



2017

Half-year financial report

Half-year position as of June 30, 2017

The financial statements below were approved by the Board of directors on July 25, 2017 and are the subject of a Statutory auditors' limited review report.

Half-year management report

Activities and results of the Gaumont group

Key figures

	06.30.17		06.30.16		change
	in thousands of euros	as a % of revenue	in thousands of euros	as a % of revenue	
Total revenue	56,822	100%	75,496	100%	-25%
Operating income from cinema and television production and distribution ⁽¹⁾	7,525	13%	19,473	26%	-61%
Operating income from movie theater operations	9,620	17%	10,092	13%	-5%
Operating income after share of net income of associates	134,209	236%	7,153	9%	N/A
Consolidated net income	130,488	230%	6,394	8%	N/A
Investments in cinema production	16,619	29%	15,475	20%	7%
Investments in television production	33,566	59%	31,754	42%	6%

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

	06.30.17	12.31.16	change
Equity attributable to owners of the parent company	313,333	277,312	13%
Net borrowings	5,101	205,348	-98%

Two significant events occurred in the first half of 2017:

- the sale to Pathé of Gaumont's 34% minority stake in Les Cinémas Gaumont Pathé, completed on May 18, 2017 for k€380,000. The gain recognized in the consolidated financial statements to June 30, 2017 totaled k€143,884, net of fees. Half of the sales price was paid on the date of the sale. The balance, accruing interest, was deferred over three years;
- the public share buyback offer conducted by Gaumont, the result of which was announced by the AMF (*Autorités des marchés financiers*) on June 30, 2017. Gaumont repurchased 1,284,112 of its own shares at a unit price of €75. The share settlement took place on July 6, 2017. The share repurchase commitment was recognized in the financial statements to June 30, 2017. In accordance with IFRS, treasury shares totaling k€97,309, including acquisition costs, have been deducted from consolidated equity.

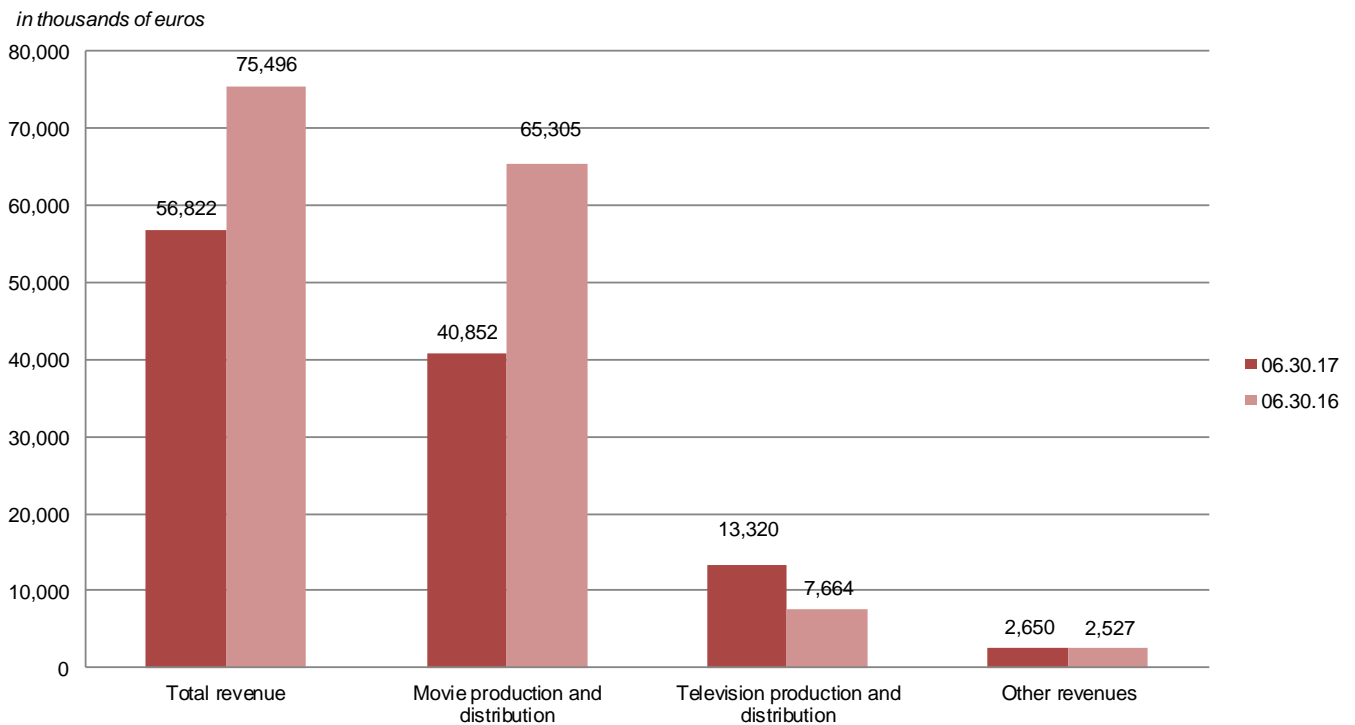
Consolidated results

Revenue by business activity

Consolidated revenue for the first half of 2017 totaled k€56,822, versus k€75,496 as of June 30, 2016.



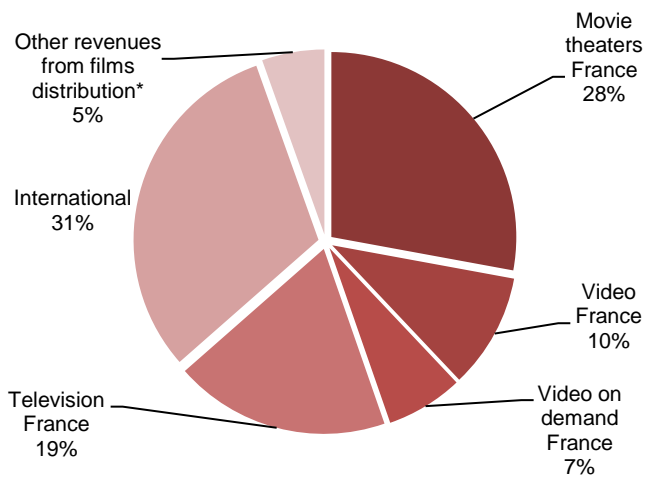
Revenue by business activity breaks down as follows:



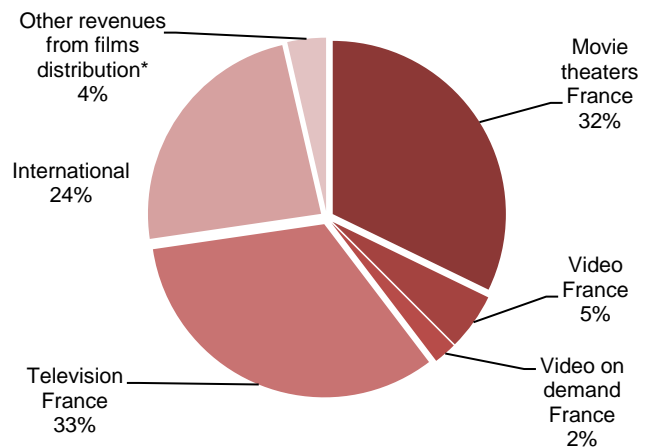
Movie production and distribution

Revenue from the cinema production business came to k€40,852 as of June 30, 2017, versus k€65,305 as of June 30, 2016, and breaks down as follows:

06.30.17



06.30.16



* 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€11,583 as of June 30, 2017, compared to k€21,022 as of June 30, 2016.



Seven feature films were released during the first half of 2017:

- *A Bag of Marbles*, directed by Christian Duguay, starring Patrick Bruel, Elsa Zylberstein, Christian Clavier and Kev Adams, released on January 18, 2017;
- *Step by Step*, directed by Grand Corps Malade and Mehdi Idir, starring Pablo Pauly and Soufiane Guerrab, released on March 1, 2017;
- *Baby Bump(s)*, directed by Noémie Saglio, starring Juliette Binoche, Camille Cottin and Lambert Wilson, released on March 29, 2017;
- *Wedding Unplanned*, directed by Reem Kherici, starring Reem Kherici, Nicolas Duvauchelle, Julia Piaton, Sylvie Testud and Chantal Lauby, released on April 26, 2017;
- *50 is the New 30* directed by Valérie Lemerrier, starring Valérie Lemerrier, Patrick Timsit and Denis Podalydès, released on May 31, 2017;
- *Return to Montauk* directed by Volker Schlöndorff, starring Nina Hoss, Stellan Skarsgard and Niels Arestrup, released on June 14, 2017;
- *The Mansion* directed by Tony T. Datis, starring Kemar, Jérôme Niel and Natoo, released on June 21, 2017.

During the first half of 2017, Gaumont sold 4.7 million tickets for seven released films versus 8.2 million tickets as of June 30, 2016 for the same number of films. *A Bag of Marbles* and *Step by Step* sold 1.3 and 1.2 million tickets respectively, whereas *50 is the New 30* sold nearly 900,000 tickets. *Ballerina*, released in movie theaters in December 2016 sold 1.8 million tickets over the entirety of its run in theaters, including 500,000 tickets in 2017. As of June 30, 2016, *The Visitors: Bastille Day* totaled nearly 2.2 million tickets sold, and the movies *Monsieur Chocolat* and *Pattaya* sold 1.9 million tickets each.

Video publishing and video on demand

Revenue from video and video on demand distribution in France amounted to k€6,291 as of June 30, 2017, versus k€4,875 as of June 30, 2016.

Sales of physical videos in France increased to k€4,178 as of June 30, 2017 compared to k€3,475 as of June 30, 2016 and video on demand sales totaled k€2,113 as of June 30, 2017 compared to k€1,400 as of June 30, 2016.

Sales of new films remained stable for the period, with good results for *Ballerina*, released on video and video on demand in April 2017. Sales of catalog titles have risen, particularly following the agreement signed with Netflix for around 20 films.

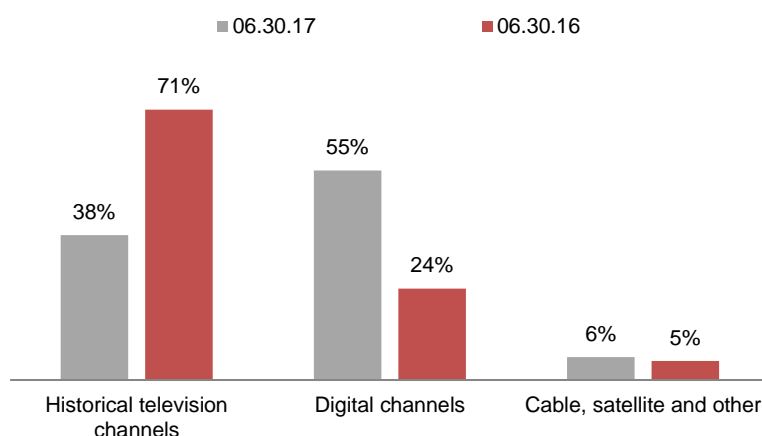
Sales of television broadcasting rights

Revenue related to sales of broadcasting rights to French television channels amounted to k€7,829 as of June 30, 2017, versus k€21,571 as of June 30, 2016.

No pre-sales were recorded during the first half of 2017, whereas k€7,818 had been recorded for *The Visitors: Bastille Day* as of June 30, 2016.

Sales of catalog titles to historical television channels were lower than for the previous year which was an excellent year, while sales to digital channels increased. Nearly 100 films have been sold since the beginning of the year, including *The Valet*, *The Fifth Element* and *You Are So Beautiful*.

Sales by type of channel break down as follows:



International sales of rights

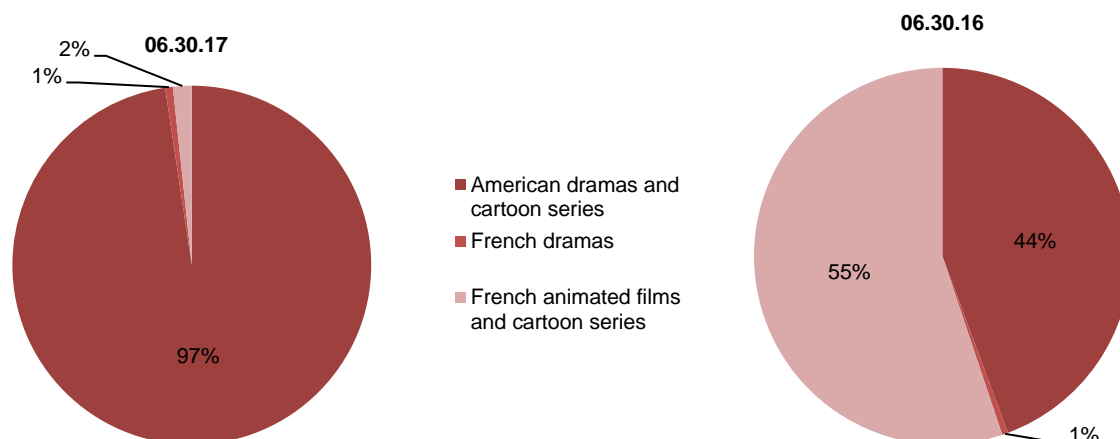
Revenue from international sales totaled k€12,880 as of June 30, 2017 versus k€15,483 as of June 30, 2016, on the strength of *Ballerina* in particular, which sold over 10 million tickets outside France and *A Bag of Marbles*. Sales of catalog films were in line with the previous period.

Other revenue from film distribution

Other revenue from movies amounted to k€2,269 as of June 30, 2017, compared with k€2,354 as of June 30, 2016. 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€13,320 as of June 30, 2017, versus k€7,664 as of June 30, 2016, and breaks down as follows:



Sales of American drama and cartoon series accounted for k€13,003 of revenue as of June 30, 2017, versus k€3,398 as of June 30, 2016.

As of June 30, 2017, the second season of *F is For Family* was delivered to Netflix for an online release at the end of May 2017. No programs had been delivered as of June 30, 2016.

Sales of French drama and cartoon series accounted for k€317 of revenue as of June 30, 2017, versus k€4,266 as of June 30, 2016. No programs were delivered as of June 30, 2017. Most of the drama and cartoon series will be delivered in the second half of 2017 or in early 2018. This includes the third season of *Narcos*, which will be delivered to Netflix for online release in early September 2017.

Trademark royalties and other income

Income from trademark royalties paid by Les Cinémas Gaumont Pathé came to k€1,757 as of June 30, 2017, compared to k€1,833 as of June 30, 2016.

Other miscellaneous income came to k€893 as of June 30, 2017, versus k€694 as of June 30, 2016, and included income from real estate lease agreements and miscellaneous services provided to third parties.

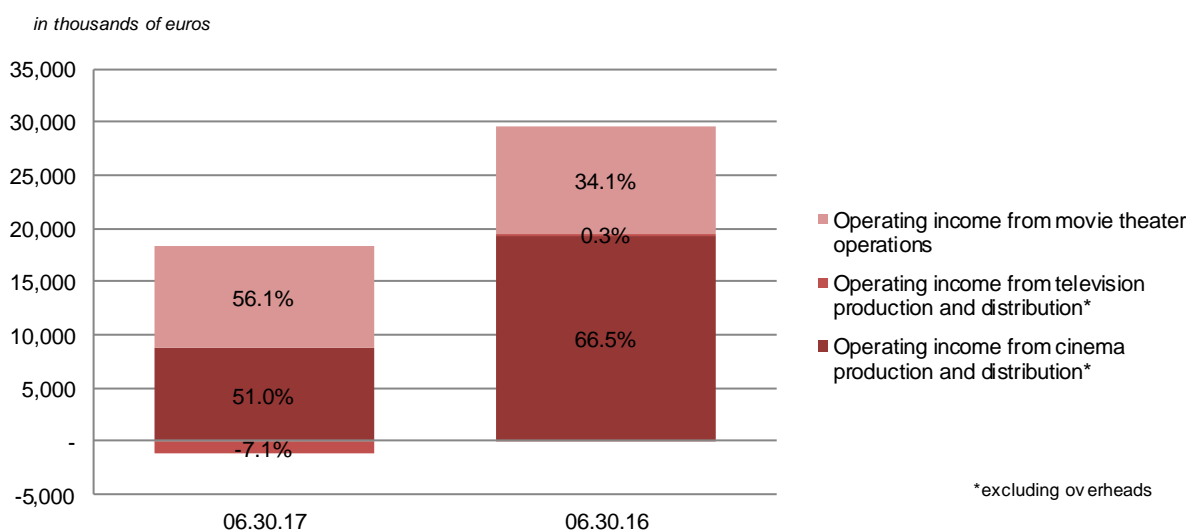
Operating income after share of net income of associates

Operating income after share of net income of associates represented a profit of k€134,209 as of June 30, 2017, versus k€7,153 as of June 30, 2016, and includes:

- current operating income from film and television production and distribution, excluding overheads, as detailed below;
- current 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€26,824 as of June 30, 2017, versus k€22,412 as of June 30, 2016.
- the gain on disposal of the 34% minority stake in Les Cinémas Gaumont Pathé for k€143,884.



A breakdown of current 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€7,525 as of June 30, 2017, compared to k€19,473 as of June 30, 2016, and includes:

- share of income from feature film distribution for k€8,746 as of June 30, 2017, versus k€19,373 as of June 30, 2016, including share of net income from LGM;
- share of income from the distribution of cartoon series and television dramas, which shows a loss of k€1,221 as of June 30, 2017, compared with a profit of k€100 as of June 30, 2016. It includes a k€428 profit for American productions and a k€1,649 loss for French productions as of June 30, 2017.

Operating income from movie theater operations

Operating income from movie theater operations after share of net income of associates totaled k€9,620 as of June 30, 2017, versus k€10,092 as of June 30, 2016, and includes:

- income from trademark royalties paid by Les Cinémas Gaumont Pathé, for k€1,757 as of June 30, 2017, compared to k€1,833 as of June 30, 2016;
- share of net income of associates for k€7,863 as of June 30, 2017, versus k€8,259 as of June 30, 2016. This income specifically includes the contribution of Les Cinémas Gaumont Pathé, up to the disposal date, totaling k€8,361.

Net income

Gaumont's net income reached k€130,488 as of June 30, 2017, versus k€6,394 as of June 30, 2016, and includes:

- operating income after share of net income of associates, as detailed above;
- net financial income, which was a loss of k€5,565 as of June 30, 2017, compared with k€3,896 for the same period in the previous year. This amount is composed for one half of borrowing costs in France and the United States, and for the other half of unrealized foreign exchange losses related to production activities in North America, denominated in US dollars;
- net tax income of k€1,844, consisting of a current tax expense of k€1,086 and deferred tax income of k€2,930.

The share of net income attributable to non-controlling shareholders amounted to a k€39 loss as of June 30, 2017, versus a k€19 loss as of June 30, 2016.

The share of net income attributable to owners of the parent resulted in a profit of k€130,527 as of June 30, 2017, compared to a profit of k€6,413 as of June 30, 2016.

Financial structure and cash flows

Equity

Consolidated equity (Group share) stood at k€313,333 as of June 30, 2017, versus k€277,312 as of December 31, 2016. This net increase is the result of opposite effects: increases of k€6,720 from the exercise of stock options and k€130,527 from net



income, including the gain on disposal of the stake in Les Cinémas Gaumont Pathé, offset by reductions due to a k€4,291 dividend distribution and the repurchase of treasury shares for k€97,394.

Net borrowings

The Group's net borrowings had fallen significantly to k€5,101 as of June 30, 2017, versus k€205,348 as of December 31, 2016. This includes k€122,116 in cash resulting from the sale of the stake in Les Cinémas Gaumont Pathé (50% paid for, in line with the agreements), the Gaumont SA bond for k€59,630 and self-liquidating production loans of k€59,270, based on proceeds from pre-financing and the release of French and American series.

The financial statements to June 30, 2017 also include the balance of k€190,458 due from Pathé for 50% of the sale of the stake in Les Cinémas Gaumont Pathé, for which the payment will be spread equally over 3 years, and a liability of k€96,308, corresponding to the price of the shares acquired under the public share buyback offer, which were settled on July 6, 2017.

In France, given its growth policy, Gaumont estimates that its operating cash flows, the revolving credit line and the bond 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.

Bonds and syndicated loans

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

- a revolving credit facility signed on November 5, 2014, revised on July 26, 2016 and again on May 19, 2017, for a maximum amount of k€80,000 maturing on November 15, 2021, without guarantees, but with three financial covenants to be met half-yearly;
- 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.

The characteristics of the revolving credit facility and the bond, in addition to the accompanying covenants, are set out in notes 5.3 and 6.3 to the half-year consolidated financial statements, respectively.

As of June 30, 2017, the unused amount of the revolving credit facility stood at k€80,000.

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, interest and related charges 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 *Hannibal* was fully repaid during the first half of 2017.

The two outstanding loans were granted to the subsidiaries of Gaumont Television USA for an overall amount of k\$63,662 and represented a cumulative outstanding balance of k\$46,811 as of June 30, 2017. Loans taken out to finance season 3 of *Narcos* and season 2 of the cartoon series *F is For Family*, had an undrawn balance of k\$9,656 as of June 30, 2017.

The individual characteristics of these production loans are set out in note 5.3 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, 2017, the liability relating to these assignments of receivables totaled k€3,056 and the amount available to be drawn on these loans stood at k€2,485.

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, 2017, the liability related to this contract amounted to k\$18,318, and the unused amount of these loans stood at k\$4,636.

Detailed characteristics of these loans are set out in note 5.3 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€3,988 as of June 30, 2017.

Cash flows

The Group's business activities generated k€58,292 in net cash flows as of June 30, 2017, compared to k€58,926 as of June 30, 2016.

Net cash flows tied to investment activities totaled k€134,754 as of June 30, 2017 versus -k€57,840 as of June 30, 2016, including k€190,000 corresponding to the partial receipt of the sales price of the Les Cinémas Gaumont Pathé securities.

In terms of financing activities, the year 2017 shows a decrease in debt of k€82,815 and k€2,494 in interest payments on loans.

As of June 30, 2017 the Group had k€122,116 in cash, compared with k€7,111 at the beginning of the year, i.e. a positive change of k€114,029.

Outlook

Six movies are scheduled to be released in theaters by December 31, 2017:

- *Barbara*, directed by Mathieu Amalric, starring Mathieu Amalric and Jeanne Balibar, to be released on September 6;
- *Tomorrow and Thereafter*, directed by Noémie Lvovsky, starring Noémie Lvovsky, Mathieu Amalric, Denis Podalydès and Lucie Saint-Jean, to be released on September 27;
- *C'est la Vie !*, directed by Olivier Nakache and Eric Toledano, starring Jean-Pierre Bacri, Gilles Lellouche and Jean-Paul Rouve, to be released on October 4;
- *See You up There*, directed by Albert Dupontel, starring Albert Dupontel, Laurent Lafitte, Niels Arestrup and Emilie Dequenne, to be released on October 25;
- *Bright Weakness*, directed by Guillaume Gallienne, starring Adeline d'Hermey, Vanessa Paradis, Eric Ruff and Xavier Beauvois, to be released on November 15;
- *Santa & Cie*, directed by Alain Chabat, starring Alain Chabat, Audrey Tautou and Pio Marmaï, to be released on December 6.

Five television series will be delivered during the second half of 2017:

- Season 3 of *Narcos*, a 10-episode American drama directed by José Padilha and Eric Newman, delivered to Netflix and to be released on September 1, 2017;
- the final four episodes of *The Art of Crime*, a 6-episode French drama, delivered to France 2;
- the first episodes of the cartoon series *Trulli Tales*, delivered to Disney Channel;
- the first episodes of the cartoon series *Belle and Sebastian*, delivered to M6;
- the first episodes of the cartoon series *Furry Wheels*, delivered to France 3.



Half-year consolidated financial statements

Consolidated income statement

<i>(in thousands of euros)</i>	Note	06.30.17	06.30.16
Revenue	3.2	56,822	75,496
Purchases		-399	-896
Personnel costs		-19,041	-17,079
Other current operating income and expenses	3.3	-20,010	-20,271
Impairment, depreciation, amortization and provisions		-34,866	-38,515
Current operating income (loss)		-17,494	-1,265
Other non-current operating income and expenses		143,888	-863
Operating income (loss)		126,394	-2,128
Share of net income of associates	7.2	7,815	9,281
Operating income after share of net income of associates		134,209	7,153
Gross borrowing costs		-4,097	-4,213
Income from cash and cash equivalents		-	-
Net borrowing costs		-4,097	-4,213
Other financial income and expenses	5.5	-1,468	317
Net income (loss) before tax		128,644	3,257
Income tax	8.1	1,844	3,137
NET INCOME		130,488	6,394
Share attributable to non-controlling interests		-39	-19
Share attributable to the shareholders of the parent company		130,527	6,413
Earnings per share attributable to the shareholders of the parent company			
- Average number of shares in circulation	5.2	4,298,583	4,275,958
- <i>In euros per share</i>		30.37	1.50
Diluted earnings per share attributable to the shareholders of the parent company			
- Average potential number of shares	5.2	4,303,375	4,279,141
- <i>In euros per share</i>		30.33	1.50



Consolidated statement of comprehensive income

<i>(in thousands of euros)</i>	06.30.17	06.30.16
Net income	130,488	6,394
Translation adjustments of foreign operations	256	-189
Share in currency adjustments of foreign operations of associates	-13	176
Changes in fair value of available-for-sale financial assets	-	-
Changes in fair value of hedging financial instruments	341	809
Share of changes in fair value of hedging financial instruments of associates	-	-383
Income tax on gains and losses recognized directly in equity	-135	-320
Other elements of comprehensive income that could be reclassified later in net income	449	93
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
Income tax on gains and losses recognized directly in equity	-	-
Other elements of comprehensive income that cannot be reclassified in net income	-	-240
Total of other elements of comprehensive income after taxes	449	-147
COMPREHENSIVE INCOME FOR THE YEAR	130,937	6,247
Share attributable to non-controlling interests	-39	-19
Share attributable to the shareholders of the parent company	130,976	6,266



Consolidated statement of financial position

Assets (in thousands of euros)	Note	06.30.17	12.31.16
Goodwill	2.3	12,035	12,035
Films and audiovisual rights	4.1	159,030	147,536
Other intangible assets		499	553
Property, plant and equipment	4.2	47,525	47,995
Investments in associates	7.1	-	226,069
Other financial assets		180	172
Non-current deferred tax assets	8.1	5,505	2,236
Non-current assets		224,774	436,596
Inventories		471	578
Trade receivables	4.4	77,284	107,410
Current income tax assets	4.4	6,315	4,290
Other receivables and current financial assets	4.4	229,970	46,167
Cash and cash equivalents	5.3	122,193	8,693
Current assets		436,233	167,138
TOTAL ASSETS		661,007	603,734
Liabilities and equity (in thousands of euros)	Note	06.30.17	12.31.16
Capital		35,231	34,242
Retained earnings and comprehensive income		278,102	243,070
Equity attributable to the shareholders of the parent company		313,333	277,312
Non-controlling interests		2,921	2,960
Equity	5.1	316,254	280,272
Non-current provisions	6.1	4,203	3,868
Non-current deferred tax liabilities	8.1	3,243	2,678
Non-current borrowings	5.3	118,979	192,003
Other non-current liabilities	4.5	426	482
Non-current liabilities		126,851	199,031
Current provisions	5.1	1,298	985
Current borrowings	5.3	8,315	22,038
Trade payables	4.5	20,634	22,482
Current income tax liabilities	8.1	1,037	2
Other payables	4.5	186,618	78,924
Current liabilities		217,902	124,431
TOTAL LIABILITIES		661,007	603,734



Consolidated statement of changes in equity

Changes in equity (in thousands of euros)	Attributable to the shareholders of the parent company							Attributable to non- controlling interests	Total equity
	Number of shares	Capital	Additional paid in capital ⁽¹⁾	Treasury shares	Retained earnings	Other comprehensive income	Total		
AS OF DECEMBER 31, 2016	4,280,269	34,242	28,037	-261	195,566	19,728	277,312	2,960	280,272
Net income for the year	-	-	-	-	130,527	-	130,527	-39	130,488
Other comprehensive income	-	-	-	-	-	449	449	-	449
Comprehensive income for the year	-	-	-	-	130,527	449	130,976	-39	130,937
Transactions on share capital	123,566	989	5,731	-	-	-	6,720	-	6,720
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-4,291	-	-4,291	-	-4,291
Elimination of treasury shares ⁽²⁾	-	-	-	-97,394	9	-	-97,385	-	-97,385
Other	-	-	-	-	1	-	1	-	1
Transactions with shareholders	123,566	989	5,731	-97,394	-4,281	-	-94,955	-	-94,955
AS OF JUNE 30, 2017	4,403,835	35,231	33,768	-97,655	321,812	20,177	313,333	2,921	316,254

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

(2) Change in treasury shares over the period includes Gaumont's commitment to buy back its own shares under the public share buyback offer for -€97,309.

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

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



Consolidated statement of cash flows

<i>(in thousands of euros)</i>	Note	06.30.17	06.30.16
Operating activities			
Consolidated net income (including non-controlling interests)		130,488	6,394
Net allowances for depreciation, amortization, impairment and provisions		34,652	38,657
Impairment of goodwill		-	863
Gain on a bargain purchase		-	-
Unrealized gains and losses related to changes in fair value	5.4	1,970	699
Expenses and income related to stock options and similar		-	-
Other calculated income and expenses		1,812	420
Gains and losses on disposal of assets		-146,141	638
Share of net income of associates		-7,815	-9,281
Dividends received from associates	7.4	-	10,519
Cash flow from operating activities after tax and net borrowing costs		14,966	48,909
Net borrowing costs		4,097	4,213
Tax expenses (income) - including deferred tax		-1,844	-3,137
Cash flow from operating activities before tax and net borrowing costs		17,219	49,985
Tax paid		116	-62
Change in working capital requirement related to operating activities	4.6	40,957	9,003
(A) Net cash flow from operating activities		58,292	58,926
Investment activities			
Proceeds from sales of fixed assets		380,016	52
Acquisition of fixed assets		-51,349	-48,418
Change in liabilities on investments		-193,913	-7,398
Net impact of changes in scope, net of cash acquired		-	-2,076
(B) Net cash flow from investment activities		134,754	-57,840
Financing activities			
Gaumont SA capital increase		6,720	-
Dividends paid to Gaumont SA shareholders	5.1	-	-4,269
Dividends paid to non-controlling interests in consolidated companies		-	-44
Change in treasury shares		-97,385	-57
Change in liabilities on share buybacks		97,309	-
Change in borrowings	5.3	-82,815	2,812
Interest paid		-2,494	-2,259
(C) Net cash flow from financing operations		-78,665	-3,817
(D) Impact of changes in foreign exchange rates		-352	-96
NET CHANGE IN CASH & CASH EQUIVALENTS: (A) + (B) + (C) + (D)		114,029	-2,827
Cash and cash equivalents at beginning of period		8,693	10,156
Bank overdraft at beginning of period		-606	-218
Cash position at beginning of period		8,087	9,938
Cash and cash equivalents at end of period		122,193	7,521
Bank overdraft at end of period		-77	-410
Cash position at end of period		122,116	7,111
NET CHANGE IN CASH & CASH EQUIVALENTS		114,029	-2,827



Notes to the consolidated financial statements

1. Accounting principles and methods

1.1. General principles

Gaumont's half-year consolidated financial statements as of June 30, 2017 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, 2016, included in the Registration document filed with the AMF under number D.17-0324.

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, 2017, which are available at the website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

Gaumont's half-year consolidated financial statements as of June 30, 2017 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, 2016, with the exception of newly applied standards and interpretations, which are listed below in Section 1.2.

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

Gaumont's half-year consolidated financial statements as of June 30, 2017 were approved by the Board of directors on July 25, 2017, and were the subject of a limited review by the Statutory auditors.

1.2. Impact of IFRS standards and IFRIC interpretations applicable to the Group from January 1, 2017

No new standards became mandatory on January 1, 2017. Gaumont opted for an early application of the amendment to IAS 7 regarding the analysis of changes in liabilities and the reconciliation with cash flows and therefore modified the presentation of note 5.3 to the consolidated financials.

1.3. 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.

1.4. 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.

2. Scope of consolidation

2.1. Transactions on the share capital of the parent company

Issue of securities following the exercise of stock options

During the first half of 2017, Gaumont SA issued 123,566 shares representing a capital increase of k€989, accompanied by issue premiums of k€5,731 following the exercise of stock options.

Public share buyback offer by Gaumont from May 26, 2017 to June 26, 2017

From May 26 to June 26, 2017, Gaumont carried out a public share buyback offer for the benefit of its shareholders, with the exception of its majority shareholder Ciné Par. The transaction involved a maximum number of 1,657,313 shares at a price of €75 per share. The results of the transaction were made public by the AMF on June 30, 2017: shareholders responded to the offer with 1,284,112 shares representing a buyback price of k€96,308. The price payment took place on July 6, 2017.

As of June 30, 2017, Gaumont being firmly committed to buying back the shares, this commitment was classified as a liability on the statement of financial position, as an offset to a reduction in equity. Gaumont having opted to incorporate the acquisition



costs into assets, the amount recorded as a reduction to equity for this transaction includes acquisition costs and totaled k€97,309.

2.2. Change in scope of consolidation

Creation of Gaumont Production Animation

In February 2017, Gaumont created Gaumont Production Animation, a company intended to ensure line production services for cartoon programs in France.

Sale of the minority stake in Les Cinémas Gaumont Pathé

During its meeting of May 16, 2017 chaired by Nicolas Seydoux, Gaumont's shareholders General Meeting approved the resolution authorizing the sale of Gaumont's stake in the share capital of Les Cinémas Gaumont Pathé to Pathé for €380 million. This sale became effective on May 18, 2017.

Half of the acquisition price was paid on May 18, 2017 and the balance is due in three payments of equal amounts at the end of the first half of 2018, the end of the first half of 2019 and the end of the first half of 2020.

The gains achieved by Gaumont during this transaction, which is presented in non-current operating income in the consolidated financial statements as of June 30, 2017, totaled k€143,884 after the deduction of expenses incurred as part of the transaction.

The receivable from Pathé, totaling k€190,000 as of June 30, 2017, was recorded under receivables on asset disposals in the statement of financial position and bears interests at a rate of 2% per year, i.e. interest income of k€458 recorded under other financial income as of June 30, 2017.

2.3. Goodwill

No indication of impairment was detected during the first half of 2017 for goodwill with positive carrying value. No changes in Goodwill measurement occurred during the period.

2.4. Seller warranties received

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

Company acquired	Acquisition date	Amount guaranteed	Expiry date
Mitzé Films (formerly Légende SAS)	05.09.16	1,500 ⁽¹⁾	05.31.18 ⁽²⁾

(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.



2.5. Main companies included in the scope of consolidation

Company and legal form	Registered office	Siren	% interest	% control	Consolidation method
Parent company					
Gaumont SA	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	562 018 002	100.00		F.C.
Movie production and distribution					
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.
Production of television dramas and cartoon series					
Gaumont Television USA Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	73.60	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	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	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 Distribution TV Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	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 Production Animation SARL	142, rue de Charonne, 75011 Paris	825 337 900	100.00	100.00	F.C.
Gaumont Animation Musique SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	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	73.60	F.C.
Chiswick Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	73.60	F.C.
Narcos Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	73.60	F.C.
Leodoro Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	73.60	F.C.
Movie theater operations					
Les Cinémas Gaumont Pathé SAS	2, rue Lamennais, 75008 Paris	392 962 304	34.00	34.00	OUTGOING*
Lincoln Cinema Associates	1886 Broadway, New York, NY 10023	United States	31.95	31.95	E.A
Audiovisual archive management					
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.

* Company included in the consolidation scope using the equity method until May 18, 2017.



3. Transactions of the period

3.1. 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 through its stake in Les Cinémas Gaumont Pathé until May 18, 2017, the date of the sale of this stake by Gaumont to 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.

06.30.2017	Cinema production	Television production	Movie theater operation	Non-allocated	Total
Revenue	40,852	13,320	1,757	893	56,822
Operating income from cinema and television production and distribution ⁽¹⁾	8,746	-1,221	-	-	7,525
Operating income from movie theater operations ⁽¹⁾	-	-	9,620	-	9,620
Overheads	-6,530	-5,441	-	-14,853	-26,824
Non-current operating income (loss)	-	-	-	143,888	143,888
Operating income after share of net income of associates	2,216	-6,662	9,620	129,035	134,209
Net borrowing costs	-2	-1,646	-	-2,449	-4,097
Other financial income and expenses	357	1,304	-	-3,129	-1,468
Income tax	196	2,396	-	-748	1,844
NET INCOME	2,767	-4,608	9,620	122,709	130,488

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

06.30.2016	Cinema production	Television production	Movie theater operation	Non-allocated	Total
Revenue	65,305	7,664	1,833	694	75,496
Operating income from cinema and television production and distribution ⁽¹⁾	19,373	100	-	-	19,473
Operating income from movie theater operations ⁽¹⁾	-	-	10,092	-	10,092
Overheads	-6,232	-6,549	-	-9,631	-22,412
Operating income after share of net income of associates	13,141	-6,449	10,092	-9,631	7,153
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
NET INCOME	13,135	-4,694	10,092	-12,139	6,394

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



3.2. Revenue

Revenue per activity breaks down as follows:

	06.30.17			06.30.16		
	France	Abroad	Total	France	Abroad	Total
Movie production and distribution	27,793	13,059	40,852	49,489	15,816	65,305
Movie theater distribution	11,583	-	11,583	21,022	-	21,022
Video publishing and video on demand	6,291	59	6,350	4,875	158	5,033
Television broadcasting rights	7,829	-	7,829	21,571	-	21,571
International sales	-	12,821	12,821	-	15,325	15,325
Other movie distribution income	2,090	179	2,269	2,021	333	2,354
Production and distribution of television series	118	13,202	13,320	2,257	5,407	7,664
American series	2	13,001	13,003	126	3,272	3,398
French dramas	68	24	92	35	4	39
French cartoon series	48	177	225	2,096	2,131	4,227
Trademark royalties	1,757	-	1,757	1,833	-	1,833
Other miscellaneous revenue	893	-	893	694	-	694
TOTAL	30,561	26,261	56,822	54,273	21,223	75,496

As of June 30, 2017, the Group made 46% of its revenue from a customer base outside France, versus 28% as of June 30, 2016.

Revenue broken down per the region of the entity generating it is as follows:

	06.30.17	06.30.16
French companies	43,821	72,217
American companies	13,001	3,279
TOTAL	56,822	75,496

3.3. Other current operating income and expenses

	06.30.17	06.30.16
Audiovisual support fund	4,899	6,562
Other subsidies	50	376
Audiovisual and cinema tax credit	1,832	1,044
Purchases of materials and supplies	-3,610	-5,316
Subcontracting	-1,134	-2,128
Rentals and rental expenses	-1,180	-1,291
Outside personnel, temporary personnel and fees	-2,914	-3,700
Other external expenses	-6,201	-5,788
Taxes and similar payments	-1,857	-2,231
Foreign exchange gains and losses on operating activities	-285	-374
Copyrights, royalties and similar	-2,391	-3,887
Purchases of rights and guaranteed minima	-9,378	-9,297
Income from the sale of operating assets	8	-638
Other income and expenses	2,151	6,397
NET OTHER CURRENT OPERATING INCOME/EXPENSES	-20,010	-20,271

As of June 30, 2017, other external expenses primarily included k€2,229 in purchases of studies and services related to cinema and television project development, versus k€1,786 as of June 30, 2016.

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



4. Operating assets and liabilities

4.1. Films and audiovisual rights

	06.30.17	Movements of the period			12.31.16
		+	-	Other ⁽¹⁾	
Films and cinema rights	1,841,089	5,976	-	5,779	1,829,334
Television series, dramas and broadcasting rights	348,301	453	-	-26,299	374,147
Animated films and series	187,071	1,222	-	8,954	176,895
Musical productions	2,943	-	-	-	2,943
Video games	1,525	-	-	-	1,525
Movies in production	12,926	10,643	-	-5,779	8,062
Television series and dramas in production	42,370	24,741	-	-2,521	20,150
Animated films and series in production	13,691	7,150	-	-10,074	16,615
Gross value	2,449,916	50,185	-	-29,940	2,429,671
Films and cinema rights	-1,778,668	-16,958	35	-	-1,761,745
Television series, dramas and broadcasting rights	-326,251	-1,419	712	22,963	-348,507
Animated films and series	-179,608	-13,249	-	988	-167,347
Musical productions	-2,885	-23	-	-	-2,862
Video games	-1,525	-	-	-	-1,525
Movies in production	-1,800	-1,800	-	-	-
Television series and dramas in production	-149	-	-	-	-149
Animated films and series in production	-	-	-	-	-
Accumulated amortization and impairment losses	-2,290,886	-33,449	747	23,951	-2,282,135
CARRYING VALUE	159,030	16,736	747	-5,989	147,536

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

Investments for the period involve films from the 2017 and 2018 line up and series delivered during the first-half, or currently under production and that will be delivered at the end of 2017 or at the beginning of 2018.

Other changes include k€24,684 in foreign exchange gains and losses on the gross values of American series and k€22,963 on the amortization of these series.

4.2. Property, plant and equipment

	06.30.17	Movements of the period			12.31.16
		+	-	Other ⁽¹⁾	
Land	10,063	-	-	-	10,063
Buildings and fittings	24,843	414	-	951	23,478
Investment properties	33,159	484	-32	-	32,707
Other property, plant and equipment	10,554	239	-40	-1,006	11,361
Gross value	78,619	1,137	-72	-55	77,609
Land	-	-	-	-	-
Buildings and fittings	-13,982	-440	-	3	-13,545
Investment properties	-9,908	-821	32	-	-9,119
Other property, plant and equipment	-7,204	-306	39	13	-6,950
Accumulated depreciation and impairment losses	-31,094	-1,567	71	16	-29,614
CARRYING VALUE	47,525	-430	-1	-39	47,995

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

Since end-July 2016, all property located on the avenue des Champs Elysées in Paris has been reclassified as investment property. Gaumont foresees a restructuring and renovation of the property for rental purposes at a later date. As of June 30, 2017, given the progress in operations and administrative authorizations in the process of being obtained, Gaumont deems that the fair value of all the properties as of the reporting date is not representative of the fair value of the property at the end of the project and that the communication of this value may adversely affect the relevance of the financial disclosures for those using the financial statements. Gaumont has made sure that the fair value of the buildings at reporting date exceeded carrying value of the investment properties.



4.3. Breakdown by region of 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:

	06.30.17			12.31.16		
	France	Americas	Total	France	Americas	Total
Goodwill	12,035	-	12,035	12,035	-	12,035
Films and audiovisual rights	101,480	57,550	159,030	97,716	49,820	147,536
Other intangible assets	499	-	499	553	-	553
Property, plant and equipment	47,044	481	47,525	47,529	466	47,995
Investments in associates	-	-	-	225,558	511	226,069
Other financial assets	180	-	180	172	-	172
TOTAL NON-CURRENT ASSETS	161,238	58,031	219,269	383,563	50,797	434,360

The Group does not own any assets outside of these territories.

4.4. Receivables and other current assets

	06.30.17	12.31.16
Trade receivables	78,820	108,948
Current financial assets	1,335	1,314
Current income tax assets	6,315	4,290
Current accounts	1	1
Receivables on asset sales	190,458	-
Other receivables	39,639	45,964
Prepaid expenses	515	866
Gross value	317,083	161,383
Trade receivables	-1,536	-1,538
Current financial assets	-943	-943
Current accounts	-	-
Other receivables	-1,035	-1,035
Accumulated impairment losses	-3,514	-3,516
CARRYING VALUE	313,569	157,867
Maturities:		
- less than 1 year	186,724	120,929
- 1 to 5 years	126,845	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.

The receivable on asset sales represents the balance of the sales price of the Les Cinémas Gaumont Pathé securities whose payment is deferred into equal installments over three years. The receivable also includes accrued interest as of June 30, 2017, i.e. k€ 458. This interest is due annually in arrears.



4.5. Other payables

	06.30.17	12.31.16
Tax liabilities	-	-
Current accounts	426	482
Payables on acquisitions	-	-
Other payables	-	-
Total other non-current liabilities	426	482
Trade payables	11,153	9,527
Liabilities on films and audiovisual rights	9,481	12,955
Advances and deposits received	167	317
Payroll liabilities	8,531	6,941
Tax liabilities	3,123	3,875
Current income tax liabilities	1,037	2
Current accounts	103	112
Dividend to be paid	4,291	-
Liabilities for buyback of treasury shares	97,309	-
Liabilities on other property, plant and equipment and intangible assets	4	191
Other payables	43,606	34,215
Derivatives	-	64
Deferred income	29,484	33,209
Total other current liabilities	208,289	101,408
TOTAL	208,715	101,890
Maturities:		
- less than 1 year	208,289	98,064
- 1 to 5 years	202	256
- more than 5 years	224	226

The liability on the repurchase of treasury shares includes k€96,308 representing Gaumont's commitment to its shareholders who presented their securities for the public share buyback offer, as well as the costs associated with this transaction. These liabilities were payable in July 2017.

The other payables include k€7,197 representing the fair value of Gaumont's commitment to investor partners under the co-investment agreement signed in January 2017 with Entourage Pictures concerning French-language features films over a 5-year period. This commitment particularly involves the repurchase of the right to a share of proceeds that will occur at the end of the contract.

4.6. Changes in net operating working capital requirement

	06.30.17	06.30.16
Changes in operating assets	30,630	459
Changes in operating liabilities	11,194	8,346
Premiums paid on financial instruments	-	-
Current income tax expense	-1,086	-153
Tax paid	-116	62
Pension and similar benefits allowance	335	289
TOTAL	40,957	9,003



5. Financing activities

5.1. Change in equity

Share capital of the parent company

	06.30.17	Movements of the period		
		+	-	12.31.16
Number of shares	4,403,835	123,566	-	4,280,269
Par value	8	8	-	8
CAPITAL (in euros)	35,230,680	988,528	-	34,242,152

The capital increase for the period follows upon the exercise of the stock options during the period.

Treasury shares

As of June 30, 2017, Gaumont SA held 1,289,429 treasury shares.

5,317 of these treasury shares were negotiated under the liquidity contract, 1,284,112 shares were acquired by Gaumont through the public share buyback offer that ended on June 26, 2017. Treasury shares, including acquisition costs, are recognized as a reduction to equity.

Dividends

On May 16, 2017, Gaumont's General Meeting approved a resolution concerning the distribution of a dividend of €1 per share.

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 2017.

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	70,755	1,142	1,142
Plan VI (March 1998)	€64.03	168,000	€56.17	191,736	99,333	90,119	2,284	2,284
Plan VII (April 2002)	€48.00	165,000	€42.11	188,527	124,228	64,299	-	-
Plan VIII (February 2005)	€64.00	196,750	€56.26	224,653	103,080	101,050	20,523	20,523
TOTAL		633,750		723,605	373,433	326,223	23,949	23,949

As of June 30, 2017, the remaining exercisable options are as follows:

Plan	Grant date	Option exercise period		06.30.17	Movements of the period				12.31.16
		start	end		Adjusted	Granted	Canceled	Subscribed	
Plan V	02.15.96	02.15.01	02.14.46	1,142	-	-	-	-3,313	4,455
Plan VI	03.12.98	03.12.03	03.11.48	2,284	-	-	-	-7,999	10,283
Plan VII	04.09.02	04.09.06	04.08.46	-	-	-	-	-13,488	13,488
Plan VIII	02.28.05	02.28.09	02.27.49	20,523	-	-	-	-98,766	119,289
TOTAL				23,949	-	-	-	-123,566	147,515

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, 2017, the share of equity attributable to non-controlling interests represents participation of Gaumont Pathé Archives and Gaumont Television USA non-controlling shareholders.



5.2. 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.

	06.30.17	06.30.16
Number of shares at January 1	4,280,269	4,275,958
Capital increases relating to the exercise of stock options (<i>prorata temporis</i>)	18,314	-
Average number of ordinary shares	4,298,583	4,275,958

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.

	06.30.17	06.30.16
Average number of ordinary shares	4,298,583	4,275,958
Dilutive effect of stock options	4,792	3,183
Average potential number of ordinary shares	4,303,375	4,279,141

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.

5.3. Net borrowings

Cash and cash equivalents

	06.30.17	12.31.16
Cash equivalents	-	-
Bank accounts and petty cash	122,193	8,693
TOTAL	122,193	8,693

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

	06.30.17	Movements of the period with an impact on the cash position			Movements of the period without an impact on the cash position			12.31.16
		+	-	Other ⁽¹⁾	Currency translation adjustments	Changes in scope	Other ⁽¹⁾	
Revolving credit facility	-1,299	-	-66,000	-125	-	-	138	64,688
Bonds	59,630	-	-	-	-	-	38	59,592
Finance lease debt	307	-	-23	-	-	-	-	330
Production loans ⁽²⁾	40,759	22,567	-19,251	-	-3,277	-	20	40,700
Assignments of receivables	18,511	9,783	-29,824	-16	-1,726	-	102	40,192
Financial contribution from the Caisse des dépôts	3,988	400	-310	-	-	-	-	3,898
Other loans	1,434	-	-16	-	-	-	-26	1,476
Advances repayable on distribution proceeds	1,682	-	-	-	-	-	26	1,656
Deposits received	292	-	-	-	-	-	-	292
Bank overdraft	77	-	-526	-	-3	-	-	606
Accrued interest	1,913	-	-	-	-3	-	1,305	611
TOTAL	127,294	32,750	-115,950	-141	-5,009	-	1,603	214,041
Maturities:								
- less than 1 year	8,315							22,038
- 1 to 5 years	103,980							173,320
- more than 5 years	14,999							18,683

(1) Transaction costs paid on loan issue, amortization of loan transaction costs, reclassifications, changes in accrued interests.

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

Credit facility

The revolving credit facility agreement signed on November 5, 2014, revised on July 26, 2016 and again on May 19, 2017, for a maximum amount of k€80,000 maturing on November 15, 2021, without guarantees, but with three financial covenants to be met half-yearly, 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 6.3.

As of June 30, 2017, the revolving credit facility had not been drawn and Gaumont had the confirmed right to draw k€80,000. In application of the effective interest rate method, transaction costs incurred during the implementation and the re-negotiations of the loan are amortized over the term of the agreement. As of June 30, 2017, the amount recorded under liabilities for the revolving credit facility represented transaction costs that are still to be amortized up to the date of the expiration date of the agreement.

Effective interest rate

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

	06.30.17	12.31.16
Before hedging	-	2.34%
After hedging	-	2.41%



Average interest rate

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

	06.30.17	06.30.16
Before hedging	2.47%	2.04%
After hedging	2.56%	2.24%

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.

	Part 1	Part 2
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, which are specified in note 6.3.

Effective interest rate

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

	06.30.17	12.31.16
Before hedging	4.91%	4.97%
After hedging	-	-

Average interest rate

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

	06.30.17	06.30.16
Before hedging	4.82%	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.

(in thousands of US dollars)

Series	Recipient ⁽¹⁾	Lender	Subscription	Maturities	<i>(in thousands of US dollars)</i>			
					Total amount authorized	Remaining amount available	Position as of 06.30.17	Position as of 12.31.16
Hannibal season 3	Chiswick Productions Llc	MUFG Union Bank	10.10.14	04.10.17	44,758	-	-	13,479
Narcos season 3	Narcos Productions Llc	MUFG Union Bank	10.22.16	02.01.19	49,640	7,761	41,879	20,651
F is for Family season 2	Leodoro Productions Llc	MUFG Union Bank	05.31.16	12.14.18	14,022	1,895	4,932	9,184
TOTAL					196,780	9,656	46,811	43,314

(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:

	06.30.17	12.31.16
Before hedging	3.00%	3.58%
After hedging	-	-

Average interest rate

Changes in average interest rates are presented below.

	06.30.17	06.30.16
Before hedging	3.93%	3.89%
After hedging	-	-

Assignments of receivables

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

in thousands of euros

Activity	Status of assigned receivables				Debt situation			
	Value of assigned contracts	Balance of assigned receivables	Balance sheet balance	Off-balance sheet commitments	Authorized maximum amount	Remaining amount available	Position as of 06.30.17	Position as of 12.31.16
Animation France	12,720	5,542	3,057	2,485	8,000	2,485	3,056	4,007
TOTAL	12,720	5,542	3,057	2,485	8,000	2,485	3,056	6,354

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.

Contracts are negotiated individually for each production for French dramas and feature films. As of June 30, 2017, these activities show no outstanding amounts for assignments of receivables.

The majority of assigned receivables are tied to the financing of production: contributions from co-producers, pre-sale of broadcasting rights to French television channels, support funds. Assignments are generally based on the contracts and financing arrangements.

Additionally, Gaumont Television USA Llc has 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 is variable and Libor-based. The detail of this credit facility is presented below.



(in thousands of US dollars)

Activity	Status of assigned receivables				Debt situation			
	Value of assigned contracts	Balance of assigned receivables	Balance sheet balance	Off-balance sheet commitments	Authorized maximum amount	Remaining amount available	Position as of 06.30.17	Position as of 12.31.16
Fiction USA	176,613	36,788	36,338	450	50,000	4,636	17,637	35,669
TOTAL	176,613	36,788	36,338	450	50,000	4,636	17,637	35,669

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

Effective interest rate

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

	06.30.17	12.31.16
Before hedging	2.56%	2.89%
After hedging	-	-

Average interest rate

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

	06.30.17	06.30.16
Before hedging	3.33%	2.36%
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 6.2.

At June 30, 2017, outstanding debt to Caisse des dépôts et consignations amounted to k€3,988.

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.

In 2017, the Group used interest rate swap agreements to reduce its exposure to Euribor, the base rate for its credit line, 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.

	06.30.17	Other comprehensive income	Net income	Currency translation adjustments	12.31.16
Derivative instruments – assets	-	300	-1,992	-45	1,737
Derivative instruments – liabilities	-	41	22	1	-64
TOTAL	-	341	-1,970	-44	1,673



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

	06.30.17		12.31.16	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	-	-	-	26
Foreign exchange derivatives	-	-	1,737	38
TOTAL	-	-	1,737	64

Derivatives designated as hedging instruments for the Group's exposure to interest rate fluctuations expired on June 30, 2017.

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

	Currency	Counterparty	Notional amount (in thousands of currency)	Fair value (in thousands of US dollars)
Forward currency purchases	COP	USD	36,500,000	-727
TOTAL				-727

The ineffective portion recognized in income for the period totaled k\$ - 1,648.

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.

	06.30.17		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	178	178	-	-	178	-	-	N/A
Other current financial assets	544,486	544,486	-	-	544,486	-	-	N/A
Derivative instruments – assets	-	-	-	-	-	-	-	2
Cash and cash equivalents	122,193	122,193	122,193	-	-	-	-	1
Financial assets	666,859	666,859	122,193	2	544,664	-	-	
Non-current borrowings	118,979	118,979	-	-	-	118,979	-	N/A
Other non-current financial liabilities	426	426	-	-	-	426	-	N/A
Current borrowings	8,315	8,315	-	-	-	8,315	-	N/A
Other current financial liabilities	178,805	178,805	7,197	-	-	171,608	-	3 / N/A
Derivative instruments – liabilities	-	-	-	-	-	-	-	2
Financial liabilities	306,525	306,525	7,197	-	-	299,328	-	

As of June 30, 2017, other current financial liabilities included a liability of k€7,197 measured at fair value through income. This liability represents Gaumont's commitment to repurchase, at the end of five years, the right to a share of proceeds held by the investors in the French-language feature films produced and distributed by Gaumont, as well as the residual assets and liabilities of the investment structure as of the settlement date. The fair value of this commitment was measured by applying the discounted cash flow method to the films released in movie theaters and to the asset and liability components identified as of the reporting date. As of June 30, 2017, the impact on net income of the discounted fair value of this commitment was -k€388.

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



5.5. Other financial income and expenses

	06.30.17	06.30.16
Income from investment	-	-
Interest expense capitalized	1,660	704
Interest from assets and liabilities excluding cash equivalents	1,357	862
Discounting effect of liabilities and receivables	232	-
Proceeds from disposals of financial assets	-	-
Accumulated impairment losses and net financial provisions	-	-
Foreign exchange gains and losses	-2,755	-545
Changes in fair value	-1,970	-699
Other financial income and expenses	8	-5
NET OTHER FINANCIAL INCOME/EXPENSES	-1,468	317

Interest for assets specifically includes k€458 in accrued interest on the k€190,000 liability with Pathé from the sale of the interest in Les Cinémas Gaumont Pathé.

6. Commitments and contingent liabilities

6.1. Current and non-current provisions

	06.30.17	Movements of the period				12.31.16
		Increases	Uses	Reversals ⁽¹⁾	Other ⁽²⁾	
Provisions for pension and similar benefits	4,203	335	-	-	-	3,868
Non-current provisions	4,203	335	-	-	-	3,868
Provisions for legal proceedings relating to intellectual property rights over works	445	265	-	-	-	180
Provisions for legal proceedings with personnel	77	77	-103	-	-	103
Provisions for commercial legal proceedings	-	-	-	-	-	-
Provisions for other legal proceedings	335	-	-	-235	-	570
Provisions for risks on investments in associates	-	-	-	-	-	-
Provisions for risks related to films	-	-	-	-	-	-
Other provisions for miscellaneous risks	5	-	-	-	-	5
Provisions for property-related expenses	-	-	-	-	-	-
Provisions for personnel costs	436	436	-127	-	-	127
Provisions for income taxes	-	-	-	-	-	-
Provisions for other costs	-	-	-	-	-	-
Current provisions	1,298	778	-230	-235	-	985
TOTAL	5,501	1,113	-230	-235	-	4,853
Impact on current operating income		1,113	-230	-235	-	
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 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 on the closing date. As of June 30, 2017, 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.



6.2. Commitments outside the financial position

Commitments related to ordinary business activities

	06.30.17	12.31.16
Commitments given	65,539	82,444
Guarantees	-	-
Other commitments given:		
- Contracts to research and develop film projects	535	723
- Production of films and series and project development	59,678	76,445
- Commitments to employees	5,327	5,276
Commitments received	227,221	255,213
Unused credit facility	120,910	95,175
Other commitments received:		
- Purchases of rights and financing of films and series	105,685	159,354
- Contracts to research and develop film projects	-	-
- Bills of exchange received as security for trade receivables	625	684

Unused credit facilities consist of:

- k€80 000 in respect of the k€80,000 credit facility arranged by Gaumont SA;
- k\$9,656 in respect of production loans arranged for US activities;
- k€4,687 in authorizations to assign receivables in accordance with the Dailly Law;
- k\$31,682 for the receivables assignment agreement entered into by Gaumont Television USA.

At June 30, 2017, Gaumont and its subsidiaries had committed to invest k€60,213 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€105,685, 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, 2017, this concerned 208 films from Gaumont's catalog. They represent a carrying value of k€10,666.

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

At June 30, 2017, all of the pledges made by Gaumont and its subsidiaries had a total net carrying amount of k€63,973.

Type of pledges/mortgages	06.30.17	12.31.16
On intangible assets	56,759	34,625
On property, plant and equipment	-	-
On financial assets	-	-
On receivables	6,408	14,908
On cash accounts	806	2,119
TOTAL	63,973	51,653

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

Type of pledges/mortgages	06.30.17	Expiration date		
		less than 1 year	1 to 5 years	more than 5 years
On intangible assets	56,759	-	46,093	10,666
On property, plant and equipment	-	-	-	-
On financial assets	-	-	-	-
On receivables	6,408	-	6,408	-
On cash accounts	806	-	806	-
TOTAL	63,973	-	53,307	10,666



Mortgage commitments

The Group has no mortgage over its assets.

Other contractual obligations

Contractual obligations	06.30.17	Payments due by period		
		less than 1 year	1 to 5 years	more than 5 years
Operating leases	9,555	1,628	6,070	1,858
Finance leases	380	69	276	35
TOTAL	9,935	1,697	6,346	1,893

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

At June 30, 2017, the present value of future payments in respect of finance leases totaled k€303.

6.3. Management of 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 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, 2017, 57% of trade receivables and operating receivables for films were not yet due, and 20% were due for less than 90 days.

Liquidity risk

The k€80,000 credit facility and the k€60,000 bond, whose key features are described in note 5.3, 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 2.25 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 Gaumont Animation and the real estate assets on the Group's balance sheet.

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.

As of June 30, 2017, given the absence of borrowings from the French entities, the R1 and R3 ratios were not applicable. The R2 ratio was respected and was 0.21.

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 5.3.

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

As of June 30, 2017, the Group's interest rate exposure was as follows:

	Total	Fixed rate	Variable rate	Not exposed
Financial assets ⁽¹⁾	122,193	-	122,193	-
Financial liabilities ⁽²⁾	-127,294	-63,925	-59,961	-3,408
Net position before hedging	-5,101	-63,925	62,232	-3,408
Hedging	-	-	-	-
Net position after hedging	-5,101	-63,925	62,232	-3,408
Sensitivity ⁽³⁾	622	-	622	-

(1) Cash and cash equivalents.

(2) Borrowings.

(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 be reduced by k€622, or 7.6% of the net borrowing cost for an entire year.

As of June 30, 2017, all interest rate hedging contracts had reached maturity. They were not renewed given the Group's borrowings position.

Foreign exchange risk

Operating foreign exchange risks

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

As of June 30, 2017, revenue invoiced in a currency other than that of the company behind the transaction accounted for 12% 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, 2017, the Group's exposure to operating foreign exchange risk was as follows:

Risk related to a change in the euro value							
	Total <i>(in thousands of euros)</i>	USD/EUR	CAD/EUR	GBP/EUR	JPY/EUR	ZAR/EUR	Other/EUR
Assets	2,336	2,241	46	1	27	11	10
Liabilities	726	813	-5	-82	-	-	-
Off balance sheet	-580	-296	-	-284	-	-	-
Net position before hedging	2,482	2,758	41	-365	27	11	10
Hedging	-	-	-	-	-	-	-
Net position after hedging	2,482	2,758	41	-365	27	11	10
Sensitivity	-248	-276	-4	37	-3	-1	-1

An across-the-board 10% decrease in each of the above-mentioned currencies against the euro would have a negative impact of k€248 on the Group's net income.

Risk related to a change in the US dollar value					
	Total <i>(in thousands of US dollars)</i>	CAD/USD	GBP/USD	COP/USD	AUD/USD
Assets	550	543	-	3	4
Liabilities	-461	-	-455	-6	-
Off balance sheet	-32	-	-	-32	-
Net position before hedging	57	543	-455	-35	4
Hedging	-	-	-	-	-
Net position after hedging	57	543	-455	-35	4
Sensitivity	-4	-54	46	4	-

An across-the-board 10% decrease in all of the above-mentioned currencies against the US dollar would have a negative impact of k\$4 on the Group's net income.



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, 2017, 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)	CHF/EUR	USD/EUR	GBP/EUR	Other/EUR	Total (in thousands of US dollars)	COP/USD
Assets	34,546	-	34,006	536	4	114	114
Liabilities	-	-	-	-	-	-	-
Off balance sheet	2,217	63	2,154	-	-	-	-
Net position before hedging	36,763	63	36,160	536	4	114	114
Hedging	-	-	-	-	-	-	-
Net position after hedging	36,763	63	36,160	536	4	114	114
Sensitivity	-3,676	-6	-3,616	-54	-	-11	-11

An across-the-board 10% decrease in each of the above-mentioned currencies against the euro would have a negative impact of k€3,676 on the Group's financial income. A 10% decrease in the Colombian currency against the US dollar would have a negative impact of k\$11 on the Group's financial 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, 2017, the Group's exchange rate exposure from foreign investments was as follows:

<i>(in thousands of euros)</i>	USD/EUR	GBP/EUR
Assets	85,541	542
Liabilities	-105,924	-544
Off balance sheet	36,220	-
Net position before hedging	15,837	-2
Hedging	-	-
Net position after hedging	15,837	-2
Sensitivity	-1,584	-

A 10% decrease in the dollar against the euro would have a negative impact of k€1,584 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 *Autorité des marchés financiers*. The contract is provisioned in the amount of k€300 paid in July 2010 and increased by k€100 in November 2010. As of June 30, 2017, Gaumont held 5,317 treasury shares, corresponding to securities traded under its liquidity contract, and representing an investment recognized as an offset to equity for k€346.

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

In addition, at reporting date, Gaumont was committed to buying back 1,284,112 of its own shares at a unit price of €75 as a result of a public share buyback offer that took place from May 26, 2017 to June 26, 2017. In accordance with the offer information note published on April 25, 2017, these shares were acquired for the purpose of being canceled. As of June 30, 2017, the related commitment is recognized as an offset to consolidated equity.



7. Transactions with associates

7.1. Investments in associates

Company	% interest	06.30.17	12.31.16
Les Cinémas Gaumont Pathé	-	-	225,510
Lincoln Cinema Associates (USA)	31.95%	-	511
LGM	20.00%	-	48
Gross value		-	226,069
Accumulated impairment losses		-	-
CARRYING VALUE		-	226,069

The financial statements for LGM SAS and Lincoln Cinéma Associates were not available as of June 30, 2017. The interests held in these companies were subjected to 100% accumulated impairment losses given the outlook for income expected by Gaumont. These accumulated impairment losses are presented under share of net income of associates for the period.

The 34% stake held in Les Cinémas Gaumont Pathé was sold to Pathé on May 18, 2017 for a price of k€380,000 payable in an initial installment of k€190,000 followed by three equal annual installments of k€63,333. This liability accrues interest at 2% per year. The income from this sale totaled k€143,884 net of expenses. It is presented under non-current income. Les Cinémas Gaumont Pathé are included in the scope of consolidation until the date of the sale. The share of income represents the 34% interest owed to Gaumont for the period prior to the sale.

7.2. Income of associates

Company	% interest	06.30.17	06.30.16
Les Cinémas Gaumont Pathé SAS	-	8,361	8,259
Lincoln Cinema Associates (USA) ⁽¹⁾	31.95%	-498	-
Légende ⁽²⁾	50.00%	-	1,079
LGM SAS ⁽¹⁾	20.00%	-48	-57
SHARE OF NET INCOME OF ASSOCIATES		7,815	9,281

(1) Estimate. Financial data for Lincoln Cinema Associates and LGM SAS were not available as of June 30, 2017.

(2) On May 9, 2016, Gaumont SA acquired all securities previously owned by shareholders outside the Group. Since this date, Légende and its subsidiary Légende Editions (renamed Mitzé Films and Mitzé Editions respectively in June 2016) are wholly owned and subject to full consolidation. The share of net income of associates corresponds to income for the period from January 1, 2016 to May 9, 2016 and includes the impact of the adjustment to fair value of the investments in associates as of the date control was taken for -k€829.

7.3. Non-current income

	06.30.17	06.30.16
Proceeds from disposals of assets	5	1
Carrying value of assets sold or disposed of	-1	-1
Discounting of adjustments	-	-
Impairment losses on goodwill	-	-863
Gains from disposals of investments in consolidated companies	143,884	-
Gains on bargain purchases	-	-
TOTAL	143,888	-863

7.4. Transactions with associates

Transactions between Gaumont and associates take place within the context of current transactions agreed upon under normal market terms and conditions and were of an immaterial nature as of June 30, 2017.

No dividend was received from the associates in 2017.



8. Income tax

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

8.1. Breakdown of the tax expense or benefit

	06.30.17	06.30.16
Current income tax	-1,086	-153
Deferred tax	2,930	3,290
TOTAL TAXES	1,844	3,137

As of June 30, 2017, the Group had a current income tax expense of k€1,086 corresponding to the application of the effective tax rate as of December 31, 2017 for the French tax consolidation group in view of the current income, the gains from disposals of investments in consolidated companies and the deficits brought forward.

The deferred tax was primarily tied to the US activities.

8.2. Effect from taxes on comprehensive income

	06.30.17			06.30.16		
	Gross amount	Tax effect	Carrying value	Gross amount	Tax effect	Carrying value
Other comprehensive income						
Translation adjustments of foreign operations	256	-	256	-189	-	-189
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-
Changes in fair value of hedging financial instruments	341	-135	206	809	-320	489
Changes in asset revaluation surplus	-	-	-	-	-	-
Actuarial gains (losses) on defined benefit plans	-	-	-	-	-	-
Share in other comprehensive income of associates	-13	-	-13	-447	-	-447
TOTAL	584	-135	449	173	-320	-147

8.3. Reconciliation of recorded tax and theoretical tax

	06.30.17	06.30.16
Net income of companies before tax	128,644	3,257
Current tax rate applicable to the parent company	33.33%	33.33%
Theoretical tax	-42,881	-1,086
Tax rate differentials between France and abroad	268	489
Permanent differences	-59	-429
Share of net income of associates	2,771	3,094
Long-term gains on disposals of consolidated shares	36,150	-
Change in unrecognized tax loss carryforwards	-278	-789
Tax consolidation	1,073	1,821
Tax credits in operating income ⁽¹⁾	230	189
Income tax without base and tax credits	-84	-152
Effect from the application of the effective tax rate	4,654	-
Effective tax benefit (expense)	1,844	3,137
Effective tax rate	-1.43%	35%

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

9. Average workforce

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

	06.30.17	06.30.16
Managers	125	123
Supervisors	46	44
Employees	52	47
AVERAGE WORKFORCE	223	214



10. Subsequent events

On July 6, 2017, Gaumont paid out k€96,308 for the 1,284,112 shares acquired as part of the public share buyback offer.

On July 20, 2017, Pathé made an early payment of k€63,333 for the first deferred installment payment initially set for June 29, 2018 under the terms of the sales agreement for the Les Cinémas Gaumont Pathé securities.

Gaumont's Board of Directors, which met on July 25, 2017 under the chairmanship of Nicolas Seydoux, decided to cancel the 1,284,112 treasury shares purchased during the public share buyback offer which closed on June 26, 2017. Following this cancellation, Gaumont SA's share capital is now composed of 3,119,723 shares.



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, 2017, 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 2, 2017

The statutory auditors

ADVOLIS
Hugues de Noray

ERNST & YOUNG et Autres
Christine Vitrac



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 Gaumont 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 2, 2017

Sidonie Dumas

Chief Executive Officer

