Interim report Ordina N.V.

H1 2018

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About Ordina

Ordina is the largest independent IT services provider in the Benelux, with around 2,650 employees. We devise, build and manage IT applications in the public sector, financial services, industry and the healthcare sector. Our goal is IT that helps people. IT that matters and that has been developed without wasting any resources. We do this by working with our clients in partnerships for sustainable innovation.

Ordina was founded in 1973. The company's shares have been listed on NYSE Euronext Amsterdam since 1987 and are included in the Small Cap Index (AScX). In 2017, Ordina recorded turnover of EUR 345 million. You will find additional information on our website: www.ordina.nl.

Statement from the Management Board

This document comprises the 2018 interim report and the condensed consolidated interim financial statements of Ordina N.V. This interim report has been prepared in accordance with IAS 34, ‘Interim Financial Reporting’. This interim report does not contain all the information required for financial statements. It should therefore be read in conjunction with the consolidated financial statements for the full year 2017. These interim financial statements are unaudited.

The Management Board hereby declares, in accordance with Section 5:25d (2) (c) of the Dutch Financial Supervision Act, that to the best of their knowledge:

- the condensed interim financial statements give a true and fair view of the assets and liabilities, and the financial position as at 30 June 2018 and the results for the first six months of 2018 of Ordina N.V. and its consolidated companies; and that
- the interim report of the Management Board incorporated in this 2018 interim report gives a true and fair view of the information required pursuant to Sections 5:25d(8) and, insofar as applicable, (9) of the Dutch Financial Supervision Act, subject to the disclaimer regarding forward looking statements included at the bottom of page 13.

Nieuwegein, 1 August 2018

J. Maes, CEO
J.W. den Otter, CFO

KEY FIGURES ORDINA N.V.

	H1 2017[1]	H1 2018	Change H1 2018 on H1 2017
(in thousands of euros, unless indicated otherwise)			
Revenue the Netherlands	125,305	128,306	2.4%
Revenue Belgium / Luxembourg	45,692	50,558	10.6%
Total Revenue	**170,997**	**178,864**	4.6%
EBITDA the Netherlands	1,897	2,973	
EBITDA margin the Netherlands	1.5%	2.3%	
EBITDA Belgium / Luxembourg	5,053	7,188	
EBITDA margin Belgium / Luxembourg	11.1%	14.2%	
EBITDA	**6,950**	**10,161**	**3,211**
EBITDA margin	**4.1%**	**5.7%**	**1.6%**
Redundancy costs	3,286	1,040	
Net profit	1,032	5,072	4,040
Shareholders' equity	145,521	151,031	
Capital asset ratio	62	63	
Intangible fixed assets	133,330	130,986	-1.8%
Tangible fixed assets	5,093	5,660	11.1%
Total assets	235,017	240,949	2.5%
Days Sales Outstanding (DSO)	54	55	
Days Payables Outstanding (DPO)	61	59	
Net cash position	2,159	2,893	
Leverage ratio	-0.1	-0.1	
Average number of staff (FTE)	2,597	2,516	
Average number of direct staff (FTE)	2,286	2,230	
Average number of indirect staff (FTE)	311	286	
Number of staff at end of reporting period (FTE)	2,605	2,554	
Number of direct staff at end of reporting period (FTE)	2,288	2,255	
Number of indirect staff at end of reporting period (FTE)	317	299	
Number of shares outstanding at end of reporting period (in thousands)	93,256	93,256	0.0%
Per-share information (based on average number of issued shares) in euros			
Shareholders' equity	1.56	1.62	
Cash generated from operating activities	0.07	-0.02	
Earnings	0.01	0.05	
Earnings - diluted	0.01	0.05	

*The figures for 2017 are restated due to the application of IFRS 15 'Revenues from contracts with customers' and IFRS 9 'Financial instruments', resulting in a EUR 1.9 million reduction in both revenue and operating costs and a EUR 2,000 reduction in net profit

First half results Ordina N.V.
Improvement continues

Nieuwegein, 2 August 2018

Highlights H1 2018

- Net profit EUR 5.1 million (H1 2017: EUR 1.0 million);
- EBITDA of EUR 10.2 million (H1 2017: EUR 7.0 million);
- EBITDA margin 5.7% (H1 2017: 4.1%);
- Revenue up 4.6% at EUR 178.9 million (H1 2017: EUR 171.0 million);
  - Revenue in the Netherlands up 2.4% at EUR 128.3 million (H1 2017: 125.3 million);
  - Revenue in Belgium/Luxembourg up 10.6% at EUR 50.6 million (H1 2017: 45.7 million);
- Recruitment of new employees successful, inflow up by 35%.

Highlights Q2 2018

- EBITDA of EUR 4.1 million (Q2 2017: EUR 2.7 million);
- EBITDA margin 4.7% (Q2 2017: 3.2%);
- Revenue up 4.8% at EUR 87.6 million (Q2 2017: EUR 83.6 million);
  - Revenue in the Netherlands up 2.9% at EUR 63.1 million (Q2 2017: EUR 61.3 million);
  - Revenue in Belgium/Luxembourg up 9.9% at EUR 24.5 million (Q2 2017: EUR 22.3 million);
- Net cash position improved to EUR 2.9 million (end-Q2 2017: EUR 2.2 million);
- New contracts in the field of Business platforms in industry and public sectors.

Jo Maes, CEO Ordina, about the first half

“Our company recorded a further improvement in revenue and profit in the first half of the year. In the Netherlands, the revenue improvement was particularly marked in the public sector. This growth was driven by the IT framework agreements we closed in a previous period, the deployment of our High performance teams and increased revenue from management contracts. Our operational improvements are paying off. Returns are being boosted by lower expenses and higher productivity levels. Belgium/Luxembourg continues to perform well, with revenue up 10.6%, partly on the back of new contracts with clients in the financial services sector.

Thanks to the undiminished strong demand for our services, we have set our sights firmly on growth with own employees. The outflow of employees is still too high. The good news is that we recruited 35% more employees than we did in the first half of 2017. Our Young Professional programme is proving a success: 133 Young Professionals joined the company in the first half of the year, almost double the number from last year.

Our recognisable go-to-market strategy with five clear business propositions is focused on helping our clients to realise continuous improvement and innovation on a structural basis. Many organisations are now realising that their IT environment has become too complex. Under the umbrella of the Business platforms proposition, we are reducing the complexity of core systems and making sure they operate more efficiently. This gives our clients the opportunity to innovate by using smart data. In the first half of this year, we won a number of significant Business platform-related contracts in the industry and public sector.”

Developments Q2 2018

Revenue Q2 2018

In the second quarter of 2018, revenue increased by 4.8% to EUR 87.6 million (Q2 2017: EUR 83.6 million). The number of workable days was 61 in both the Netherlands and in Belgium/Luxembourg (Q2 2017: 61).

Revenue per division

(in thousands of euros)	Q2 2017[1]	Q2 2018	Change Q2 2018 on Q2 2017[1]
the Netherlands	61,293	63,069	2.9%
Belgium/Luxembourg	22,302	24,514	9.9%
TOTAL	**83,595**	**87,583**	**4.8%**

[1] The figures for 2017 are restated due to the application of IFRS 15 'Revenue from contracts with customers', resulting in a EUR 1.1 million reduction in revenue.

EBITDA Q2 2018

EBITDA (after redundancy costs) increased to EUR 4.1 million in the second quarter (Q2 2017: EUR 2.7 million). Redundancy costs came in at EUR 0.5 million in Q2 2018 (Q2 2017: EUR 2.4 million). The Q2 2017 result was boosted by a number of one-off items totalling EUR 3.1 million. Excluding these one-off items, EBITDA was EUR 0.4 million negative in Q2 2017.

Developments H1 2018

Revenue H1 2018

In the first half of 2018, revenue increased by 4.6% to EUR 178.9 million (H1 2017: EUR 171.0 million). The number of workable days was 125 in the Netherlands (H1 2017: 126) and 125 in Belgium/Luxembourg (H1 2017: 125). One workable day in the Netherlands has an impact of around EUR 0.9 million on revenue and around EUR 0.7 million on EBITDA.

Revenue per division

(in thousands of euros)	H1 2017[1]	H1 2018	Change H1 2018 on H1 2017[1]
the Netherlands	125,305	128,306	2.4%
Belgium/Luxembourg	45,692	50,558	10.6%
TOTAL	**170,997**	**178,864**	**4.6%**

[1] The figures for 2017 are restated due to the application of IFRS 15 'Revenue from contracts with customers', resulting in a EUR 1.9 million reduction in revenue.

EBITDA H1 2018

EBITDA (after redundancy costs) increased to EUR 10.2 million in the first half (H1 2017: EUR 7.0 million). Redundancy costs came in at EUR 1.0 million (H1 2017: EUR 3.3 million). The EBITDA margin increased to 5.7% (H1 2017: 4.1%).

The 2017 result was boosted by a number of one-off items totalling EUR 3.1 million. Excluding these one-off items, EBITDA was EUR 3.9 million in H1 2017.

EBITDA per division

(in thousands of euros)	H1 2017[1]		H1 2018	
the Netherlands	1,897	1.5%	2,973	2.3%
Belgium/Luxembourg	5,053	11.1%	7,188	14.2%
TOTAL	**6,950**	**4.1%**	**10,161**	**5.7%**

[1] The figures for 2017 are restated due to the application of IFRS 15 Revenues from contracts with customers' and IFRS 9 'Financial instruments', resulting in a EUR 1.9 million reduction in both revenue and operating costs and a EUR 3,000 reduction in EBITDA.

Netherlands

In the Netherlands, revenue was up 2.4% at EUR 128.3 million in H1 2018. The EBITDA margin rose to 2.3% (H1 2017: 1.5%). Our operational improvements are now paying off. The returns are being boosted by lower costs and increased productivity.

Thanks to the undiminished strong demand for our services, we have now set our sights firmly on growth in the number of in-house employees. Despite our successful recruitment activities, a growing share of our contracts is currently fulfilled using external hires. This is putting pressure on our margins.

Belgium/ Luxembourg

In Belgium/Luxembourg, revenue increased by 10.6% to EUR 50.6 million (H1 2017: EUR 45.7 million). The EBITDA margin increased to 14.2% (H1 2017: 11.1%), as a result of an increase in the number of direct employees and higher productivity levels.

Overview working days	**2017**		**2018**	
	NL	**B**	**NL**	**B**
Q1	65	64	64	64
Q2	61	61	61	61
Q3	65	63	65	63
Q4	63	62	64	63
Total	**254**	**250**	**254**	**251**

Market developments

Revenue Q2 2018

Revenue was up 4.8% at EUR 87.6 million in the second quarter of the year (Q2 2017: EUR 83.6 million).

(in thousands of euros)	Q2 2017[1]	Q2 2018	Change Q2 2018 on Q2 2017[1]
Public	30,308	33,475	10.4%
Financial services	22,625	24,303	7.4%
Industry	24,958	24,176	-3.1%
Healthcare	5,704	5,629	-1.3%
TOTAL	**83,595**	**87,583**	**4.8%**

[1] The figures for Q2 2017 are restated due to the application of IFRS 15 'Revenue from contracts with customers', resulting in a EUR 1.1 million reduction in revenue. In addition, the figures for 2017 have been adjusted to reflect the reclassification of a number of clients for comparison purposes.

Revenue H1 2018

Revenue rose by 4.6% to EUR 178.9 million in the first half of 2018 (H1 2017: EUR 171.0 million).

Revenue per market segment

(in thousands of euros)	H1 2017[1]	H1 2018	Change H1 2018 on H1 2017[1]
Public	60,747	68,244	12.3%
Financial services	46,681	49,480	6.0%
Industry	51,712	49,849	-3.6%
Healthcare	11,857	11,291	-4.8%
TOTAL	**170,997**	**178,864**	**4.6%**

[1] The figures for Q2 2017 are restated due to the application of IFRS 15 'Revenue from contracts with customers', resulting in a EUR 1.9 million reduction in revenue. In addition, the figures for 2017 have been adjusted to reflect the reclassification of a number of clients for comparison purposes.

Public

Revenue in the public sector increased by 12.3% to EUR 68.2 million in the first half of 2018 (H1 2017: EUR 60.7 million). This growth was driven by previously closed IT framework contracts, the deployment of High performance teams and increased revenue from management contracts.

Financial services

Revenue in financial services rose by 6.0% to EUR 49.5 million (H1 2017: EUR 46.7 million). This increase was largely driven by new contracts from clients in Belgium/Luxembourg in banking and other financial sectors.

Industry

Revenue in the industry sector declined by 3.6% to EUR 49.8 million (H1 2017: EUR 51.7 million), largely in the Netherlands. The decline was due to a reduction in revenue from a number of multinationals. Revenue in this sector increased in Belgium/Luxembourg.

Healthcare

Revenue in the healthcare sector declined by 4.8% to EUR 11.3 million (H1 2017: EUR 11.9 million). The Netherlands saw a decline in revenue in this market. Revenue in the pharmaceutical sector in Belgium increased when compared to the same period of last year, on the back of contracts with new clients.

Employees

In the first half of 2018, the total number of direct employees declined by 21 FTEs. The inflow of new employees increased by 35% compared to the previous year, partly as a result of the job market campaign 'You learn more in teams" in the Netherlands. The programme for Young Professionals is also clearly paying off: a total of 133 Young Professionals joined Ordina in the first half of 2018 (H1 2017: 70).

The outflow of employees remained unchanged in the first half when compared to the same period in 2017. The turnover rate of direct employees was around 26% on an annual basis, both in the Netherlands and in Belgium/Luxembourg.

The number of indirect employees increased by 16 FTEs. This increase in indirect employees was partly due to the reclassification (from direct to indirect) of around eight FTEs. In addition, investment in the continued growth of our Belgium/Luxembourg business also led to an increase in the number of indirect employees. At the end of H1 2018, the total number of employees stood at 2,554 FTEs (year-end 2017: 2,559 FTEs).

Attrition employees

	FTE FY 2017	In	Out	FTE H1 2018
Direct FTE	2.276	286	307	2.255
Indirect FTE	283	46	30	299
TOTAL	2.559	332	337	2.554

Financial developments

Revenue development Revenue increased by 4.6% to EUR 178.9 million in the first half of 2018 (H1 2017: EUR 171.0 million). The number of workable days was 125 in the Netherlands (H1 2017: 126) and 125 in Belgium/Luxembourg (H1 2017: 125).

EBITDA EBITDA (after redundancy costs) was EUR 10.2 million in the first half of 2018 (H1 2017: EUR 7.0 million). Redundancy costs came in at EUR 1.0 million (H1 2017: EUR 3.3 million).

From EBITDA to net profit

	H1 2017[1]	H1 2018
EBITDA	**6,950**	**10,161**
Depreciation & amortisation	-4,178	-1,952
EBIT	**2,772**	**8,209**
Finance costs - net	-247	-101
Earnings before taxes	**2,525**	**8,108**
Taxes	-1,493	-3,036
Net profit	**1,032**	**5,072**

[1] the figures for 2017 are restated due to the application of IFRS 9 'Financial instruments', resulting in a reduction of EBITDA of EUR 3,000 and a reduction of net profit of EUR 2,000.

Acquisitions and disposals Ordina made no acquisitions or disposals in the first half of 2018.

Depreciation Total depreciations came in at EUR 2.0 million (H1 2017: EUR 4.2 million). The higher depreciation costs in the first half of 2017 were partly related to the decommissioning of a module of our ERP application.

Net profit and EPS Net profit came in at EUR 5.1 million (H1 2017: EUR 1.0 million). Net earnings per share (EPS) were EUR 0.05 (H1 2017: EUR 0.01).

Productivity/ availability Average productivity stood at 70.9% in H1 2018 (H1 2017: 68.8%). Average availability was 9.6% in H1 2018 (H1 2017: 9.7%).

Net cash position and cash flow At the end of Q2 2018, the net cash position stood at EUR 2.9 million (end-Q2 2017: EUR 2.2 million). The net cash position declined by EUR 8.0 million when compared to year-end 2017 (year-end 2017: EUR 10.9 million). Movements in the net cash position in the first half of the year were as follows:

(rounded up, in EUR millions)	
Year-end 2017	10.9
Net result	5.1
Depreciation & amortisation	2.0
Working capital, provisions & other movements	11.6-
Interest & income tax	0.6
Net investments	2.1-
Cashflow from financing activities	1.9-
at 30 June 2018	**2.9**

The movements in the cash position were in line with normal seasonal patterns. The cash position was also impacted by a number of one-off items (including the payment of VAT on the private use of lease cars, as reported in the trading update for Q1 2018) with a net negative impact of EUR 3.6 million. The underlying improvement in the cash position was largely driven by the higher result and strict working capital management.

The leverage ratio as formulated in the financing agreement stood at -0.1 on 30 June 2018 and was below the maximum of 2.5 agreed with Ordina's financiers. The Interest Cover Ratio stood at 101.8 on 30 June 2018. This therefore remained above the minimum of 5.0 agreed with Ordina's financiers.

The table below is an overview of the ratios compared with the covenants agreed with the banks:

Maximum Leverage Ratio

	Norm	Actual
Ratio up to last two quarters before end of agreement [1]	**2.5**	**-0.1**
Ratio during last two quarters of agreement [1]	2.0	

Minimum Interest Cover Ratio

	Norm	Actual
Ratio	**5.0**	**101.8**

[1] The financing facility has a term of five years, with an initial term of three years and an option for two extensions of one year each, both of which have since been agreed through to May 2020.

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Risk management

In the 2017 Annual Report (page 72 and onwards), Ordina describes the main objectives and procedures of its risk management and control systems, as well as the main risks and any mitigating measures. Ordina has assessed the identified risks and has determined that the main risks identified remain the same in the second half of 2018. The main risks are:

- There is a shortage of highly qualified IT professionals. This is partly due to the limited supply on the labour market and partly due to reduced retention (retaining employees with expertise and experience), partly due to the improved economy.
- We are increasingly seeing small specialist companies appear in the market, both as competitors for our services and in the labour market. The reason for this is the declining demand for all-encompassing projects and clients demanding specific part-solutions. These companies are also going to great lengths to be attractive employers for employees.
- Data security is vital in the current digital age. Sensitive information can fall into the wrong hands as a result of cyber-crime or the failure of IT systems.
- Ordina's scale in relation to a client or a contract is sometimes a cause for concern or doubt among (potential) clients. On the other hand, Ordina can quickly become dependent on a specific client as the revenue from that client increases.
- The ability to raise rates for professional services on the commodity services front may be limited due to the relatively long-term nature of framework contracts and competition from self-employed IT specialists and brokers.
- Economic fluctuations combined with a relatively fixed cost structure have a direct impact on our results.
- Market conditions may necessitate the impairment of goodwill related to acquisitions. Thanks to the positive development of the results in the first half of 2018, there was no triggering event for Ordina. There was therefore no reason to conduct an interim impairment test.

For more details on this subject, we refer you to Ordina's 2017 annual report on our website: www.ordina.nl.

We monitor the risks we have identified on a continuous basis. Nevertheless, it is possible that new or previously unidentified risks emerge that are not yet known and that could potentially have a material impact on our business operations, targets and results. We will continuously monitor any known and new risks and take control measures and initiate mitigating actions whenever this is deemed necessary.

Additional information

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Financial calendar

1 November 2018	Trading update Q3
14 February 2019	Publication 2018 annual results
4 April 2019	Annual General Meeting of Shareholders

Media call and analysts presentation

09:00 hrs CET – Media call
Ordina will explain its results on Thursday 2 August 2018 at 09:00 hrs CET during a media conference call (call number +31 20 531 5850).

10:30 hrs CET – Analysts presentation
Ordina will present its results on Thursday 2 August 2018 at 10:30 hrs CET at the analysts meeting in the Wyndham Apollo Hotel in Amsterdam. You can follow this presentation via a webcast. You can follow the webcast via the link that you will find on our website: www.ordina.nl.

The presentation will be available on our website after the webcast.

This document contains forward looking statements regarding the financial performance of Ordina N.V. and outlines certain plans, targets and ambitions based on current insights. Such forecasts are obviously not without risk and entail a certain degree of uncertainty since there are no guarantees regarding future circumstances. There are multiple factors that could potentially result in the actual results and outcomes differing from those outlined in this document. Such factors include: general economic trends, the pace of globalisation of the markets for solutions, IT and consulting, increased performance commitments, scarcity on the labour market, and future acquisitions and disposals.

Condensed consolidated interim financial statements

Ordina N.V.

H1 2018

Unaudited

CONSOLIDATED BALANCE SHEET ORDINA N.V.

	30 June 2017 Restated	31 Dec 2017 Restated	30 June 2018
(in thousands of euros)			
Assets			
Intangible fixed assets	133,330	131,796	130,986
Tangible fixed assets	5,093	4,959	5,660
Investments in associates	397	371	371
Deferred income tax assets	18,449	18,253	17,836
Total fixed assets	**157,269**	**155,379**	**154,853**
Transition costs	341	123	15
Trade debtors and other short term assets	66,780	63,604	76,607
Cash & cash equivalents	10,627	10,889	9,474
Total current assets	**77,748**	**74,616**	**86,096**
Total assets	**235,017**	**229,995**	**240,949**
Equity and liabilities			
Issued capital	9,326	9,326	9,326
Share premium reserve	136,219	136,219	136,219
Retained earnings	-1,056	-936	414
Profit for the period	1,032	3,108	5,072
Shareholders' equity	**145,521**	**147,717**	**151,031**
Employee related provisions	883	880	895
Other provisions	-	-	-
Non-current liabilities	**883**	**880**	**895**
Borrowings / cash & cash equivalents	2,468	-	581
Borrowings / revolver	6,000	-	6,000
Other provisions	989	839	669
Trade payables and other short term liabilities	73,461	76,325	76,986
Current tax payable	5,695	4,234	4,787
Total current liabilities	**88,613**	**81,398**	**89,023**
Total liabilities	**89,496**	**82,278**	**89,918**
Total equity and liabilities	**235,017**	**229,995**	**240,949**

The notes on pages 20 through 33 are an integral part of these condensed interim financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT ORDINA N.V.

	H1 2017 Restated	FY 2017 Restated	H1 2018
(in thousands of euros)			
Revenue from contracts with customers	170,997	342,021	178,864
Cost of hardware, software and other direct costs	2,350	5,139	2,146
Work contracted out (hired staff)	42,838	88,987	48,010
Personnel expenses	113,865	220,002	109,702
Amortisation	3,206	4,775	819
Depreciation	972	2,831	1,133
Other operating expenses	4,994	13,363	8,845
Total operating expenses	168,225	335,097	170,655
Operating profit (EBIT)	**2,772**	**6,924**	**8,209**
Finance costs - net	-247	-443	-101
Share of profit of associates	-	-26	-
Profit before income tax	**2,525**	**6,455**	**8,108**
Income tax expense	-1,493	-3,347	-3,036
Net profit	**1,032**	**3,108**	**5,072**
Net profit is attributable to:			
Shareholders of Ordina	1,032	3,108	5,072
Net profit	**1,032**	**3,108**	**5,072**
(in euros, unless indicated otherwise)			
Earnings per share - basic	0.01	0.03	0.05
Earnings per share - diluted	0.01	0.03	0.05
Number of shares outstanding at end of reporting period (in thousands)	93,256	93,256	93,256

The notes on pages 20 through 33 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	H1 2017 Restated	2017 Restated	H1 2018
(in thousands of euros)			
Net profit	1,032	3,108	5,072
Items not te be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses on defined benefit plans	-	-16	-
Tax on items taken directly to or transferred from equity	-	4	-
Other comprehensive income, net of tax	**-**	**-12**	**-**
Total comprehensive income	**1,032**	**3,096**	**5,072**

The notes on pages 20 through 33 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium reserve	Retained earnings	Net profit for the reporting period	Total equity
(in thousands of euros)					
At 1 January 2017 (restated)	**9,326**	**136,219**	**-3,236**	**5,038**	**147,347**
Changes in H1 2017					
Net profit for the reporting period (restated)	-	-	-	1,032	**1,032**
Other comprehensive income:					
Actuarial gains and losses	-	-	-	-	**-**
Total comprehensive income for the reporting period	**-**	**-**	**-**	**1,032**	**1,032**
Transactions with owners:					
Appropriation of profit previous year	-	-	5,038	-5,038	**-**
Dividend distribution	-	-	-1,865	-	**-1,865**
Share based payments - treasury shares settlement	-	-	-503	-	**-503**
Share based payments - cash settlement	-	-	-597	-	**-597**
Share-based payments - personnel expenses	-	-	107	-	**107**
Total transactions with owners	**-**	**-**	**2,180**	**-5,038**	**-2,858**
Per 30 June 2017 (restated)	**9,326**	**136,219**	**-1,056**	**1,032**	**145,521**
Changes in H2 2017					
Net profit for the reporting period	-	-	-	2,076	**2,076**
Other comprehensive income:					
Actuarial gains and losses	-	-	-12	-	**-12**
Total comprehensive income for the reporting period	**-**	**-**	**-12**	**2,076**	**2,064**
Transactions with owners:					
Share-based payments - personnel expenses	-	-	132	-	**132**
Total transactions with owners	**-**	**-**	**132**	**-**	**132**
Per 31 December 2017 (restated)	**9,326**	**136,219**	**-936**	**3,108**	**147,717**
Per 1 January 2018 (restated)	**9,326**	**136,219**	**-936**	**3,108**	**147,717**
Changes in H1 2018					
Net profit for the reporting period	-	-	-	5,072	**5,072**
Other comprehensive income:					
Actuarial gains and losses	-	-	-	-	**-**
Total comprehensive income for the reporting period	**-**	**-**	**-**	**5,072**	**5,072**
Transactions with owners:					
Appropriation of profit previous year	-	-	3,108	-3,108	**-**
Dividend distribution	-	-	-1,865	-	**-1,865**
Share based payments - treasury shares settlement	-	-	-52	-	**-52**
Share-based payments - personnel expenses	-	-	159	-	**159**
Total transactions with owners	**-**	**-**	**1,350**	**-3,108**	**-1,758**
Per 30 June 2018	**9,326**	**136,219**	**414**	**5,072**	**151,031**

The notes on pages 20 through 33 are an integral part of these condensed interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT ORDINA N.V.

	H1 2017 Restated	H1 2018
(in thousands of euros)		
Cash flow from operating activities		
Net profit for the reporting period	1,032	5,072
Adjustments for:		
Finance costs - net	247	101
Income tax expense	1,493	3,036
	1,740	3,137
Operating profit	2,772	8,209
Adjustments for:		
Amortisation	3,206	819
Depreciation	972	1,133
Share-based payments	107	159
	4,285	2,111
Operating profit before changes in working capital and provisions	**7,057**	**10,320**
Movements in transition costs	244	108
Movements in trade and other receivables	2,035	-13,003
Movements in current liabilities	1,021	1,129
Movements in provisions (long-term)	-3,874	15
	-574	-11,751
Cash generated from operations	**6,483**	**-1,431**
Interest paid	-121	-519
Income taxes paid	-2,041	-2,066
Net cash from operating activities	**4,321**	**-4,016**
Cash flow from investing activities		
Additions to intangible fixed assets	-374	-9
Additions to tangible fixed assets	-1,514	-2,114
Divestment of property, plant and equipment	-	60
Net cash used in investing activities	**-1,888**	**-2,063**
Cash flow from financing activities		
Drawings of borrowings (Revolver)	6,000	6,000
Settlement of share based payment	-1,100	-52
Dividends paid	-1,865	-1,865
Net cash used in financing activities	**3,035**	**4,083**
Net movements in cash and cash equivalents	**5,468**	**-1,996**
Movements in cash and cash equivalents	5,468	-1,996
Cash and cash equivalents at beginning of the reporting period	2,691	10,889
Cash and cash equivalents at the end of the reporting period / net	**8,159**	**8,893**

The notes on pages 20 through 33 are an integral part of these condensed interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

General information

Ordina N.V. has its registered office in Nieuwegein, the Netherlands. These condensed consolidated interim financial statements for the six months ended 30 June 2018 comprise the financial information of Ordina N.V. and all its subsidiaries (‘the group’).

Ordina is the largest independent IT services provider in the Benelux, with around 2,650 employees. We devise, build and manage IT solutions for organisations in the public sector, financial services, industry and in the healthcare sector. Our goal is IT that helps people. IT that matters and that has been developed without wasting any resources. We do this by working with our clients in partnerships for sustainable innovation.

Ordina was founded in 1973. Its shares have been listed on the NYSE Euronext Amsterdam stock exchange since 1987 and are included in the Small Cap Index (AScX).

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’, as adopted for use within the European Union. They do not contain all the information that is required for a full set of financial statements, and should therefore be read in conjunction with the Ordina N.V. consolidated financial statements for the full year 2017. The 2017 Annual Report (including the consolidated financial statements for the financial year 2017) is available online at: www.ordina.nl.

The condensed consolidated interim financial statements were prepared by the Management Board and approved for publication by the Supervisory Board on 1 August 2018. The condensed consolidated interim financial statements are unaudited.

Ordina’s condensed consolidated interim financial statements have been drawn up in Dutch and in English, with the Dutch text prevailing.

Key standards for financial reporting

For an explanation of the accounting policies for the valuation, determination of results and statement of cash flows, we refer you to the consolidated financial statements for the full year 2017. The consolidated financial statements for the full year 2017 were drawn up in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

The accounting standards have been applied consistently by all subsidiaries and across all periods as presented in these condensed consolidated interim financial statements. The same accounting standards have been applied to the interim report, with the exception of the new standards, amendments to standards and interpretations outlined below, which have been included and found relevant for Ordina.

These condensed interim financial statements are presented in euros. Amounts are stated in thousands of euros unless otherwise stated, which may result in rounding off differences.

New standards, amendments and interpretations

Insofar as applicable, the group has applied all published IFRS standards, amendments and interpretations that came into effect on 1 January 2018. The group applied IFRS 9, ‘Financial instruments’ and IFRS 15, ‘Revenues from contracts with customers’ for the first time with effect from 1 January 2018. The application of these standards requires adjustments to previous reporting periods. On the basis of the requirements of IAS 34, Ordina has provided explanatory notes on the nature and scope of these adjustments.

IFRS 9, Financial instruments

IFRS 9, ‘Financial instruments’ replaces IAS 39 ‘Financial instruments. Recognition and measurement’. This standard explains the classification and measurement, impairment and hedge accounting of financial instruments. This standard came into force on 1 January 2018.

Ordina has applied this standard retrospectively with the initial application date of 1 January 2018, and adjusting comparative information for the period beginning 1January 2017.

The application of IFRS 9 has no material impact on Ordina’s financial position or group equity.

IFRS 9 requires the recognition of any expected credit loss on trade receivables and contract assets based on the expected lifetime of these assets. Ordina takes the simplified approach to this standard, with any provision determined on the basis of historical credit losses on trade receivables adjusted for economic developments and projections that are relevant to the specific receivables.

The impact on Ordina’s financial position and equity as per 31 December 2017 is as follows:

(in thousands of euro's)	Year-end 2017
Assets	
Deferred income tax assets	20
Trade debtors and other short term assets	-79
Total assets	**-59**
Equity	
Retained earnings	-57
Profit for the period	-2
Total equity	**-59**

The impact of the application of IFRS 9 on the profit and loss account for the first half of 2017 is as follows:

(in thousands of euro's)	H1 2017
Other operating expenses	3
Total operating expenses	3
Operating profit (EBIT)	**-3**
Income tax expense	1
Net profit for the period	**-2**

The application of IFRS 9 has no material impact on the statement of comprehensive income, the statement of cash flows or earnings per share.

IFRS 15, ‘Revenues from contracts with customers’.

IFRS 15, ‘Revenues from contracts with customers’ replaces IAS 18 ‘Revenue recognition’ and IAS 11 ‘Construction contracts’. The standard came into effect on 1 January 2018. The standard follows a five-step model. The premise is that the revenue recognised corresponds to the amount a company expects to receive in exchange for the goods and services it has delivered.

Ordina applies the full retrospective approach in the transition to IFRS 15.

The application of IFRS 15 has no impact on the balance sheet position or shareholders' equity at year-end 2016, mid-2017 or year-end 2017.

The application of IFRS 15 does not result in any material change in the manner of revenue recognition for the services Ordina provides. The impact of the new standard is limited to the qualification of agent versus principal. Under the application of IFRS 15, net revenue is recognised in a number of situations in which gross revenues were recognised under the previous standard. The impact on the recognised margin and net profit is zero in both 2016 and 2017.

The impact of the application of IFRS 15 on the profit and loss account for the first half of 2017 is as follows:

(in thousands of euro's)	H1 2017
Revenue from contracts with customers	**-1,912**
Cost of hardware, software and other direct costs	-914
Work contracted out	-998
Total operating expenses	-1,912
Operating profit (EBIT)	**-**
Income tax expense	-
Net profit for the period	**-**

The application of IFRS 15 has no material impact on the statement of comprehensive income, the statement of cash flows or earnings per share.

Agent versus principal considerations
Ordina closes contracts with clients for which Ordina purchases hardware, licences and specific services on behalf of those clients. Under these contracts, Ordina facilitates the purchase of these goods and services, while Ordina does not bear primary responsibility for the actual delivery of those goods and services. Nor does Ordina have any inventory risk prior to or during the delivery. In addition, Ordina has no influence on the price determined by the supplier of said goods and services. Ordina does incur a credit risk on these contracts, due to the fact that the obligation to pay the supplier does not depend on whether Ordina's client does or does not pay.

Under the application of the previous standard, prior to the application of IFRS 15, as a result of the existing credit risks Ordina determined that the contracts in question entailed significant risks and rewards, on the basis of which Ordina recognised these contracts as the principal. Under IFRS 15, Ordina has determined that it has no control over the services provided by third parties, as a result of which it now recognises these as an agent. Revenue is recognised in the amount of the margin to which Ordina is entitled on the basis of said contracts.

This change has no impact on Ordina's financial position or shareholders' equity on 31 December 2017. The profit and loss account for the first half of 2017 has been adjusted, with revenue from contracts with customers reduced by EUR 1.9 million, the costs of hardware, software and other direct costs reduced by EUR 0.9 million and the costs of work contracted out reduced by EUR 1.0 million.

Costs to fulfil a contract
Transition costs qualify as costs to fulfil a contracts. Transition costs are incurred in the acquisition or implementation of long-term contracts and are related to the installation of systems and processes that occur after said contracts have been closed. Transition costs are primarily related to the costs connected with the conversion of existing systems to Ordina standards. Transition costs are measured at cost price and are charged to the result during the contract period. The application of IFRS 15 has no impact on the measurement and presentation of the transition costs.

Ordina has not proceeded with the early application of any published IFRS standards and interpretations not applicable to reporting periods that commence on 1 January 2018.

IFRS 16, 'Leases'. On the basis of this standard, which was published in January 2016, virtually all lease contracts that are currently qualified as operational leases will be treated in a similar fashion to financial leases. This standard comes into force on 1 January 2019 and replaces IAS 17 'Leases'. This standard includes two exceptions for lessees, these being i) lease contracts related to assets of relatively low value (such as personal computers and laptops), and ii) short-term lease contracts (lease contracts with a maximum term of 12 months). When entering a lease contract, the lessee will recognise a liability with respect to future lease payments, while simultaneously recognising the right-of-use with respect to the underlying asset during the term of the lease. In view of the fact that Ordina has a large number of operational rental and lease contracts, the application will have a significant impact on Ordina's consolidated financial statements. The application of the new standard will result in a sharp increase in total assets and liabilities. In addition to this, EBITDA will increase as a result of the fact that the operational lease costs will shift from operating expenses to depreciation and interest expenses. Under the new standard, lease contracts will have an impact on results due to the fact that the financing component within the contract term is greater at the commencement of the contract term than at the end of the contract term (front loading). At this point in time, it is not possible to give a reliable estimate of the financial impact of the introduction of this standard. The application of this new standard will have no material impact on the calculation of the covenants as defined in the financing agreement (see note 17 to the consolidated financial statements 2017). The financing agreement anticipates a future change in the recognition of lease contracts, and has determined that any liability pursuant to lease contracts ensuing from normal business operations (such as rental and car lease contracts) do not qualify as debt, as this is defined in the financing agreement. For a full overview of Ordina's liabilities under current operational lease liabilities, please see note 29 to the consolidated financial statements 2017. Ordina will complete the full assessment of the impact of IFRS 16 in the second half of 2018.

Critical accounting estimates and assumptions

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that have an impact on the valuation of assets and liabilities, on the determination of results, as well as on the reported contingent assets and liabilities. Actual results may differ from these estimates and assumptions.

The assumptions and estimates are based on historical experience and various other factors that can be deemed reasonable under the circumstances. Ordina continually evaluates said assumptions and estimates. For a list of the most critical assumptions and estimates, we refer you to section 5 of the notes to the consolidated financial statements for 2017, as included in the 2017 annual report. There were no significant changes in said assumptions and estimates in the first half of 2018.

Financial risk management

In its 2017 annual report (page 72 and onwards), Ordina described in detail the critical risks identified and its risk management and control systems. Ordina has evaluated the risks identified and determined that the main risks identified remain applicable in the second half of 2018.

Revenue from contracts with customers

The table below specifies the revenue from contracts with customers that Ordina recognises.

H1 2018	the Netherlands	Belgium / Luxembourg	**Total**
(in thousands of euros)			
Type of goods or services			
Sale of hard- and software	181	509	690
ICT Services	128,125	50,049	178,174
Total revenue from contracts with customers	**128,306**	**50,558**	**178,864**

H1 2018	the Netherlands	Belgium / Luxembourg	**Total**
(in thousands of euros)			
Timing of revenue recognition			
Goods transferred at a point in time	217	443	660
Services transferred over time	128,089	50,115	178,204
Total revenue from contracts with customers	**128,306**	**50,558**	**178,864**

H1 2017 Restated	the Netherlands	Belgium / Luxembourg	**Total**
(in thousands of euros)			
Type of goods or services			
Sale of hard- and software	66	834	900
ICT Services	125,239	44,858	170,097
Total revenue from contracts with customers	**125,305**	**45,692**	**170,997**

H1 2017 Restated	the Netherlands	Belgium / Luxembourg	**Total**
(in thousands of euros)			
Timing of revenue recognition			
Goods transferred at a point in time	141	823	964
Services transferred over time	125,164	44,869	170,033
Total revenue from contracts with customers	**125,305**	**45,692**	**170,997**

Revenue per market segment can be broken down as follows:

	H1 2017 Restated	H1 2018
(in thousands of euros)		
Revenue per market segment		
Public	60,747	68,244
Financial services	46,681	49,480
Industry	51,712	49,849
Healthcare	11,857	11,291
Total revenue from contracts with customers	**170,997**	**178,864**

Segment information

The organisation is structured in line with Ordina's services. The information reported on a monthly basis to the Management Board, in its capacity as chief operating decision maker, is in line with this structure. Ordina's results are divided to reflect the company's various segments. The Management Board's decision-making is based on this information. Ordina discloses segment information on the basis of how the internal governance, reporting lines and decision-making are organised within the company. In line with the operational merger of the activities of the Innovation cluster with Delivery the Netherlands, the results and cash flows are assessed and reported at the level of the Netherlands. As a result of this, Ordina recognises the segments the Netherlands and Belgium/Luxembourg.

The Management Board's financial assessment of the segments focuses primarily on revenue and EBITDA.

Segment information is provided for the segments the Netherlands and Ordina Belgium/Luxembourg. Segment results, assets and liabilities consist of items that are directly or reasonably attributable to the segment in question. The prices and terms of inter-segment transactions are determined on an arm's length, objective basis. Segment-related capital expenditure is the total amount of costs incurred during the reporting period to acquire assets for the segment that are expected to be used for more than one reporting period.

The segment results for the first half of 2018 and the first half of 2017 can be specified as follows:

H1 2018	the Netherlands	Belgium / Luxembourg	**Total**
(in thousands of euros, unless indicated otherwise)			
Total revenue per segment	129,586	51,367	180,953
Inter-segment revenue	-1,280	-809	-2,089
Revenue	**128,306**	**50,558**	**178,864**
EBITDA	**2,973**	**7,188**	**10,161**
Amortisation	-819	-	-819
Depreciation	-883	-250	-1,133
Operating profit (EBIT)	**1,271**	**6,938**	**8,209**
Finance costs - net	-106	5	-101
Share of profit of associates	-	-	-
Profit before income tax	**1,165**	**6,943**	**8,108**
Income tax expense	-417	-2,619	-3,036
Net profit	**748**	**4,324**	**5,072**
EBITDA margin	2.3%	14.2%	5.7%

H1 2017 Restated	the Netherlands	Belgium / Luxembourg	**Total**
(in thousands of euros, unless indicated otherwise)			
Total revenue per segment	126,699	46,542	173,241
Inter-segment revenue	-1,394	-850	-2,244
Revenue	**125,305**	**45,692**	**170,997**
EBITDA	**1,897**	**5,053**	**6,950**
Amortisation	-3,206	-	-3,206
Depreciation	-722	-250	-972
Operating profit (EBIT)	**-2,031**	**4,803**	**2,772**
Finance costs - net	-245	-2	-247
Share of profit of associates	-	-	**-**
Profit before income tax	**-2,276**	**4,801**	**2,525**
Income tax expense	571	-2,064	-1,493
Net profit	**-1,705**	**2,737**	**1,032**
EBITDA margin	1.5%	11.1%	**4.1%**

The assets and liabilities of the segments at mid-2018 and mid-2017 can be specified as follows:

30 June 2018	the Netherlands	Belgium/ Luxembourg	Total	Eliminations	**Consolidated**
(in thousands of euros					
Total assets	230,552	70,221	300,773	59,824-	**240,949**
Total liabilities	79,521	29,122	108,643	18,725-	**89,918**

30 June 2017 Restated	the Netherlands	Belgium/ Luxembourg	Total	Eliminations	**Consolidated**
(in thousands of euros					
Total assets	224,695	59,129	283,824	48,807-	**235,017**
Total liabilities	79,174	24,195	103,369	13,873-	**89,496**

The other segment information is as follows:

30 June 2018	the Netherlands	Belgium/ Luxembourg	Total
(in thousands of euros, unless indicated otherwise)			
Intangible fixed assets	113,844	17,142	**130,986**
Tangible fixed assets	4,416	1,244	**5,660**
Financial fixed assets	18,082	125	**18,207**
Investments in intangible fixed assets	9	-	**9**
Investments in tangible fixed assets	1,397	497	**1,894**
Amortisation	819	-	**819**
Depreciation	883	250	**1,133**
Income tax recognised in profit & loss	417	2,619	**3,036**
Income tax paid in reporting period	-	2,066	**2,066**
Number of staff at end of reporting period (FTEs)	1,804	750	**2,554**
Average number of staff (FTEs)	1,780	736	**2,516**

30 June 2017 Restated	the Netherlands	Belgium/ Luxembourg	Total
(in thousands of euros, unless indicated otherwise)			
Intangible fixed assets	116,188	17,142	**133,330**
Tangible fixed assets	4,064	1,029	**5,093**
Financial fixed assets	18,721	125	**18,846**
Investments in intangible fixed assets	374	-	**374**
Investments in tangible fixed assets	1,213	175	**1,388**
Amortisation	3,206	0	**3,206**
Depreciation	722	250	**972**
Income tax recognised in profit & loss	-571	2,064	**1,493**
Income tax paid in reporting period	-	2,041	**2,041**
Number of staff at end of reporting period (FTEs)	1,937	668	**2,605**
Average number of staff (FTEs)	1,921	676	**2,597**

Intangible fixed assets

Movements in intangible fixed assets can be specified as follows:

(in thousands of euro's)	2017	2018
Carrying amount at 1 January	136,162	131,796
Additions	374	9
Amortisation	-3,206	-819
Carrying amount at 30 June	**133,330**	**130,986**

The depreciations in the first half of 2017 included an amount of around EUR 1.7 million for the decommissioning of one of the modules in the ERP application within Ordina the Netherlands.

As at 30 June 2018, goodwill amounted to EUR 124.5 million (as at 30 June 2017: EUR 124.5 million). Goodwill is monitored at the level of a group of cash-generating units within Ordina. These groups of cash-generating units are the same as the recognised segments. Ordina recognises the segments the Netherlands and Belgium/Luxembourg. Ordina conducts impairment tests on the goodwill at least once a year, on the basis of the relevant (groups of) cash-generating units. Goodwill is monitored at the level of and attributed to the segments the Netherlands and Belgium/Luxembourg.

The table below shows goodwill specified per segment:

(in thousands of euro's)	30 June 2018
Delivery Nederland	107,353
Belgium/Luxembourg	17,142
Carrying amount at 30 June 2018	**124,495**

The annual impairment test is conducted in the fourth quarter of each calendar year. In the first six months of 2018, Ordina assessed whether there were any indications for impairment of goodwill or other fixed assets. In the first half of 2018, there were no indications of an impairment of goodwill or other fixed assets, as a result of which Ordina did not conduct an interim impairment test.

Tangible assets

Movements in tangible fixed assets in the first half of 2018 and the first half of 2017 can be specified as follows:

(in thousands of euro's)	2017	2018
Carrying amount at 1 January	4,677	4,959
Investments	1,388	1,894
Depreciations	-972	-1,193
Carrying amount at 30 June	**5,093**	**5,660**

The investments of EUR 1.9 million (first half of 2017: EUR 1.4 million) were largely related to replacement investments for computer equipment.

Trade receivables and other short-term assets

Trade receivables and other short-term assets can be specified as follows:

	H1 2017 Restated	H1 2018
(in thousands of euro's)		
Trade debtors	33,761	41,587
Unbilled receivables	19,797	19,735
Contract assets	9,419	8,505
Other receivables	161	330
Prepayments and accrued income	3,642	6,450
Carrying amount at 30 June	**66,780**	**76,607**

Outstanding shares

The movements in paid-up and called-up share capital can be specified as follows:

	2017	2018
(in thousands)		
At 1 January	93,256	93,256
Issue related to share-based payment	-	-
At 30 June	**93,256**	**93,256**

As per 30 June 2018, Ordina had one (1) paid-up priority share and 93,255,929 ordinary shares (year-end 2017: one (1) priority share and 92,255,929 ordinary shares). Ordina did not issue any shares in the first half of 2018 (first half of 2017: zero).

For the settlement of the variable long-term bonuses for the period 2015-2017, which took place in the first half of 2018, Ordina purchased a total of 30,610 treasury shares and then immediately disbursed said shares. Ordina acquired these shares at a price of EUR 1.685 per share. At both 30 June 2018 and 30 June 2017, Ordina had no treasury shares in its possession.

Other provisions – long-term

Movements in the other long-term provisions can be specified as follows:

	2017	2018
(in thousands of euro's)		
Carrying amount at 1 January	3,889	-
Used amounts during the reporting period	-121	-
Release due to the renewal of the lease contract	-3,768	-
Carrying amount at 30 June	**-**	**-**

The other long-term provisions pertain to the vacant office space at the Ordina offices in Nieuwegein, for which there was a contractual lease obligation. The release due to the renewal of the lease contract in the first half of 2017 pertains to the change in the contractual lease obligation related to the Ordina offices in Nieuwegein. In the second quarter of 2017, Ordina terminated the existing lease contract and simultaneously signed a new lease contract. Under the new contract, Ordina is leasing substantially less office space, as a result of which there is now no vacant office space. Consequently, the provision for vacant office space was released in full in the first half of 2017 and added to the result. The new lease contract runs through 31 March 2028.

Net debt position

At 30 June 2018, Ordina's net debt stood at EUR 2.9 million negative (end-June 2017: EUR 2.2 million negative). The net debt can be specified as follows:

	30 June 2017	30 June 2018
(in thousands of euro's)		
Cash and cash equivalents	10,627	9,474
Bank credit	-2,468	-581
Total cash and cash equivalents	8,159	8,893
Bank Credit / Revolver	-6,000	-6,000
Net cash position	**2,159**	**2,893**

Financing facility

In May 2015, Ordina agreed a financing facility with ABN Amro Bank and ING. This financing facility is for the amount of EUR 30 million, is fully committed and comprises a revolving facility of EUR 20.0 million and a current account credit facility of EUR 10.0 million. The financing agreement has a maximum term of five (5) years, with an initial term of three (3) years and an option to extend twice by one (1) year. Following the first extension in 2016, Ordina and its banks agreed a second extension of one (1) year in the first half of 2017. As a consequence of this second extension, the term of the financing agreement ends in May 2020.

As at 30 June 2018, Ordina had taken up an amount of EUR 6.0 million from the revolving facility, which is recognised under the short-term bank debt (as at 30 June 2017: EUR 6.0 million).

The key elements with respect to the covenants included in the financing facility consist of a maximum leverage ratio (determined on the basis of the total net debt/ adjusted EBITDA ratio) and an Interest Cover Ratio (determined on the basis of (adjusted) EBITDA / total interest ratio, as defined in the financing agreement). The leverage ratio has been set at a maximum of 2.5, and 2.0 for the final two quarters of the (possibly extended) term. The Interest Cover Ratio has been set at a minimum of 5.0. The covenants are based on the consolidated (interim) financial statements as drawn up in accordance with IFRS. The adjustment of the EBITDA for one-off expenses and reorganisation costs has been set at a maximum of EUR 3.0 million per year.

The interest rate in the financing facility is set on the basis of the prevailing base rate (EURIBOR) plus a surcharge 1.0%. The base rate depends on the interest period to be determined by Ordina, which can in principle vary from one to six months.

The table below outlines the applicable covenants and Ordina's compliance with same at end-June 2018 and at end-June 2017:

	Realisation H1 2017	Realisation H1 2018	Finance-agreement
Leverage ratio	-0.1	-0.1	<=2,5
Interest Cover Ratio	43.1	101.8	>=5,0
Guarantor Cover Ratio	84%	94%	>=80%
Security Cover Ratio	86%	87%	>=70%

Trade payables and other short-term liabilities

Trade payables and other short-term liabilities can be specified as follows:

(in thousands of euro's)	H1 2017	H1 2018
Trade payables	20,221	22,336
Contract liabilities	5,194	5,598
Taxes and social security contributions	17,467	20,299
Pension contributions	31	2,493
Other payables	-	118
Accruals and deferred income	30,548	26,142
Carrying amount at 30 June	**73,461**	**76,986**

Earnings per share

Earnings per share are calculated by dividing the profit after taxes by the average number of outstanding shares. The diluted earnings per share take into account the shares that are expected to be issued in connection with the share-based payments. The earnings per share were calculated on the basis of the following information:

(in thousands of euros, unless indicated otherwise)	H1 2017 Restated	H1 2018
Profit for the period	1,032	5,072
Average number of outstanding shares (in thousands)	93,256	93,256
Impact of potential dilution		
Conditionally granted shares	421	572
Average number of outstanding shares diluted (in thousands)	93,677	93,828

Taxes on the results

Current taxes for the half-year period under review have been calculated on the basis of the estimated effective annual tax rate applied to pre-tax profit.

The corporate income tax in the first six months can be specified as follows:

(in thousands of euro's)	H1 2017 Restated	H1 2018
Current income tax	2,064	2,619
Deferred income tax	-571	417
Total	**1,493**	**3,036**

The effective tax rate for the first six months of 2018 was 37.4% (51.9% for the full-year 2017, and 59.1 for the first half of 2017). The discrepancy between the nominal tax rate of 25.0% and the effective tax rate is largely due to the composition of the taxable amounts across the various countries, in combination with tax rate differences abroad, as well as the impact of non-deductible amounts. The lower effective tax rate for the first half of 2018, compared with the first half of 2017, was also due to the reduction of the nominal tax rate in Belgium to 29.0% from 33.99% effective from 1 January 2018.

Deferred taxes are valued in line with the expected method of settlement or realisation. The deferred tax asset pertains to recognised tax losses, as well as temporary valuation differences related to tangible fixed assets. An amount of around EUR 9.8 million of the total of EUR 17.8 million in recognised tax losses is related to the valuation of recognised tax losses.

The valuation of deferred tax assets does not take into account the proposed phased reduction of the Dutch corporate income tax rate from the current 25.0% to 21.0% over the years 2019 through 2021. When these proposals are laid down in law, Ordina will adjust the deferred tax assets.

Share-based remuneration

The long-term component of the performance-related remuneration of the members of the Management Board comprises a payment in Ordina N.V. shares, with a term of three years for each current scheme. This performance-related long-term remuneration is explained in detail in the 2017 annual report. In connection with the performance-related long-term bonus for the members of the Management Board, Ordina recognised an expense of approximately EUR 135,000 in the personnel expenses for the first half of 2018 (first half of 2017: approximately EUR 102,000).

Related parties

The remuneration of the members of the Management Board is determined annually by the Supervisory Board. For an explanation of the remuneration policy pertaining to the members of the Management Board, we refer you to the Report of the Supervisory Board as included in the 2017 annual report. The total remuneration for the Management Board amounted to EUR 633,000 in the first half of 2018, compared with EUR 769,000 in the first half of 2017.

The total remuneration for the members of the Supervisory Board amounted to EUR 125,000 in the first half of 2018, compared with EUR 112,000 in the first half of 2017.

Seasonal influences

Ordina’s revenue and profit are subject to a limited degree of seasonal influences. The seasonal influences pertain primarily to the lower number of working days in the first half of the year when compared with the second half of the year. This means that Ordina’s revenues are generally higher in the second half than in the first half of the year. The movement in working capital is partly influenced by the settlement of obligations related to items such as holiday pay, bonus payments and dividend payments in the first half of the year.

Off-balance sheet liabilities

The nature and scale of off-balance sheet liabilities as per 30 June 2018 were materially unchanged from those reported in note 29 to the consolidated financial statements for the financial year 2017.

Estimating fair value

On the basis of IFRS13 ‘Fair value measurement’, the interim financial statements are supposed to include disclosures on how fair value is measured. The book value of the current assets, payables and other debts are close to their fair value due to the short-term nature of these instruments. Trade receivables are also close to their fair value, as any potential downward valuation has already been taken into account via a provision for bad debts.

Post-balance sheet date events

There have been no events since 30 June 2018 that might have a material impact on or that might require adjustments to the balance sheet positions as at 30 June 2018, as presented in these condensed interim financial statements.