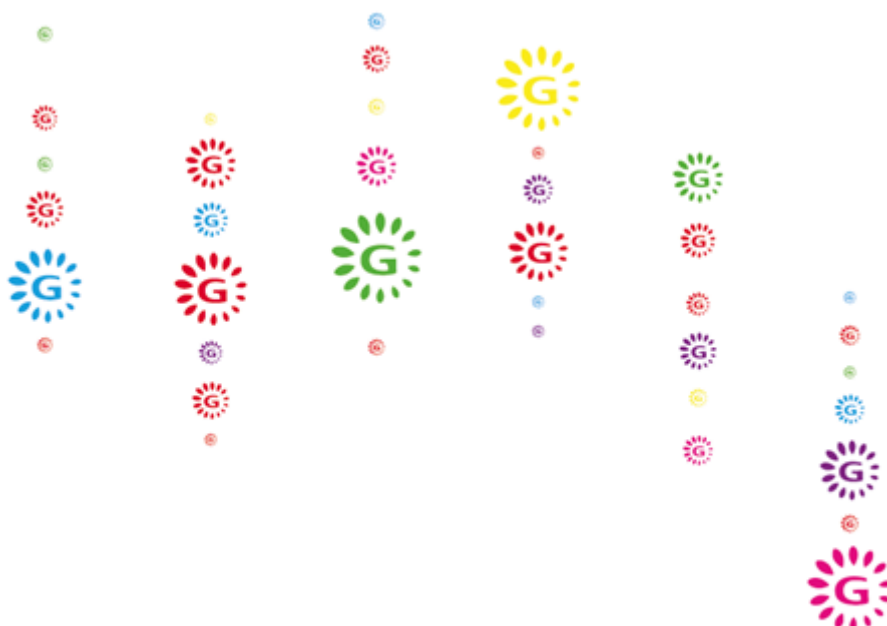




# 2016

## Half-year financial report



Half-year position as of June 30, 2016

The financial statements below were approved by the Board of directors on July 26, 2016 and are the subject of a Statutory auditors' report.

# Half-year management report

## Activities and results of the Gaumont group

### Key figures

	06.30.16		06.30.15		change
	in thousands of euros	as a % of revenue	in thousands of euros	as a % of revenue	
Revenue	75,496	100%	60,618	100%	25%
Operating income from cinema and television production and distribution <sup>(1)</sup>	19,473	26%	10,321	17%	89%
Operating income from movie theater operations <sup>(1)</sup>	10,092	13%	9,660	16%	4%
Operating income after share of net income of associates	7,153	9%	528	1%	1,255%
Consolidated net income	6,394	8%	1,248	2%	412%
Investments in cinema production	15,475	20%	24,669	41%	-37%
Investments in television production	31,754	42%	71,426	118%	-56%

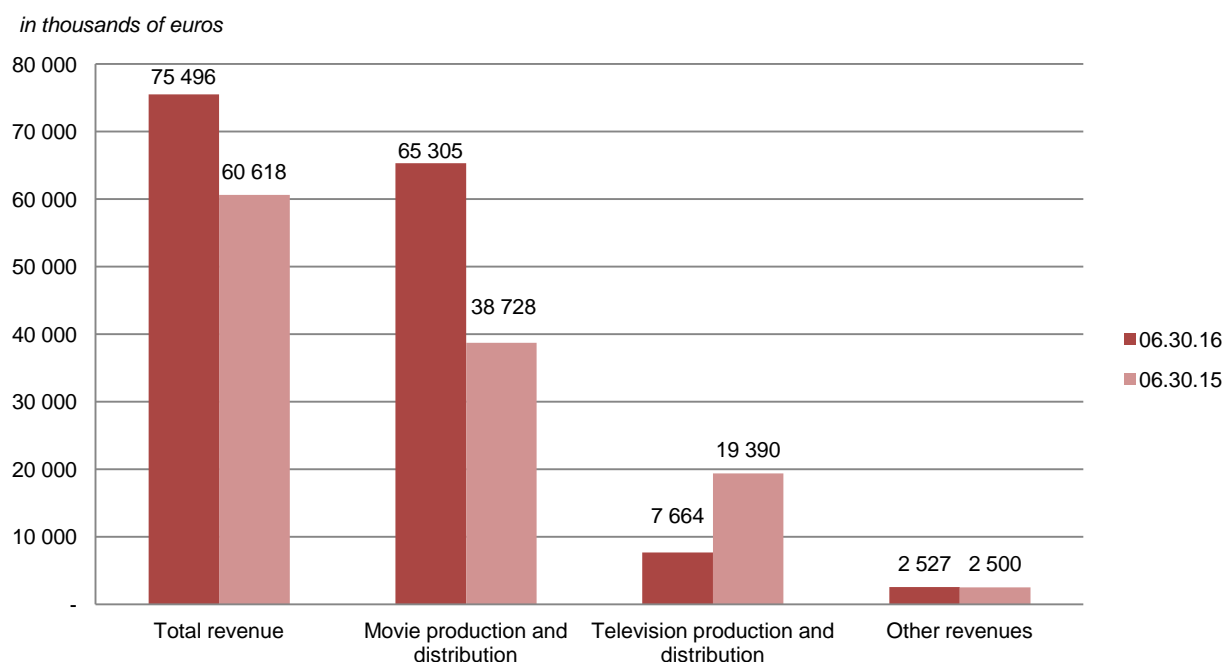
(1) After share of net income of associates, excluding overheads.

### Consolidated results

#### Revenue by business activity

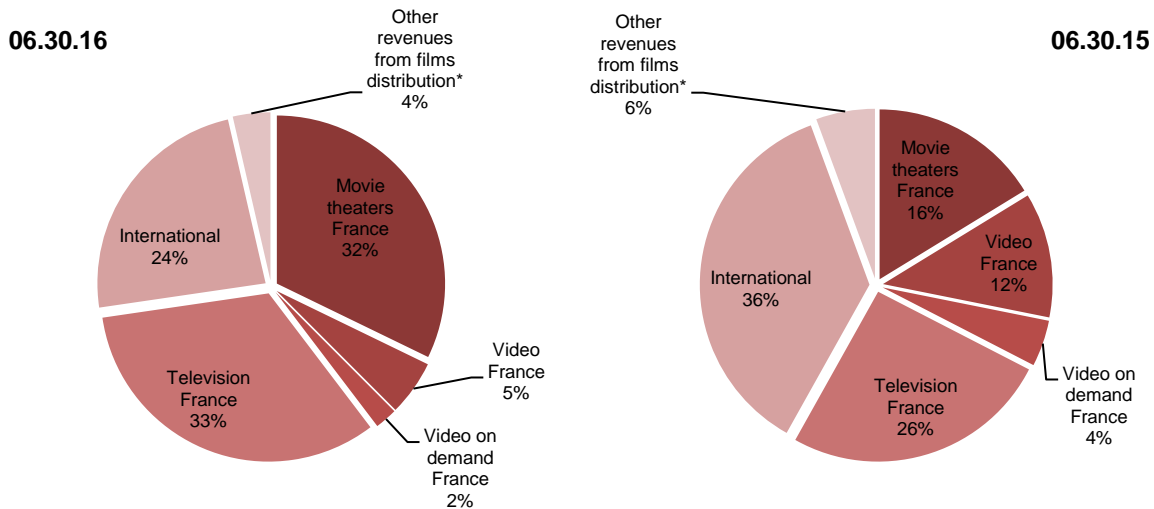
Consolidated revenue for the first half of 2016 totaled k€75,496, versus k€60,618 as of June 30, 2015.

Revenue by business activities breaks down as follows:



### Movie production and distribution

Revenue from the cinema production business came to k€65,305 as of June 30, 2016, versus k€38,728 as of June 30, 2015, and breaks down as follows:



\*Primarily includes spin-off products, music publishing and the Gaumont Pathé Archives business

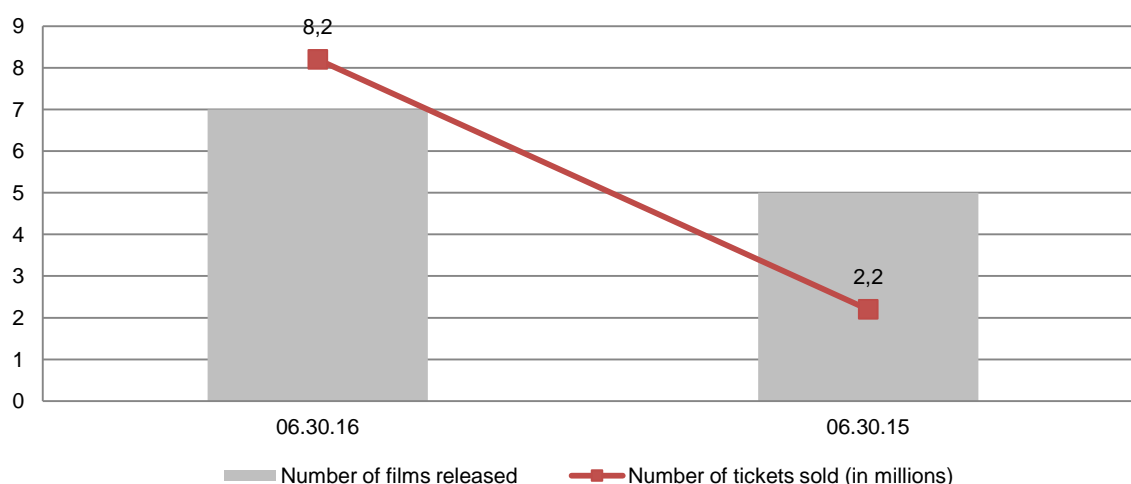
### Movie theater distribution

Revenue from the release of films in movie theaters in France stood at k€21,022 as of June 30, 2016, compared to k€6,296 as of June 30, 2015.

Seven feature films were released during the first half of 2016:

- *The Boy and the Beast*, an animated feature film directed by Mamoru Hosoda, was released on January 13;
- *Monsieur Chocolat*, directed by Roschdy Zem, starring Omar Sy, James Thierrée and Olivier Gourmet, was released on February 3;
- *Pattaya*, directed by Franck Gastambide, starring Ramzy Bedia, Franck Gastambide and Gad Elmaleh, was released on February 24;
- *The Visitors: Bastille Day*, directed by Jean-Marie Poiré, starring Jean Reno, Christian Clavier, Franck Dubosc and Karin Viard, was released on April 6;
- *Sophie's Misfortunes*, directed by Christophe Honoré, starring Muriel Robin, Anaïs Demoustier and Caroline Grant, was released on April 20;
- *Up For Love*, directed by Laurent Tirard, starring Jean Dujardin and Virginie Efira, was released on May 4;
- *Vicky*, directed by Denis Imbert, starring Victoria Bedos, François Berléand and Chantal Lauby, was released on June 8.

Gaumont's seven released movies resulted in nearly 8.2 million cinema ticket sales. Change in movie theater attendance for Gaumont films was as follows:



As of June 30, 2016, *The Visitors: Bastille Day* totaled nearly 2.2 million cinema tickets sold, and the movies *Monsieur Chocolat* and *Pattaya* sold 1.9 million tickets each. Only one movie - *The Parisian Bitch: Princess of Hearts* - had sold more than one million cinema tickets as of June 30, 2015 with 1.2 million tickets sold.

#### Video publishing and video on demand

Revenue from video and video on demand distribution in France amounted to k€4,875 as of June 30, 2016, versus k€6,317 as of June 30, 2015.

Physical video sales in France declined to k€3,475 as of June 30, 2016, compared to k€4,607 as of June 30, 2015. In a market down by 11%, the fall in physical video sales continued with 500,000 units sold.

Video on demand sales amounted to k€1,400 as of June 30, 2016, versus k€1,710 as of June 30, 2015, benefiting from sales of movies released during the last quarter of 2015: *All Three of Us*, *Courted* and *Belle and Sebastian, the Adventure Continues*, which accounted for nearly 25% of revenue. Sales also benefited from the renewal of a video on demand distribution contract on catalog titles.

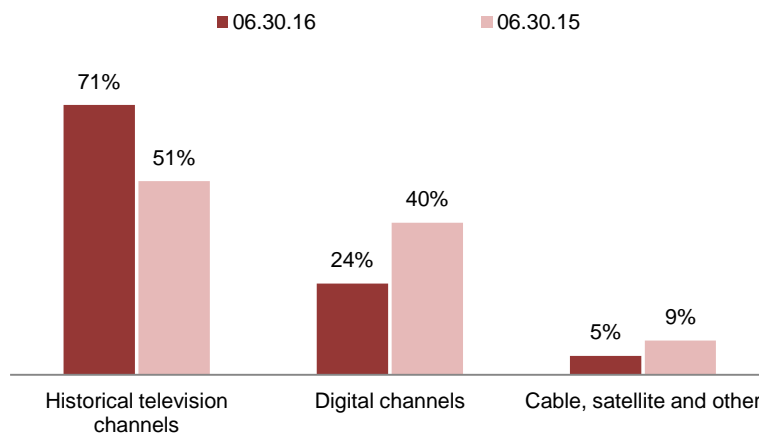
#### Sales of television broadcasting rights

Revenue related to sales of broadcasting rights to French television channels amounted to k€21,571 as of June 30, 2016, versus k€9,894 as of June 30, 2015.

The increase in revenue can be attributed to strong catalog film sales, more than 70% of which came from historical television channels, and to pre-sales of *The Visitors: Bastille Day*, which amounted to k€7,818, while there were none in 2015.

Nearly 100 movies were sold since the beginning of the year, including *Delusions of Grandeur*, *Palais Royal*, *A Widow at Last*, the *Astérix* trilogy and *Monsieur Gangster*.

Sales by type of channel break down as follows:



### International sales of rights

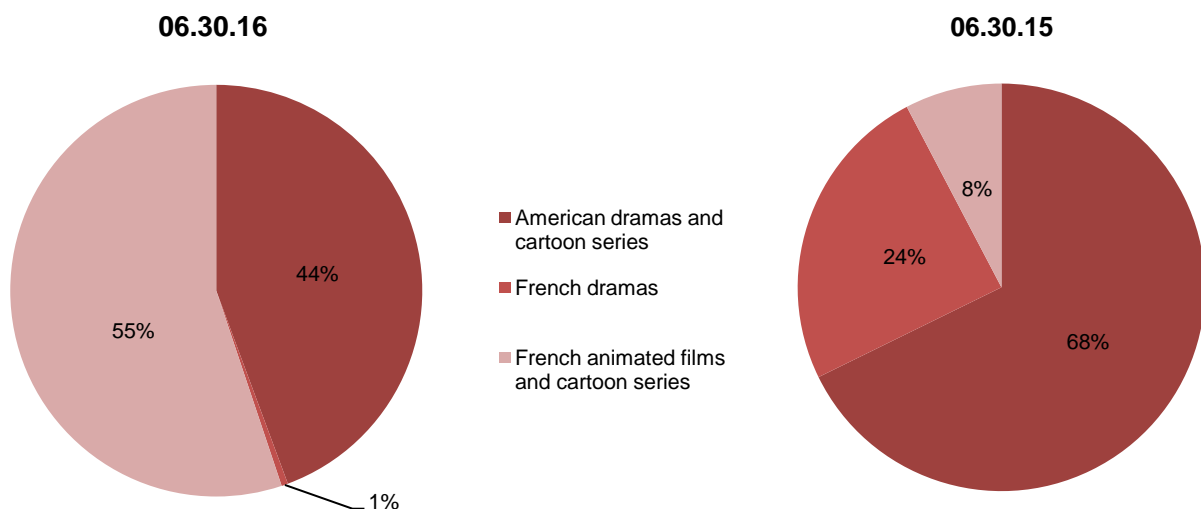
Revenue from international sales totaled k€15,483 as of June 30, 2016, compared to k€14,045 as of June 30, 2015. At June 30, 2016, the main contributors were *Neon Demon*, *Monsieur Chocolat* and *Up For Love*. Sales from catalog films were also satisfactory.

### Other revenue from films distribution

Other revenue from movies amounted to k€2,354 as of June 30, 2016, compared with k€2,176 as of June 30, 2015. They mainly correspond to the distribution of archive images by Gaumont Pathé Archives, music publishing, and sales of spin-off products.

### Production and distribution of dramas and cartoon series for television

Revenue from the television production business came to k€7,664 as of June 30, 2016, versus k€19,390 as of June 30, 2015, and breaks down as follows:



Sales of American drama and cartoon series accounted for k€3,398 of revenue as of June 30, 2016, versus k€13,135 as of June 30, 2015.

No programs were delivered as of June 30, 2016. As of June 30, 2015, a portion of the third season of the 13-episode series *Hannibal* had been delivered.

Sales of French drama and cartoon series accounted for k€4,265 of revenue as of June 30, 2016, versus k€6,255 as of June 30, 2015.

The following programs have been delivered as of June 30, 2016:

- the first 14 episodes of the 52-episode cartoon series *Atomic Puppet*, which began broadcasting on March 13 on France 4;
- the first 28 episodes of the 52-episode cartoon series *Noddy*, which began broadcasting on April 2 on France 5.



### Trademark royalties and other income

Income from trademark royalties paid by Les Cinémas Gaumont Pathé came to k€1,833 as of June 30, 2016, compared to k€1,770 as of June 30, 2015.

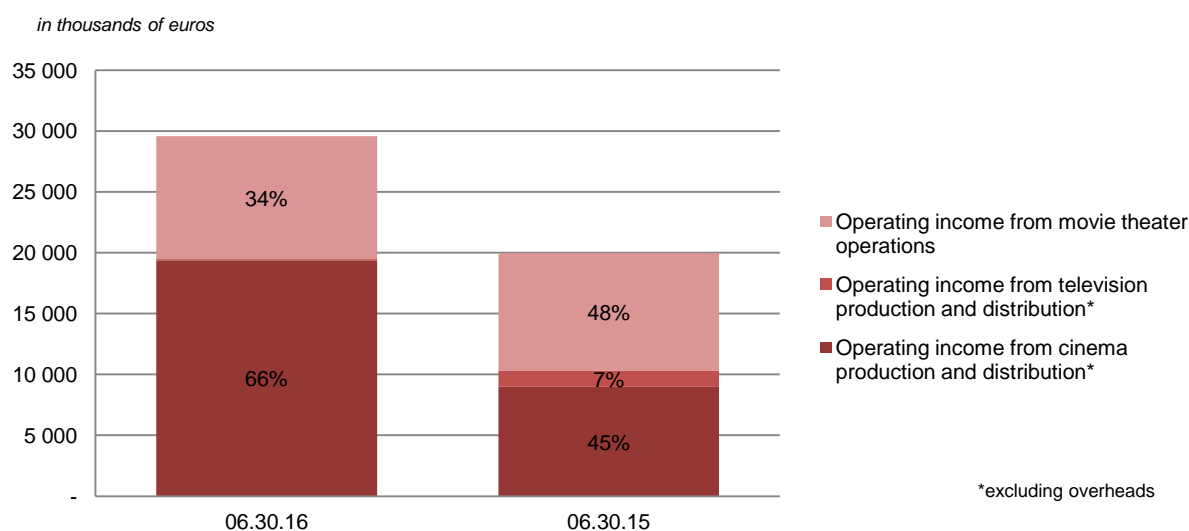
Other miscellaneous income came to k€694 as of June 30, 2016, versus k€730 as of June 30, 2015, and included income from real estate lease agreements and miscellaneous services provided to third parties.

### Operating income after share of net income of associates

Operating income after share of net income of associates represented a profit of k€7,153 as of June 30, 2016, versus k€528 as of June 30, 2015, and includes:

- operating income from cinema and television production and distribution, excluding overheads, as detailed below;
- operating income from movie theater operations, as detailed below;
- overheads of the various operating activities and functional services, including non-current income and expenses linked to asset disposals, which came to k€22,412 as of June 30, 2016, versus k€19,454 as of June 30, 2015.

A breakdown of operating income before overheads among the various activities is presented below:



### Operating income from cinema and television production and distribution

Operating income from cinema and television production and distribution after share of net income of associates, excluding overheads, amounted to k€19,473 as of June 30, 2016, compared to k€10,321 as of June 30, 2015, and includes:

- share of income from feature film distribution for k€19,373 as of June 30, 2016, versus k€8,981 as of June 30, 2015, including share of net income from the Légende group and LGM;
- share of income from the distribution of cartoon series and television dramas for k€100 as of June 30, 2016, compared with k€1,340 as of June 30, 2015, which includes a k€582 loss for American series and a k€682 profit for French productions as of June 30, 2016.

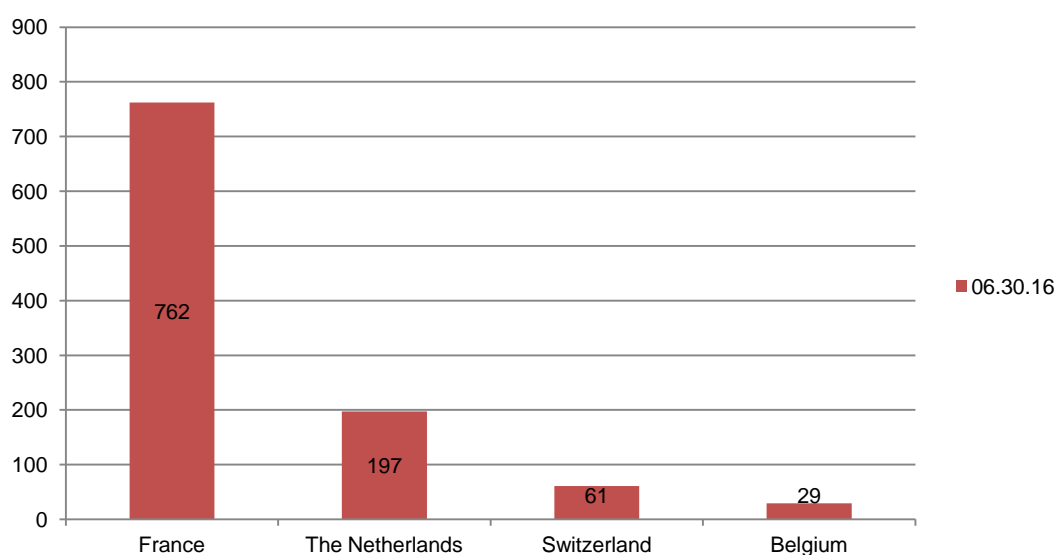
### Operating income from movie theater operations

Operating income from movie theater operations after share of net income of associates, totaled k€10,092 as of June 30, 2016, versus k€9,660 as of June 30, 2015, and includes:

- income from trademark royalties paid by Les Cinémas Gaumont Pathé, for k€1,833 as of June 30, 2016, compared to k€1,770 as of June 30, 2015;
- share of net income of associates for k€8,259 as of June 30, 2016, versus k€7,423 as of June 30, 2015. This share mainly includes income from Les Cinémas Gaumont Pathé, 34%-owned, which amounted to k€8,259 as of June 30, 2016, compared to k€7,800 as of June 30, 2015.



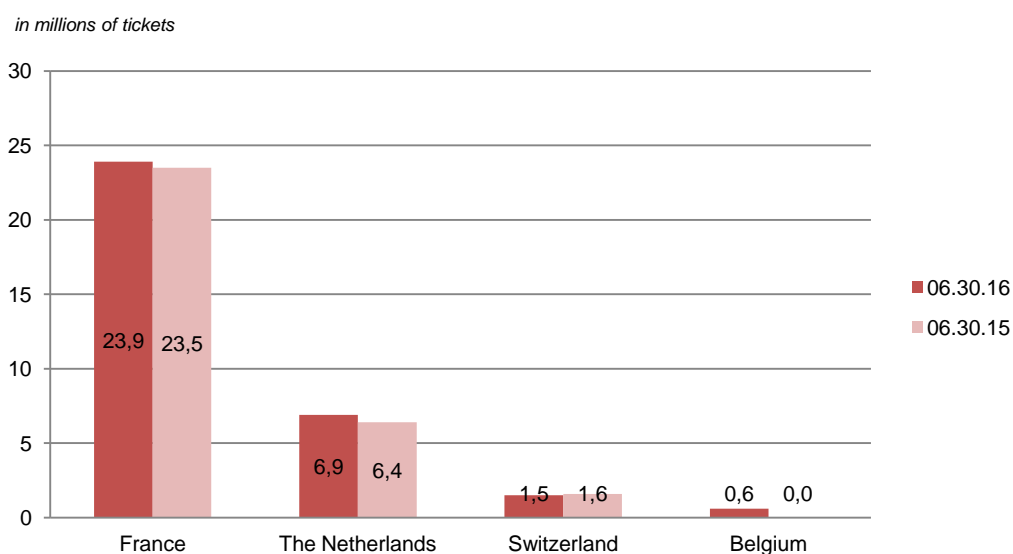
As of June 30, 2016, Les Cinémas Gaumont Pathé operates 1,049 screens in four countries, breaking down as follows:



The Group's move into Belgium in late 2015 is the result of the acquisition of the Cinépointcom network, made up of 5 movie theaters, representing 6,000 seats and 30 screens.

Consolidated revenue from Les Cinémas Gaumont Pathé reached k€359,721 as of June 30, 2016, versus k€334,486 as of June 30, 2015.

Les Cinémas Gaumont Pathé sold 32.9 million cinema tickets as of June 30, 2016, up 5% compared to June 30, 2015. This situation is different depending on the country in which the Group operates:



Consolidated net income attributable to owners of the parent amounted to k€23,363 as of June 30, 2016, versus k€23,014 as of June 30, 2015. The share of net income attributable to Gaumont after IFRS adjustments totaled k€8,259 as of June 30, 2016, compared to k€7,800 as of June 30, 2015.

## Net income

Gaumont's net income reached k€6,394 as of June 30, 2016, versus k€1,248 as of June 30, 2015, and includes:

- operating income after share of net income of associates, as detailed above;
- net borrowing costs of k€4,213 as of June 30, 2016, compared to k€4,488 as of June 30, 2015;
- other net financial income of k€317, which mainly includes financial expenses incorporated into the costs of films and series until the release date;
- a tax benefit of k€3,137, mainly consisting of a deferred tax benefit of k€3,290, and tax on dividends of k€128.



The share of net income attributable to non-controlling shareholders amounted to a k€19 loss as of June 30, 2016, versus a k€7 profit as of June 30, 2015.

The share of net income attributable to owners of the parent resulted in a profit of k€6,413 as of June 30, 2016, compared to a profit of k€1,241 as of June 30, 2015.

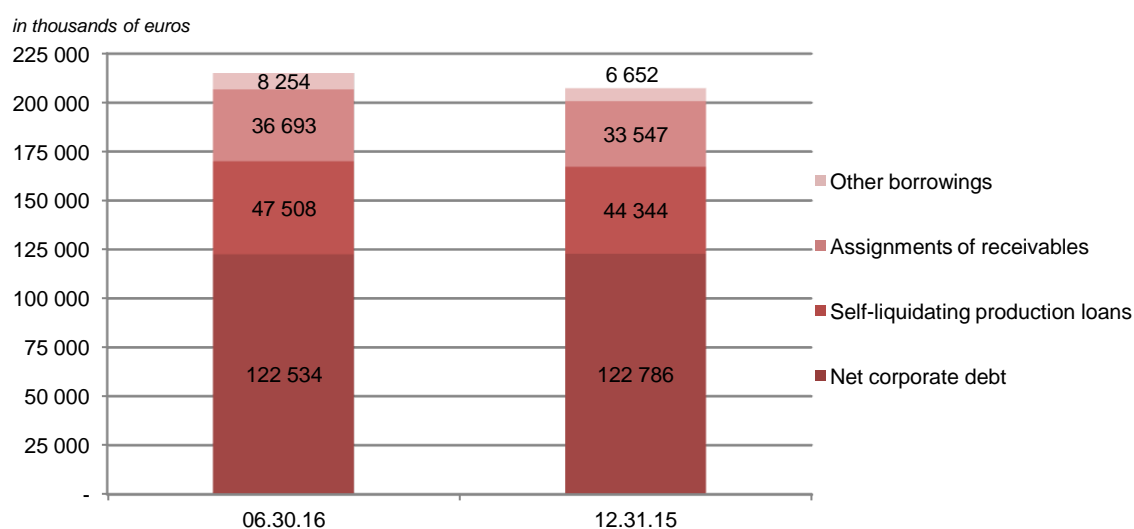
## Financial structure and cash flows

As of June 30, 2016, equity totaled k€273,924, compared with k€272,043 as of December 31, 2015, for a consolidated financial position of k€601,824, compared with k€595,995 as of December 31, 2015.

### Net borrowings

Group net borrowings amounted to k€214,989 as of June 30, 2016, versus k€207,329 as of December 31, 2015.

A breakdown of these net borrowings by financing category is presented below.



In France, given its growth policy, Gaumont estimates that its operating cash flows, the bond issue and the revolving credit facility will cover said financing requirements, excluding any acquisitions.

In the United States, the Group is continuing to take out bank loans to finance its productions and uses assignments of receivables to fund new projects. These borrowings are guaranteed exclusively through assets held by the American subsidiaries, without any recourse against the Group in France.

The Group believes that it has adequate means to honor its commitments and to guarantee the continuity of its business.

### Corporate debt

To finance the Group's general needs, Gaumont has:

- a 5-year revolving credit facility signed on November 5, 2014 for a maximum amount of k€80,000, without guarantees, but with three financial covenants to be met every semester;
- a bond in the form of a two-part listed euro private placement (EuroPP) totaling k€60,000, maturing on November 15, 2021 and November 15, 2024, and with an annual coupon of 4.75% and 5.125%, respectively. This bond features the same covenants as the revolving credit facility signed on November 5, 2014.

The characteristics of the revolving credit facility and the bond, in addition to the accompanying covenants, are set out in notes 4.8 and 5.3 to the half-year consolidated financial statements, respectively.

As of June 30, 2016, the unused amount of the revolving credit facility stood at k€12,000.

### Self-liquidating production loans

To finance American series, Gaumont Television USA production subsidiaries take out production loans with American credit institutions specialized in financing production companies. They are exclusively allocated to financing the series concerned and are guaranteed until the amount borrowed, and related interest are recovered, by pledging the assets financed and all of the pre-sales, tax credit and sales contracts of these works, with no further guarantee given. The loans include a completion guarantee contract signed with a company specialized in audiovisual production.

The loan related to season 3 of the series *Hemlock Grove* was fully repaid during the first half of 2016.





The three outstanding loans were granted to Gaumont Television USA subsidiaries for a total of k\$147,140 and represented a cumulative outstanding balance of k\$56,598 as of June 30, 2016, k\$14,629 of which is payable in less than one year.

Loans taken out to finance season 2 of *Narcos* and season 2 of the cartoon series *F is For Family*, which are currently in production, had an undrawn balance of k\$16,696 as of June 30, 2016.

Individual characteristics of these production loans are set out in note 4.8 of the notes to the half-year consolidated financial statements.

### Assignments of receivables

In order to finance French productions, the Group made use of the assignment of receivables under the Dailly Law. Assignments within the framework of these contracts are generally linked to pre-financing the production, such as pre-sales to the main broadcaster, contributions of co-producers, or funds for supporting the audiovisual industry. As of June 30, 2016, outstanding assigned receivables totaled k€14,770, and the unused amount of these loans stood at k€4,659.

In June 2015, in the United States, Gaumont Television USA entered into a receivables assignment agreement for a maximum authorized amount of k\$50,000 to finance the development of its new projects. This line of credit is based on the series' operating receivables, with the exception of receivables pledged to production loans. As of June 30, 2016, outstanding assigned receivables amounted to k€45,891, and the unused amount of these loans stood at k\$1,181.

Detailed characteristics of these loans are set out in note 4.8 of the notes to the half-year consolidated financial statements.

### Other borrowings

Other borrowings included, in particular, debt to *Caisse des dépôts et consignations* in respect of its investment in the back catalog restoration and digitization program, which totaled k€3,483 as of June 30, 2016.

### Cash flows

The Group's business activities generated k€58,926 in net cash flows as of June 30, 2016, compared to k€45,652 as of June 30, 2015.

Net cash flows from investment activities amounted to k€57,840 as of June 30, 2016, compared with k€94,691 as of June 30, 2015.

In terms of financing activities, the year 2016 shows a k€4,269 dividend payout, a k€2,812 increase in debt and an k€2,259 interest payment on loans.

As of June 30, 2016 the Group had k€7,111 in cash, compared with k€9,938 at the beginning of the year, i.e. a negative change of k€2,827.

### Outlook

Five movies will be released in theaters by December 31, 2016:

- *Odd Job*, directed by Pascal Chaumeil, starring Romain Duris, Michel Blanc and Alice Belaïdi, will be released on August 31;
- *Brice From Nice*, directed by James Huth, starring Jean Dujardin, Clovis Cornillac and Bruno Salomone, will be released on October 19;
- *Ares*, directed by Jean-Patrick Benes, starring Ola Rapace, will be released on November 23;
- *Ballerina*, an animated film directed by Eric Summer and Eric Warin, will be released on December 14;
- *Heartstrings*, directed by Michel Boujenah, starring Charles Berling and Pascal Elbé, will be released on December 28.

Five television series will be delivered during the second half of 2016:

- *Narcos, second season*, a 10-episode American drama directed by José Padilha, starring Wagner Moura and Pedro Pascal, delivered to Netflix for broadcast starting on September 2, 2016;
- *The Frozen Dead*, a 6-episode French drama directed by Laurent Herbiet, starring Charles Berling, Julia Piaton and Robinson Stévenin, delivered to M6;
- the first two episodes of *The Art of Crime*, a 6-episode French drama that is currently in production, delivered to France 2;
- the remaining episodes of the cartoon series *Atomic Puppet* delivered to France 4 and *Noddy*, delivered to France 5.



# Half-year consolidated financial statements

## Consolidated income statement

<i>(in thousands of euros)</i>	Note	06.30.16	06.30.15
<b>Revenue</b>	3.1	75,496	60,618
Purchases		-896	-703
Personnel costs		-17,079	-14,840
Other current operating income and expenses	3.2	-20,271	-17,416
Impairment, depreciation, amortization and provisions	3.3	-38,515	-34,554
<b>Current operating income (loss)</b>		<b>-1,265</b>	<b>-6,895</b>
Other non-current operating income and expenses		-863	-
<b>Operating income (loss)</b>		<b>-2,128</b>	<b>-6,895</b>
Share of net income of associates	3.4	9,281	7,423
<b>Operating income after share of net income of associates</b>		<b>7,153</b>	<b>528</b>
Gross borrowing costs		-4,213	-4,572
Income from cash and cash equivalents		-	84
<b>Net borrowing costs</b>		<b>-4,213</b>	<b>-4,488</b>
Other financial income and expenses		317	3,068
<b>Net income (loss) before tax</b>		<b>3,257</b>	<b>-892</b>
Income tax	3.5	3,137	2,140
<b>NET INCOME</b>		<b>6,394</b>	<b>1,248</b>
Share attributable to non-controlling interests		-19	7
Share attributable to the shareholders of the parent company		6,413	1,241
<b>Earnings per share attributable to the shareholders of the parent company</b>			
- Average number of shares in circulation	3.6	4,275,958	4,272,530
- <i>In euros per share</i>		1.50	0.29
<b>Diluted earnings per share attributable to the shareholders of the parent company</b>			
- Average potential number of shares	3.6	4,279,141	4,272,530
- <i>In euros per share</i>		1.50	0.29



## Consolidated statement of comprehensive income

<i>(in thousands of euros)</i>	<b>06.30.16</b>	<b>06.30.15</b>
<b>Net income</b>	<b>6,394</b>	<b>1,248</b>
Translation adjustments of foreign operations	-189	542
Share in currency adjustments of foreign operations of associates	176	1,566
Changes in fair value of available-for-sale financial assets	-	-
Changes in fair value of hedging financial instruments	809	2,671
Share of changes in fair value of hedging financial instruments of associates	-383	837
Income tax on gains and losses recognized directly in equity	-320	-1,053
<b>Other elements of comprehensive income that could be reclassified later in net income</b>	<b>93</b>	<b>4,563</b>
Changes in asset revaluation surplus	-	-
Actuarial gains (losses) on defined benefit plans	-	-
Share of actuarial gains and losses on the defined benefit plans of associates	-240	11
Income tax on gains and losses recognized directly in equity	-	-
<b>Other elements of comprehensive income that cannot be reclassified in net income</b>	<b>-240</b>	<b>11</b>
<b>Total of other elements of comprehensive income after taxes</b>	<b>-147</b>	<b>4,574</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>6,247</b>	<b>5,822</b>
Share attributable to non-controlling interests	-19	7
Share attributable to the shareholders of the parent company	6,266	5,815



## Consolidated statement of financial position

<b>Assets</b> (in thousands of euros)	<b>Note</b>	<b>06.30.16</b>	<b>12.31.15</b>
Goodwill	4.1	12,035	12,035
Films and audiovisual rights	4.2	173,065	159,444
Other intangible assets		559	655
Property, plant and equipment	4.3	40,379	40,144
Investments in associates	4.4	213,740	220,060
Other financial assets		204	179
Non-current deferred tax assets		3,031	1,458
<b>Non-current assets</b>		<b>443,013</b>	<b>433,975</b>
Inventories		570	599
Trade receivables	4.5	93,738	107,242
Current tax assets	4.5	2,823	1,766
Other receivables and current financial assets	4.5	54,159	42,257
Cash and cash equivalents	4.8	7,521	10,156
<b>Current assets</b>		<b>158,811</b>	<b>162,020</b>
<b>TOTAL ASSETS</b>		<b>601,824</b>	<b>595,995</b>

<b>Liabilities and equity</b> (in thousands of euros)	<b>Note</b>	<b>06.30.16</b>	<b>12.31.15</b>
Capital		34,208	34,208
Retained earnings and comprehensive income		236,797	234,853
<b>Equity attributable to the shareholders of the parent company</b>		<b>271,005</b>	<b>269,061</b>
<b>Non-controlling interests</b>		<b>2,919</b>	<b>2,982</b>
<b>Equity</b>	<b>4.6</b>	<b>273,924</b>	<b>272,043</b>
Non-current provisions	4.7	3,453	3,164
Non-current deferred tax liabilities		1,460	3,484
Non-current borrowings	4.8	195,921	167,564
Other non-current liabilities	4.9	538	594
<b>Non-current liabilities</b>		<b>201,372</b>	<b>174,806</b>
Current provisions	4.7	1,115	1,161
Current borrowings	4.8	26,589	49,921
Trade payables		16,453	25,158
Current tax liabilities		-	9
Other payables	4.9	82,371	72,897
<b>Current liabilities</b>		<b>126,528</b>	<b>149,146</b>
<b>TOTAL LIABILITIES</b>		<b>601,824</b>	<b>595,995</b>



## Consolidated statement of changes in equity

Changes in equity (in thousands of euros)	Attributable to the shareholders of the parent company						Total	Attributable to non-controlling interests	Total equity
	Number of shares	Capital	Additional paid in capital <sup>(1)</sup>	Treasury shares	Retained earnings	Other comprehensive income			
<b>AS OF DECEMBER 31, 2015</b>	<b>4,275,958</b>	<b>34,208</b>	<b>27,890</b>	<b>-307</b>	<b>188,142</b>	<b>19,128</b>	<b>269,061</b>	<b>2,982</b>	<b>272,043</b>
Net income for the year	-	-	-	-	6,413	-	6,413	-19	6,394
Other comprehensive income	-	-	-	-	-	-147	-147	-	-147
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,413</b>	<b>-147</b>	<b>6,266</b>	<b>-19</b>	<b>6,247</b>
Transactions on share capital	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-4,269	-	-4,269	-44	-4,313
Elimination of treasury shares	-	-	-	-60	3	-	-57	-	-57
Other	-	-	-	-	4	-	4	-	4
<b>Transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-60</b>	<b>-4,262</b>	<b>-</b>	<b>-4,322</b>	<b>-44</b>	<b>-4,366</b>
<b>AS OF JUNE 30, 2016</b>	<b>4,275,958</b>	<b>34,208</b>	<b>27,890</b>	<b>-367</b>	<b>190,293</b>	<b>18,981</b>	<b>271,005</b>	<b>2,919</b>	<b>273,924</b>

(1) Issue premiums, contribution premiums, merger premiums, legal reserves.

Changes in equity (in thousands of euros)	Attributable to the shareholders of the parent company						Total	Attributable to non-controlling interests	Total equity
	Number of shares	Capital	Additional paid in capital <sup>(1)</sup>	Treasury shares	Retained earnings	Other comprehensive income			
<b>AS OF DECEMBER 31, 2014<sup>(2)</sup></b>	<b>4,272,530</b>	<b>34,180</b>	<b>27,771</b>	<b>-252</b>	<b>174,514</b>	<b>15,508</b>	<b>251,721</b>	<b>2,892</b>	<b>254,613</b>
Net income for the year	-	-	-	-	1,241	-	1,241	7	1,248
Other comprehensive income	-	-	-	-	-	4,574	4,574	-	4,574
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,241</b>	<b>4,574</b>	<b>5,815</b>	<b>7</b>	<b>5,822</b>
Transactions on share capital	-	-	-	-	-6	-	-6	-	-6
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-4,267	-	-4,267	-	-4,267
Elimination of treasury shares	-	-	-	-40	39	-	-1	-	-1
Other	-	-	-	-	-5	-	-5	-	-5
<b>Transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-40</b>	<b>-4,239</b>	<b>-</b>	<b>-4,279</b>	<b>-</b>	<b>-4,279</b>
<b>AS OF JUNE 30, 2015</b>	<b>4,272,530</b>	<b>34,180</b>	<b>27,771</b>	<b>-292</b>	<b>171,516</b>	<b>20,082</b>	<b>253,257</b>	<b>2,899</b>	<b>256,156</b>

(1) Issue premiums, contribution premiums, merger premiums, legal reserves.

(2) Equity as of December 31, 2014 included the impact from retroactively applying the IFRIC 21 interpretation on accounting for levies.



## Consolidated statement of cash flows

<i>(in thousands of euros)</i>	Note	06.30.16	06.30.15
<b>Operating activities</b>			
Consolidated net income (including non-controlling interests)		6,394	1,248
Net allowances for depreciation, amortization and provisions		38,657	34,417
Impairment of goodwill		863	-
Gain on a bargain purchase		-	-
Unrealized gains and losses related to changes in fair value	5.4	699	1,442
Expenses and income related to stock options and similar		-	-
Other calculated income and expenses		420	-2,264
Gains and losses on disposal of assets		638	-
Share of net income of associates		-9,281	-7,423
Dividends received from associates	4.4	10,519	8,971
<b>Cash flow from operating activities after tax and net borrowing costs</b>		<b>48,909</b>	<b>36,391</b>
Net borrowing costs		4,213	4,488
Tax expenses (income) - including deferred tax		-3,137	-2,140
<b>Cash flow from operating activities before tax and net borrowing costs</b>		<b>49,985</b>	<b>38,739</b>
Tax paid		-62	-72
Change in working capital requirement related to operating activities	4.10	9,003	6,985
<b>(A) Net cash flow from operating activities</b>		<b>58,926</b>	<b>45,652</b>
<b>Investment activities</b>			
Proceeds from sales of fixed assets		52	2
Acquisition of fixed assets		-48,418	-97,933
Change in liabilities on investments		-7,398	3,240
Net impact of changes in scope, net of cash acquired		-2,076	-
<b>(B) Net cash flow from investment activities</b>		<b>-57,840</b>	<b>-94,691</b>
<b>Financing activities</b>			
Gaumont SA capital increase		-	-
Dividends paid to Gaumont SA shareholders	4.6	-4,269	-4,267
Dividends paid to non-controlling interests in consolidated companies		-44	-
Change in treasury shares		-57	-1
Change in borrowings	4.8	2,812	34,916
Interest paid		-2,259	-2,527
<b>(C) Net cash flow from financing operations</b>		<b>-3,817</b>	<b>28,121</b>
<b>(D) Impact of changes in foreign exchange rates</b>		<b>-96</b>	<b>620</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS (A) + (B) + (C) + (D)</b>		<b>-2,827</b>	<b>-20,298</b>
Cash and cash equivalents at beginning of period		10,156	27,520
Bank overdraft at beginning of period		-218	-42
<b>Cash position at beginning of period</b>		<b>9,938</b>	<b>27,478</b>
Cash and cash equivalents at end of period		7,521	8,972
Bank overdraft at end of period		-410	-1,792
<b>Cash position at end of period</b>		<b>7,111</b>	<b>7,180</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>		<b>-2,827</b>	<b>-20,298</b>



## Notes to the consolidated financial statements

### 1. The Gaumont group

#### 1.1. The Group's businesses

The Gaumont group is specialized in the production and distribution of movies, a business it has conducted since 1895, and for the last few years has developed a television program production business. These programs primarily include French series, American series, and cartoon series.

In addition, having combined its movie theater activities with those of Pathé in early 2000, Gaumont holds a 34% interest in Les Cinémas Gaumont Pathé, a large movie theater network established in France, Switzerland, the Netherlands and Belgium.

#### 1.2. Seasonal nature of the business

Gaumont would like to reiterate that its results are mainly tied to the number of releases and release schedule of its films in theaters, and to the deliveries of its new television series to broadcasters, as well as to the financing structure of its works. These elements may cause significant variations in results from one period to another.

As a result, the Group's consolidated half-year results are not representative of its annual results.

#### 1.3. Scope of consolidation

##### Change in scope of consolidation

##### Creation of Gaumont Animation USA

On March 14, 2016, Gaumont created Gaumont Animation USA, an animated film and cartoon series production company, to expand its international business.

##### Acquisition of the remaining shares of Légende SAS

On May 9, 2016, Gaumont SA acquired an additional 50% stake in the production company Légende SAS, in which the Group previously held a 50% investment. The Group took control of this subsidiary in accordance with criteria defined in IFRS 10.

This transaction enables Gaumont to expand its film catalog by several works that made an impact on French cinema over the past twenty years, including *La Vie en Rose*, *Coco*, *99 Francs* and *Case départ*.

Acquiring shares from Légende SAS's long-standing shareholders resulted in paying k€5,500 for the purchase price, excluding acquisition costs, and recognizing k€863 in goodwill. This goodwill was fully impaired on June 30, 2016, as it represented a cost overrun paid to the sellers in exchange for Gaumont disengaging from previous transactions that carried unrealized liabilities.

The fair value of assets and liabilities as of the acquisition date, and the provisional allocation of the purchase price, are presented below:

<i>(in thousands of euros)</i>	Share of net equity	Historical IFRS value	Fair value adjustment	Fair value
Films and cinema rights		732	4,839	5,571
Operating receivables and payables		734	367	1,101
Net deferred tax		579	-	579
Provisions		-	-	-
Cash, net of borrowings		2,024	-	2,024
Other miscellaneous assets and liabilities		-	-	-
<b>Fair value of net assets as of May 9, 2016</b>		<b>4,069</b>	<b>5,206</b>	<b>9,275</b>
Counterparty transferred to obtain control <sup>(1)</sup>	50%			5,500
Fair value of the previously held investment	50%			4,638
Non-controlling investments	0%			-
<b>Goodwill</b>				<b>-863</b>

(1) Acquisition costs recognized in net income amounted to k€21.

The fair value of assets and liabilities, and especially the fair value of the film catalog and receivables and payables related to movie distribution, is still being measured as of the date that the half-year financial statements were closed. The final purchase price allocation will be presented within 12 months of the acquisition date.

At the end of April 2016, before the acquisition and with Gaumont's agreement, Légende made some disposals in its cinema production and development businesses, the results of which were included in the share of net income of associates for the period and totaled k€1,908.



The carrying amount of investments in associates held by Gaumont immediately before the acquisition date amounted to k€5,467. Adjusting the value of these shares to the fair value as of the acquisition date resulted in recording a k€829 loss, included in the share of net income of associates.

After the acquisition, Légende SAS and its wholly-owned subsidiary, Légende Editions, were fully consolidated starting on May 9, 2016. These companies were renamed Mitzé Films and Mitzé Editions, respectively, in early June 2016 and, as of June 30, 2016, contributed k€1 in consolidated revenue and k€-26 to consolidated net income, excluding goodwill impairment.

If the acquisition had taken place at the beginning of the period under similar circumstances involving the disposal of assets prior to the acquisition, the acquired entities' contributions toward Gaumont revenue and consolidated income would have been immaterial, as in present case.





**Main consolidated companies**

Company and legal form	Registered office	Siren	%	%	Consolidation
Parent company			interest	control	method
Gaumont SA	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	562 018 002	100.00		F.C.
<b>Movie production and distribution</b>					
Mitzé Films SAS (formerly Légende SAS)	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	449 912 609	100.00	100.00	F.C.
Fideline Films SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	308 240 480	100.00	100.00	F.C.
Nouvelles Editions de Films SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	562 054 817	100.00	100.00	F.C.
LGM SAS	53, rue du Faubourg Poissonnière, 75009 Paris	814 155 461	20.00	20.00	E.A.
Gaumont Vidéo SNC	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	384 171 567	100.00	100.00	F.C.
Gaumont Production SARL	5, rue du Colisée, 75008 Paris	352 072 904	100.00	100.00	F.C.
Editions la Marguerite SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	602 024 150	100.00	100.00	F.C.
Gaumont Musiques SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	494 535 255	100.00	100.00	F.C.
Mitzé Editions SARL (formerly Légende Editions SARL)	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	500 977 129	100.00	100.00	F.C.
Gaumont Inc	520 West 43rd Street, New York, NY 10036	United States	100.00	100.00	F.C.
<b>Production of television dramas and cartoon series</b>					
Gaumont Television USA Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Gaumont Télévision SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	340 538 693	100.00	100.00	F.C.
Gaumont Animation SAS	142, rue de Charonne, 75011 Paris	411 459 811	100.00	100.00	F.C.
Gaumont Animation USA Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	100.00	F.C.
Gaumont Television UK Ltd	Unit 2.23 Morley House, 314- 322 Regent Street, London W1B 3BD	United Kingdom	100.00	100.00	F.C.
Gaumont Production Télévision SARL	5, rue du Colisée, 75008 Paris	322 996 257	100.00	100.00	F.C.
Gaumont Animation Musique SARL	142, rue de Charonne, 75011 Paris	433 438 769	100.00	100.00	F.C.
Ouroboros Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Chiswick Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Narcos Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Leodoro Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
<b>Movie theater operations</b>					
Les Cinémas Gaumont Pathé SAS	2, rue Lamennais, 75008 Paris	392 962 304	34.00	34.00	E.A.
Lincoln Cinema Associates	1886 Broadway, New York, NY 10023	United States	31.95	31.95	E.A.
<b>Audiovisual archive management</b>					
Gaumont Pathé Archives SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	444 567 218	57.50	57.50	F.C.

F.C.: fully consolidated.  
E.A.: equity-accounted.



## 2. Accounting principles and methods

### 2.1. General principles

Gaumont's half-year consolidated financial statements as of June 30, 2016 were prepared in accordance with IAS 34: "Interim financial information". They highlight the main information from the period as defined in IAS 34 and must be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2015, included in the Registration document filed with the AMF under number D.16-0316.

The accounting principles used to prepare the half-year consolidated financial statements comply with IFRS standards and interpretations as adopted by the European Union on June 30, 2016, which are available at the website: [http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

Gaumont's half-year consolidated financial statements as of June 30, 2016 were prepared using the same accounting principles and measurement methods that were used to prepare the annual consolidated financial statements for the year ended December 31, 2015, with the exception of newly applied standards and interpretations, which are listed below in Section 2.3.

The consolidated financial statements are presented in thousands of euros, unless otherwise specified.

Gaumont's half-year consolidated financial statements as of June 30, 2016 were approved by the Board of directors on July 26, 2016, and were the subject of a limited review by the Statutory auditors.

### 2.2. Measurement principles specifically for interim financial statements

Expenses and income determined on an annual basis were measured at the end of the period using the same principles that are used during year-end closing.

Employee benefits at the end of the period were measured based on balances showing in the statement of financial position at the beginning of the period and by using assumptions set at the beginning of the annual reporting period.

For the interim financial statements, income tax expense (current and deferred) is calculated by applying the average estimated annual rate for the year in progress to the accounting income for the period. Current income tax expense equals the amount of income tax owed to the tax authorities for the year as per tax law and as per the tax rates in force in the various countries.

### 2.3. Impact of IFRS standards and IFRIC interpretations applicable to the Group from January 1, 2016

#### Amendment to IAS 38 – Clarification of acceptable methods of depreciation and amortization

Gaumont conducted a review of the principles set forth in IAS 38 and concluded that the method currently used to amortize films and audiovisual rights, based on revenue made from their distribution, remains justified since there is a strong correlation between income received and consumption of economic benefits related to movies and programs distributed. The economic value of an audiovisual work is very much dependent upon the number of times it is aired, each broadcast causing a greater or lesser erosion of public interest for it.

This amendment is applicable for fiscal years beginning on or after January 1, 2016.

#### Other amendments and new standards applicable to the group

Standard		Effective date <sup>(1)</sup>	Impact on the consolidated financial statements of the Gaumont group
Amendments to IAS 1	Presentation of financial statements	01/01/2016	No significant impact on the consolidated financial statements
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations	01/01/2016	No significant impact on the consolidated financial statements
Amendments to IAS 19	Defined benefit plans: employee contributions	02/01/2015	No impact on the consolidated financial statements
Annual improvements	2010-2012 cycle	02/01/2015	No significant impact on the consolidated financial statements
Annual improvements	2012-2014 cycle	01/01/2016	No significant impact on the consolidated financial statements

*(1) Unless otherwise specified, applicable to reporting periods beginning on or after the date indicated (date of EU application).*



### 3. Notes to the consolidated income statement

#### 3.1. Revenue

	06.30.16			06.30.15		
	France	Abroad	Total	France	Abroad	Total
<b>Movie production and distribution</b>	<b>49,489</b>	<b>15,816</b>	<b>65,305</b>	<b>24,495</b>	<b>14,233</b>	<b>38,728</b>
Movie theater distribution	21,022	-	21,022	6,296	-	6,296
Video publishing and video on demand	4,875	158	5,033	6,317	107	6,427
Television broadcasting rights	21,571	-	21,571	9,894	-	9,894
International sales	-	15,325	15,325	-	13,938	13,938
Other revenue from films distribution	2,021	333	2,354	1,988	188	2,176
<b>Production and distribution of television series</b>	<b>2,257</b>	<b>5,407</b>	<b>7,664</b>	<b>5,761</b>	<b>13,629</b>	<b>19,390</b>
American series	126	3,272	3,398	100	13,035	13,135
French dramas	35	4	39	4,735	30	4,765
French cartoon series	2,096	2,131	4,227	926	564	1,490
<b>Trademark royalties</b>	<b>1,833</b>	<b>-</b>	<b>1,833</b>	<b>1,770</b>	<b>-</b>	<b>1,770</b>
<b>Other miscellaneous revenue</b>	<b>694</b>	<b>-</b>	<b>694</b>	<b>730</b>	<b>-</b>	<b>730</b>
<b>TOTAL</b>	<b>54,273</b>	<b>21,223</b>	<b>75,496</b>	<b>32,756</b>	<b>27,862</b>	<b>60,618</b>

As of June 30, 2016, the Group made 28% of its revenue outside France, versus 46% as of June 30, 2015.

#### 3.2. Other current operating income and expenses

	06.30.16	06.30.15
Audiovisual support fund	6,562	3,550
Other subsidies	376	521
Audiovisual and cinema tax credit	1,044	3,054
Purchases of materials and supplies	-5,316	-5,037
Subcontracting	-2,128	-3,618
Rentals and rental expenses	-1,291	-1,082
Outside personnel, temporary personnel and fees	-3,700	-4,017
Other external expenses	-5,788	-5,686
Taxes and similar payments	-2,231	-1,705
Foreign exchange gains and losses on operating activities	-374	414
Copyrights, royalties and similar	-3,887	-2,398
Purchases of rights and guaranteed minima	-9,297	-9,004
Income from the sale of operating assets	-638	-
Other income and expenses	6,397	7,592
<b>NET OTHER CURRENT OPERATING INCOME/EXPENSES</b>	<b>-20,271</b>	<b>-17,416</b>

As of June 30, 2016, other external expenses primarily included k€1,786 in purchases of studies and services related to cinema and television project development, versus k€1,621 as of June 30, 2015.

Purchases of materials and supplies mainly consisted of expenses incurred by the Group related to distribution of films and series.



### 3.3. Impairment, depreciation, amortization and provisions

	06.30.16	06.30.15
<b>Intangible assets</b>		
- Reversals of impairment losses	362	34
- Amortization expense and impairment losses	-38,262	-34,026
<b>Subtotal</b>	<b>-37,900</b>	<b>-33,992</b>
<b>Property, plant and equipment</b>		
- Reversals of impairment losses	-	-
- Depreciation expense and impairment losses	-803	-635
<b>Subtotal</b>	<b>-803</b>	<b>-635</b>
<b>Current assets</b>		
- Reversals of impairment losses	243	66
- Impairment losses	-101	-203
<b>Subtotal</b>	<b>142</b>	<b>-137</b>
<b>Risks and expenses</b>		
- Reversals of provisions	50	213
- Increases in provisions	-4	-3
<b>Subtotal</b>	<b>46</b>	<b>210</b>
<b>TOTAL</b>	<b>-38,515</b>	<b>-34,554</b>

### 3.4. Income of associates

Company	% Interest	06.30.16	06.30.15
Les Cinémas Gaumont Pathé SAS	34.00%	8,259	7,800
Lincoln Cinema Associates (USA) <sup>(1)</sup>	31.95%	-	90
Légende <sup>(2)</sup>	50.00%	1,079	-467
LGM SAS <sup>(3)</sup>	20.00%	-57	-
<b>SHARE OF NET INCOME OF ASSOCIATES</b>		<b>9,281</b>	<b>7,423</b>

(1) Estimate. Financial data for Lincoln Cinema Associates was not available as of June 30, 2016.

(2) Share of net income of associates corresponds to income for the period running from January 1, 2016 through May 9, 2016 - the date that Gaumont took control of Légende - and includes an -k€829 impact from remeasuring investments in associates as of the acquisition date.

(3) On December 29, 2015, Gaumont SA acquired a 20% investment in LGM SAS, a production company created in October 2015.

### 3.5. Income tax

Gaumont and the French subsidiaries of which it owns 95% or more have elected for the tax consolidation scheme.

#### Breakdown of the tax expense or benefit

	06.30.16	06.30.15
Current income tax	-153	-194
Deferred tax	3,290	2,334
<b>TOTAL INCOME TAX (EXPENSE) BENEFIT</b>	<b>3,137</b>	<b>2,140</b>

The 3% tax on dividends is included in current income tax. The corresponding expense amounted to k€128 as of June 30, 2016.



### Reconciliation of recorded tax and theoretical tax

	06.30.16	06.30.15
Net income of companies before tax	3,257	-892
Current tax rate applicable to the parent company	33.33%	33.33%
<b>Theoretical tax</b>	<b>-1,086</b>	<b>297</b>
Reduced tax rate differentials	-	-
Tax rate differentials between France and abroad	489	378
Share of net income of associates	3,094	2,444
Permanent differences	-429	-231
Change in unrecognized tax loss carryforwards	-789	-807
Tax consolidation	1,821	3
Tax credits in operating income <sup>(1)</sup>	189	217
Income tax without base and tax credits	-152	-161
<b>Effective tax benefit (expense)</b>	<b>3,137</b>	<b>2,140</b>
Effective tax rate	35%	-

(1) In the consolidated financial statements, the cinema tax credit and the employment competitiveness tax credit are presented in current operating income (loss).

### Effect from taxes on comprehensive income

	06.30.16			06.30.15		
	Gross amount	Tax effect	Carrying value	Gross amount	Tax effect	Carrying value
<b>Other comprehensive income</b>						
Translation adjustments of foreign operations	-189	-	-189	549	-	549
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-
Changes in fair value of hedging financial instruments	809	-320	489	2,671	-1,053	1,618
Changes in asset revaluation surplus	-	-	-	-	-	-
Actuarial gains (losses) on defined benefit plans	-	-	-	-	-	-
Share in other comprehensive income of associates	-447	-	-447	2,407	-	2,407
<b>TOTAL</b>	<b>173</b>	<b>-320</b>	<b>-147</b>	<b>5,627</b>	<b>-1,053</b>	<b>4,574</b>

### 3.6. Earnings per share

Earnings per share are calculated by dividing net income attributable to owners of the parent company by the weighted average number of ordinary shares issued and outstanding over the reporting period.

	06.30.16	06.30.15
Number of shares at January 1	4,275,958	4,272,530
Capital increases relating to exercising stock options ( <i>prorata temporis</i> )	-	-
Average number of ordinary shares	4,275,958	4,272,530

Diluted earnings per share are calculated by dividing net income attributable to owners of the parent company by the weighted average number of ordinary shares, adjusted for the dilutive effect of stock options.

	06.30.16	06.30.15
Average number of ordinary shares	4,275,958	4,272,530
Dilutive effect of stock options	3,183	-
Average potential number of ordinary shares	4,279,141	4,272,530

Stock options with an exercise price higher than the average share price over the year are accretive. They are therefore not included in the calculation of diluted earnings per share.



## 4. Notes to the consolidated statement of financial position

### 4.1. Goodwill

	06.30.16	Movements of the period			12.31.15
		+	-	Other <sup>(1)</sup>	
Gaumont Animation	15,794	-	-	-	15,794
Mitzé Films SAS (formerly Légende SAS)	863	863	-	-	-
LGM Participations	491	-	-	-	491
<b>Gross value</b>	<b>17,148</b>	<b>863</b>	<b>-</b>	<b>-</b>	<b>16,285</b>
Gaumont Animation	-4,250	-	-	-	-4,250
Mitzé Films SAS (formerly Légende SAS)	-863	-863	-	-	-
<b>Accumulated impairment losses</b>	<b>-5,113</b>	<b>-863</b>	<b>-</b>	<b>-</b>	<b>-4,250</b>
<b>CARRYING VALUE</b>	<b>12,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,035</b>

(1) Changes in percentage interest, write offs.

The acquisition of 50% of the remaining shares and control-taking of Légende SAS resulted in recording k€863 in goodwill on May 9, 2016. Since this goodwill was analyzed as resulting of the price paid in exchange for Gaumont disengaging from certain unrealized liabilities, it was fully impaired.

No other indication of impairment was detected during the first half of 2016 for goodwill with positive carrying value.

### 4.2. Films and audiovisual rights

	06.30.16	Movements of the period			12.31.15
		+	-	Other <sup>(1)</sup>	
Films and cinema rights	1,808,264	9,438	-	134,156	1,664,670
Television series, dramas and broadcasting rights	315,662	-	-	-5,232	320,894
Animated films and series	172,801	1,344	-	2,860	168,597
Musical productions	2,941	84	-	34	2,823
Video games	1,525	-	-	-	1,525
Movies in production	13,692	6,037	-	-27,777	35,432
Television series and dramas in production	38,965	23,877	-179	-216	15,483
Animated films and series in production	11,665	6,533	-510	-2,947	8,589
<b>Gross value</b>	<b>2,365,515</b>	<b>47,313</b>	<b>-689</b>	<b>100,878</b>	<b>2,218,013</b>
Films and cinema rights	-1,736,313	-30,548	31	-100,808	-1,604,988
Television series, dramas and broadcasting rights	-287,681	-3,167	-	4,637	-289,151
Animated films and series	-163,734	-4,418	152	101	-159,569
Musical productions	-2,863	-6	-	-34	-2,823
Video games	-1,525	-	-	-	-1,525
Television series and dramas in production	-334	-	179	-	-513
Animated films and series in production	-	-	-	-	-
<b>Accumulated amortization and impairment losses</b>	<b>-2,192,450</b>	<b>-38,139</b>	<b>362</b>	<b>-96,104</b>	<b>-2,058,569</b>
<b>CARRYING VALUE</b>	<b>173,065</b>	<b>9,174</b>	<b>-327</b>	<b>4,774</b>	<b>159,444</b>

(1) Changes in scope, transfers between items, foreign currency translation adjustments.

Other changes from the period include gross value and accumulated depreciation from the Mitzé Films (formerly Légende SAS) catalog, the fair value of which totaled k€5,571 as of the date of taking control.



### 4.3. Property, plant and equipment

	06.30.16	Movements of the period			12.31.15
		+	-	Other <sup>(1)</sup>	
Land	18,688	-	-	-2,208	20,896
Buildings and fittings	40,399	179	-	2,063	38,157
Other property, plant and equipment	10,795	806	-1	259	9,731
<b>Gross value</b>	<b>69,882</b>	<b>985</b>	<b>-1</b>	<b>114</b>	<b>68,784</b>
Land	-	-	-	310	-310
Buildings and fittings	-22,654	-494	-	-426	-21,734
Other property, plant and equipment	-6,849	-309	-	56	-6,596
<b>Accumulated depreciation and impairment losses</b>	<b>-29,503</b>	<b>-803</b>	<b>-</b>	<b>-60</b>	<b>-28,640</b>
<b>CARRYING VALUE</b>	<b>40,379</b>	<b>182</b>	<b>-1</b>	<b>54</b>	<b>40,144</b>

(1) Changes in scope, transfers between items, foreign currency translation adjustments.

### 4.4. Investments in associates

Company	% interest	06.30.16	12.31.15
Les Cinémas Gaumont Pathé	34.00%	213,186	215,862
Lincoln Cinema Associates (USA)	31.95%	361	368
Légende	50.00%	-	3,580
LGM	20.00%	193	250
<b>Gross value</b>		<b>213,740</b>	<b>220,060</b>
Accumulated impairment losses		-	-
<b>CARRYING VALUE</b>		<b>213,740</b>	<b>220,060</b>

Monitoring the value of investments in associates did not reveal any impairment loss as of June 30, 2016.

As of June 30, 2016, Légende SAS, renamed Mitzé Films, was fully consolidated following its acquisition by Gaumont SA on May 9, 2016.

#### Summarized financial information of associates

Summarized financial data is presented according to IFRS in the event of sub-consolidation. Separate financial statements include the impacts of harmonizing accounting principles and methods and fair value adjustments measured at investment date, where applicable.

	Les Cinémas Gaumont Pathé	Lincoln Cinema Associates (USA) <sup>(1)</sup>	LGM
Non-current assets	1,051,863	-	380
Current assets	164,743	-	466
<b>Total assets</b>	<b>1,216,606</b>	<b>-</b>	<b>846</b>
Equity attributable to the shareholders of the parent company	444,214	-	-315
Non-controlling interests	27,421	-	-
Non-current liabilities	409,867	-	120
Current liabilities	335,104	-	1,041
<b>Total equity and liabilities</b>	<b>1,216,606</b>	<b>-</b>	<b>846</b>
Revenue	359,721	-	-
Net income	24,291	-	-284

(1) Financial data for Lincoln Cinema Associates was not available as of June 30, 2016 and is considered immaterial.



### Interests held by the Group in the associates

Interests held by the Group in associates as of June 30, 2016 are shown in the table below.

	Les Cinémas Gaumont Pathé	Lincoln Cinema Associates (USA) <sup>(1)</sup>	LGM
Equity of the associate	444,214	1,131	-315
<b>% interest</b>	<b>34.00%</b>	<b>31.95%</b>	<b>20.00%</b>
Share attributable to the shareholders of the parent company	151,034	361	-63
Adjustments on share: cancellation of internal results	-	-	-
Fair value of assets and liabilities, net value	47,328	-	-
Goodwill, net value	14,824	-	256
<b>Investments in associates</b>	<b>213,186</b>	<b>361</b>	<b>193</b>

(1) Estimate. Financial data for Lincoln Cinema Associates was not available as of June 30, 2016 and is considered immaterial.

### Transactions with associates

The consolidated financial statements include the following balances that represent related-party transactions. These transactions were mainly made by Gaumont SA.

	06.30.16	12.31.15
Trade receivables	2,398	2,496
Other receivables	10,569	50
Non-current liabilities	538	594
Operating payables	145	116
Liabilities on property, plant and equipment and intangible assets	-	20
Other payables	112	993
Revenue and other current income	779	8,430
Other current expenses	33	1,114

### Dividends received from associates

Company	% Interest	06.30.16	06.30.15
Les Cinémas Gaumont Pathé	34.00%	10,519	8,826
Lincoln Cinema Associates (USA)	31.95%	-	145
LGM	20.00%	-	-
Légende	50.00%	-	-
<b>TOTAL</b>		<b>10,519</b>	<b>8,971</b>

## 4.5. Current assets

	06.30.16	12.31.15
Trade receivables	94,358	107,471
Current tax assets	2,823	1,766
Current accounts	10,520	49
Other receivables	44,183	42,605
Prepaid expenses	885	1,032
<b>Gross value</b>	<b>152,769</b>	<b>152,923</b>
Trade receivables	-620	-229
Current financial assets	-343	-343
Current accounts	-	-
Other receivables	-1,086	-1,086
<b>Accumulated impairment losses</b>	<b>-2,049</b>	<b>-1,658</b>
<b>CARRYING VALUE</b>	<b>150,720</b>	<b>151,265</b>
Maturities:		
- less than 1 year	140,463	120,929
- 1 to 5 years	10,257	30,336
- more than 5 years	-	-





Outstanding trade receivables mainly consist of the portion of outstanding receivables related to pre-sales and sales of works distributed at the end of the period. The level of receivables is strongly impacted by the number and schedule for series deliveries and movie releases.

Other receivables primarily included the support fund used for French productions and tax credits to be received for American productions.

#### 4.6. Equity

##### Share capital of the parent company

	06.30.16	Movements of the period		12.31.15
		+	-	
Number of shares	4,275,958	-	-	4,275,958
Par value	8	-	-	8
<b>CAPITAL (in euros)</b>	<b>34,207,664</b>	-	-	<b>34,207,664</b>

##### Treasury shares

As of June 30, 2016, Gaumont SA held 7,196 of its own shares, purchased under a liquidity contract. They were recognized against equity.

##### Dividends paid

Gaumont SA paid out the following dividends during the period:

(in euros)	06.30.16	06.30.15
Dividends paid	4,268,621	4,267,078
Dividends per share	1.00	1.00

##### Stock options

Gaumont SA has set up eight stock option plans since December 1987 for some of its employees, in particular its managing executives, except for the Chairman of the Board of directors who does not benefit from any plan. All these plans are equity-settled.

No new stock option plans were decided on during the first half of 2016.

Plan	Initial grant		Adjusted grant		Options at end of period			
	Price	Number	Price	Number	Canceled	Subscribed	Outstanding	Exercisable
Plan V (February 1996)	€50.31	104,000	€44.14	118,689	46,792	67,442	4,455	4,455
Plan VI (March 1998)	€64.03	168,000	€56.17	191,736	99,333	82,120	10,283	10,283
Plan VII (April 2002)	€48.00	165,000	€42.11	188,527	124,228	46,500	17,799	17,799
Plan VIII (February 2005)	€64.00	196,750	€56.26	224,653	102,507	2,284	119,862	119,862
<b>TOTAL</b>		<b>633,750</b>		<b>723,605</b>	<b>372,860</b>	<b>198,346</b>	<b>152,399</b>	<b>152,399</b>

As of June 30, 2016, the remaining exercisable options are as follows:

Plan	Grant date	Option exercise period		06.30.16	Movements of the period				12.31.15
		start	end		Adjusted	Granted	Canceled	Subscribed	
Plan V	02.15.96	02.15.01	02.14.46	4,455	-	-	-	-	4,455
Plan VI	03.12.98	03.12.03	03.11.48	10,283	-	-	-	-	10,283
Plan VII	04.09.02	04.09.06	04.08.46	17,799	-	-	-	-	17,799
Plan VIII	02.28.05	02.28.09	02.27.49	119,862	-	-	-859	-	120,721
<b>TOTAL</b>				<b>152,399</b>	-	-	<b>-859</b>	-	<b>153,258</b>

The vesting period for rights has been reached for all plans. As a result, no expense has been recorded in the income statement for this purpose.



### Equity attributable to non-controlling interests

As of June 30, 2016, the share of equity attributable to non-controlling interests represents participation of Gaumont Pathé Archives and Gaumont Television USA non-controlling shareholders.

Following organizational changes in Gaumont Television USA LLC's governance, the qualification of financial instruments held by Gaumont's American partner was revised to take into account IAS 32 and IFRS 10. Starting from June 30, 2016, interests held in the American subsidiary by this partner are presented in non-controlling interests.

### 4.7. Current and non-current provisions

	06.30.16	Movements of the period			Other <sup>(2)</sup>	12.31.15
		Increases	Uses	Reversals <sup>(1)</sup>		
Provisions for pension and similar benefits	3,453	289	-	-	-	3,164
<b>Non-current provisions</b>	<b>3,453</b>	<b>289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,164</b>
Provisions for legal proceedings relating to intellectual property rights over works	240	-	-	-50	-	290
Provisions for legal proceedings with personnel	260	-	-	-	-	260
Provisions for commercial legal proceedings	-	-	-	-	-	-
Provisions for other legal proceedings	568	4	-	-	-	564
Provisions for risks on investments in associates	-	-	-	-	-	-
Provisions for risks related to films	-	-	-	-	-	-
Other provisions for miscellaneous risks	47	-	-	-	-	47
Provisions for property-related expenses	-	-	-	-	-	-
Provisions for personnel costs	-	-	-	-	-	-
Provisions for income taxes	-	-	-	-	-	-
Provisions for other costs	-	-	-	-	-	-
<b>Current provisions</b>	<b>1,115</b>	<b>4</b>	<b>-</b>	<b>-50</b>	<b>-</b>	<b>1,161</b>
<b>TOTAL</b>	<b>4,568</b>	<b>293</b>	<b>-</b>	<b>-50</b>	<b>-</b>	<b>4,325</b>
Impact on current operating income		293	-	-50	-	
Impact on non-current operating income		-	-	-	-	
Impact on share of net income of associates		-	-	-	-	
Impact on other comprehensive income		-	-	-	-	

(1) Unused amounts.

(2) Changes in scope, transfers between items, foreign currency translation adjustments.

Provisions for legal proceedings relating to intellectual property include legal proceedings in progress with authors or actors pertaining to the ownership of creative works.

Provisions for other legal proceedings relate to suits over the application of French employment regulations, but do not include employer versus employee disputes going through arbitration which are reported under legal proceedings with personnel. Provisions for other risks covers risks related to regulatory controls or business partners experiencing financial difficulties.

These provisions are adjusted according to changes in risk estimated using information available at closing date. As of June 30, 2016, provisions recognized for contingent liabilities were measured based on the amounts for which the Group is being sued, where it is considered probable that it will have to pay.

### 4.8. Net borrowings

#### Cash and cash equivalents

	06.30.16	12.31.15
Cash equivalents	-	-
Bank accounts and petty cash	7,521	10,156
<b>TOTAL</b>	<b>7,521</b>	<b>10,156</b>

Cash and cash equivalents include liquidity held in bank current accounts and investments in money market instruments that may be liquidated or sold in the very short term in view of Management intentions, and do not entail a significant risk of loss in value in the event of interest rate changes.



## Borrowings

	06.30.16	Movements of the period			12.31.15
		+	-	Other <sup>(1)</sup>	
Revolving credit facility	66,991	-	-2,000	150	68,841
Bonds	59,555	-	-	38	59,517
Finance lease debt	351	-	-22	-	373
Production loans <sup>(2)</sup>	50,617	21,850	-5,930	-13,813	48,510
Assignments of receivables	36,693	19,791	-29,198	12,551	33,549
Financial contribution from the <i>Caisse des dépôts</i>	3,483	182	-411	-	3,712
Other loans	873	60	-1,216	1,200	829
Advances repayable on distribution proceeds	1,495	-	-2	200	1,297
Deposits received	117	-	-	-	117
Bank overdraft	410	-173	-	365	218
Accrued interest	1,925	1,438	-34	-1	522
<b>TOTAL</b>	<b>222,510</b>	<b>43,148</b>	<b>-38,813</b>	<b>690</b>	<b>217,485</b>
Maturities:					
- less than 1 year	26,589				49,921
- 1 to 5 years	133,093				104,074
- more than 5 years	62,828				63,490

(1) Changes in scope, amortization of borrowing costs, translation adjustments.

(2) Production loans are reported according to their contractual maturity. However, since they are repaid via pre-financing contracts and proceeds from financed series, part of the loans will be repaid early from this general maturity.

### Credit facility

On November 5, 2014, Gaumont SA signed an k€80,000 renewable revolving credit agreement maturing on November 4, 2019. This credit facility was signed with a banking pool made up of BNP Paribas, Crédit Agricole, Neufлизe OBC and Banque Palatine.

The revolving credit facility has the following characteristics:

- the maximum loan amount is k€80,000;
- interest is variable rate, Euribor-based;
- the loan is tied to financial covenants that must be met half-yearly, see note 5.3.

At June 30, 2016, k€68,000 of the credit facility for a maximum amount of k€80,000 had been used, and it was hedged by k€10,000. This left Gaumont with confirmed drawing rights of k€12,000.

### Effective interest rate

At June 30, the effective interest rate of the outstanding borrowing was as follows:

	06.30.16	12.31.15
Before hedging	2.12%	2.33%
After hedging	2.19%	2.46%

### Average interest rate

The changes in the loan average interest rate are presented below.

	06.30.16	06.30.15
Before hedging	2.04%	2.13%
After hedging	2.24%	2.96%



### **Bonds**

In addition to the revolving credit facility with a maximum amount of k€80,000, Gaumont issued a bond on November 14, and December 22, 2014 in the form of a listed Euro private placement (EuroPP) for a total amount of k€60,000. This bond is made up of two separate parts whose respective characteristics are presented below.

	<b>Part 1</b>	<b>Part 2</b>
Listing market	Euronext Paris	
ISIN	FR0012303170	FR0012303188
Par value	k€45,000	k€15,000
Maturity	7 years	10 years
Expiration date	November 15, 2021	November 15, 2024
Annual coupon	4.75%	5.125%
Payment of the coupon	annually in arrears	
Repayment	in fine – no premium	
Guarantees	none	
Covenants	3 covenants to be respected every 6 months	

The bond features the same covenants as the revolving credit facility signed on November 5, 2014, which are specified in note 5.3.

#### *Effective interest rate*

As of June 30, the effective interest rate of the outstanding bond debt was as follows:

	<b>06.30.16</b>	<b>12.31.15</b>
Before hedging	4.91%	4.97%
After hedging	-	-

#### *Average interest rate*

The changes in the loan average interest rate are presented below.

	<b>06.30.16</b>	<b>06.30.15</b>
Before hedging	4.84%	4.84%
After hedging	-	-

### **Production loans**

Production loans are self-liquidating loans used to finance the production of American television series.

These loans have the following characteristics:

- repayment of each loan takes place via a senior call on pre-financing payments and proceeds from the series financed;
- interest is variable rate, Libor-based;
- collateral for the loans consists of pledging of assets financed.

A breakdown of production loans by series is presented below.

<b>Series</b>	<b>Recipient<sup>(1)</sup></b>	<b>Lender</b>	<b>Subscription</b>	<b>Maturities</b>	<i>in thousands of US dollars</i>			
					<b>Total amount authorized</b>	<b>Remaining amount available</b>	<b>Position as of 06.30.16</b>	<b>Position as of 12.31.15</b>
Hemlock Grove season 3	Ouroboros Productions 3 Llc	MUFG Union Bank	12.03.14	03.01.17	40,600	-	-	17,323
Hannibal season 3	Chiswick Productions Llc	MUFG Union Bank	10.10.14	10.10.16	44,758	156	14,629	18,090
Narcos season 2	Narcos 2 Productions Llc	MUFG Union Bank	09.09.15	05.30.18	47,760	8,220	37,925	18,077
F is for Family season 2	Leodoro Productions Llc	MUFG Union Bank	05.31.16	12.14.18	14,022	8,476	4,044	-
<b>TOTAL</b>					<b>147,140</b>	<b>16,852</b>	<b>56,598</b>	<b>53,490</b>

(1) Subsidiaries wholly-owned by Gaumont Television USA Llc.

Interest on these loans and the associated transaction costs are capitalized in the production costs of the assets until the date on which the series financed is delivered in full.



*Effective interest rate*

At June 30, the effective interest rate of the outstanding borrowing was as follows:

	<b>06.30.16</b>	<b>12.31.15</b>
Before hedging	2.67%	3.69%
After hedging	-	-

*Average interest rate*

Changes in average interest rates are presented below.

	<b>06.30.16</b>	<b>06.30.15</b>
Before hedging	3.89%	3.67%
After hedging	-	-

**Assignments of receivables**

The Group assigns receivables as allowed by the Dailly Law to fund the production of feature films, and French animated films, cartoon series and television dramas.

For animated film and series production, receivables are assigned periodically as part of a general contract for managing cash deferrals, for a maximum authorized amount of k€8,000. The available balance from this contract as of June 30, 2016 amounted to k€4,659.

For French dramas and feature films, contracts are negotiated individually for each production.

Most of the receivables assigned are linked to production financing: contributions from co-producers, pre-sales to French television channels and the support fund. Assignments are generally based on the contracts and financing arrangements.

Additionally, in June 2015, Gaumont Television USA Llc entered into a receivables assignment agreement for a maximum authorized amount of k\$50,000, based on the series' operating receivables, with the exception of receivables pledged to finance production.

The interest rate for this credit facility is variable and based on the Libor. Drawdowns available on assigned receivables as of June 30, 2016 totaled k\$1,181. The assignable balance of this contract was k\$10,803.

Since all the risks associated with assigned receivables are kept by the Group, the receivables are maintained as assets on the statement of financial position, or included as off-balance sheet commitments.

As of June 30, 2016, outstanding assigned receivables, net of payments received, for all contracts, amounted to k€14,770 for French contracts and k\$45,891 for the American contract, with k€4,741 in receivables reported as assets in the statement of financial position and k€10,029 reported as financing commitments received, from total authorized facilities of k€15,920 and k\$42,494.

*Effective interest rate*

At June 30, the effective interest rate of the outstanding borrowing was as follows:

	<b>06.30.16</b>	<b>12.31.15</b>
Before hedging	2.87%	2.42%
After hedging	-	-

*Average interest rate*

The changes in the loan average interest rate are presented below.

	<b>06.30.16</b>	<b>06.30.15</b>
Before hedging	2.36%	1.25%
After hedging	-	-



### ***Caisse des dépôts et consignations' investment for the restoration and digitization of the catalog***

On July 6, 2012, Gaumont signed a financial investment agreement with *Caisse des dépôts et consignations*, for a maximum amount of k€9,828 to restore and digitize 270 films in its catalog. This financial investment is repayable when receipts are earned on the restored films over a maximum 15-year period, and is guaranteed by the pledge of the assets concerned, as detailed in note 5.2.

At June 30, 2016, outstanding debt to *Caisse des dépôts et consignations* amounted to k€3,483.

#### **4.9. Other current liabilities**

Other current liabilities primarily included k€37,616 in deferred income corresponding to revenue on films and series whose recognition event has not yet occurred as of the reporting date (films and series that have not been released, broadcasting or distribution rights that have not yet entered into effect), versus k€28,911 as of December 31, 2015.

Unrecognized revenue for American series totaled k€16,831 as of June 30, 2016, compared to k€7,936 as of December 31, 2015.

#### **4.10. Changes in net operating working capital requirement**

	06.30.16	06.30.15
Changes in operating assets	459	13,769
Changes in operating liabilities	8,346	-6,804
Premiums paid on financial instruments	-	-
Current income tax expense	-153	-194
Tax paid	62	72
Pension and similar benefit expenses	289	142
<b>TOTAL</b>	<b>9,003</b>	<b>6,985</b>

## **5. Other information**

### **5.1. Average workforce**

The table below gives the workforce of the companies consolidated using the full consolidation method:

	06.30.16	06.30.15
Managers	123	115
Supervisors	44	42
Employees	47	45
<b>AVERAGE WORKFORCE</b>	<b>214</b>	<b>202</b>

### **5.2. Commitments and contingent liabilities**

#### **Commitments related to ordinary business activities**

	06.30.16	12.31.15
<b>Commitments given</b>	<b>63,240</b>	<b>88,311</b>
Guarantees	5,294	5,348
Other commitments given:		
- Contracts to research and develop film projects	1,173	950
- Production of films and series and project development	50,141	78,908
- Commitments to employees	6,632	3,105
<b>Commitments received</b>	<b>129,860</b>	<b>170,241</b>
Guarantees	150	-
Unused credit facility	32,902	48,826
Other commitments received:		
- Purchases of rights and financing of films and series	96,796	121,170
- Contracts to research and develop film projects	162	245
- Bills of exchange received as security for trade receivables	-	-

Unused credit facilities consist of:

- k€12,000 in respect of the k€80,000 credit facility arranged by Gaumont SA;
- k\$16,852 in respect of production loans arranged for US activities;



- k€4,659 in authorizations to assign receivables in accordance with the Dailly Law;
- k\$1,181 for the receivables assignment agreement entered into by Gaumont Television USA.

At June 30, 2016, Gaumont and its subsidiaries had committed to invest k€51,314 in film and series production and project development. At the same time, the Group had received commitments for the purchase of rights and contributions by co-producers for films and series totaling k€96,958, in addition to the amounts reported in receivables.

### Pledging of assets

In guarantee of the financial contribution from the *Caisse des dépôts et consignations* for the digitization of 270 films from its catalog, Gaumont pledged the works restored with the help of this funding. As of June 30, 2016, this concerned 171 films from Gaumont's catalog. They represent a carrying value of k€7,831.

The Group pledged all of the assets financed in guarantee of the production loans taken out by Gaumont Television USA subsidiaries.

At June 30, 2016, all of the pledges made by Gaumont and its subsidiaries had a total net carrying amount of k€61,137.

Type of pledges/mortgages	06.30.16	12.31.15
On intangible assets	48,903	29,319
On property, plant and equipment	-	-
On financial assets	-	-
On receivables	10,845	37,071
On cash accounts	1,389	2,285
<b>TOTAL</b>	<b>61,137</b>	<b>68,675</b>

These pledges expire at the same date as the associated loans.

Type of pledges/mortgages	06.30.16	Expiration date		
		Less than 1 year	1 to 5 years	Over 5 years
On intangible assets	48,903	4,926	36,146	7,831
On property, plant and equipment	-	-	-	-
On financial assets	-	-	-	-
On receivables	10,845	10,675	170	-
On cash accounts	1,389	185	1,204	-
<b>TOTAL</b>	<b>61,137</b>	<b>15,785</b>	<b>37,520</b>	<b>7,831</b>

### Mortgage commitments

The Group has no mortgage over its assets.

### Seller warranties received

Gaumont holds guarantees from sellers on the liabilities of companies acquired during acquisitions.

Company acquired	Acquisition date	Amount guaranteed	Expiry date
Nouvelles Editions de Films	05.14.12	200 <sup>(1)</sup>	11.14.16
Fideline Films	07.05.13	340	03.31.17
Mitzé Films SAS (formerly Légende SAS)	05.09.16	1,500 <sup>(1)</sup>	05.31.18 <sup>(2)</sup>

(1) After taking into account a k€50 excess.

(2) For tax and social security issues, the guarantee expires 45 days after the legal term of limitation.

### Other contractual obligations

Contractual obligations	06.30.16	Payments due by period		
		Less than 1 year	1 to 5 years	Over 5 years
Operating leases	11,030	1,764	6,520	2,746
Finance leases	449	69	276	104
<b>TOTAL</b>	<b>11,479</b>	<b>1,833</b>	<b>6,796</b>	<b>2,850</b>

These obligations relate to real estate lease agreements in France and in the United States.

At June 30, 2016, the present value of future payments in respect of finance leases totaled k€346.



### 5.3. Financial risks

#### Credit and counterparty risk

The main credit risk to which the Group is exposed is the risk of non-payment by its customers or by financial partners involved in the production of works. The Group operates in France and internationally with the main market players and considers that its credit risk is very limited.

As of June 30, 2016, 87% of trade receivables and operating receivables for films were not yet due, and 5% were due for less than 30 days.

#### Liquidity risk

The k€80,000 credit facility and the k€60,000 bond, whose key features are described in note 4.8, come with three covenant ratios that must be met half-yearly.

The R1 ratio requires the value of the Group's main assets to be at least equal to 2.75 times its net borrowings, plus outstanding financial advances granted by Gaumont SA to its subsidiary Gaumont Television USA. The Group's main assets comprise the film catalog, the interest in Les Cinémas Gaumont Pathé and Gaumont Animation and the real estate assets on the Group's statement of financial position.

The R2 ratio requires the Group to keep borrowings below equity.

The R3 ratio requires the Group to maintain net average revenue from its catalog at a minimum of 15% of its net borrowings at the calculation date.

For the R1, R2 and R3 ratios, borrowings are defined excluding *Caisse des dépôts et consignations*' financial investment and excluding American production loans, as long as they are without recourse against the Group.

At June 30, 2016, these ratios were met and stood at 3.34, 0.52 and 0.23, respectively.

#### Market risks

##### Interest rate risk

In France as in the United States, the group mostly finances its productions and general needs through variable rate loans. Key features of these loans are described in note 4.8.

The Group manages its exposure to rate risk by using interest rate swap and cap contracts.

As of June 30, 2016, the Group's interest rate exposure was as follows:

	Total	Fixed rate	Variable rate	Not exposed
Financial assets <sup>(1)</sup>	7,521	-	7,521	-
Financial liabilities <sup>(2)</sup>	-222,510	-63,389	-156,636	-2,485
<b>Net position before hedging</b>	<b>-214,989</b>	<b>-63,389</b>	<b>-149,115</b>	<b>-2,485</b>
"Hedging"	-	-10,000	10,000	-
<b>Net position after hedging</b>	<b>-214,989</b>	<b>-73,389</b>	<b>-139,115</b>	<b>-2,485</b>
Sensitivity <sup>(3)</sup>	-	-	-1,391	-
Maturities:				
- less than 1 year	-19,070	-881	-16,577	-1,612
- 1 to 5 years	-133,091	88	-132,538	-641
- more than 5 years	-62,828	-62,596	-	-232

(1) Cash and cash equivalents.

(2) Financial liabilities.

(3) Impact for one full year at this level of net borrowings.

If variable interest rates rose 100 basis points, the net borrowing cost for a full year would increase k€1,391, or 15% of the net borrowing cost for one half year.

At June 30, 2016, the Group had interest rate swap contracts with a total nominal value of k€5,000 and interest rate cap contracts with a nominal value of k€5,000. The maturity schedule of these contracts is as follows:

	06.30.16	Expiration date		
		Less than 1 year	1 to 5 years	Over 5 years
Interest rate swaps	5,000	5,000	-	-
Interest rate caps	5,000	5,000	-	-
<b>TOTAL</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>-</b>





## Foreign exchange risk

### Operating foreign exchange risks

The Group is exposed to operating foreign exchange risks on commercial transactions posted on the statement of financial position and on likely future transactions. When the Group produces films or television series outside the home country of the producing company, it is also exposed to foreign exchange risks on its production expenses.

As of June 30, 2016, revenue invoiced in a currency other than that of the company behind the transaction accounted for 7% of total consolidated revenue.

The main transaction currencies of French entities (excluding the euro) were US dollars, Swiss francs and Canadian dollars. The main transaction currencies for American entities (excluding the US dollar) were Canadian dollars, pound sterling and euros.

The Group endeavors to ensure natural hedging between the collection and disbursement flows of foreign currencies, but also investigates, on a case by case basis, the need for and feasibility of setting up a foreign exchange hedge to cover this risk.

At June 30, 2016, the Group's exposure to operating foreign exchange risk was as follows:

	Risk related to a change in the euro value						
	Total (in thousands of euros)	USD/EUR	CAD/EUR	GBP/EUR	CHF/EUR	SEK/EUR	OTHER/EUR
Assets	3,866	3,783	5	31	31	14	2
Liabilities	1,499	1,628	-3	-125	-	-	-1
Off balance sheet	2,507	3,112	-	-605	-	-	-
<b>Net position before hedging</b>	<b>7,872</b>	<b>8,523</b>	<b>2</b>	<b>-699</b>	<b>31</b>	<b>14</b>	<b>1</b>
Hedging	-1,510	-1,510	-	-	-	-	-
<b>Net position after hedging</b>	<b>6,362</b>	<b>7,013</b>	<b>2</b>	<b>-699</b>	<b>31</b>	<b>14</b>	<b>1</b>
Sensitivity	-635	-701	-	70	-3	-1	-

An across-the-board 10% decrease in all of the above-mentioned currencies against the euro would have a negative impact of k€635 on the Group's net income.

	Risk related to a change in the dollar value			
	Total (in thousands of US dollars)	CAD/USD	GBP/USD	COP/USD
Assets	16,162	15,184	902	76
Liabilities	-1	-	-	-1
Off balance sheet	-2,841	-1,488	-	-1,353
<b>Net position before hedging</b>	<b>13,320</b>	<b>13,696</b>	<b>902</b>	<b>-1,278</b>
Hedging	-15,242	-14,642	-600	-
<b>Net position after hedging</b>	<b>-1,922</b>	<b>-946</b>	<b>302</b>	<b>-1,278</b>
Sensitivity	193	95	-30	128

An across-the-board 10% decrease in all of the above-mentioned currencies against the US dollar would have a positive impact of k\$193 on the Group's net income.

Derivatives designated as hedging instruments against the Group's foreign exchange exposure have the following characteristics:

	Currency	Counterparty	Notional amount (in thousands of currency)	Expiration date			
				Less than 90 days	From 90 to 180 days	From 180 to 360 days	Over 360 days
Forward currency sales	CAD	USD	1,905	550	750	605	-
Forward currency sales	EUR	USD	1,480	1,150	200	130	-
Forward currency purchases	GBP	USD	376	376	-	-	-
Forward currency purchases	CAD	USD	15,400	15,400	-	-	-



### Financial foreign exchange risk

The Group is exposed to financial foreign exchange risk via its bank accounts and advances denominated in currencies other than the functional currency of the company concerned. The Group endeavors to keep foreign currency balances in its accounts at a low level to ensure natural hedging between collection and disbursement flows of foreign currencies and to keep advances made in foreign currencies to a minimum, but may have to use hedging financial instruments occasionally.

At June 30, 2016, the Group's exposure to financial foreign exchange risk was as follows:

	Risk related to a change in the euro value		Risk related to a change in the dollar value	
	Total (in thousands of euros)	USD/EUR	Total (in thousands of US dollars)	COP/USD
Assets	19,398	19,398	235	235
Liabilities	-	-	-	-
Off balance sheet	-	-	-	-
<b>Net position before hedging</b>	<b>19,398</b>	<b>19,398</b>	<b>235</b>	<b>235</b>
Hedging	-	-	-	-
<b>Net position after hedging</b>	<b>19,398</b>	<b>19,398</b>	<b>235</b>	<b>235</b>
Sensitivity	-1,940	-1,940	-24	-24

A 10% decrease in the dollar against the euro would have a negative impact of k€1,940 on the Group's net income. A 10% decrease in the Colombian currency against the US dollar would have a negative impact of k\$24 on the Group's net income.

### Foreign exchange risk on foreign direct investment

As a result of its investments in subsidiaries based in the United States and in Great Britain, the Group is also exposed to foreign exchange risk when it translates its subsidiaries accounts into the reporting currency of its consolidated financial statements. The impacts of this risk are recognized in equity.

At June 30, 2016, the Group's exchange rate exposure from foreign investments was as follows:

(in thousands of euros)	USD/EUR	GBP/EUR
Assets	105,173	571
Liabilities	-115,010	-557
Off balance sheet	44,287	-
<b>Net position before hedging</b>	<b>34,450</b>	<b>14</b>
Hedging	-	-
<b>Net position after hedging</b>	<b>34,450</b>	<b>14</b>
Sensitivity	-3,445	-1

A 10% decrease in the dollar against the euro would have a negative impact of k€3,445 on the Group's equity.

### Equity risk

Gaumont and its subsidiaries are not engaged in speculative stock market operations.

On July 1, 2010, Gaumont contracted Exane BNP Paribas to manage its securities within the framework of a liquidity contract in accordance with the AMAFI Code of conduct, recognized by the AMF (*Autorité des marchés financiers*, the French financial markets authority). The contract is provisioned in the amount of k€300 paid in July 2010 and increased by k€100 in November 2010. At June 30, 2016, Gaumont held 7,196 treasury shares, corresponding to securities traded under its liquidity contract, and representing an investment recognized as an offset to equity for k€367.

The risk of impairment of treasury shares related to volatility in the Gaumont share price remains marginal in view of the amounts invested.

## 5.4. Financial instruments

### Derivatives

The Group uses derivatives to manage and reduce its exposure to the risk of changes in interest rates and foreign exchange rates.

Over the period, the Group used interest rate swap agreements to reduce its exposure to Euribor, the base rate for its revolving credit facility, and currency derivatives to reduce its exposure to fluctuations in the dollar.



Derivatives included in the statement of financial position at their fair value at the reporting date are reported below.

	06.30.16		12.31.15	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	-	55	-	109
Foreign exchange derivatives	1,239	44	1,933	773
<b>TOTAL</b>	<b>1,239</b>	<b>99</b>	<b>1,933</b>	<b>882</b>

Changes in the fair value of derivatives were recorded in financial income or other comprehensive income, in accordance with the provisions of IAS 39.

	06.30.16	Other comprehensive income	Net income	Currency translation adjustments	12.31.15
Derivative instruments – assets	1,239	-	-655	-39	1,933
Derivative instruments – liabilities	-99	809	-44	18	-882
<b>TOTAL</b>	<b>1,140</b>	<b>809</b>	<b>-699</b>	<b>-21</b>	<b>1,051</b>

Derivatives designated as hedging instruments against the Group's interest rate exposure have the following characteristics:

	Notional amount	Fair value
Interest rate swaps	5,000	-55
Interest rate cap	5,000	-
<b>TOTAL</b>		<b>-55</b>

The ineffective portion of the interest rate caps, which was recognized in income for the period, totaled k€4.

The fair value of financial instruments is presented excluding non-performance risk. The net risk of stakeholders defaulting, which is determined based on secondary market values, is immaterial.

Derivatives designated as hedging instruments against the Group's foreign exchange exposure against the dollar have the following characteristics:

	Currency	Counterparty	Notional amount <i>(in thousands of currency)</i>	Fair value <i>(in thousands of US dollars)</i>
Forward currency sales	CAD	USD	1,905	-18
Forward currency sales	EUR	USD	1,480	-31
Forward currency purchases	GBP	USD	376	101
Forward currency purchases	CAD	USD	15,400	1,274
<b>TOTAL</b>				<b>1,326</b>

The ineffective portion recognized in income for the period for these contracts amounted to -k\$779.



### Financial instruments by category and fair value hierarchy

The table below compares, by category, the carrying amount and the fair value of all of the Group's financial instruments.

Financial assets and liabilities are measured at their fair value in the financial statements.

	06.30.16		Breakdown by category of instruments					Hierarchical level
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables at amortized cost	Liabilities at amortized cost	Derivatives	
Investments in non consolidated entities	2	2	-	2	-	-	-	N/A
Other non-current financial assets	202	202	-	-	202	-	-	N/A
Other current financial assets	192,779	192,779	-	-	192,779	-	-	N/A
Derivative instruments – assets	1,239	1,239	-	-	-	-	1,239	2
Cash and cash equivalents	7,521	7,521	7,521	-	-	-	-	1
<b>Financial assets</b>	<b>201,743</b>	<b>201,743</b>	<b>7,521</b>	<b>2</b>	<b>192,981</b>	<b>-</b>	<b>1,239</b>	
Non-current financial liabilities	195,921	195,921	-	-	-	195,921	-	N/A
Other non-current financial liabilities	538	538	-	-	-	538	-	N/A
Current financial liabilities	26,589	26,589	-	-	-	26,589	-	N/A
Other current financial liabilities	54,411	54,411	-	-	-	54,411	-	N/A
Derivative instruments – liabilities	99	99	-	-	-	-	99	2
<b>Financial liabilities</b>	<b>277,558</b>	<b>277,558</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>277,459</b>	<b>99</b>	

No transfers in fair value hierarchy took place during the period.

### 5.5. Segment reporting

The Group's organizational structure is based on its various businesses. The Gaumont group operates in three business sectors which constitute its operating segments:

- movie production and distribution, which includes the various distribution phases of movies: release in theaters, sales to television channels, distribution on video and video on demand, both in France and internationally;
- production and distribution of animated feature films and cartoon as well as drama series via its subsidiaries in France and in the United States;
- operation of movie theaters via its interest in Les Cinémas Gaumont Pathé.

Segments used for segment reporting are the same as those used by executive management, the chief operating decision maker of the Group. Operating segments are reported without any further grouping.

06.30.2016	Cinema production	Television production	Movie theater operation	Non-allocated	Total
<b>Revenue</b>	<b>65,305</b>	<b>7,664</b>	<b>1,833</b>	<b>694</b>	<b>75,496</b>
Operating income from cinema and television production and distribution <sup>(1)</sup>	19,373	100	-	-	19,473
Operating income from movie theater operations <sup>(1)</sup>	-	-	10,092	-	10,092
Overheads	-6,232	-6,549	-	-9,631	-22,412
<b>Operating income after share of net income of associates</b>	<b>13,141</b>	<b>-6,449</b>	<b>10,092</b>	<b>-9,631</b>	<b>7,153</b>
Net borrowing costs	-47	-1,652	-	-2,514	-4,213
Other financial income and expenses	169	466	-	-318	317
Income tax	-128	2,941	-	324	3,137
<b>NET INCOME</b>	<b>13,135</b>	<b>-4,694</b>	<b>10,092</b>	<b>-12,139</b>	<b>6,394</b>

(1) After share of net income of associates, excluding overheads.



<b>06.30.2015</b>	<b>Cinema production</b>	<b>Television production</b>	<b>Movie theater operation</b>	<b>Non- allocated</b>	<b>Total</b>
<b>Revenue</b>	<b>38,728</b>	<b>19,390</b>	<b>1,770</b>	<b>730</b>	<b>60,618</b>
Operating income from cinema and television production and distribution <sup>(1)</sup>	8,981	1,340	-	-	10,321
Operating income from movie theater operations <sup>(1)</sup>	-	-	9,660	-	9,660
Overheads	-5,980	-5,397	-	-8,076	-19,453
<b>Operating income after share of net income of associates</b>	<b>3,001</b>	<b>-4,057</b>	<b>9,660</b>	<b>-8,076</b>	<b>528</b>
Net borrowing costs	68	-1,936	-	-2,620	-4,488
Other financial income and expenses	22	1,983	-	1,063	3,068
Income tax	-55	2,195	-	-	2,140
<b>NET INCOME</b>	<b>3,036</b>	<b>-1,815</b>	<b>9,660</b>	<b>-9,633</b>	<b>1,248</b>

(1) After share of net income of associates, excluding overheads.

## Information by region

### Revenue

At June 30, 2016, revenue broken down per region is as follows:

	<b>06.30.16</b>	<b>06.30.15</b>
French companies	72,217	47,582
American companies	3,279	13,036
<b>TOTAL</b>	<b>75,496</b>	<b>60,618</b>

A breakdown of revenue by clientele commercialization zone is shown in note 3.1.

### Non-current assets

Non-current assets (other than financial instruments, deferred tax assets and assets relating to post-employment benefits) are broken down depending on where the consolidated companies are located.

At December 31, the geographical distribution of non-current assets was as follows:

	<b>06.30.16</b>			<b>12.31.15</b>		
	<b>France</b>	<b>United States</b>	<b>Total</b>	<b>France</b>	<b>United States</b>	<b>Total</b>
Goodwill	12,035	-	12,035	12,035	-	12,035
Films and audiovisual rights	110,774	62,291	173,065	114,633	44,811	159,444
Other intangible assets	559	-	559	655	-	655
Property, plant and equipment	39,904	476	40,380	39,653	491	40,144
Investments in associates	213,379	361	213,740	219,692	368	220,060
Other financial assets	203	-	203	179	-	179
<b>TOTAL NON-CURRENT ASSETS</b>	<b>376,854</b>	<b>63,128</b>	<b>439,982</b>	<b>386,847</b>	<b>45,670</b>	<b>432,517</b>

The Group has no operations or assets outside these two geographical regions.

## 5.6. Subsequent events

No material event has taken place since June 30, 2016.



# Statutory auditors' report on the half-year financial statements

Dear Shareholders,

In compliance with the assignment entrusted to us by your General meeting, and in accordance with Article L. 451-1-2 III. of the French monetary and financial code, we have:

- conducted a limited review of Gaumont's condensed half-year consolidated financial statements relating to the period starting from January 1 to June 30, 2016, which are attached to this report;
- verified the information provided in the half-year management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of your Board of directors. Our role is to report our conclusions on these financial statements based on our limited review.

## 1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review essentially consists of having discussions with members of management responsible for financial and accounting matters and conducting analyses. This work is less intensive than the work required for an audit conducted in accordance with professional standards applicable in France. As a result, a limited review provides moderate assurance that the financial statements taken as a whole do not contain any material misstatement, which is a lesser extent of assurance than would result from an audit.

Based on our limited review, nothing has come to our attention that would lead us to believe that these condensed half-year consolidated financial statements were not prepared in compliance with IAS 34 - the IFRS accounting principles adopted by the European Union relating to interim financial information.

## 2. Specific verification

We have also verified the information provided in the half-year management report on the condensed half-year consolidated financial statements subject to our limited review.

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

Paris and Paris-La Défense, August 1, 2016

The statutory auditors

ADVOLIS  
Patrick Iweins

ERNST & YOUNG Audit  
Bruno Bizet



# Declaration of the person responsible for the half-year report

I hereby certify that, to my knowledge, the financial statements were prepared in accordance with applicable IFRS accounting standards and give a true and fair view of the assets, financial position and results of the Company and all of the entities included in the consolidated group, and that the half-year management report provides a true and fair view of the information mentioned in Article 222-6 of the AMF's General regulation.

Neuilly-sur-Seine, August 1, 2016

Sidonie Dumas  
Chief Executive Officer

