2018

Half-year financial report

Half-year position as of June 30, 2018

The financial statements below were approved by the Board of directors on September 20, 2018 and are the subject of a Statutory auditors limited review report.

Half-year management report

Activities and results of the Gaumont group

Key figures

	06.30.18		06.30.17		
	in thousands of euros	as a % of revenue	in thousands of euros	as a % of revenue	Change
Revenue	65,577	100%	56,822	100%	15%
Operating income from cinema production and distribution[1]	16,564	25%	8,746	15%	120%
Operating income from television production and distribution[1]	-110	0%	-1,221	-2%	101%
Operating income after share of net income of associates	-3,097	-5%	134,209	236%	na
Consolidated net income	-2,147	-3%	130,488	230%	na
Investments in cinema production	9,399	14%	16,619	29%	-43%
Investments in television production	38,405	59%	33,566	59%	14%

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

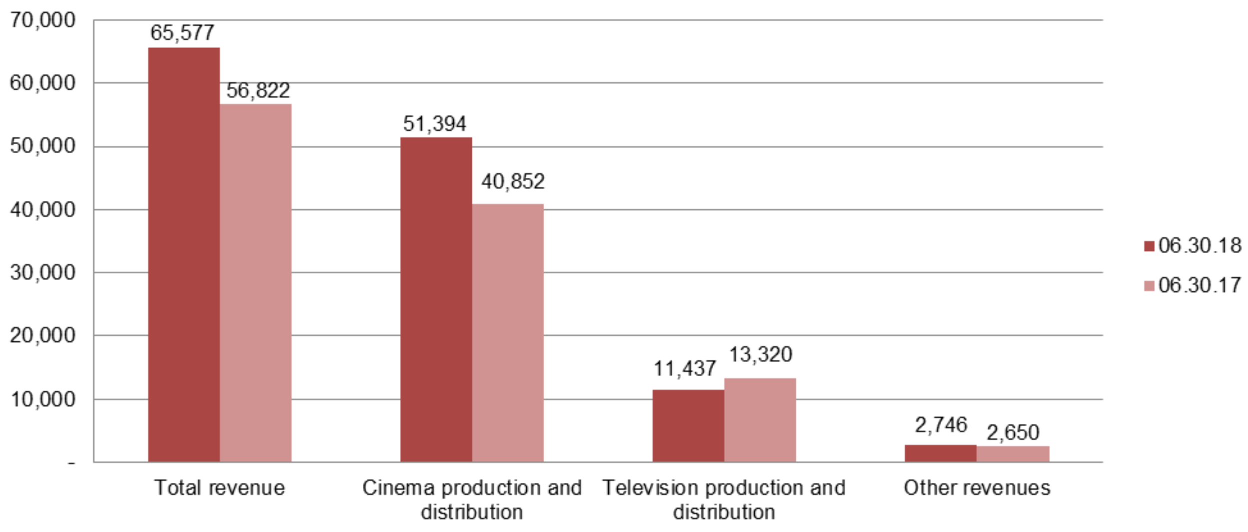
	06.30.18	12.31.17	Change
Equity attributable to owners of the parent company	279,261	305,128	-8%
Net borrowings	5,391	27,680	-81%

Consolidated results

Revenue by business activity

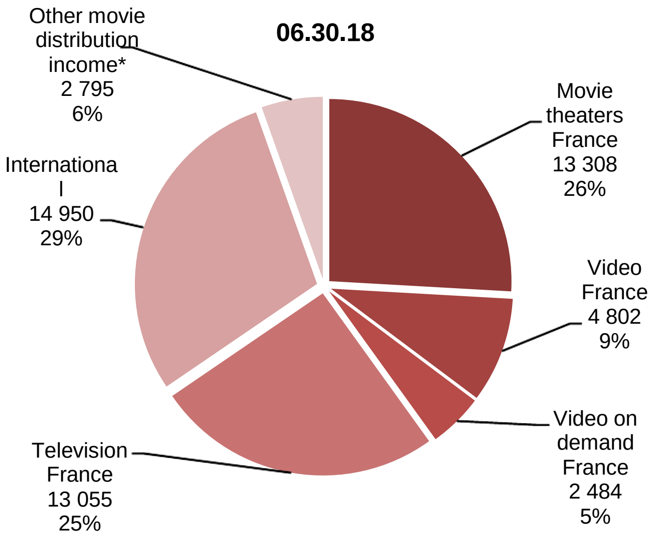
Consolidated revenue for the first half of 2018 totaled k€65,577, versus k€56,822 as of June 30, 2017.

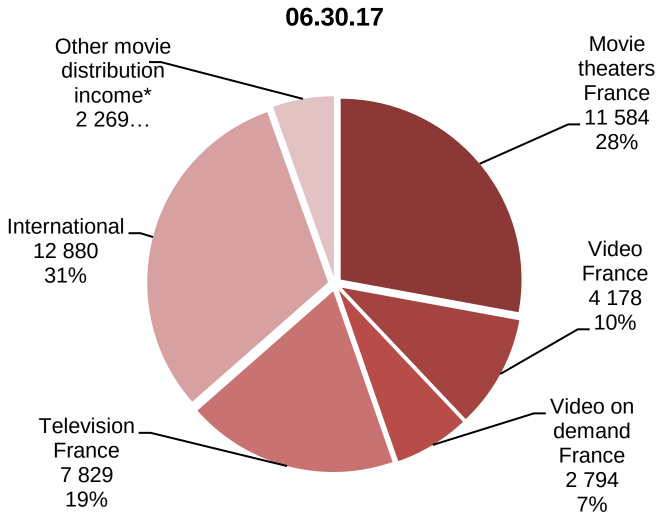
Revenue by business activity breaks down as follows:



Movie production and distribution

Revenue from the cinema production and distribution business came to k€51,394 as of June 30, 2018, versus k€40,852 as of June 30, 2017, and breaks down as follows:





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

Movie theater distribution

Revenue from the release of films in movie theaters in France stood at k€13,308 as of June 30, 2018, compared to k€11,583 as of June 30, 2017.

Six feature films were released during the first half of 2018:

- *Burn Out* directed by Yann Gozlan, starring François Civil and Manon Azem, released on January 3;
- *Belle and Sebastian, Friends for Life*, directed by Clovis Cornillac, starring Clovis Cornillac, Félix Bossuet and Tchéky Karyo, released on February 14;
- *Rolling to You*, directed by Franck Dubosc, starring Franck Dubosc and Alexandra Lamy, released on March 14;
- *The Death of Stalin*, directed by Armando Iannucci, starring Jeffrey Tambor, Steve Buscemi and Olga Kurylenko, released on April 4;
- *Mr. Know-It-All*, directed by François Prévôt-Leygonie and Stephan Archinard, starring Arnaud Ducret, Alice David and Max Baissette de Malglaive, released on May 9;
- *Raising Colors*, directed by Hélène Fillières, starring Lambert Wilson, Diane Rouxel and Josiane Balasko, released on June 6.

During the first half of 2018, Gaumont sold 5.5 million tickets for six released films versus 4.7 million tickets as of June 30, 2017 for seven films. *Rolling to You* sold 2.4 million tickets, while *Belle and Sebastian, Friends for Life* sold almost 1.7 million ticket sales. As of June 30, 2017, *A Bag of Marbles* and *Step by Step* sold 1.3 and 1.2 million tickets respectively, and *50 is the New 30* sold nearly 900,000 tickets.

Video publishing and video on demand

Revenue from video and video on demand distribution in France amounted to k€7,286 as of June 30, 2018, versus k€6,291 as of June 30, 2017.

Sales of physical videos in France increased to k€4,802 as of June 30, 2018 compared to k€4,178 as of June 30, 2017 and video on demand sales totaled k€2,484 as of June 30, 2018 compared to k€2,113 as of June 30, 2017.

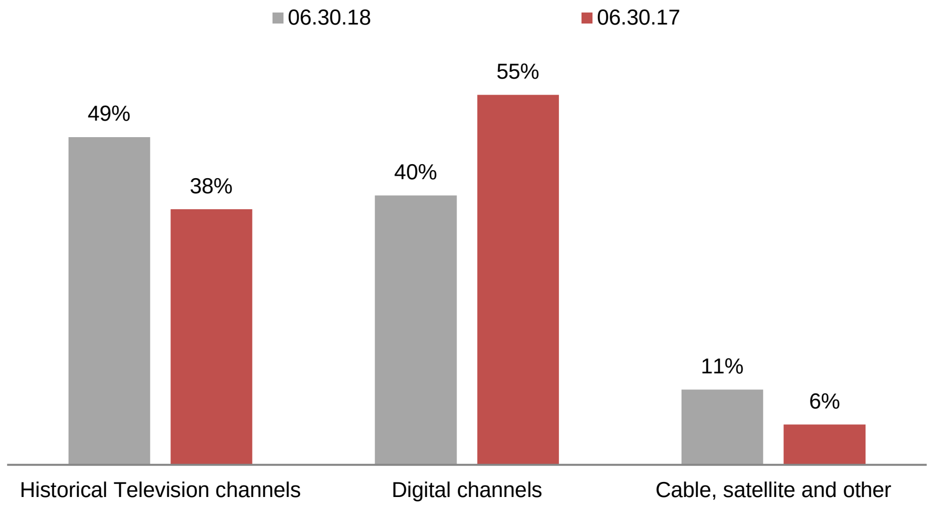
Sales of new films increased over the period, with good results for *See You up There* and *C'est la Vie !*, released on video and video on demand in February 2018. Sales of catalog titles increased for video publishing while sales of video on demand remained lower than for the previous year, which was an excellent year. The contract entered into with Netflix for the first time in June 2017 was renewed in 2018 but for a lower value.

Sales of television broadcasting rights

Revenue related to sales of broadcasting rights to French television channels amounted to k€13,055 as of June 30, 2018, versus k€7,829 as of June 30, 2017.

Sales of catalog titles to historical television channels were higher than for the previous year, while sales to digital and cable channels decreased. More than 90 films have been sold since the beginning of the year, including *Delusions of Grandeur, The Brats* and *Monsieur Gangster.*

Sales by type of channel break down as follows:



International sales of rights

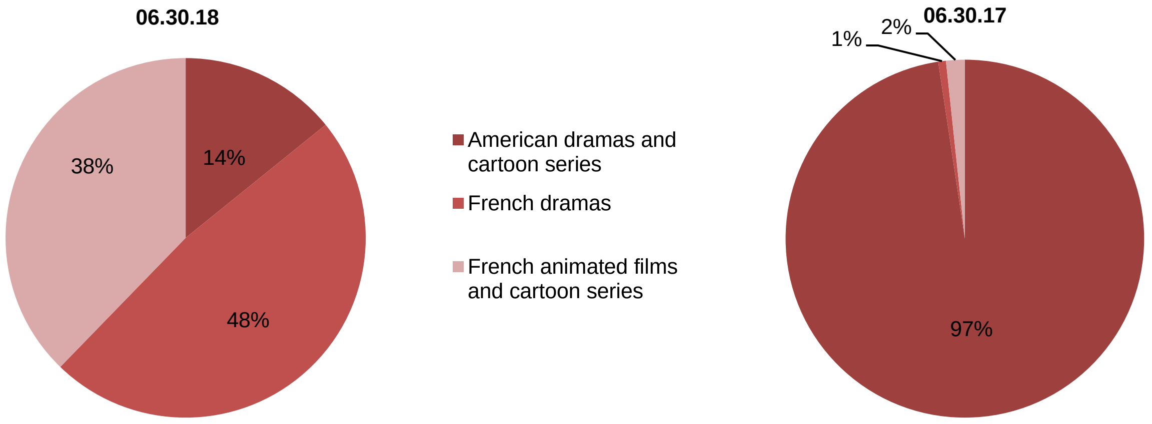
Revenue from international sales of films was k€14,530 as of June 30, 2018 compared to k€12,880 as of June 30, 2017. It was driven by the success of new films such as *The Death of Stalin* and *C'est la Vie !*. Sales of catalog titles also rose, due to a new contract signed with China.

Other revenue from film distribution

Other revenue from movies amounted to k€3,215 as of June 30, 2018, compared with k€2,269 as of June 30, 2017. 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 and distribution business came to k€11,437 as of June 30, 2018, versus k€13,320 as of June 30, 2017, and breaks down as follows:



Sales of American drama and cartoon series accounted for k€1,621 of revenue as of June 30, 2018, versus k€13,003 as of June 30, 2017. The fourth season of *Narcos* and the third season of *F is For Family* will be delivered to Netflix in the second half of 2018. As of June 30, 2017, the second season of *F is For Family* had been delivered to Netflix.

Sales of French drama and cartoon series accounted for k€9,816 of revenue as of June 30, 2018, versus k€317 as of June 30, 2017. No programs had been delivered as of June 30, 2017. As of June 30, 2018, the cartoon series *Belle and Sebastian* and *Trulli Tales* as well as the first episodes of *Furiki wheels* have been delivered to the main broadcasters during the period. Broadcast of the French drama series *Nox* began on Canal + on March 12, 2018.

Trademark royalties and other income

Income from trademark royalties paid by Les Cinémas Pathé Gaumont came to k€1,704 as of June 30, 2018, compared to k€1,757 as of June 30, 2017.

Other miscellaneous income came to k€1,042 as of June 30, 2018, versus k€893 as of June 30, 2017, 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 is a loss of k€3,097 as of June 30, 2018, versus a profit of k€134,209 as of June 30, 2017. Results for the two periods are hardly comparable:

- as of June 30, 2017, current operating income also included the gain on disposal of the 34% minority stake in Les Cinémas Pathé Gaumont for k€143,884;
- as of June 30, 2018, operating income includes:
  - current operating income from film and television production and distribution, excluding overheads, 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€21,264 as of June 30, 2018, versus k€26,824 as of June 30, 2017;

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€16,454 as of June 30, 2018, compared to k€7,525 as of June 30, 2017, and includes:

- share of income from feature film distribution for k€16,564 as of June 30, 2018, versus k€8,746 as of June 30, 2017;
- share of income from the distribution of cartoon series and television dramas, which shows a loss of k€110 as of June 30, 2018, compared with a loss of k€1,221 as of June 30, 2017. It includes a k€2,273 loss for American productions, a k€2,116 profit for French productions and k€101 of developments costs for European activities as of June 30, 2018.

Net income

Gaumont recorded a net loss of k€2,147 as of June 30, 2018, versus a profit of k€130,488 as of June 30, 2017 and includes:

- operating income after share of net income of associates;
- net borrowing cost of k€3,951 versus k€4,097 as of June 30, 2017
- other financial income and expenses which show a profit of k€4,713 as of June 30, 2018, including k€1,352 foreign exchange gains, compared to a loss of k€ 1,468 as of June 30, 2017 which included foreign exchange losses of k€2,755;
- an income tax profit of k€188, consisting of a current tax credit of k€155 and deferred tax gain of k€33.

The share of net income attributable to non-controlling shareholders amounted to a k€18 profit as of June 30, 2018, versus a k€39 loss as of June 30, 2017.

The share of net income attributable to owners of the parent resulted in a loss of k€2,165 as of June 30, 2018, compared to a profit of k€130,527 as of June 30, 2017.

Financial structure and cash flows

Consolidated equity (Group share) stood at k€279,261 as of June 30, 2018, versus k€305,128 as of December 31, 2017, giving a total consolidated financial position of k€541,169 versus k€560,080. The decrease in equity was principally due to Gaumont USA Inc buying back an additional 15% share in Gaumont Television USA Llc for k$24,000.

Net borrowings

The Group's net borrowings were k€5,391 as of June 30, 2018, versus k€27,680 as of December 31, 2017. This mainly includes k€129,706 in cash, the Gaumont SA bond for k€60,000 and k€52,670 of self-liquidating production loans based on proceeds from pre-financing and the release of French and American series.

As of June 30, 2018, following the advance payment of the second installment originally due on June 30, 2019, the Pathé debt arising from the sale of Gaumont's equity investment in Les Cinémas Pathé Gaumont, stood at k€ 63,333 excluding accrued interest.

In France, based on its growth policy, Gaumont estimates that its available cash, operating cash flows, and the bond will cover its 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

After termination on June 30, 2018 of the revolving credit facility initially contracted on November 5, 2014, to meet its general financing needs Gaumont has a bond in the form of a two-part listed euro private placement (EuroPP) totaling k€60,000, with three financial ratios to be met every six months.

The features of the bond and the accompanying ratios are set out in notes 5.3 and 6.3 to the half-year consolidated financial statements, respectively.

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, with no further guarantee given. The loans include a completion guarantee contract signed with a company specialized in audiovisual production.

The two outstanding loans for a total value of k$72,540 were granted to the subsidiaries of Gaumont Television USA to finance season 4 of *Narcos* and season 3 of the cartoon *F is For Family*. As of June 30, 2018, there was a cumulative outstanding balance of k$61,786 and a total available balance of k$10,754.

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, Gaumont makes regular 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 allowance from the support funds to the audiovisual industry. As of June 30, 2018, all assigned receivables had been recovered or bought back by Gaumont.

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, 2018, the liability related to this contract amounted to k$15,837, and the unused amount of these loans stood at k$3,895.

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€4,143 as of June 30, 2018.

Cash flows

The Group's business activities generated k€40,063 in net cash flows as of June 30, 2018, compared to k€58,292 as of June 30, 2017.

Net investments totaled k€8,549 as of June 30, 2018 versus a positive cash flow of k€134,754 as of June 30, 2017, including k€190,000 resulting of partial receipt of the sales price of the Les Cinémas Pathé Gaumont securities.

In terms of financing activities, the first half-year 2018 showed a dividend payment of k€3,115, an increase in debt of k€18,791 and k€1,688 in interest payments on loans.

As of June 30, 2018 the Group had k€129,439 in cash, compared with k€83,748 at the beginning of the year, i.e. a positive change of k€45,691.

Outlook

Four movies are scheduled to be released in theaters by December 31, 2018:

- *Tricky old Dogs*, directed by Christophe Duthuron, starring Pierre Richard, Eddy Mitchell, Roland Giraud and Alice Pol was released on August 22 and totaled 750,000 ticket sales in four weeks;
- *Capharnaüm* directed by Nadine Labaki*,* to be released on October 10, 2018;
- *A Man in a Hurry*, directed by Hervé Mimran, starring Fabrice Luchini and Leïla Bekhti, to be released on November 7;
- *The Emperor of Paris*, directed by Jean-François Richet, starring Vincent Cassel, August Diehl, Olga Kurylenko and Freya Mavor, to be released on December 19.

The following television programs will be delivered during the second half of 2018:

- *Narcos Mexico,* season 4 of the 10-episode American drama directed by José Padilha and Eric Newman. The series will be available on Netflix from November 16, 2018;
- *F is For Family,* season 3, a ten-episode cartoon series which will be available on Netflix in the fourth quarter of 2018;
- *The Art of Crime* season 2*,* a six-episode French drama, to France 2;
- the last episodes of the cartoon series *Furiki Wheels,* delivered to France 3 and Disney.

Half-year consolidated financial statements

Consolidated income statement

(in thousands of euros)	Note	06.30.18	06.30.17
Revenue	*3.2*	**65,577**	**56,822**
Purchases		-1,032	-399
Personnel costs		-14,006	-19,041
Other current operating income and expenses	*3.3*	-18,917	-20,010
Impairment, depreciation, amortization and provisions		-34,346	-34,866
Current operating income (loss)		**-2,724**	**-17,494**
Other non-current operating income and expenses		2	143,888
Operating income (loss)		**-2,722**	**126,394**
Share of net income of associates	*7.2*	-375	7,815
Operating income after share of net income of associates		**-3,097**	**134,209**
Gross borrowing costs		-3,953	-4,097
Income from cash and cash equivalents		2	-
Net borrowing costs		**-3,951**	**-4,097**
Other financial income and expenses	*5.5*	4,713	-1,468
Net income (loss) before tax		**-2,335**	**128,644**
Income tax	*8.1*	188	1,844
NET INCOME		**-2,147**	**130,488**
Share attributable to non-controlling interests		18	-39
Share attributable to the shareholders of the parent company		-2,165	130,527
Earnings per share attributable to the shareholders of the parent company			
- Average number of shares in circulation	*5.2*	3,119,829	4,298,583
- In euros per share		*-0,69*	*30.37*
Diluted earnings per share attributable to the shareholders of the parent company			
- Average potential number of shares	*5.2*	3,133,652	4,303,375
- In euros per share		*-0,69*	*30.33*

Consolidated statement of comprehensive income

(in thousands of euros)	06.30.18	06.30.17
Net income	**-2,147**	**-130,488**
Translation adjustments of foreign operations	-730	256
Share in currency adjustments of foreign operations of associates	12	-13
Changes in fair value of available-for-sale financial assets	-	-
Changes in fair value of hedging financial instruments	978	341
Share of changes in fair value of hedging financial instruments of associates	-	-
Income tax on gains and losses recognized directly in equity	-274	-135
Other elements of comprehensive income that could be reclassified later in net income	**-14**	**449**
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	-	-
Income tax on gains and losses recognized directly in equity	-	-
Other elements of comprehensive income that cannot be reclassified in net income	**-**	**-**
Total of other elements of comprehensive income after taxes	**-14**	**449**
COMPREHENSIVE INCOME FOR THE YEAR	**-2,161**	**130,937**
Share attributable to non-controlling interests	18	-39
Share attributable to the shareholders of the parent company	-2,179	130,976

Consolidated statement of financial position

Assets *(in thousands of euros)*	**Note**	**06.30.18**	**12.31.17**
Goodwill	*2.3*	12,035	12,035
Films and audiovisual rights	*4.1*	164,320	147,398
Other intangible assets		242	323
Property, plant and equipment	*4.2*	46,889	47,086
Investments in associates	*7.1*	-	379
Other financial assets	*4.2*	63,486	126,830
Non-current deferred tax assets	*8.1*	1,933	2,604
Non-current assets		**288,905**	**336,655**
Inventories		532	540
Trade receivables	*4.4*	73,545	91,457
Contract assets	*4.2*	-	-
Current income tax assets	*4.4*	6,148	4,554
Other receivables and current financial assets	*4.4*	42,333	42,684
Cash and cash equivalents	*5.3*	129,706	84,190
Current assets		**252,264**	**223,425**
TOTAL ASSETS		**541,169**	**560,080**

Liabilities and *equity (in thousands of euros)*	**Note**	**06.30.18**	**12.31.17**
Capital		24,959	24,958
Retained earnings and comprehensive income		254,302	280,170
Equity attributable to the shareholders of the parent company		**279,261**	**305,128**
Non-controlling interests		**2,809**	**2,890**
Equity	***5.1***	**282,070**	**308,018**
Non-current provisions	*6.1*	4,066	3,719
Non-current deferred tax liabilities	*8.1*	1,738	2,293
Non-current financial liabilities	*5.3*	130,353	107,669
Other non-current liabilities	*4.5*	6,952	370
Non-current liabilities		**90,110**	**114,051**
Current provisions	*6.1*	191	818
Current financial liabilities	*5.3*	4,744	4,201
Trade payables	*4.5*	24,995	33,388
Contract liabilities		4,230	-
Current income tax liabilities	*4.5*	-	-
Other payables	*4.5*	81,830	99,604
Current liabilities		**168,989**	**138,011**
TOTAL LIABILITIES		**541,169**	**560,080**

Consolidated statement of changes in equity

Changes in equity *(in thousands of euros)*	Attributable to the shareholders of the parent company: Number of shares	Capital	Additional paid in capital(1)	Treasury shares	Retained earnings	Other comprehensive income	Total	Attributable to non-controlling interests	Total equity
AS OF DECEMBER 31, 2017	**3,119,723**	**24,958**	**5,268**	**-248**	**256,209**	**18,941**	**305,128**	**2,890**	**308,018**
Net income for the year	-	-	-	-	-2,165	-	**-2,165**	18	**-2,147**
Other comprehensive income	-	-	-	-	-	-14	**-14**	-	**-14**
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-2,165**	**-14**	**-2,179**	**18**	**-2,161**
Transactions on share capital	200	1	10	-	-	-	**11**	-	**11**
Share-based payments	-	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-3,115	-	**-3,115**	-99	**-3,214**
Elimination of treasury shares	-	-	-	2	3	-	**5**	-	**5**
Other (2)	-	-	-	-	-20,589	-	**-20,589**	-	**-20,589**
Transactions with shareholders	**200**	**1**	**10**	**2**	**-23,701**	**-**	**-23,688**	**-99**	**-23,787**
AS OF JUNE 30, 2018	**3,119,923**	**24,959**	**5,278**	**-246**	**230,343**	**18,927**	**279,261**	**2,809**	**282,070**

(1) Issue premiums, contribution premiums, merger premiums, legal reserves.
(2) Mainly the impact of the purchase of a share of minority interests of Gaumont Television USA Llc.

Changes in equity *(in thousands of euros)*	Attributable to the shareholders of the parent company: Number of shares	Capital	Additional paid in capital(1)	Treasury shares	Retained earnings	Other comprehensive income	Total	Attributable to non-controlling interests	Total equity
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 -k€97,309.

Consolidated statement of cash flows

(in thousands of euros)	Note	06.30.18	06.30.17
Operating activities			
Consolidated net income (including non-controlling interests)		-2,147	130,488
Net allowances for depreciation, amortization, impairment and provisions		34,594	34,652
Impairment of goodwill		-	-
Gain on a bargain purchase		-	-
Unrealized gains and losses related to changes in fair value	*5.4*	2,626	1,970
Expenses and income related to stock options and similar		-	-
Other calculated income and expenses		-1,765	1,812
Gains and losses on disposal of assets		51	-146,141
Share of net income of associates		375	-7,815
Dividends received from associates		-	-
Cash flow from operating activities after tax and net borrowing costs		**33,734**	**14,966**
Net borrowing costs		3,951	4,097
Tax expenses (income) - including deferred tax		-188	-1,844
Cash flow from operating activities before tax and net borrowing costs		**37,497**	**17,219**
Tax paid		340	116
Change in working capital requirement related to operating activities	*4.6*	2,226	40,957
(A) Net cash flow from operating activities		**40,063**	**58,292**
Investment activities			
Proceeds from sales of fixed assets		81	380,016
Acquisition of fixed assets	*10*	-48,437	-51,349
Change in liabilities on investments	*10*	61,423	-193,913
Net impact of changes in scope, net of cash acquired	*10*	-21,616	-
(B) Net cash flow from investment activities		**-8,549**	**134,754**
Financing activities			
Gaumont SA capital increase		11	6,720
Dividends paid to Gaumont SA shareholders	*5.1*	-3,115	-
Dividends paid to non-controlling interests in consolidated companies		-	-
Change in treasury shares		5	-97,385
Change in liabilities on share buybacks		-	97,309
Change in borrowings	*5.3*	18,791	-82,815
Interest paid		-1,688	-2,494
(C) Net cash flow from financing operations		**14,004**	**-78,665**
(D) Impact of changes in foreign exchange rates		**173**	**-352**
NET CHANGE IN CASH & CASH EQUIVALENTS: (A) + (B) + (C) + (D)		**45,691**	**114,029**
Cash and cash equivalents at beginning of period		84,190	8,693
Bank overdraft at beginning of period		-442	-606
Cash position at beginning of period		**83,748**	**8,087**
Cash and cash equivalents at end of period		129,706	122,193
Bank overdraft at end of period		-267	-77
Cash position at end of period		**129,439**	**122,116**
NET CHANGE IN CASH & CASH EQUIVALENTS		**45,691**	**114,029**

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, 2018 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, 2017, included in the Registration document filed with the AMF under number D.18-0306.

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, 2018, which are available at the website: https://eur-lex.europa.eu.

Gaumont's half-year consolidated financial statements as of June 30, 2018 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, 2017, 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, 2018 were approved by the Board of directors on September 20, 2018 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, 2018

IFRS 15 – Revenue from contracts with customers

In accordance with IFRS 15, Gaumont reviewed the accounting principles it applied to revenue from contracts with customers and concluded that the timing and methods of recognition of the revenue, were in line with the IFRS 15 principles, with the exception of pre-sales of feature films which will now be included in the revenue as of the start date of the license period.

As permitted by the transitional provisions of IFRS 15, Gaumont opted for modified retrospective application. The comparative accounts for the previous financial year are presented according to the previous accounting principles and the impact of application of IFRS 15 over the period, leads to a k€4,230 decrease of revenues and a correlative k€3,125 adjustment of amortization i.e. a k€1,105 net impact over half year net income. Impacts are described in detail in notes 3.2 and 4.1.

The presentation of assets and liabilities linked to contracts with customers has also been revised pursuant to IFRS 15.

IFRS 9 – FINANCIAL INSTRUMENTS

In accordance with IFRS 9, Gaumont reviewed its borrowings to comply with paragraph IFRS 9.B5.4.6. It was concluded that the successive re-negotiations did not have a material impact on the effective interest rate of the revolving credit.

Gaumont also analyzed its trade receivables to comply with the IFRS 9 credit risk assessment model and concluded that the recommended statistical approach did not require any material adjustments of the accumulated impairment losses in the financial statement assets.

None of the other IFRS 9 requirements induces changes on the consolidated financial statements as of June 30, 2018.

The other standards and interpretations which apply from January 1, 2018 have no impact on the consolidated financial statements as of June 30, 2018.

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 income 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. Purchase of minority interests in Gaumont Television USA Llc

On February 21, 2018, Gaumont USA Inc acquired an additional 15% share in Gaumont Television USA Llc for k$24,000, payable in three annual installments. This acquisition was treated as a transaction between shareholders according to IFRS 3, and was posted as an equity reduction for the period. The acquisition costs for this transaction were not material.

As of June 30, 2018, the acquisition resulted in a debt of k$16,000, which was discounted.

2.2. Changes to the scope of consolidation

Company acquisition

On February 14, 2018, Gaumont bought DD Catalogue, established on December 21, 2017 through the partial contribution of assets comprising producer shares and rights to a share of proceeds of Gérard Depardieu in about 60 films, including *Ruby & Quentin, The Best Job in the World* and *The Fugitives* for a price, excluding costs, of k€1,277, which equates to the net assets of the company acquired. No goodwill was posted for this acquisition.

Companies wound up by the universal transfer of assets

In June 2018, Mitzé Films, Nouvelles Editions de Films, Fideline Films and DD Catalogue were wound up without liquidation by the transfer of assets and liabilities to Gaumont SA.

Deconsolidation of minor entities

In January 2018, Gaumont Inc ceased trading following the sale of its 31,95% equity in Lincoln Cinema Associates Llc, consolidated by the equity method. As of June 30, 2018, Gaumont Inc was in the process of being written off and was not included in the scope of consolidation for the period. As a result, a deconsolidation loss of k€419, equating to the capital loss on the sale of the Lincoln Cinema Associates securities, was posted for the period.

La Boétie Films, 20%-owned by Gaumont and consolidated by the equity method as of December 31, 2017, was deemed to have a non-material impact on the consolidated financial statements and was removed from the scope of consolidation for the period. As of the reporting date, Gaumont was in the process of selling its equity interest in La Boétie Films for €1. A deconsolidation profit of k€44 was posted for the period.

2.3. Goodwill

No indication of impairment was detected during the first half of 2018 for goodwill with positive carrying value.

No changes in Goodwill measurement occurred during the period.

2.4. Seller warranties received

As of June 30, 2018, Gaumont no longer held guarantees from sellers on the liabilities of companies acquired.

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					
Gaumont Films USA Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	100.00	F.C.
Gaumont Vidéo SNC	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	384 171 567	100.00	100.00	F.C.
Gaumont Production SARL	50, avenue des Champs Elysées, 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 (previously Légende Editions SARL)	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	500 977 129	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 GmbH	c/o Lacore Rechtsanwälte LLP, Markgrafenstrasse 36, 10117 Berlin	Germany	100.00	100.00	F.C.
Gaumont Television UK	c/o H3P Limited, 131-135 Temple Chambers, 3-7 Temple Avenue, London EC4Y 0HP	United Kingdom	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	50, avenue des Champs Elysées, 75008 Paris	322 996 257	100.00	100.00	F.C.
Gaumont Production Animation SARL	49, rue Ganneron, 75018 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.
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.

3. Transactions of the period

3.1. Segment reporting

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

- movie production and distribution, Gaumont's historic activity in France which has now been extended to the United States;
- production and distribution of animated feature films and cartoons as well as drama series via its subsidiaries in France, the United States and Europe.

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.

In the first half of 2017, Gaumont also had a movie theater operations activity through its stake in Les Cinémas Pathé Gaumont. The Group ceased this activity on May 16, 2017.

06.30.18	Cinema production and distribution	Television production and distribution	Holding activities and non-allocated	Total
Revenue	**51,394**	**11,437**	**2,746**	**65,577**
Operative income from activities excluding overheads(1)	16,564	-110	1,711	18,165
Overheads	-5,799	-6,264	-9,201	-21,264
Non-current operating income (loss)	-	-	2	2
Operating income after share of net income of associates	**10,765**	**-6,374**	**-7,488**	**-3,097**
Net borrowings costs	-	-1,340	-2,611	-3,951
Other financial incomes and expenses	113	655	3,945	4,713
Income tax	-2	-19	209	188
NET INCOME	**10,876**	**-7,078**	**-5,945**	**-2,147**

(1) After share of net income of associates.

06.30.17	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.

3.2. Revenue

Accounting principles and methods used to revenue recognition

In accordance with IFRS 15, the revenue from the sale of a right to use the work is recognized in full once the vendor's performance obligations have been fulfilled and control of the license has been fully transferred to the customer. For cinema and audiovisual rights, Gaumont considers the following as criteria which determine the moment it has fulfilled all its performance obligations:

- the contract defining the terms and conditions of the sale of rights is signed by all of the parties and enforceable;
- delivery has been made and the material's compliance has been acknowledged;
- the customer has unrestricted use of the rights acquired.

Royalties are recognized by Gaumont when the subsequent usage by the customer defining the royalties amount has occurred, in line with the IFRS 15 exception.

These principles are the same as under the previous accounting principles and do not require any change to the revenue recognition methods, with the exception of pre-sales of the broadcasting rights for feature films.

Pre-sales, which were until now included in the revenue at the time of delivery of the material and release in movie theaters, when most of the risks and benefits were transferred to the customer, will now be recognized at the start of the license period, in view of the fact that the customer does not have effective control of the right until they can use it without restriction.

As a transition to IFRS 15, application of the modified retrospective method requires the consolidated data to be presented as follows:

- the financial statements as of June 30, 2018 are presented according to IFRS 15;
- the comparative accounts are presented according to the previous accounting principles.

The impact of application of IFRS 15 over the period is explained in the note below.

As of June 30, 2018, revenue by activity is as follows:

	06.30.18			06.30.17		
	France	Abroad	Total	France	Abroad	Total
Movie production and distribution	**36,444**	**14,950**	**51,394**	**27,793**	**13,059**	**40,852**
Movie theater distribution	13,308	43	13,351	11,583	-	11,583
Video publishing and video on demand	7,286	173	7,459	6,291	59	6,350
Television broadcasting rights	13,055	-	13,055	7,829	-	7,829
International sales	-	14,314	14,314	-	12,821	12,821
Other movie distribution income	2,795	420	3,215	2,090	179	2,269
Production and distribution of television series	**6,279**	**5,158**	**11,437**	**118**	**13,202**	**13,320**
American series	86	1,535	1,621	2	13,001	13,003
French dramas	4,931	568	5,499	68	24	92
French cartoon series	1,262	3,055	4,317	48	177	225
Trademark royalties	**1,704**	**-**	**1,704**	**1,757**	**-**	**1,757**
Other miscellaneous revenue	**1,042**	**-**	**1,042**	**893**	**-**	**893**
TOTAL	**45,469**	**20,108**	**65,577**	**30,561**	**26,261**	**56,822**

As of June 30, 2018, the Group made 31% of its revenue outside France, versus 46% as of June 30, 2017.

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

	06.30.18	06.30.17
French companies	63,638	43,821
American companies	1,939	13,001
TOTAL	**65,577**	**56,822**

As of June 30, 2018, applying IFRS 15 lead to the deferring of pre-sales for k€4,230. If IFRS 15 had not been applied, revenue as of June 30, 2018 would have been as follows:

	06.30.18			06.30.17		
	France	Abroad	Total	France	Abroad	Total
Movie production and distribution	**40,674**	**14,950**	**55,624**	**27,793**	**13,059**	**40,852**
Movie theater distribution	13,308	43	13,351	11,583	-	11,583
Video publishing and video on demand	7,286	173	7,459	6,291	59	6,350
Television broadcasting rights	17,285	-	17,285	7,829	-	7,829
International sales	-	14,314	14,314	-	12,821	12,821
Other movie distribution income	2,795	420	3,215	2,090	179	2,269
Production and distribution of television series	**6,279**	**5,158**	**11,437**	**118**	**13,202**	**13,320**
American series	86	1,535	1,621	2	13,001	13,003
French dramas	4,931	568	5,499	68	24	92
French cartoon series	1,262	3,055	4,317	48	177	225
Trademark royalties	**1,704**	**-**	**1,704**	**1,757**	**-**	**1,757**
Other miscellaneous revenue	**1,042**	**-**	**1,042**	**893**	**-**	**893**
TOTAL	**49,699**	**20,108**	**69,807**	**30,561**	**26,261**	**56,822**

	06.30.18	06.30.17
French companies	67,868	43,821
American companies	1,939	13,001
TOTAL	**69,807**	**56,822**

3.3. Other current operating income and expenses

	06.30.18	06.30.17
Audiovisual support fund	7,971	4,899
Other subsidies	115	50
Audiovisual and cinema tax credit	2,827	1,832
Purchases of materials and supplies	-3,723	-3,610
Subcontracting	-737	-1,134
Rentals and rental expenses	-1,268	-1,180
Outside personnel, temporary personnel and fees	-4,182	-2,914
Other external expenses	-6,598	-6,201
Taxes and similar payments	-2,131	-1,857
Foreign exchange gains and losses on operating activities	267	-285
Copyrights, royalties and similar	-4,288	-2,391
Shares of co-producers and guaranteed minima	-9,529	-9,378
Income from the sale of operating assets	-53	8
Other income and expenses	2,412	2,151
NET OTHER CURRENT OPERATING INCOME/EXPENSES	**-18,917**	**-20,010**

As of June 30, 2018, other external expenses included k€2,605 in purchases of studies and services related to cinema and television project development, versus k€2,229 as of June 30, 2017.

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

The change in support funds and author royalties is linked to the delivery schedule of the television programs and the success of the feature films released during the period. The audiovisual and cinema tax credits are recognized as and when the works that generate them are amortized.

4. Operating assets and liabilities

4.1. Films and audiovisual rights

	06.30.18	Movements of the period +	Movements of the period -	Other(1)	12.31.17
Films and cinema rights	1,891,886	7,773	-121	8,540	1,875,694
Television series, dramas and broadcasting rights	396,176	951	-95	17,897	377,423
Animated films and series	186,924	4	-	422	186,498
Musical productions and publishing rights	2,943	-	-	-	2,943
Video games	1,525	-	-	-	1,525
Movies in production	4,715	1,626	-	-7,391	10,480
Television series and dramas in production	43,413	32,307	-	-7,138	18,244
Animated films and series in production	29,066	5,143	-	267	23,656
Gross value	**2,556,648**	**47,804**	**-216**	**12,597**	**2,496,463**
Films and cinema rights	-1,827,534	-20,486	28	205	-1,807,281
Television series, dramas and broadcasting rights	-369,687	-8,332	95	-8,750	-352,700
Animated films and series	-180,210	-370	-	-414	-179,426
Musical productions and publishing rights	-2,887	-8	-	-	-2,879
Video games	-1,525	-	-	-	-1,525
Movies in production	-	-	-	-	-
Television series and dramas in production	-109	-	-	-	-109
Animated films and series in production	-10,376	-5,231	-	-	-5,145
Accumulated amortization and impairment losses	**-2,392,328**	**-34,427**	**123**	**-8,959**	**-2,349,065**
CARRYING VALUE	**164,320**	**13,377**	**-93**	**3,638**	**147,398**

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

Investments for the period relates to films from the 2018 and 2019 line up and series delivered during the first half-year, or currently under production and that will be delivered at the end of 2018 and in 2019.

Other changes include k€11,273 in foreign exchange gains and losses on the gross values of American series and k€9,067 on the amortization of these series. They also reflect the inclusion in the scope of the works owned by DD Catalogue for k€1,277.

As a result of the use of the cost-unit amortization method for films and television series, based on the ratio of *net proceeds acquired in the year to total net proceeds,* deferring the recognition of pre-sales under IFRS 15 results in an equivalent postponement of amortization of the corresponding feature films.

As of June 30, 2018, postponing pre-sales on released films according to IFRS 15 has a k€3,125 impact on the amortization. If the accounting principles had not changed, amortization for featured films over the period would have been k€23,611.

4.2. Non-current financial assets

	06.30.18	Movements of the period +	Movements of the period -	Other(1)	12.31.17
Investments in non consolidated entities	1,581	-	-	1,579	2
Loans, deposits, bonds and other financial assets	150	-	-11	-	161
Receivables and other non-current financial assets	63,334	-	-63,333	-	126,667
Gross value	**65,065**	**-**	**-63,344**	**1,579**	**126,830**
Investments in non consolidated entities	-1,579	-	-	-1,579	-
Loans, deposits, bonds and other financial assets	-	-	-	-	-
Receivables and other non-current financial assets	-	-	-	-	-
Accumulated impairment losses	**-1,579**	**-**	**-**	**-1,579**	**-**
CARRYING VALUE	**63,486**	**-**	**-63,344**	**-**	**126,830**

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

On April 4, 2018, Pathé paid the second installment of its debt from the sale of Gaumont's equity investment in Les Cinémas Pathé Gaumont in advance. The installment was initially due on June 30, 2019.

The change in non-consolidated securities is linked to the removal of Gaumont Inc and La Boétie Films from the scope of consolidation during the period.

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.

The geographical distribution of non-current assets was as follows:

	06.30.18					12.31.17		
	France	United Kingdom	Germany	Americas	Total	France	Americas	Total
Goodwill	12,035	-	-	-	12,035	12,035	-	12,035
Films and audiovisual rights	91,550	-	-	72,770	164,320	109,139	38,259	147,398
Other intangible assets	242	-	-	-	242	323	-	323
Property, plant and equipment	46,400	7	-	482	46,889	46,746	340	47,086
Investments in associates	-	-	-	-	-	-44	423	379
Other financial assets	63,486	-	-	-	63,486	126,830	-	126,830
TOTAL NON-CURRENT ASSETS	**213,713**	**7**	**-**	**73,252**	**286,972**	**295,029**	**39,022**	**334,051**

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

4.4. Receivables and other current assets

	06.30.18	12.31.17
Trade receivables	74,386	92,213
Contract assets	-	-
Current financial assets	1,430	1,424
Current income tax assets	6,148	4,554
Current accounts	-	-
Receivables on asset sales	-	1,804
Other receivables	42,047	40,771
Prepaid expenses	834	663
Gross value	**124,845**	**141,429**
Trade receivables	-841	-756
Current financial assets	-943	-943
Current accounts	-	-
Other receivables	-1,035	-1,035
Accumulated impairment losses	**-2,819**	**-2,734**
CARRYING VALUE	**122,026**	**138,695**

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.

Contract assets are recognized when Gaumont has obtained a right to consideration from the customer but this right is still dependent on Gaumont fulfilling a performance obligation.

4.5. Other payables

	06.30.18	12.31.17
Tax liabilities	-	-
Current accounts	312	370
Payables on acquisitions	6,640	-
Other payables	-	-
Total other non-current liabilities	**6,952**	**370**
Trade payables	18,731	10,243
Liabilities on films and audiovisual rights	6,264	23,145
Advances and deposits received	80	98
Payroll liabilities	4,034	8,012
Tax liabilities	3,783	3,605
Current income tax liabilities	-	-
Current accounts	112	112
Dividend to be paid	99	-
Payables on acquisitions	6,772	-
Liabilities on other property, plant and equipment and intangible assets	14	54
Other payables	47,173	54,135
Derivatives	9	1,264
Contract liabilities	4,230	-
Unamortized tax credits	7,649	9,015
Deferred income	12,105	23,309
Total other current liabilities	**111,055**	**132,992**
TOTAL	**118,007**	**133,362**
Maturities:		
- less than 1 year	111,055	132,992
- 1 to 5 years	6,735	148
- more than 5 years	217	222

The payable on acquisitions is the balance payable to the non-controlling shareholders of Gaumont Television USA. It is payable in three annual installments of k$8,000 and is discounted.

Production payables are closely linked to the production and delivery schedules of the works. The change in the period is due mainly to the payment of the final installments of the films which were released at the end of 2017.

In accordance with IFRS 15 contract liabilities show considerations received by Gaumont in respect of contracts with customers for which some performance obligation remains to be fulfilled. Under the previous accounting principles, these amounts were included in deferred income.

4.6. Changes in net operating working capital requirement

	06.30.18	06.30.17
Changes in operating assets	15,299	30,630
Changes in operating liabilities	-13,235	11,194
Premiums paid on financial instruments	-	-
Current income tax expense	155	-1,086
Tax paid	-340	-116
Pension and similar benefits allowance	347	335
TOTAL	**2,226**	**40,957**

5. Financing activities

5.1. Change in equity

Share capital of the parent company

		Movements of the period		
	06.30.18	+	-	12.31.17
Number of shares	3,119,923	200	-	3,119,723
Par value	€8	€8		€8
CAPITAL *(in euros)*	**24,959,384**	**1,600**	**-**	**24,957,784**

Treasury shares

As of June 30, 2018, Gaumont SA held 4,649 of its own shares, purchased under its liquidity contract. Treasury shares, including acquisition costs, are recognized as a reduction to equity.

Dividends

On May 3, 2018, Gaumont's General Meeting approved a resolution concerning the distribution of a dividend of €1 per share.

Stock options

No new stock option plans were decided on during the first half of 2018.

The outstanding exercisable options remain unchanged from December 31, 2017.

Equity attributable to non-controlling interests

As of June 30, 2018, 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.

	06.30.18	06.30.17
Number of shares at January 1	3,119,723	4,280,269
Capital increases (*prorata temporis)*	106	18,314
Average number of ordinary shares	3,119,829	4,298,583

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.

	06.30.18	06.30.17
Average number of ordinary shares	3,119,829	4,298,583
Dilutive effect of stock options	13,823	4,792
Average potential number of ordinary shares	3,133,652	4,303,375

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

	06.30.18	12.31.17
Cash equivalents	24,005	4,003
Bank accounts and petty cash	105,701	80,187
TOTAL	**129,706**	**84,190**

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

		Movements of the period with an impact on the cash position			Movements of the period without an impact on the cash position			
	06.30.18	+	-	Other[1]	Currency translation adjustments	Changes in scope	Other[1]	12.31.17
Revolving credit facility	-	-	-	-	-	-	1,149	-1,149
Bonds	59,704	-	-	-	-	-	37	59,667
Finance lease debt	259	-	-25	-	-	-	-	284
Production loans[2]	52,670	31,699	62	-	1,677	-	-	19,232
Assignments of receivables	13,196	5,875	-18,130	-	296	-	94	25,061
Financial contribution from the Caisse des dépôts	4,143	-	-327	-	-	-	-	4,470
Other loans	924	-	-526	-	-	-	-	1,450
Advances repayable on distribution proceeds	1,776	140	-2	-	-	-	-	1,638
Deposits received	278	25	-	-	-	-	-	253
Bank overdraft	267	-	-177	-	2	-	-	442
Accrued interest	1,880	-	-	-	-	-	1,358	522
TOTAL	**135,097**	**37,739**	**-19,125**	**-**	**1,975**	**-**	**2,638**	**111,870**
Maturities:								
- less than 1 year	8,915							22,038
- 1 to 5 years	103,980							173,320
- more than 5 years	17,394							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 initially contracted on November 5, 2014 was terminated in advance in the first half-year of 2018. The deferred balance of the loan issue costs was reversed over the period.

Under IFRS 9, the original effective interest rate was applied retrospectively to the amortization of the loan costs, resulting in an adjustment of k€375. Because this adjustment had no material impact, the opening value was not restated and the movement was recognized over the period through shareholders' equity. The balance of the loan issue costs, i.e. k€774, was amortized over the period.

Bonds

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 has three covenants, 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:

	06.30.18	12.31.17
Before hedging	4.91%	4.97%
After hedging	-	-

Average interest rate

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

	06.30.18	06.30.17
Before hedging	4.82%	4.82%
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	Total amount authorized	Remaining amount available	POSITION as of 06.30.18	POSITION as of 12.31.17
F is for Family season 3	Leodoro Productions Llc	MUFG Union Bank	09.13.17	30.05.20	15,348	4,402	10,946	7,641
Narcos season 4	Narcos Productions Llc	MUFG Union Bank	11.09.17	06.30.20	57,192	6,352	50,840	15,905
TOTAL					**72,540**	**10,754**	**61,786**	**23,546**

(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:

	06.30.18	12.31.17
Before hedging	3.16%	3.16%
After hedging	-	-

Average interest rate

Changes in average interest rates are presented below.

	06.30.18	06.30.17
Before hedging	1.96%	3.93%
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. The receivables assigned are mainly receivables associated with financing productions: contributions from co-producers, pre-sales of French broadcasting rights, support funds allocations. Assignments are generally based on the contracts and financing arrangements.

As of June 30, 2018, these activities show no outstanding amounts for assignments of receivables.

In the United States, 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)	Status of assigned receivables				Debt situation			
Activity	Value of assigned contracts	Balance of assigned receivables	Balance sheet balance	Off-balance sheet commitments	Authorized maximum amount	Remaining amount available	POSITION as of 06.30.18	POSITION as of 12.31.17
Fiction USA	143,448	32,310	30,273	2,037	50,000	3,895	15,837	29,392
TOTAL	**143,448**	**32,310**	**30,273**	**2,037**	**50,000**	**3,895**	**15,837**	**29,392**

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:

	06.30.18	12.31.17
Before hedging	3.42%	2.98%
After hedging	-	-

Average interest rate

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

	06.30.18	06.30.17
Before hedging	2.67%	3.33%
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, 2018, outstanding debt to Caisse des dépôts et consignations amounted to k€4,143.

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 2018, the Group used foreign exchange derivatives to reduce its exposure to fluctuations in the value of the dollar.

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

	06.30.18		12.31.17	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	-	-	-	-
Foreign exchange derivatives	5	9	47	1,264
TOTAL	**5**	**9**	**47**	**1264**

Changes in the fair value of derivatives were recorded in financial income or other comprehensive income, in accordance with the provisions of IFRS 9.

	06.30.18	Other comprehensive income	Net income	Currency translation adjustments	12.31.17
Derivative instruments – assets	5	-280	238	-	47
Derivative instruments – liabilities	-9	1,254	-8	9	-1,264
TOTAL	**-4**	**974**	**230**	**9**	**-1,217**

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)*	Fair value *(in thousands of euros)*
Forward currency purchases	CAD	USD	-	4	na
Forward currency purchases	EUR	USD	100,000	2	na
Forward currency sales	USD	EUR	2,400,000	na	-9
TOTAL				**6**	**-9**

No ineffective portion was recognized in income for the period.

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.

	06.30.18		Breakdown by category of instruments					
	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	Hierarchical level
Investments in non consolidated entities	2	2	-	2	-	-	-	na
Other non-current financial assets	63,484	63,484	-	-	63,484	-	-	na
Other current financial assets	121,187	121,187	-	-	121,187	-	-	na
Derivative instruments – assets	5	5	-	-	-	-	5	2
Cash and cash equivalents	129,706	129,706	129,706	-	-	-	-	1
Financial assets	**314,384**	**314,384**	**129,706**	**2**	**184,671**	**-**	**5**	
Non-current financial liabilities	130,353	130,353	-	-	-	130,353	-	na
Other non-current financial liabilities	6,952	6,952	-	-	-	6,952	-	na
Current financial liabilities	4,744	4,744	-	-	-	4,744	-	na
Other current financial liabilities	91,292	91,292	19,163	-	-	72,129	-	3 / na
Derivative instruments – liabilities	9	9	-	-	-	-	9	2
Financial liabilities	**233,350**	**233,350**	**19,163**	**-**	**-**	**214,178**	**9**	

As of June 30, 2018, other current financial liabilities included a liability of k€19,163 measured at fair value through income. This liability represents Gaumont's commitment to repurchase, at the end of a five years period, 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, 2018, the impact on net income of the discounted fair value of this commitment was -k€2,856.

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

5.5. Other financial income and expenses

	06.30.18	06.30.17
Income from investment	-	-
Interest expense capitalized	770	1,660
Interest from assets and liabilities excluding cash equivalents	1,678	1,357
Discounting effect of liabilities and receivables	661	232
Proceeds from disposals of financial assets	-	-
Accumulated impairment losses and net financial provisions	-	-
Foreign exchange gains and losses	1,352	-2,755
Changes in fair value	230	-1,970
Other financial income and expenses	22	8
NET OTHER FINANCIAL INCOME/EXPENSES	**4,713**	**-1,468**

The foreign exchange gains and losses are essentially linked to Gaumont's exposure to changes in the American dollar related to the financing of the American activities.

6. Commitments and contingent liabilities

6.1. Current and non-current provisions

		Movements of the period				
	06.30.18	Increases	Uses	Reversals(1)	Other(2)	12.31.17
Provisions for pension and similar benefits	4,066	347	-	-	-	3,719
Non-current provisions	**4,066**	**347**	**-**	**-**	**-**	**3,719**
Provisions for legal proceedings relating to intellectual property rights over works	115	-	-70	-175	-	360
Provisions for legal proceedings with personnel	76	-	-47	-	-	123
Provisions for commercial legal proceedings	-	-	-	-	-	-
Provisions for other legal proceedings	-	-	-287	-47	-1	335
Provisions for risks on investments in associates	-	-	-	-	-	-
Provisions for risks related to films	-	-	-	-	-	-
Other provisions for miscellaneous risks	-	-	-	-	-	-
Provisions for property-related expenses	-	-	-	-	-	-
Provisions for personnel costs	-	-	-	-	-	-
Provisions for income taxes	-	-	-	-	-	-
Provisions for other costs	-	-	-	-	-	-
Current provisions	**191**	**-**	**-404**	**-222**	**-1**	**818**
TOTAL	**4,257**	**347**	**-404**	**-222**	**-1**	**4,537**
Impact on current operating income		347	-404	-222	-1	
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 with employees 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, 2018, 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

	06.30.18	12.31.17
Commitments given	**55,600**	**85,644**
Guarantees	-	-
Other commitments given:		
- Contracts to research and develop film projects	160	200
- Production of films and series and project development	48,605	81,149
- Commitments to employees	6,885	4,295
Commitments received	**103,287**	**221,383**
Unused credit facility	12,566	125,866
Other commitments received:		
- Purchases of rights and financing of films and series	88,276	95,042
- Contracts to research and develop film projects	-	-
- Bills of exchange received as security for trade receivables	2,446	475

Commitments related to ordinary business activities

Unused credit facilities consist of:

- k$10,754 in respect of production loans arranged for US activities;
- k$3,895 for the receivables assignment agreement entered into by Gaumont Television USA.

At June 30, 2018, Gaumont and its subsidiaries had committed to invest k€48,765 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€88,276, 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, 2018, this concerned 226 films from Gaumont’s catalog. They represent a carrying value of k€10,956.

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

At June 30, 2018, all of the pledges made by Gaumont and its subsidiaries had a total net carrying amount of k€64,345.

Type of pledges/mortgages	06.30.18	12.31.17
On intangible assets	59,390	25,988
On property, plant and equipment	-	-
On financial assets	-	-
On receivables	2,602	2,003
On cash accounts	2,354	3,383
TOTAL	**64,345**	**31,374**

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

		Expiration date		
Type of pledges/mortgages	**06.30.18**	**less than 1 year**	**1 to 5 years**	**more than 5 years**
On intangible assets	59,390	-	48,434	10,956
On property, plant and equipment	-	-	-	-
On financial assets	-	-	-	-
On receivables	2,602	-	2,602	-
On cash accounts	2,354	-	2,354	-
TOTAL	**64,345**	**-**	**53,389**	**10,956**

Mortgage commitments

The Group has no mortgage over its assets.

Other contractual obligations

		Payments due by period		
Contractual obligations	06.30.18	less than 1 year	1 to 5 years	more than 5 years
Operating leases	19,674	2,478	9,436	7,760
Finance leases	311	69	242	-
TOTAL	**19,985**	**2,547**	**9,678**	**7,760**

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

At June 30, 2018, the present value of future payments in respect of finance leases totaled k€257.

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, 2018, 80% of trade receivables and operating receivables for films were not yet due, and 17% were due for less than 90 days.

Liquidity risk

The k€60,000 bond, whose key features are described in note 5.3, comes 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 Gaumont USA Inc and its subsidiaries. The Group's main assets comprise the film catalog, the interest in Gaumont Animation and Gaumont's real estate assets.

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, 2018, given the absence of borrowings from the French entities, the R1 and R3 ratios were not applicable. The R2 ratio was respected and was 0.23.

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, 2018, the Group's interest rate exposure was as follows:

	Total	Fixed rate	Variable rate	Not exposed
Financial assets(1)	129,706	-	129,706	-
Financial liabilities(2)	-135,097	-64,106	-68,013	-2,978
Net position before hedging	**-5,391**	**-64,106**	**61,693**	**-2,978**
Hedging	-	-	-	-
Net position after hedging	**-5,391**	**-64,106**	**61,693**	**-2,978**
Sensitivity(3)	617	-	617	-

(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€617, or 8% of the net borrowing cost for a half year.

As of June 30, 2018, all interest rate hedging contracts had reached maturity. They were not renewed given the Group's net debt.

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, 2018, revenue invoiced in a currency other than that of the company behind the transaction accounted for 18% of total consolidated revenue.

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

The Group endeavors to ensure natural hedging between the collection and disbursement flows of foreign currencies and uses hedges when the situation requires.

At June 30, 2018, 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**	**JPY/EUR**	**ILS/EUR**	**OTHER/EUR**
Assets	6,103	5,897	102	1	29	53	21
Liabilities	806	868	-	-54	-2	-	-6
Off balance sheet	968	968	-	-	-	-	-
Net position before hedging	**7,877**	**7,733**	**102**	**-53**	**27**	**53**	**15**
Hedging	99	99	-	-	-	-	-
Net position after hedging	**7,976**	**7,832**	**102**	**-53**	**27**	**53**	**15**
Sensitivity	-798	-783	-10	5	-3	-5	-2

An across-the-board 10% depreciation of each of the above-mentioned currencies against the euro would have a negative impact of k€798 on the Group's net income.

	Risk related to a change in the dollar value		
	Total *(in thousands of US dollars)*	**CAD/USD**	**MXN/USD**
Assets	2,260	186	2,074
Liabilities	-	-	
Off balance sheet	-3,277	-	-3,277
Net position before hedging	**-1,017**	**186**	**-1,203**
Hedging	-	-	-
Net position after hedging	**-1,017**	**186**	**-1,203**
Sensitivity	101	-19	120

An across-the-board 10% depreciation of all of the above-mentioned currencies against the US dollar would have a positive impact of k$101 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 and uses hedges when the situation requires.

At June 30, 2018, 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**	**Total** *(in thousands of US dollars)*	**MXN/USD**
Assets	35,951	-	35,474	477	1,194	1,194
Liabilities	-105	-105	-	-	-	-
Off balance sheet	-	-	-	-	-	-
Net position before hedging	**35,846**	**-105**	**35,474**	**477**	**1,194**	**1,194**
Hedging	-2,067	-	-2,067		-	-
Net position after hedging	**33,779**	**-105**	**33,407**	**477**	**1,194**	**1,194**
Sensitivity	-3,378	11	-3,341	-48	-119	-119

An across-the-board 10% depreciation of each of the above-mentioned currencies against the euro would have a negative impact of k€3,378 on the Group's financial income. A 10% depreciation of the Mexican currency against the US dollar would have a negative impact of k$119 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, 2018, the Group's exchange rate exposure from foreign investments was as follows:

(in thousands of euros)	USD/EUR	GBP/EUR
Assets	98,402	438
Liabilities	-135,298	-551
Off balance sheet	20,388	-105
Net position before hedging	**-16,508**	**-218**
Hedging	-	-
Net position after hedging	**-16,508**	**-218**
Sensitivity to a 10% change	1,651	22

A 10% depreciation of the dollar against the euro would have a positive impact of k€1,651 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, 2018, Gaumont held 4,649 treasury shares, corresponding to securities traded under its liquidity contract, and representing an investment recognized as an offset to equity for k€246.

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.

7. Transactions with associates

7.1. Investments in associates

As of June 30, 2018, following deconsolidation of La Boétie Films, which was in the process of being sold, and the end of business of Gaumont Inc and its subsidiary Lincoln Cinema Llc, Gaumont no longer held any investments in associates.

7.2. Income of associates

Deconsolidation gains and losses from associates is as follows:

Company	06.30.18	06.30.17
Les Cinémas Pathé Gaumont SAS	-	8,361
Lincoln Cinema Associates (USA)[(1)]	-419	-498
La Boétie Films SAS[(1)]	44	-48
SHARE OF NET INCOME OF ASSOCIATES	**-375**	**7,815**

(1) Gaumont Inc and la Boétie Films were deconsolidated over the period. The income of associates is equal to the deconsolidation profit / loss.

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

	06.30.18	06.30.17
Current income tax	155	-1,086
Deferred tax	33	2,930
TOTAL TAXES	**188**	**1,844**

Current income tax is mainly composed of adjustments to the tax credits from the previous financial year.

The tax losses of Gaumont in France and in the United States are recognized in the financial statements in such a way that the deferred tax assets do not exceed their net deferred tax liabilities.

8.2. Reconciliation of recorded tax and theoretical tax

	06.30.18	06.30.17
Net income of companies before tax	-2,335	128,644
Current tax rate applicable to the parent company	33.33%	33.33%
Theoretical tax	**778**	**-42,881**
Tax rate differentials between France and abroad	-58	268
Permanent differences	2,170	-59
Share of net income of associates	-	2,771
Long-term gains on disposals of consolidated shares	-32	36,150
Change in unrecognized tax loss carryforwards	-3,979	-278
Tax consolidation	125	1,073
Tax credits in operating income (1)	1,029	230
Income tax without base and tax credits	155	-84
Effect from the application of the effective tax interest rate	-	4,654
Effective tax benefit (expense)	**188**	**1,844**
Effective tax rate	8.07%	-1.43%

(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:

	06.30.18	06.30.17
Managers	117	125
Supervisors	49	46
Employees	54	52
AVERAGE WORKFORCE	**220**	**223**

10. Investments during the period

	06.30.18	06.30.17
Acquisition of intangible assets	47,869	50,201
Acquisition of tangible assets	568	1,137
Acquisition of financial assets	-	11
TOTAL	**48,437**	**51,349**

	30.06.18	Changes	Other changes(1)	12.31.17
Fixed assets liabilities	6,277	-16,970	48	23,199
Liabilities on acquisition of shares	13,412	13,255	157	-
Liabilities on treasury shares buyback (2)	-	-	-	-
Receivables on sales of shares	-63,333	65,138	-	-128,471
TOTAL	**-43,644**	**61,423**	**205**	**-105,272**

(1) Change of scope, exchange loss or gain.
(2) Including acquisition costs

	2018	2018
	Gaumont Television USA	DD Catalogue
Investment in shares	20,339	1,277
Treasury bought	-	-
TOTAL	**20,339**	**1,277**

11. Subsequent events

No event likely to have a material impact on the consolidated financial statements set out above has occurred since June 30, 2018.

Statutory auditors' report on the half-year financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Gaumont, for the period from January 1 to June, 30, 2018,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

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

Without qualifying our conclusion, we draw your attention to the matter set out in notes 1 and 3.2 to the condensed half-yearly consolidated financial statements regarding the impacts of the application of the standard IFRS 15 “Revenue from contracts with customers” from January 1, 2018.

2. Specific verification

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

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

Paris and Paris-La Défense, September 20, 2018

The statutory auditors

ADVOLIS	ERNST & YOUNG et Autres
Hugues de Noray	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 standards and give a true and fair view of the assets, financial position and results of Gaumont and of all the consolidated entities, 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, September 20, 2018

Sidonie Dumas

Chief Executive Officer