	0	10,053
Other operating receivables	30	0	30	27	0	27
<b>TOTAL</b>	<b>36,872</b>	<b>0</b>	<b>36,872</b>	<b>18,965</b>	<b>0</b>	<b>18,965</b>

(1) Including 7.7 million euros at June 30, 2017 in Blue Solutions research tax credit receivables for 2013, to be recovered in the next 12 months (7.7 million euros for the 2013 fiscal year at December 31, 2016).

## 5.6 - Trade and other payables

(in thousands of euros)	At 12/31/2016	Changes in consolidation scope	Net changes	Foreign exchange variations	Other changes	At 06/30/2017
	Due to suppliers	6,880	0	(664)	(113)	0
Tax and social security contributions payables	6,615	0	3,686	(41)	0	10,260
Other operating payables	4,244	0	(3,213)	357	0	1,388
<b>TOTAL</b>	<b>17,739</b>	<b>0</b>	<b>(191)</b>	<b>203</b>	<b>0</b>	<b>17,751</b>

## 5.7 - Other assets and liabilities

### 5.7.1 - Other non-current assets

(in thousands of euros)	At 06/30/2017			At 12/31/2016		
	Gross value	Provisions	Net value	Gross value	Provisions	Net value
Research and competitiveness and jobs tax credits	29,125	0	29,125	25,564	0	25,564
<b>TOTAL</b>	<b>29,125</b>	<b>0</b>	<b>29,125</b>	<b>25,564</b>	<b>0</b>	<b>25,564</b>

This item includes the research tax credit receivables of Blue Solutions for the 2014, 2015, 2016 and 2017 fiscal years. Blue Solutions expects to recover 8.7 million euros in 2018, 7.6 million euros in 2019, 8.3 million euros in 2020 and 3.6 million euros in 2021 at the latest.

### 5.7.2 - Other non-current liabilities

(in thousands of euros)	At 12/31/2016	Changes in consolidation scope	Net changes	Foreign exchange variations	Other changes	At 06/30/2017
	Commitments to purchase non-controlling interests <sup>(1)</sup>	14,647	0	782	(609)	0
Other non-current liabilities <sup>(2)</sup>	279	0	0	(8)	(178)	93
<b>TOTAL</b>	<b>14,926</b>	<b>0</b>	<b>782</b>	<b>(617)</b>	<b>(178)</b>	<b>14,913</b>

(1) Purchase commitments relating to the Capacitor Sciences Inc. earn-outs by Blue Solutions Canada Inc. See note 4.1.2 - Changes in consolidation scope in 2016. The net change is due to the accretion expense. See note 7.1 - Financial income.

(2) Includes investment subsidies – share at over one year.

## 5.8 - Off-balance sheet commitments for operating activities

This note supplements the information on commitments given and received at December 31, 2016, as described in note 5.9 "Off-balance sheet commitments for operating activities" to the consolidated financial statements for the year ended December 31, 2016.

It should be noted that Blue Solutions received a commitment in connection with a new supply contract signed in the first half of 2017 with Bluecar, Bluebus and Bluestorage. Under this contract, these companies undertake to supply Blue Solutions with batteries, with the volumes being defined for an eight-year period.

With the exception of the above, there has been no significant change in the type of off-balance sheet commitments for operating activities given and received since December 31, 2016.

**Note 6 - Tangible and intangible assets****6.1 - Tangible assets**

(in thousands of euros)	At 06/30/2017			At 12/31/2016		
	Gross value	Amortization and impairment	Net value	Gross value	Amortization and impairment	Net value
Land and fixtures and fittings	4,488	(961)	3,527	4,529	(885)	3,644
Buildings and fitting-out	70,706	(28,550)	42,156	70,554	(26,460)	44,094
Plant and equipment	101,152	(68,671)	32,481	99,481	(64,358)	35,123
Other	23,117	(3,725)	19,392	21,600	(3,617)	17,983
<b>TOTAL</b>	<b>199,463</b>	<b>(101,907)</b>	<b>97,556</b>	<b>196,164</b>	<b>(95,320)</b>	<b>100,844</b>

**Change in net position in the first half of 2017**

Net values (in thousands of euros)	At 12/31/2016	Gross acquisitions <sup>(1)</sup>	Disposals NAV	Net allowances	Changes in consolidation scope	Foreign exchange variations	Other changes	At 06/30/2017
Land and fixtures and fittings	3,644	0	0	(76)	0	(41)	0	3,527
Buildings and fitting-out	44,094	0	0	(2,316)	0	(293)	671	42,156
Plant and equipment	35,123	385	0	(5,294)	0	(304)	2,571	32,481
Other <sup>(2)</sup>	17,983	4,902	0	(175)	0	(76)	(3,242)	19,392
<b>NET VALUES</b>	<b>100,844</b>	<b>5,287</b>	<b>0</b>	<b>(7,861)</b>	<b>0</b>	<b>(714)</b>	<b>0</b>	<b>97,556</b>

(1) After taking account of changes in payables on tangible assets of (3,011) thousand euros, disbursements related to acquisitions of tangible assets amounted to 8,298 thousand euros.

(2) Including non-current assets in progress.

Capital expenditure is broken down by geographical area in note 5.2.2 – Information by geographical area.

**6.2 - Intangible assets**

(in thousands of euros)	At 06/30/2017			At 12/31/2016		
	Gross value	Amortization and impairment	Net value	Gross value	Amortization and impairment	Net value
Operating rights, patents, development costs	8,691	(5,190)	3,501	8,961	(4,909)	4,052
Other	168	(76)	92	130	(73)	57
<b>TOTAL</b>	<b>8,859</b>	<b>(5,266)</b>	<b>3,593</b>	<b>9,091</b>	<b>(4,982)</b>	<b>4,109</b>

**Change in net position in the first half of 2017**

Net values (in thousands of euros)	At 12/31/2016	Gross acquisitions <sup>(1)</sup>	Disposals NAV	Net allowances	Changes in consolidation scope	Foreign exchange variations	Other changes	At 06/30/2017
Operating rights, patents, development costs	4,052	23	0	(445)	0	(152)	23	3,501
Other	57	61	0	(3)	0	0	(23)	92
<b>NET VALUES</b>	<b>4,109</b>	<b>84</b>	<b>0</b>	<b>(448)</b>	<b>0</b>	<b>(152)</b>	<b>0</b>	<b>3,593</b>

(1) Disbursements related to acquisitions of intangible assets amounted to 84 thousand euros.

## 6.3 - Goodwill

### 6.3.1 - Change in goodwill

(in thousands of euros)

<b>At December 31, 2016</b>	<b>24,776</b>
Acquisitions of controlling interests	0
Foreign exchange variations	(1,870)
<b>AT JUNE 30, 2017</b>	<b>22,906</b>

In accordance with IAS 36 "Impairment of Assets", goodwill undergoes impairment tests every year and when there is an objective indication of depreciation. Since no indication of impairment loss was recorded at June 30, 2017, no impairment tests were carried out as at that date.

The allocation of the goodwill of Capacitor Sciences Inc will be finalized within one year of the company's acquisition, namely by September 2017.

## Note 7 - Financial structure and financial costs

### 7.1 - Financial income

(in thousands of euros)	June 2017	June 2016	December 2016
Net financing expenses	(357)	(309)	(637)
- Interest expense	(357)	(334)	(688)
- Income from financial receivables	0	25	51
Other financial income <sup>(*)</sup>	432	2,175	3,170
Other financial expenses <sup>(*)</sup>	(1,171)	(437)	(866)
<b>FINANCIAL INCOME</b>	<b>(1,096)</b>	<b>1,429</b>	<b>1,667</b>

#### (\* ) Details of other financial income and expenses:

(in thousands of euros)	June 2017			June 2016		
	Total	Financial income	Financial expenses	Total	Financial income	Financial expenses
Effect of changes in consolidation scope	0	0	0	0	0	0
Changes in financial provisions	(15)	0	(15)	(20)	0	(20)
Other <sup>(1)</sup>	(724)	432	(1,156)	1,758	2,175	(417)
<b>OTHER FINANCIAL INCOME AND EXPENSES</b>	<b>(739)</b>	<b>432</b>	<b>(1,171)</b>	<b>1,738</b>	<b>2,175</b>	<b>(437)</b>

(1) Primarily includes foreign exchange gains and losses on the short-term financing provided to Capacitor Sciences by Blue Solutions Canada, as well as the accretion expense of 782 thousand euros, from the earn-out relating to the acquisition of Capacitor Sciences in 2016. In June 2016, it also included the foreign exchange gains and losses on the short-term financing provided to Blue Solutions Canada by Blue Solutions France. These items have been recognized in other comprehensive income since January 1, 2017, pursuant to IAS 21.

See notes 5.7.2 - Other non-current liabilities and 8.1 - Information on risk.

(in thousands of euros)	December 2016		
	Total	Financial income	Financial expenses
Effect of changes in consolidation scope	(290)	0	(290)
Changes in financial provisions	(137)	0	(137)
Other <sup>(1)</sup>	2,731	3,170	(439)
<b>OTHER FINANCIAL INCOME AND EXPENSES</b>	<b>2,304</b>	<b>3,170</b>	<b>(866)</b>

(1) Mainly foreign exchange gains and losses related to short-term financing granted by Blue Solutions to Blue Solutions Canada.

## 7.2 - Cash and cash equivalents and net cash

(in thousands of euros)	At 06/30/2017			At 12/31/2016		
	Gross value	Provisions	Net value	Gross value	Provisions	Net value
Cash	932	0	932	1,242	0	1,242
Cash management agreements - assets <sup>(1)</sup>	0	0	0	11,287	0	11,287
<b>Cash and cash equivalents</b>	<b>932</b>	<b>0</b>	<b>932</b>	<b>12,529</b>	<b>0</b>	<b>12,529</b>
Cash management agreement - liabilities <sup>(1)</sup>	(10,172)	0	(10,172)	0	0	0
Current bank facilities	(308)	0	(308)	(25)	0	(25)
<b>NET CASH</b>	<b>(9,548)</b>	<b>0</b>	<b>(9,548)</b>	<b>12,504</b>	<b>0</b>	<b>12,504</b>

(1) Cash agreement with Bolloré SA.

Cash and cash equivalents are classified within Level 1 under the fair value hierarchy defined in IFRS 13 (as at December 31, 2016).

## 7.3 - Debt

(in thousands of euros)	At 06/30/2017			At 12/31/2016		
	At 06/30/2017	including current	including non-current	At 12/31/2016	including current	including non-current
Loans from credit institutions	0	0	0	0	0	0
Other borrowings and similar debts <sup>(1)</sup>	44,667	10,480	34,187	34,888	307	34,581
<b>GROSS DEBT</b>	<b>44,667</b>	<b>10,480</b>	<b>34,187</b>	<b>34,888</b>	<b>307</b>	<b>34,581</b>
Cash and cash equivalents <sup>(2)</sup>	(932)	(932)	0	(12,529)	(12,529)	0
<b>NET DEBT</b>	<b>43,735</b>	<b>9,548</b>	<b>34,187</b>	<b>22,359</b>	<b>(12,222)</b>	<b>34,581</b>

(1) Debt on the better fortunes clause (see below) of 34.2 thousand euros, current bank facilities of 0.3 million euros and the cash agreement with Bolloré SA of 10.2 million euros. See note 7.2 - Cash and cash equivalents.

(2) Cash at June 30, 2017.

### Main characteristics of the items in net financial debt

#### Liabilities at amortized cost

##### Other borrowings and similar debts

(in thousands of euros)	At 06/30/2017	At 12/31/2016
Cash and cash management agreement – liabilities	10,480	25
Other borrowings and similar debts (*)	34,187	34,863

\* Corresponds to the factoring in of the debt linked to the return to better fortune clause in favor of Bolloré relating to the debt waiver granted in 2009 in an amount of 34.2 million euros at June 30, 2017, versus 34.9 million euros at December 31, 2016.

Blue Solutions is committed to repaying an amount of 37.2 million euros to Bolloré SA, said amount corresponding to the debt of 37.5 million euros waived in 2009 minus the 0.3 million euro repayment in 2016, by paying one-third of the company's recurring income before tax, capped at the amount of the net profit, until the debt has been paid off.

The debt recognized in the financial statements corresponds to the current value of the commitment and is estimated on the basis of forecasts of future profit/loss available on the dates on which the financial statements for Blue Solutions were prepared. The interest expense representing the passage of time ((0.3) million euros at June 30, 2017, versus (0.7) million euros at December 31, 2016) are recognized in the net financing expenses on the basis of an effective interest rate corresponding to the average financing rate of the lender. However, this interest does not create cash outflows.

Subsequent changes (excluding the effect of discounting) of this debt, resulting from a transaction with shareholders, were recorded in shareholders' equity for 0.7 million euros at June 30, 2017 and 1.7 million euros at December 31, 2016.

Debt repayments (0.3 million euros at June 30, 2017) are recognized as a reduction from the debt by posting to the Bolloré SA current account.

## 7.4 - Investments in equity affiliates

(in thousands of euros)	
<b>At December 31, 2016</b>	<b>1,547</b>
Share in net income	73
Other transactions <sup>(1)</sup>	0
<b>AT JUNE 30, 2017</b>	<b>1,620</b>

(1) Other transactions correspond to dividends paid by Cirtem to Blue Solutions.

**Consolidated value of the companies accounted for using the equity method**

(in thousands of euros)	At 06/30/2017		At 12/31/2016	
	Share in net income	Value of equity share	Share in net income	Value of equity share
Cirtem <sup>(1)</sup>	73	1,620	28	1,547
<b>TOTAL</b>	<b>73</b>	<b>1,620</b>	<b>28</b>	<b>1,547</b>

(1) The company was 33.74% owned by Blue Solutions SA at June 30, 2017 and at December 31, 2016.

**Note 8 - Information relating to market risk and the fair value of financial assets and liabilities****8.1 - Information on risk**

This note updates the information provided in note 8 to the consolidated financial statements included in the Group's 2016 registration document.

**Main financial risks concerning the Group****Liquidity risk**

At June 30, 2017, its net debt was 43.7 million euros (22.4 million euros at December 31, 2016). It includes 10.2 million euros under the cash agreement with Bolloré SA ((11.3) million euros at December 31, 2016), net cash of (0.6) million euros and 34.2 million euros under the better fortunes clause with Bolloré SA (34.9 million euros at December 31, 2016).

Blue Solutions is committed to repaying an amount of 37.2 million euros to Bolloré SA, said amount corresponding to the debt of 37.5 million euros waived in 2009 minus the 0.3 million euro repayment already made, by paying one-third of the company's positive profit before tax, capped at the amount of the net profit, until the debt has been paid off.

The debt recognized in the financial statements (34.2 million euros at June 30, 2017) corresponds to the current value of the commitment and is estimated on the basis of the forecasts of future results available as of the dates of drawing up the financial statements for Blue Solutions. Interest expense representative of the passage of time is recognized in the net financing expenses on the basis of an effective interest rate corresponding to the average financing rate of the lender. However, this interest does not create cash outflows.

The Blue Solutions Group has a cash agreement with the Bolloré Group which may be used to cover its liquidity requirements. The Group considers that the Bolloré Group has sufficient liquidity to ensure financing for the coming years. The financial risks related to the Bolloré Group are presented in its 2016 registration document, with updates provided in the 2017 Half-Year Report.

**Interest rate risk**

At June 30, 2017, the Group had net variable-rate debt of 43.7 million euros, versus 22.4 million euros at December 31, 2016. The cash management agreement with Bolloré SA showed a net liability position of 10.2 million euros at June 30, 2017, versus an asset position of 11.3 million euros at December 31, 2016. This cash agreement bears interest at the quarterly average EONIA rate +1.00% for advances made by Bolloré SA and at the quarterly EONIA rate +0.50% for advances made to Bolloré SA, it being noted that in both cases where the quarterly EONIA rate is negative it will be deemed to be 0%.

Interest expenses in respect of the debt relating to the return to better fortune clause amounted to (0.3) million euros based on an interest rate of 1.85% at June 30, 2017 ((0.3) million euros based on an interest rate of 2.00% at June 30, 2016).

The sensitivity of the debt to a +1% change in the rate is as follows: the half-year impact on financing costs would be (0.4) million euros at June 30, 2017, compared with (0.2) million euros at June 30, 2016.

Blue Solutions did not use financial derivatives to hedge rates at June 30, 2017 or December 31, 2016.

**Foreign exchange risk**

Group turnover related to the sale of batteries is made in euros. Consequently, over 97% of the turnover in the presented periods was generated in euros. The company therefore considers that its turnover does not expose it in a significant manner to exchange rate risks.

Blue Solutions nonetheless conducts certain transactions in foreign currency: intra-group purchases of batteries and the majority of production costs of the Canadian site are carried out in Canadian dollars; some purchases of components from outside suppliers are conducted in US dollars. The company considers that the impact related to currencies nevertheless remains limited on the whole with regard to the Group's operating income and is not hedged.

The Group's operating income is not significantly exposed to currency risk. The Group's total net currency gains and losses related to operating flows in foreign currency amounted to 169 thousand euros at June 30, 2017, (65) thousand euros at June 30, 2016, and (280) thousand euros at December 31, 2016.

In 2017 and 2016, the financing of Blue Solutions Canada was provided by Blue Solutions in Canadian dollars. The unrealized foreign exchange gains and losses resulting from the translation of this short-term financing into euros was



recognized in financial income at each reporting date to December 31, 2016. Since January 1, 2017, and in light of the prospect of the medium-term repayment of the financing provided to Blue Solutions Canada by Blue Solutions France, the net impact of unrealized foreign exchange gains and losses on this financing is now recognized in other comprehensive income, pursuant to IAS 21.

Total net currency exchange impacts amounted to (2,364) thousand euros, and 1,737 thousand euros for the periods ended June 30, 2017 and June 30, 2016.

At June 30, 2017, (2,408) thousand euros of the total impact was recognized in other comprehensive income.

The impact of a 1% change in the Canadian dollar on the translation of the Group's data is as follows:

(in thousands of euros)	At 06/30/2017	At 12/31/2016	At 06/30/2016
Turnover	13	(24)	9
Operating income	(59)	36	(8)
Financial income	(6)	385	374
Net income	(65)	421	366
Shareholders' equity	178	699	311

In 2017, the Capacitor Sciences Inc financing was provided by Blue Solutions Canada in US dollars. Unrealized foreign exchange gains and losses resulting from the translation of the short-term financing into euros are recognized as net financial income. They totaled (251) thousand euros at June 30, 2017.

### Credit and/or counterparty risk

Blue Solutions considers it is not exposed to counterparty risk, as close to 99% of its turnover is generated with Bolloré Group companies.

### Risk related to shares

Blue Solutions has no shareholdings other than those held in Blue Solutions Canada, Capacitor Sciences and Cirtem. Accordingly, it considers that it is not subject to any risk on fluctuation in share markets.

### Raw materials risk

Given the portion represented individually by each type of raw material and component in its operating expenses, Blue Solutions has not put in place any measures for this risk or any hedging measures for said risk.

## Note 9 - Shareholders' equity and earnings per share

### 9.1 - Shareholders' equity

#### 9.1.1 - Changes in capital

At June 30, 2017, the share capital of Blue Solutions SA was 144,191,580 euros, divided into 28,838,316 fully paid-up ordinary shares with a par value of 5 euros each. During the period ended on June 30, 2017, the weighted average number of ordinary shares outstanding and the weighted average number of ordinary and potential dilutive shares was 28,838,316.

Transactions that affect or could affect the share capital of Blue Solutions are subject to agreement by the General Meeting of Shareholders.

#### 9.1.2 - Dividends paid out by the parent company

The parent company did not pay any dividends in the period.

## 9.2 - Earnings per share

The table below gives a breakdown of the details used to calculate the basic and diluted earnings per share shown at the bottom of the income statement.

(in thousands of euros)	June 2017	June 2016	December 2016
Net income, Group share, used to calculate earnings per share - basic	(4,137)	8,888	(80)
Net income, Group share, used to calculate earnings per share - diluted	(4,137)	8,888	(80)
Number of shares issued	28,838,316	28,838,316	28,838,316
<b>Number of shares outstanding</b>	<b>28,838,316</b>	<b>28,838,316</b>	<b>28,838,316</b>
Free shares	353,500	367,500	358,000
<b>Number of shares issued and potential shares</b>	<b>29,191,816</b>	<b>29,205,816</b>	<b>29,196,316</b>
Weighted average number of shares outstanding - basic	28,838,316	28,838,316	28,838,316
Potential dilutive securities resulting from the exercise of stock options <sup>(1)</sup>	0	217,131	
<b>Weighted average number of shares outstanding and potential shares - after dilution</b>	<b>28,838,316</b>	<b>29,055,447</b>	<b>28,838,316</b>

(1) Potential stock was not taken into account when calculating the diluted net income per share for the first half of 2017 or for 2016 as it has no dilutive effect due to the loss generated in these periods.

## Note 10 - Provisions

(in thousands of euros)	At 06/30/2017	including current	including non-current	At 12/31/2016	including current	including non-current
Provisions for litigation <sup>(1)</sup>	426	426	0	765	765	0
Provisions for warranties <sup>(2)</sup>	217	217	0	258	258	0
Provisions for taxes <sup>(3)</sup>	799	0	799	799	0	799
Other provisions for charges	97	97	0	97	97	0
<b>Provisions for contingencies and charges</b>	<b>1,539</b>	<b>740</b>	<b>799</b>	<b>1,919</b>	<b>1,120</b>	<b>799</b>
Employee benefit obligations	2,691	0	2,691	2,584	0	2,584
<b>PROVISIONS</b>	<b>4,230</b>	<b>740</b>	<b>3,490</b>	<b>4,503</b>	<b>1,120</b>	<b>3,383</b>

(1) 426 thousand euro provision for a supplier dispute.

(2) Provisions for warranties are created to cover the share of future expenses deemed likely for warranties such as the functioning and performance on battery and equipment deliveries. They also generally cover one year of operation depending on the type of material delivered. These provisions are determined on a statistical basis based on a history of returns of items under warranty.

(3) A tax audit was conducted by the authorities for the period 2012 to 2014. The procedure is still ongoing. The company has challenged all the assessments received. Nevertheless, out of prudence, the company funded a provision in 2016 for the tax expense relating to the CVAE value added tax (0.8 million euros) on the grounds that it is likely to be paid.

## Breakdown of changes over the period

(in thousands of euros)	At 12/31/2016	Decrease			Changes in consolidation scope	Other changes	Foreign exchange variations	At 06/30/2017
		Increase	With use	Without use				
Provisions for litigation	765	0	(339)	0	0	0	0	426
Provisions for warranties	258	0	0	(41)	0	0	0	217
Provisions for taxes	799	0	0	0	0	0	0	799
Other provisions for charges	97	0	0	0	0	0	0	97
Employee benefit obligations <sup>(1)</sup>	2,584	112	(5)	0	0	0	0	2,691
<b>TOTAL</b>	<b>4,503</b>	<b>112</b>	<b>(344)</b>	<b>(41)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,230</b>

(1) Employee benefit obligations were updated at June 30, 2017 by extrapolating the calculations done at December 31, 2016. The demographic data at December 31, 2016 were updated to reflect expected retirements in 2017. The exchange rates and the discounting rates were updated, the other assumptions were retained. No actuarial losses were recognized in equity in the first half of 2017.

**Note 11 - Employee benefits****11.1 - Share-based payment transactions****Blue Solutions free share allocation plan**

Blue Solutions' Board of Directors meeting of January 7, 2014, partially using the authorization granted to it by the Extraordinary General Meeting of August 30, 2013, decided to award a fixed maximum amount of free shares of 380,000 shares, or 1.32% of the capital. 364,500 free shares were awarded in this way on January 8, 2014, and 13,500 on April 7, 2014, in line with the procedures set out by the General Meeting and the Board of Directors. The arrangements for awarding these shares are detailed in the notes to the Blue Solutions Group's financial statements for the year ended December 31, 2016. The accounting treatment for this plan wasn't changed during the half year.

The fair value of the shares granted was calculated by an independent expert.

The fraction of this fair value representative of the services rendered to Blue Solutions recorded in P&L under "Staff costs" offset in shareholders' equity is (394) thousand euros at June 30, 2017 and (768) thousand euros at June 30, 2016. The change is due to the offsetting during the period of the fair value of the performance shares for which the allocation conditions hadn't been satisfied.

**Bolloré SA free share allocation plans**

Bolloré Group granted Bolloré SA free shares to Group employees. These were done in line with the conditions laid down by the Extraordinary General Meeting on June 3, 2016. The terms and conditions of these plans were approved by the Board of Directors of Bolloré at its meetings on September 1, 2016 and March 23, 2017.

Some of these shares were granted to employees of Blue Solutions Group (64,000 shares for the plan approved by the Board of Directors on September 1, 2016, involving 4,131,200 Bolloré SA shares and 70,000 shares for the plan approved by the Board of Directors at its meeting of March 23, 2017, involving 1,610,000 Bolloré SA shares).

The Blue Solutions Group applied IFRS 2 Share-based Payment to these free share allocation plans of the parent company (IFRS2-B53). Given that Bolloré SA is obligated to deliver the equity instruments, the Blue Solutions Group recognized the expense for employee service cost pursuant to the provisions of IFRS2.10 on the measurement of share-based payment transactions and offset this with an increase in equity for Bolloré SA's contribution.

The fair value of the shares granted was calculated by an independent expert.

The fraction of this fair value representative of the services rendered to Blue Solutions recorded in P&L under "Staff costs" offset in shareholders' equity is (49) thousand euros at June 30, 2017 and (0) thousand euros at June 30, 2016.

**Note 12 - Taxes****12.1 - Tax expenses****12.1.1 - Income tax analysis**

(in thousands of euros)	June 2017	June 2016	December 2016
Current tax	0	0	0
Provision (expense)/reversal for taxes	0	0	(799)
Net change in deferred taxes	0	0	0
Other tax	0	0	0
Corporate added value contribution	(65)	(284)	(534)
<b>TOTAL</b>	<b>(65)</b>	<b>(284)</b>	<b>(1,333)</b>

For the fiscal years presented, by virtue of IAS 12 section 35, the Group considered that given the recent history of unused tax losses, it was not necessary to recognize the net deferred tax assets in respect of carrying forward tax losses beyond the taxable liabilities temporary differences.

**Note 13 - Related-party transactions**

The consolidated financial statements include the operations conducted by the Group within the normal framework of its activities with the consolidated companies in the Bolloré Group which controls the Group.

It should be noted that the Group has in particular entered into an agreement with Bolloré SA concerning the provision of services, including the provision of assistance, staff and resources and reclassification of assets. The financial conditions of this agreement are as follows:

- provision of assistance: the amount invoiced is determined on the basis of Bolloré SA's operating costs using an allocation formula;
- provision of staff and resources: the agreement specifies re invoicing at cost for seconded personnel and equipment, re invoicing by the hour for aircraft;
- reclassification of assets or securities: they are calculated on the basis of the net book value of the goods in the accounts of the transferor except for changes in securities exceeding 500,000 euros and asset disposals exceeding 1,500,000 euros which are governed by a special agreement subject to the procedures for related-party agreements.

In addition: Blue Solutions benefits from a cash management agreement with Bolloré SA which manages the cash requirements and cash surpluses of Blue Solutions. Borrowings made are subject to the quarterly average EONIA interest rate +1.00% and loans at the EONIA rate +0.50%.

(in thousands of euros)	June 2017	June 2016
<b>Turnover</b>		
- non-consolidated entities in Blue Solutions Group <sup>(1)</sup>	54,661	65,275
- entities accounted for using the equity method: Cirtem	0	0
<b>Goods and services bought in</b>		
- non-consolidated entities in Blue Solutions Group <sup>(1)</sup>	(11,504)	(3,388)
- entities accounted for using the equity method: Cirtem	0	0
<b>Other financial income and expenses</b>		
- non-consolidated entities in Blue Solutions Group <sup>(1)</sup>	(356)	(309)
- entities accounted for using the equity method: Cirtem	0	0
(in thousands of euros)	June 2017	December 2016
<b>Receivables associated with activity (excluding tax consolidation)</b>		
- non-consolidated entities in Blue Solutions Group <sup>(1)</sup>	25,555	8,734
- entities accounted for using the equity method: Cirtem	0	0
<b>Provisions for bad debts</b>	0	0
<b>Payables associated with activity (outside tax consolidation)</b>		
- non-consolidated entities in Blue Solutions Group <sup>(1)</sup>	791	1,040
- entities accounted for using the equity method: Cirtem	0	0
<b>Current accounts and cash management agreements – assets</b>		
- non-consolidated entities in Blue Solutions Group <sup>(1)</sup>	0	11,278
- entities accounted for using the equity method: Cirtem	0	0
<b>Current accounts and cash management agreements – liabilities</b>		
- non-consolidated entities in Blue Solutions Group <sup>(1)</sup>	10,172	0
- entities accounted for using the equity method: Cirtem	0	0

(1) Entities jointly controlled by the Bolloré Group, not consolidated by the Blue Solutions Group, along with Group holding companies.

**Note 14 - Events after the reporting period**

- Results of Bolloré SA's simplified tender offer for the shares of Blue Solutions France

Bolloré SA filed a tender offer with the AMF to purchase 3,171,714 Blue Solutions shares at a price of 17 euros per share. AMF gave its approval on July 4, 2017, with the offer period running from July 6 to 19, 2017. The clearance certificate was issued on July 21, 2017.

At the end of the offer period, Bolloré SA had acquired 2,192,482 shares for a total of 37,272,194 euros taking its interest to 22,725,357 shares, representing 78.80% of the share capital of Blue Solutions. Bolloré and Bolloré Participations thus owned 96.6% of the share capital and 98.2% of the voting rights of Blue Solutions.

At the end of the offer period, Bolloré Group reiterated its commitment to file a tender offer at a price of 17 euros per Blue Solutions share following the publication of the Blue Solutions financial statements for the 2019 fiscal year, provided the average Blue Solutions share price during the reference period is below 17 euros.

**STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION**

For the period from January 1 to June 30, 2017

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

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of BLUE SOLUTIONS, for the period from January 1 to June 30, 2017,
- the verification of the information presented in the half-yearly management report.

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

**I- Conclusion on the financial statements**

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

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

**II- Specific verification**

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine, September 20, 2017

The Statutory Auditors  
*French original signed by*

**AEG FINANCES**

*French member of Grant Thornton International*

**CONSTANTIN ASSOCIES**

*Member of Deloitte Touche Tohmatsu Limited*

Jean-François BALOTEAUD

Jean Paul SEGURET

**STATEMENT OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT**

I hereby certify that to the best of my knowledge the condensed financial statements for the past half year have been prepared in accordance with application accounting standards and give a true and fair view of the assets, financial position and performance of the company and all its consolidated entities, and that the interim progress report on page 3 gives a true picture of the highlights in the first six months of the financial year, their effect on the accounts, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

September 28, 2017

Marie Bolloré  
Chief executive Officer