



2019

Half-year financial report

Half-year position as of June 30, 2019

The financial statements below were approved by the Board of directors on September 10, 2019 and are the subject of a Statutory auditors limited review report.

Half-year management report

Activities and results of the Gaumont group

Key figures

	06.30.19		06.30.18		Change
	in thousands of euros	as a % of revenue	in thousands of euros	as a % of revenue	
Revenue	47,434	100%	65,577	100%	-28%
Operating income from cinema production and distribution ⁽¹⁾	6,876	14%	16,564	25%	-58%
Operating income from television production and distribution ⁽¹⁾	-1,161	-2%	-110	0%	-955%
Operating income after share of net income of associates	-17,267	-36%	-3,097	-5%	-458%
Consolidated net income	-18,093	-38%	-2,147	-3%	-743%
Investments in cinema production	14,599	31%	9,399	14%	55%
Investments in television production	56,494	119%	38,405	59%	47%

(1) excluding overheads.

	06.30.19	12.31.18	Change
Equity attributable to owners of the parent company	250,959	272,087	-8%
Net borrowings ⁽²⁾	49,052	-20,056	+345%

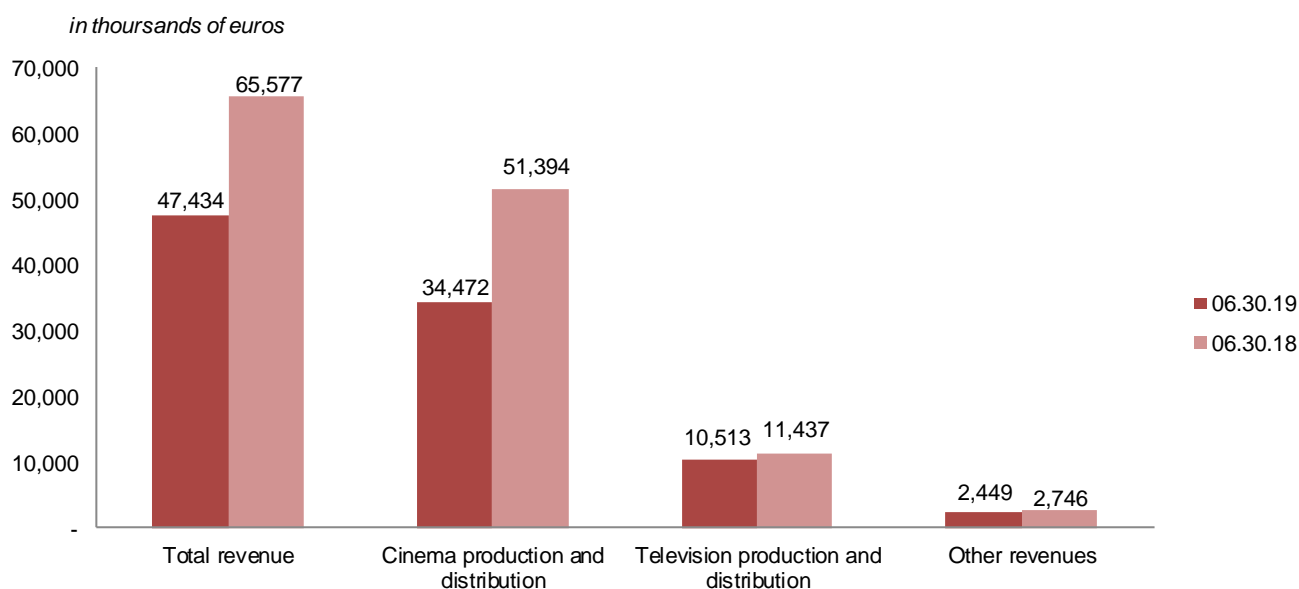
(2) Excluding IFRS 16 debt.

Consolidated results

Revenue by business activity

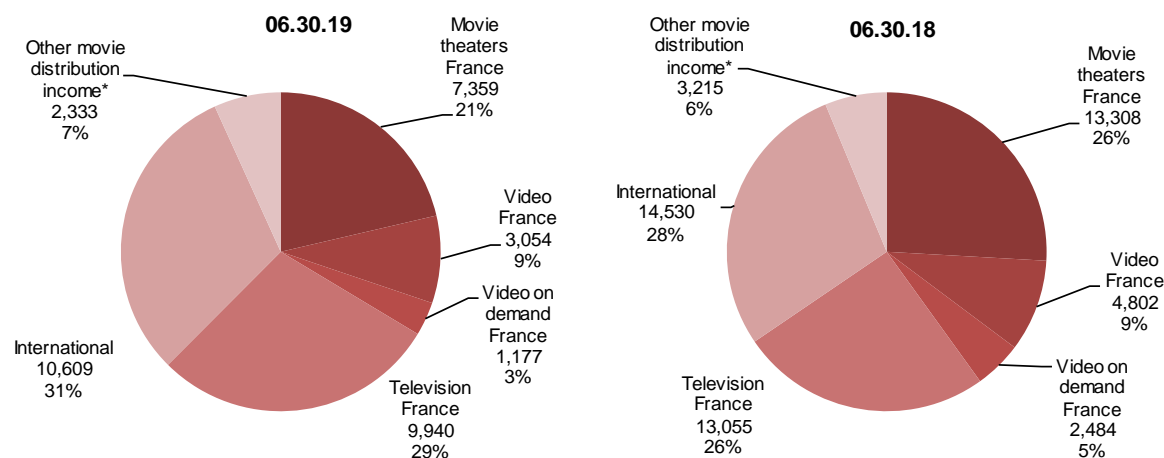
Consolidated revenue for the first half of 2019 totaled k€47,434, versus k€65,577 as of June 30, 2018.

Revenue by business activity breaks down as follows:



Movie production and distribution

Revenue from the cinema production and distribution business came to k€34,472 as of June 30, 2019, versus k€51,394 as of June 30, 2018, and breaks down as follows:



* Primarily includes spin-off products, music publishing and the GP Archives business

Movie theater distribution

Revenue from the release of films in movie theaters in France stood at k€7,359 as of June 30, 2019, compared to k€13,308 as of June 30, 2018.

Five feature films were released during the first half of 2019:

- *Edmond*, directed by Alexis Michalik, starring Thomas Solivérès, Olivier Gourmet, Mathilde Seigner and Clémentine Célerié, released on January 9;
- *The Mystery of Henri Pick*, directed by Rémi Bezançon, starring Fabrice Luchini, Camille Cottin, Alice Isaaz and Bastien Bouillon, released on March 6;
- *Ailo's Journey*, a wildlife documentary directed by Guillaume Maidatchevsky, released on March 13, 2019;
- *No filter*, directed by Eric Lavaine, starring Alexandra Lamy, José Garcia, Anne Marivin and Michel Vuillermoz, released on April 3, 2019;
- *Pure as Snow*, directed by Anne Fontaine, starring Lou de Laâge, Isabelle Huppert and Vincent Macaigne, released on April 10, 2019.

These five films sold a total of 2.8 million cinema tickets, compared with 5.5 million sold by the six films released in the first half of 2018. Of these five films, *The Mystery of Henri Pick* achieved the best box-office performance during the period, selling 0.9 million tickets.

Video publishing and video on demand

Revenue from video and video on demand distribution in France amounted to k€4,231 as of June 30, 2019, versus k€7,286 as of June 30, 2018.

Sales of physical videos in France generated k€3,054 as of June 30, 2019, compared with k€4,802 as of June 30, 2018, while video on demand sales totaled k€1,177 as of June 30, 2019, compared with k€2,484 as of June 30, 2018.

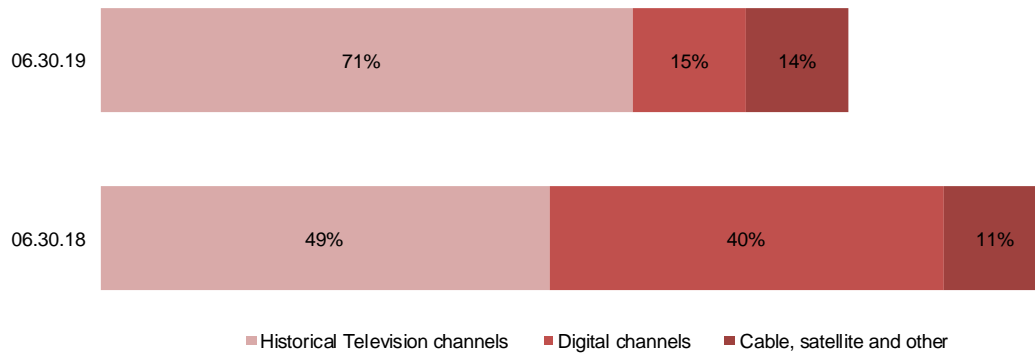
Sales of new releases were down compared with the first half of 2018, which saw the release of popular titles such as *See You up There* and *C'est la Vie!*.

Sales of television broadcasting rights

Revenue related to sales of broadcasting rights to French television channels amounted to k€9,940 as of June 30, 2019, versus k€13,055 as of June 30, 2018. Revenue as of June 30, 2019 includes receipts from the first TV broadcasting of two films released in 2018, *Rolling to You* and *The Death of Stalin*;



Sales by type of channel break down as follows:



International sales of rights

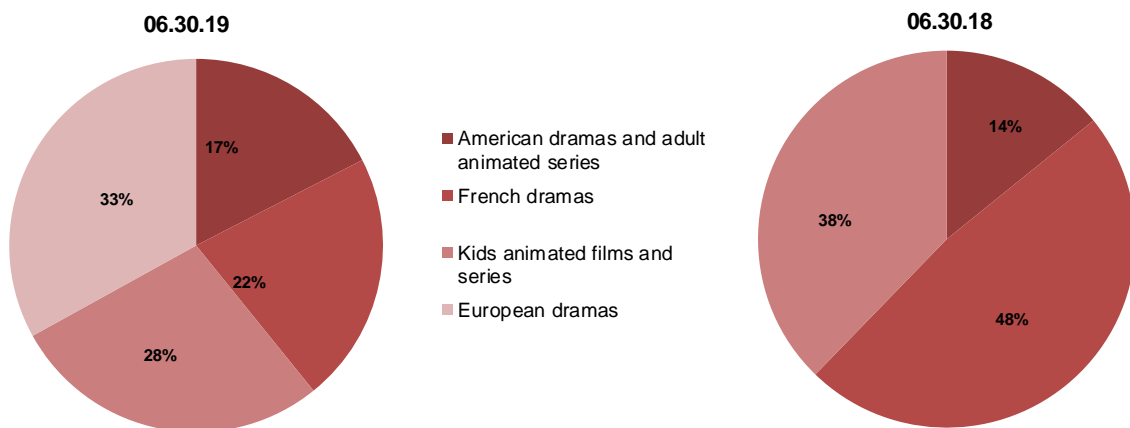
Revenue from international sales of films was k€10,609 as of June 30, 2019 compared to k€14,530 as of June 30, 2018. The June 30, 2019 revenue include royalties from the successful American remake of *Untouchable*.

Other revenues from films distribution

Other revenue from movies amounted to k€2,333 as of June 30, 2019, compared with k€3,215 as of June 30, 2018. As of June 30, 2019, these mainly correspond to the distribution of archive images by GP 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€10,513 as of June 30, 2019, versus k€11,437 as of June 30, 2018, and breaks down as follows:



American dramas and adult animated series accounted for k€1,833 of revenue as of June 30, 2019, versus k€1,621 as of June 30, 2018. The delivery of the fifth season of *Narcos* to Netflix and the first season of *El Presidente* is scheduled for the second half of 2019.

French television dramas generated k€2,287 of revenue as of June 30, 2019, versus k€5,499 as of June 30, 2018. The one-off special *Les Ombres de Lisieux* was delivered to France Télévisions in the first half of 2019. The third season of *The Art of Crime* will be delivered in the second half of 2019.

German television dramas generated k€3,474 of revenue as of June 30, 2019. The delivery of two programs is planned for the second half of 2019.

Kids animated series accounted for k€2,919 of revenue as of June 30, 2019, versus k€4,317 as of June 30, 2018. *Season 2* of *Noddy* was partially delivered in the first half of 2019. Two series – *Furiki Wheels* and *Belle and Sebastian* – were in the process of being delivered in the first half of 2018.



Trademark royalties and other income

Income from trademark royalties paid by Les Cinémas Pathé Gaumont came to k€1,287 as of June 30, 2019, compared to k€1,704 as of June 30, 2018.

Other miscellaneous income came to k€1,162, versus k€1,042 as of June 30, 2018, and included income from real estate leases as of June 30, 2019.

Operating income after share of net income of associates

Operating income after share of net income of associates amounted to a loss of k€17,267 as of June 30, 2019, against a loss of k€3,097 as of June 30, 2018. As of June 30, 2019, it mainly includes:

- current operating income from film and television production and distribution, excluding overheads, as detailed below;
- the overheads of the various operational activities and functional services, which came to k€23,788 as of June 30, 2019, compared with k€21,264 as of June 30, 2018. This included k€1,249 in spending to support the development of European operations.

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€5,715 as of June 30, 2019, compared with k€16,454 as of June 30, 2018.

The share of income from feature film distribution and production totaled k€6,876 as of June 30, 2019, versus k€16,564 as of June 30, 2018. This decline is due to lower film performances in theaters in the first half of 2019, combined with a fall in sales of catalog titles, particularly to digital channels.

The share of income from the production and distribution of dramas and adult animated series amounted to a loss of k€1,900 as of June 30, 2019, compared with a loss of k€1,321 as of June 30, 2018. Major television dramas will be delivered in the second half in the United States, France and Germany.

The share of income from the production and distribution of animated series for kids' audiences stood at k€739 as of June 30, 2019, versus k€1,063 as of June 30, 2018.

Net income

Gaumont recorded a net loss of k€18,093 as of June 30, 2019, versus a loss of k€2,147 as of June 30, 2018. This includes:

- operating income after share of net income of associates;
- net borrowing cost of k€4,056 as of June 30, 2019 versus k€3,951 as of June 30, 2018;
- other financial income and expenses, which generated a profit of k€3,173 as of June 30, 2019, compared with a profit of k€4,713 as of June 30, 2018.

The share of net income attributable to non-controlling shareholders amounted to a loss of k€29 as of June 30, 2019. This corresponds to the share of income of GP Archives attributable to non-controlling shareholders prior to the sale of their shares to Gaumont SA.

The share of net income attributable to owners of the parent resulted in a loss of k€18,064 as of June 30, 2019, against a loss of k€2,165 as of June 30, 2018.

Cash and financial structure

As of June 30, 2019, Gaumont had k€95,979 in cash, compared with k€129,759 at the beginning of the year, i.e. a negative change of k€33,780.

Cash flows from operating activities and investments

The Group's business activities generated k€33,380 in net cash flows as of June 30, 2019, compared to k€40,063 as of June 30, 2018.

Net investments totaled k€92,010 as of June 30, 2019, versus k€8,549 as of June 30, 2018.

Investments in cinematographic and television works

Investments in cinematographic and television works amounted to k€71,093 as of June 30, 2019, compared with k€47,804 as of June 30, 2018. Of this, feature films accounted for k€14,599 and television programs k€56,494.



Investments in subsidiaries and equity interests

On March 22, 2019, Gaumont acquired the company CDG, to which the entire branch of a business had been transferred, comprising producer shares, rights to a share of the proceeds and distribution rights for most of the Roissy Films catalog. The purchase price (excluding expenses) was k€7,800, corresponding to the net assets of the acquired company.

On June 29, 2019, Gaumont purchased from Pathé all of its shares in Gaumont Pathé Archives for k€203, subject to the final calculation of the enterprise value as of the date of the sale. The final price will be adjusted in the second half of 2019.

Cash flows from financing activities and financial structure

In terms of financing cash flows, the first half of 2019 saw a dividend payment of k€3,115, the repayment of k€2,279 to non-controlling shareholders of Gaumont Pathé Archives, an increase in debt of k€34,031 and loan interest payments of k€2,553.

Equity

Consolidated equity (Group share) stood at k€250,959 as of June 30, 2019, versus k€272,087 as of December 31, 2018, giving a total consolidated financial position of k€539,330, versus k€523,996 at the end of the previous year.

Net borrowings

The Group's net borrowings were k€49,052 as of June 30, 2019, versus -k€20,056 as of December 31, 2018. This mainly includes k€96,092 in cash, the Gaumont SA bond for k€60,000 and k€76,862 of self-liquidating production loans based on proceeds from pre-financing and the sales of American series.

As of January 1, 2019, the new standard IFRS 16 gives rise to the recognition of a lease liability in respect of lease commitments, with a corresponding asset representing the right to use the leased asset. This lease liability, in the amount of k€18,214, together with the finance lease liability for k€235, are not included in borrowings.

As of June 30, 2019, the Pathé debt arising from the sale of Gaumont's equity investment in Les Cinémas Pathé Gaumont, recorded as an asset in the statement of financial position, stood at k€63,333 excluding accrued interest. The maturity of this receivable is June, 2020.

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.

For its European subsidiaries, Gaumont is examining the possibility of taking out bank loans to finance its productions, along the lines of the model adopted for American productions.

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

Bond

For its general needs, Gaumont has a bond in the form of a listed euro private placement (EuroPP) totaling k€60,000, with three financial ratios to be met every six months. These ratios are presented in note 8.6 to the half-year consolidated financial statements.

Self-liquidating production loans

To finance American series, the production companies take out loans with American credit institutions specialized in financing the audiovisual industry. Each of these loans is exclusively allocated to financing a series and is 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 totaling k\$87,626 were granted to finance season 5 of *Narcos* and season 4 of *F is For Family*. As of June 30, 2019, there was a cumulative outstanding balance of k\$68,111 and a total available balance of k\$18,409.



Assignments of receivables

In order to finance French productions, Gaumont makes occasional 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, 2019, no receivables were assigned on this basis in the French companies.

In the United States, Gaumont has a master agreement for the assignment of receivables for a maximum authorized amount of k\$50,000 to finance the development of its 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, 2019, the liability related to this contract amounted to k\$20,073, and the unused amount of these loans stood at k\$4,779.

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€4,334 as of June 30, 2019.

Outlook

Two films have been released since July 1st:

- *Ibiza*, directed by Arnaud Lemort, starring Mathilde Seigner and Christian Clavier. The film was released on July 3 and sold a total of 625,000 tickets;
- *School Life*, directed by Grand Corps Malade and Mehdi Idir, starring Alban Ivanov and Zita Hanrot. The film was released on August 28 and sold more than 700,000 tickets in twelve days.

Three movies are scheduled to be released in theaters in the second half of 2019:

- *Three days and a life*, directed by Nicolas Boukhrief, starring Sandrine Bonnaire, Charles Berling and Pablo Pauly;
- *The Specials*, directed by Eric Toledano and Olivier Nakache, starring Reda Kateb and Vincent Cassel;
- *J'accuse*, directed by Roman Polanski, starring Jean Dujardin, Emmanuelle Seigner, Grégory Gadebois and Louis Garrel.

The following television series will be delivered in the second half of 2019:

- *Narcos season 5*, a ten-episode American drama directed by Eric Newman, to Netflix;
- *El Presidente*, an 8-episode Latin American drama, to Amazon;
- *The Art of Crime season 3*, a 4-episode drama, to France 2;
- the latest episodes of the animated series *Noddy Season 2*, to France 5.



Half-year consolidated financial statements

Consolidated income statement

<i>(in thousands of euros)</i>	Note	06.30.2019	06.30.2018
Revenue	3.2	47,434	65,577
Purchases		-441	-1,032
Personnel costs		-15,071	-14,006
Other current operating income and expenses	3.3	-22,701	-18,917
Impairment, depreciation, amortization and provisions		-26,593	-34,346
Current operating income (loss)		-17,372	-2,724
Other non-current operating income and expenses		105	2
Operating income (loss)		-17,267	-2,722
Share of net income of associates		-	-375
Operating income after share of net income of associates		-17,267	-3,097
Gross borrowing costs		-4,056	-3,953
Income from cash and cash equivalents		-	2
Net borrowings costs		-4,056	-3,951
Other financial incomes and expenses	8.5	3,173	4,713
Net income (loss) before tax		-18,150	-2,335
Income tax	10.1	57	188
NET INCOME		-18,093	-2,147
Share attributable to non-controlling interests		-29	18
Share attributable to the shareholders of the parent company		-18,064	-2,165
Earnings per share attributable to the shareholders of the parent company			
- Average number of shares in circulation	8.1	3,119,923	3,119,829
- In euros per share		-5.79	-0.69
Diluted earnings per share attributable to the shareholders of the parent company			
- Average potential number of shares	8.1	3,132,597	3,133,652
- In euros per share		-5.77	-0.69



Consolidated statement of comprehensive income

<i>(in thousands of euros)</i>	06.30.2019	06.30.2018
Net income	-18,093	-2,147
Translation adjustments of foreign operations	-159	-730
Share in currency adjustments of foreign operations of associates	-	12
Changes in fair value of available-for-sale financial assets	-	-
Changes in fair value of hedging financial instruments	553	978
Share of changes in fair value of hedging financial instruments of associates	-	-
Income tax on gains and losses recognized directly in equity	-155	-274
Other elements of comprehensive income that could be reclassified later in net income	239	-14
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	239	-14
COMPREHENSIVE INCOME FOR THE PERIOD	-17,854	-2,161
Share attributable to non-controlling interests	-29	18
Share attributable to the shareholders of the parent company	-17,825	-2,179



Consolidated statement of financial position

Assets (in thousands of euros)	Note	06.30.2019	12.31.2018
Goodwill	2.4	12,035	12,035
Films and audiovisual rights	4.1	177,925	124,531
Other intangible assets		217	229
Properties measured in accordance with IAS 40	5.1	27,547	24,807
Right-of-use assets held under operating and finance leases	1.4	15,997	263
Other property, plant and equipment		22,848	23,518
Investments in associates		-	-
Non-current financial assets		202	63,486
Non-current deferred tax assets		2,748	2,835
Non-current assets		259,519	251,704
Inventories		461	478
Trade receivables	4.2	73,770	98,065
Current income tax assets		2,937	2,034
Other receivables and current financial assets	4.2	106,551	41,884
Cash and cash equivalents	8.2	96,092	129,831
Current assets		279,811	272,292
TOTAL ASSETS		539,330	523,996

Liabilities and equity (in thousands of euros)	Note	06.30.2019	12.31.2018
Capital		24,959	24,959
Retained earnings and comprehensive income		226,000	247,128
Equity attributable to the shareholders of the parent company		250,959	272,087
Non-controlling interests		-	2,911
Equity	8.1	250,959	274,998
Non-current provisions	9.	4,265	3,835
Non-current borrowings	8.2	123,786	106,063
Non-current operating and finance lease liabilities	1.4	15,550	182
Non-current deferred tax liabilities		2,237	2,383
Other non-current liabilities	4.3	242	6,828
Non-current liabilities		146,080	119,291
Current provisions	9	1,355	1,395
Current borrowings	8.2	21,358	3,477
Current operating and finance lease liabilities	1.4	2,900	53
Trade payables		16,010	27,311
Current income tax liabilities		-	19
Other payables		63,288	64,670
Deferred income and contract liabilities	4.3	37,380	32,782
Current liabilities		142,291	129,707
TOTAL LIABILITIES		539,330	523,996



Consolidated statement of changes in equity

Changes in equity (in thousands of euros)	Attributable to the shareholders of the parent company						Total	Attributable to non-controlling interests	Total equity
	Number of shares	Capital	Additional paid-in capital ⁽¹⁾	Treasury shares	Retained earnings	Other comprehensive income			
AS OF DECEMBER 31, 2018	3,119,923	24,959	5,278	-257	223,549	18,558	272,087	2,911	274,998
Net income for the year	-	-	-	-	-18,064	-	-18,064	-29	-18,093
Other comprehensive income	-	-	-	-	-	239	239	-	239
Comprehensive income for the year	-	-	-	-	-18,064	239	-17,825	-29	-17,854
Transactions on share capital	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-3,115	-	-3,115	-159	-3,274
Elimination of treasury shares	-	-	-	-	-	-	-	-	-
Other ⁽²⁾	-	-	-	-	-188	-	-188	-2,723	-2,911
Transactions with shareholders	-	-	-	-	-3,303	-	-3,303	-2,882	-6,185
AS OF JUNE 30, 2019	3,119,923	24,959	5,278	-257	202,182	18,797	250,959	-	250,959

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

(2) Mainly the impact of transactions with non-controlling shareholders of GP Archives.

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



Consolidated statement of cash flows

<i>(in thousands of euros)</i>	Note	06.30.2019	06.30.2018
Operating activities			
Consolidated net income (including non-controlling interests)		-18,093	-2,147
Net allowances for depreciation, amortization, impairment and provisions		26,668	34,594
Unrealized gains and losses related to changes in fair value	8.5	284	2,626
Other calculated income and expenses		-467	-1,765
Gains and losses on disposal of assets		-168	51
Share of net income of associates		-	375
Cash flow from operating activities after tax and net borrowing costs		8,224	33,734
Net borrowings costs		4,056	3,951
Tax expenses (income) - including deferred tax		-57	-188
Cash flow from operating activities before tax and net borrowing costs		12,223	37,497
Tax paid		-90	340
Change in working capital requirement related to operating activities	4.4	21,247	2,226
(A) Net cash flow from operating activities		33,380	40,063
Investment activities			
Proceeds from sales of fixed assets		694	81
Acquisition of fixed assets		-72,264	-48,437
Change in liabilities on investments		-6,383	48,168
Net impact of changes in scope, net of cash acquired		-7,525	-21,616
Change in liabilities on acquisitions of consolidated securities		-6,532	13,255
(B) Net cash flow from investment activities	7	-92,010	-8,549
Financing activities			
Gaumont SA capital increase		-	11
Dividends paid to Gaumont SA shareholders		-3,115	-3,115
Repayment of capital to non-controlling shareholders of consolidated companies		-2,279	-
Dividends paid to non-controlling interests in consolidated companies		-159	-
Change in treasury shares		-	5
Change in borrowings		34,031	18,791
Interest paid on borrowings		-2,553	-1,688
Operating and finance lease payments and related interest		-1,159	-
(C) Net cash flow from financing operations	8	24,766	14,004
(D) Impact of changes in foreign exchange rates		83	173
NET CHANGE IN CASH & CASH EQUIVALENTS: (A) + (B) + (C) + (D)		-33,780	45,691
Cash and cash equivalents at beginning of period		129,831	84,190
Bank overdraft at beginning of period		-72	-442
Cash position at beginning of period		129,759	83,748
Cash and cash equivalents at end of period		96,092	129,706
Bank overdraft at end of period		-113	-267
Cash position at end of period		95,979	129,439
NET CHANGE IN CASH & CASH EQUIVALENTS		-33,780	45,691



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, 2019 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 Gaumont's consolidated financial statements for the year ended December 31, 2018, included in the Registration document filed with the AMF under number D.19-0326.

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, 2019, which are available at the website: <https://eur-lex.europa.eu>.

Gaumont's half-year consolidated financial statements as of June 30, 2019 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, 2018, with the exception of newly applied standards and interpretations, which are listed below in Section 1.4.

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

Gaumont's half-year consolidated financial statements as of June 30, 2019 were approved by the Board of directors on September 10, 2019 and were the subject of a limited review by the Statutory auditors.

1.2. Measurement principles specifically for interim financial statements

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

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

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

1.3. 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 consolidated half-year results are not representative of the annual results.

1.4. Impact of IFRS and IFRIC interpretations applicable to the Group from January 1, 2019

Of the standards and interpretations applicable from January 1, 2019, only IFRS 16 has an impact on the consolidated financial statements as of June 30, 2019.

IFRS 16 – Leases

With effect from January 1, 2019, operating leases leads to the recognition of an asset representing the right-of-use and a debt corresponding to the rental commitments. The lease term for measurement of the right of use corresponds to the non-cancelable period plus, where applicable, renewal options that are reasonably certain to be exercised.

Gaumont has chosen to apply the simplified retrospective method as a transitional method for the first-time application of IFRS 16. Comparative periods are not restated and the impact of the first-time application as of January 1, 2019 is recognized as an adjustment to equity.

Gaumont has also decided to apply the simplification measures provided for in the standard. Leases with an underlying asset with a value in use of less than k\$5 and leases with a term of less than one year are not restated.

Right-of-use assets are measured at their value at the inception date, discounted using the incremental borrowing rate as of January 1, 2019 and amortized in accordance with IAS 16. Lease liabilities correspond to the amount of future lease payments due over the entire lease term, discounted using the incremental borrowing rate. The impacts of the first-time application of IFRS 16 are presented below and in notes 5.1 and 8.2.



Impact of the first-time application of IFRS 16 on the statement of financial position as of January 1, 2019

	As of 01.01.2019
Right-of-use assets arising from leased properties ⁽¹⁾	21,790
Amortization of right-of-use assets arising from leased properties ⁽¹⁾	-4,800
Non-current deferred tax assets	124
ASSETS	17,114

(1) including right-of-use assets classified as investment properties.

	As of 01.01.2019
Equity attributable to the shareholders of the parent company	-351
Lease liabilities	17,465
LIABILITIES	17,114

To make the financial statements easier to understand, assets and liabilities related to leases are presented in the statement of financial position separately from owned assets and borrowings. Lease liabilities are also excluded from financial liabilities, unless otherwise stated.

Impacts of the first-time application of IFRS 16 on net income for the period

	2019
Lease payments	1,124
Amortization	-1,355
Operating income (loss)	-231
Borrowing costs	-25
NET INCOME	-256

Cash outflows for the period under leases amounted to k€1,124 and corresponded to lease payments for the period. Following the application of IFRS 16, these cash flows appear as a reduction in the lease liability for k€1,099 and as interest for the period of k€25.

Reconciliation of the lease liability under IFRS 16 with operating lease commitments published as of December 31, 2018

	As of 01.01.2019
Operating lease commitments published as of December 31, 2018	18,399
Exemptions (low-value lease for less than 12 months)	-407
Estimate of the lease term	914
Remeasurement of outstanding amounts payable	1,718
Discounting effect of the IFRS 16 liability	-3,235
Currency translation adjustments	76
Lease liabilities as of January 1, 2019	17,465

2. Scope of consolidation

2.1. Purchase of minority interests in Gaumont Television USA Llc in 2018

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. As of June 30, 2019, the acquisition resulted in a debt of k\$8,000, which was discounted.

2.2. Transactions with non-controlling shareholders of Gaumont Pathé Archives

In the first half of 2019, Gaumont Pathé Archives partially repaid the capital contributions of its shareholders. A payment of k€2,279 was made to the non-controlling shareholders of the company, representing their share of the nominal amount of the canceled shares.

On June 29, 2019, Gaumont repurchased from Pathé all of its shares in Gaumont Pathé Archives for k€203, subject to the final calculation of the enterprise value as of the date of the sale. The final price will be adjusted in the second half of 2019. Following this transaction, Gaumont Pathé Archives was renamed GP Archives.



2.3 Acquisition of CDG, which holds rights of most of the Roissy Films catalog

On March 22, 2019, Gaumont acquired the company CDG, to which the entire branch of a business had been transferred, comprising producer shares, rights to a share of the proceeds and distribution rights for most of the Roissy Films catalog. The price agreed (excluding expenses) was k€7,800, corresponding to the net assets of the acquired company. No goodwill was posted for this acquisition.

<i>(in thousands of euros)</i>	Historical value	Fair value adjustment	Fair value
Films and cinema rights	7,375	-	7,375
Trade accounts receivable and payable	415	-	415
Net deferred tax	-	-	-
Provisions for risks and expenses	-	-	-
Net borrowings	10	-	10
Other miscellaneous assets and liabilities	-	-	-
Net assets of CDG as of March 22, 2019	7,800	-	7,800
Purchase price ⁽¹⁾			7,800
Profit from the acquisition made on advantageous terms (goodwill)			-

(1) Acquisition costs totaling k€89 were recognized in profit or loss.

2.4. Goodwill

No indication of impairment was detected during the first half of 2019 for goodwill with positive carrying value.

No changes in Goodwill measurement occurred during the period.

2.5. Seller warranties received

For the acquisition of CDG, Gaumont received a guarantee from the sellers covering disputes and contingent liabilities arising in the period prior to the sale, as well as employee risk, defined as the potential contract termination costs of the employees transferred.

The main guarantee is for a maximum period of 24 months and a maximum amount of k€1,500, except for disputes identified at the acquisition date, which are guaranteed for the total amount of any loss.



2.6. Main companies included in the scope of consolidation

Company and legal form	Registered office	Siren	% interest	% control	Consolidation method
Holding					
Gaumont SA	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	562 018 002			FC
Gaumont USA Inc.	750 San Vincente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
Cinema production and distribution					
Gaumont Films USA Llc	750 San Vincente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
Gaumont Vidéo SNC	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	384 171 567	100.00	100.00	FC
Gaumont Production SARL	50, avenue des Champs Elysées, 75008 Paris	352 072 904	100.00	100.00	FC
Editions la Marguerite SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	602 024 150	100.00	100.00	FC
Gaumont Musiques SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	494 535 255	100.00	100.00	FC
Production of television dramas and cartoon series					
Gaumont Television USA Llc	750 San Vincente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	88.60	FC
Gaumont Télévision SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	340 538 693	100.00	100.00	FC
Gaumont Animation SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	411 459 811	100.00	100.00	FC
Gaumont Animation USA Llc	750 San Vincente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
Gaumont GmbH	Kämmergasse 39-41, 50676 Koln	Germany	100.00	100.00	FC
Gaumont Ltd	56 Berwick Street, London W1F 8SW	United Kingdom	100.00	100.00	FC
Gaumont Distribution TV Llc	750 San Vincente Blvd, Suite RW 1000, West Hollywood, CA 90069	United States	100.00	100.00	FC
Gaumont Production Télévision SARL	50, avenue des Champs Elysées, 75008 Paris	322 996 257	100.00	100.00	FC
Gaumont Production Animation SARL	49, rue Ganneron, 75018 PARIS	825 337 900	100.00	100.00	FC
Audiovisual archive management					
GP Archives SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	444 567 218	100.00	100.00	FC

FC: Fully consolidated.



3. Transactions during 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 also exercised in the United States;
- production and distribution of television programs 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.

06.30.2019	Cinema production and distribution	Television production and distribution	Holding activities and non- allocated	Total
Revenue	34,472	10,513	2,449	47,434
Operating income from activities excluding overheads	6,876	-1,161	701	6,416
Overheads	-5,606	-9,156	-9,026	-23,788
Non-current operating income (loss)	-	-	105	105
Operating income after share of net income of associates	1,270	-10,317	-8,220	-17,267
Net borrowings costs	-	-2,457	-1,599	-4,056
Other financial incomes and expenses	234	2,158	781	3,173
Income tax	-24	-65	146	57
NET INCOME	1,480	-10,681	-8,892	-18,093

06.30.2018	Cinema production and distribution	Television production and distribution	Holding activities and non- allocated	Total
Revenue	51,394	11,437	2,746	65,577
Operating 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, excluding overheads.



3.2. Revenue

As of June 30, 2019, revenue by activity is as follows:

	06.30.2019			06.30.2018		
	France	Abroad	Total	France	Abroad	Total
Movie production and distribution	23,708	10,764	34,472	36,444	14,950	51,394
Movie theater distribution	7,359	-	7,359	13,308	43	13,351
Video publishing and video on demand	4,231	241	4,472	7,286	173	7,459
Television broadcasting rights	9,940	-	9,940	13,055	-	13,055
International sales	-	11,796	11,796	-	14,314	14,314
Other movie distribution income	2,178	155	2,333	2,795	420	3,215
Feature film production	-	-1,428	-1,428	-	-	-
Production and distribution of television series	4,143	6,370	10,513	6,279	5,158	11,437
Distribution of American dramas	64	1,769	1,833	86	1,535	1,621
Distribution of French dramas	1,852	167	2,019	4,931	568	5,499
Distribution of European dramas	-	-	-	-	-	-
Distribution of animated films and series	2,227	692	2,919	1,262	3,055	4,317
Drama production	-	3,742	3,742	-	-	-
Animated series production	-	-	-	-	-	-
Trademark royalties	1,287	-	1,287	1,704	-	1,704
Other miscellaneous revenue	873	289	1,162	1,042	-	1,042
TOTAL	30,011	17,423	47,434	45,469	20,108	65,577

As of June 30, 2019, the Group made 37% of its revenue outside France, versus 31% as of June 30, 2018.

Distribution revenue includes licensing and royalties received for proprietary or managed works.

Production income is derived from the production of works in which Gaumont retains no ownership or distribution rights.

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

	06.30.2019	06.30.2018
French companies	42,349	63,638
European companies	3,613	-
American companies	1,472	1,939
TOTAL	47,434	65,577

3.3. Other current operating income and expenses

	06.30.2019	06.30.2018
Audiovisual support fund	4,147	7,971
Other subsidies	84	115
Audiovisual and cinema tax credit	3,972	2,827
Purchases of materials and supplies	-6,406	-3,723
Inventoried products	-5	-
Subcontracting	-558	-737
Rentals and rental expenses	-784	-1,268
Outside personnel, temporary personnel and fees	-3,646	-4,182
Other external expenses	-8,240	-6,598
Taxes and similar payments	-1,682	-2,131
Foreign exchange gains and losses on operating activities	104	267
Copyrights, royalties and similar	-1,925	-4,288
Shares of co-producers and guaranteed minima	-5,600	-9,529
Income from the sale of operating assets	63	-53
Other income and expenses	-2,225	2,412
NET OTHER CURRENT OPERATING INCOME/EXPENSES	-22,701	-18,917



As of June 30, 2019, other external expenses included k€3,334 in purchases of studies and services related to cinema and television project development, versus k€2,605 as of June 30, 2018.

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.

Leases have been analyzed with regard to IFRS 16. Expenses that can be defined as leases have been capitalized in the statement of financial position since January 1, 2019. Residual expenses correspond to contracts excluded from the scope of the standard owing to their duration or the absence of a commitment towards the lessor. The impact of the initial application of IFRS 16 is described in note 1.4.

4. Core business assets and liabilities

4.1. Films and audiovisual rights

	06.30.2019	Movements of the period			12.31.2018
		+	-	Other ⁽¹⁾	
Films and cinema rights	1,927,689	9,765	-1,865	10,084	1,909,705
Television series, dramas and broadcasting rights	469,226	8,168	-	4,240	456,818
Animated films and series	216,938	-111	-	168	216,881
Musical productions and publishing rights	2,943	-	-	-	2,943
Video games	1,525	-	-	-	1,525
Movies in production	7,460	4,834	-	-2,155	4,781
Television series and dramas in production	49,830	37,857	-	-1,991	13,964
Animated films and series in production	15,231	10,580	-	-597	5,248
Gross value	2,690,842	71,093	-1,865	9,749	2,611,865
Films and cinema rights	-1,861,036	-18,253	1,355	-	-1,844,138
Television series, dramas and broadcasting rights	-435,047	-2,989	-	-2,245	-429,813
Animated films and series	-209,729	-710	-	-166	-208,853
Musical productions and publishing rights	-2,904	-9	-	-	-2,895
Video games	-1,525	-	-	-	-1,525
Movies in production	-	-	-	-	-
Television series and dramas in production	-110	-	-	-	-110
Animated films and series in production	-2,566	-2,566	-	-	-
Accumulated amortization and impairment losses	-2,512,917	-24,527	1,355	-2,411	-2,487,334
CARRYING VALUE	177,925	46,566	-510	7,338	124,531

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

Investments for the period relates to films from the 2019 and 2020 line up and series delivered during the first half-year, or currently under production and that will be delivered at the end of 2019 and in 2020.

Other changes include k€2,351 in foreign exchange gains and losses on the gross values of American series and k€2,411 on the amortization of these series. They also reflect the inclusion in the scope of the works owned by CDG for k€7,375.



4.2. Receivables and other current assets

	06.30.2019	12.31.2018
Trade receivables	74,515	98,847
Current financial assets	479	494
Current income tax assets	2,937	2,034
Current accounts	-	-
Receivables on asset sales	63,437	642
Other receivables	41,915	40,276
Prepaid expenses	1,254	1,081
Gross value	184,537	143,374
Trade receivables	-745	-782
Current financial assets	-	-
Current accounts	-	-
Other receivables	-534	-609
Accumulated impairment losses	-1,279	-1,391
CARRYING VALUE	183,258	141,983

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.

Current financial assets consist of the balance of the sale price of shares held in Les Cinémas Pathé Gaumont for k€63,340, including interest. This receivable, due by June 30, 2020, was posted to non-current assets as of December 31, 2018.

4.3. Other payables

	06.30.2019	12.31.2018
Payables on acquisitions	-	6,828
Other payables	242	-
Total other non-current liabilities	242	6,828
Trade payables	8,464	13,925
Liabilities on films and audiovisual rights	7,546	13,386
Advances and deposits received	502	59
Payroll liabilities	4,462	6,070
Tax liabilities	3,653	3,992
Current income tax liabilities	-	19
Payables on acquisitions	6,938	6,965
Liabilities on other property, plant and equipment and intangible assets	8	514
Payables on distribution of works	30,802	33,010
Other payables	16,797	13,094
Derivatives	127	966
Contract liabilities	27,115	22,019
Tax credit to be amortized	5,545	6,254
Deferred income	4,719	4,509
Total other current liabilities	116,678	124,782
TOTAL	116,920	131,610

The amount payable on acquisitions corresponds to the balance due to non-controlling shareholders of Gaumont Television USA following the buyout in 2018. The balance of this payable is due by February 28, 2020 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 2018.

Contract liabilities represent the consideration received by Gaumont in respect of contracts with customers for which performance obligations had not been satisfied at the end of the period. This is particularly the case where rights are sold with future distribution windows.



4.4. Changes in net operating working capital requirement

	06.30.2019	06.30.2018
Changes in operating assets	22,275	15,299
Changes in operating liabilities	-1,515	-13,235
Current income tax expense	-33	155
Tax paid	90	-340
Pension and similar benefits allowance	430	347
TOTAL	21,247	2,226

4.5. Core business commitments

	06.30.2019	12.31.2018
Commitments given	137,978	146,275
Film and series development and production	87,528	95,896
Execution of production service agreements	50,450	50,379
Commitments received	233,034	206,822
Purchases of rights and financing of projects and productions	177,099	151,475
Execution of production service agreements	55,935	55,347

5. Non-core business assets and liabilities

5.1. Changes in real estate assets

	06.30.2019	Movements of the period			12.31.2018
		+	-	Other ⁽¹⁾	
Investment properties	36,168	684	-	410	35,074
Right-of-use assets classified as investment properties	3,451	-	-	3,451	-
Right-of-use assets arising from leased properties	20,203	1,971	-	18,232	-
Property, plant and equipment held under finance lease	451	-	-	-	451
Other property, plant and equipment	46,199	403	-22	-405	46,223
Gross value	106,472	3,058	-22	21,688	81,748
Investment properties	-10,380	-123	10	-	-10,267
Right-of-use assets classified as investment properties	-1,692	-217	-	-1,475	-
Right-of-use assets arising from leased properties	-4,449	-1,138	-	-3,311	-
Property, plant and equipment held under finance lease	-207	-19	-	-	-188
Other property, plant and equipment	-23,352	-664	17	-	-22,705
Accumulated amortization and impairment losses	-40,080	-2,161	27	-4,786	-33,160
CARRYING VALUE	66,392	897	5	16,902	48,588

(1) Changes in scope, transfers between items, foreign currency translation adjustments and changes in accounting policy.

For the first-time application of IFRS 16, Gaumont has capitalized all right-of-use assets. The effects of the first-time application of this standard are presented in note 1.4.

IAS 40 – Investment Property applies both to owned property and right-of-use assets, provided these are leased to third parties and generate cash flows largely independently of the other assets. The standard also applies to vacant property held to be leased.

The fair value of property measured in accordance with IFRS 16 is deemed to be equivalent to the carrying amount of the right-of-use asset. The fair value of property owned, leased or held to be leased is periodically measured by an independent valuer. Since a new lease was agreed during the period, these assets have been assessed as having an average value of €197 million excluding transfer taxes, based on the capitalization of lease payments. This valuation takes into account market conditions and assumes the completion of the construction work.

Operating expenses incurred during the period for leased properties are not material. Rental income during the period amounted to k€289.



5.2. Real estate and other commitments

	06.30.2019	12.31.2018
Commitments given	24,485	7,405
Guarantees and deposits	-	-
Real estate investments	15,760	50
Commitments to employees	8,725	7,355
Commitments received	71,362	2,369
Guarantees and deposits received	5,088	-
Lease commitments	66,274	2,369

As of June 30, 2019, Gaumont benefited from lease commitments under leases agreed totaling k€66,274.

As part of the Ambassade development project, Gaumont has committed to building contracts totaling k€15,760. It has received various guarantees worth a total of k€5,088 from its service providers and from the future tenant.

6. Breakdown by region of non-current assets

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

	06.30.2019				12.31.2018			
	France	Europe	Americas	Total	France	Europe	Americas	Total
Goodwill	12,035	-	-	12,035	12,035	-	-	12,035
Films and audiovisual rights	88,105	1,468	88,352	177,925	87,417	-	37,114	124,531
Other intangible assets	202	15	-	217	213	16	-	229
Properties measured in accordance with IAS 40	25,788	-	1,759	27,547	24,807	-	-	24,807
Right-of-use assets arising from leased properties (held under operating and finance leases)	6,039	1,443	8,515	15,997	263	-	-	263
Other property, plant and equipment	21,637	46	1,165	22,848	22,324	46	1,148	23,518
Other financial assets	157	45	-	202	63,464	22	-	63,486
TOTAL NON-CURRENT ASSETS	153,963	3,017	99,791	256,771	210,523	84	38,262	248,869

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

7. Investments during the period

7.1. Acquisitions of fixed assets, excluding shares in consolidated companies

	06.30.2019	06.30.2018
Acquisition of intangible assets	71,117	47,869
Acquisition of tangible assets	1,087	568
Acquisition of financial assets	60	-
TOTAL	72,264	48,437

Rights of use assets are not comprised in these acquisitions because they do not lead to cash output when they are booked in assets of the financial position.

7.2. Acquisition of shares in consolidated companies

	06.30.2019	06.30.2018
Price paid	7,906	21,616
Treasury bought	-381	-
TOTAL	7,525	21,616



7.3. Change in liabilities and receivables on investments

	06.30.2019	Changes	Other changes ⁽¹⁾	12.31.2018
Fixed assets liabilities	7,554	-6,383	37	13,900
Liabilities on acquisition of shares	6,938	-7,070	215	13,793
Receivables on sales of shares	-63,437	538	-	-63,975
TOTAL	-48,945	-12,915	252	-36,282

(1) Changes in scope and exchange loss or gain.

8. Financing activities

8.1. Change in equity

Share capital of the parent company

	06.30.2019	Movements of the period		12.31.2018
		+	-	
Number of shares	3,119,923	-	-	3,119,923
Par value	€8			€8
CAPITAL (in euros)	24,959,384	-	-	24,959,384

Earnings per share

	06.30.2019	06.30.2018
Number of shares at January 1	3,119,923	3,119,723
Capital increases (<i>prorata temporis</i>)	-	106
Average number of ordinary shares	3,119,923	3,119,829
Dilutive effect of stock options	12,674	13,823
Average potential number of ordinary shares	3,132,597	3,133,652

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.

Treasury shares

As of June 30, 2019, Gaumont SA held 4,649 of its own shares, purchased under its liquidity contract, and 200 registered shares. Treasury shares, including acquisition costs, are recognized as a reduction to equity.

Dividends

On May 7, 2019, 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 2019. The outstanding exercisable options remain unchanged from December 31, 2018.

Equity attributable to non-controlling interests

In the first half of 2019, Gaumont Pathé Archives made a capital repayment to its shareholders in proportion to their contributions. Non-controlling shareholders were repaid k€2,279 in cash. Following this repayment, Gaumont repurchased the remaining minority interests in its subsidiary. This transaction was treated as a transaction between shareholders and was recognized in equity.



8.2. Net borrowings and lease liabilities

Cash and cash equivalents

	06.30.2019	12.31.2018
Cash equivalents	34,007	34,007
Bank accounts and petty cash	62,085	95,824
TOTAL	96,092	129,831

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 and do not entail a significant risk of loss in value in the event of interest rate changes.

Borrowings and lease liabilities

Change in debt

	06.30.2019	Movements of the period with an impact on the cash position			Movements of the period without an impact on the cash position			12.31.2018
		+	-	Other ⁽¹⁾	Currency translation adjustments	Impact of first-time application of IFRS 16	Other ⁽²⁾	
Revolving credit facility	-	-	-	-	-	-	-	-
Bonds	59,855	-	-	-	-	-	38	59,817
Production loans	59,637	46,207	115	-101	-182	-	193	13,405
Assignments of receivables	-	18,392	-29,825	-	242	-	17,545	28,736
Financial contribution from the Caisse des dépôts	3,924	255	-	-	-	-	-63	3,732
Other loans and borrowings	370	-	-	-	1	-	-4	373
Non-current debt	123,786	64,854	-29,710	-101	61	-	17,381	106,063
Revolving credit facility	-	-	-	-	-	-	-	-
Bonds ⁽³⁾	-75	-	-	-	-	-	-	-75
Production loans ⁽³⁾	-216	-	-	-	-	-	-193	-23
Assignments of receivables	17,441	-	-	-	-	-	17,645	-204
Financial contribution from the Caisse des dépôts	410	-	-330	-	-	-	63	677
Other loans and borrowings	1,799	140	-822	-	-	-	4	2,477
Bank overdraft	113	41	-	-	-	-	-	72
Accrued interest	1,886	-	-	-	1	-	1,332	553
Current debt	21,358	181	-1,152	-	1	-	18,851	3,477
Lease liabilities - non-current	15,550	-	-	-	-82	15,152	298	182
Lease liabilities - current	2,900	-	-1,126	-	-14	2,313	1,674	53
Lease liabilities	18,449	-	-1,126	-	-96	17,465	1,971	235
FINANCIAL LIABILITIES AND LEASE LIABILITIES	163,594	65,035	-31,988	-101	-34	17,465	3,441	109,775

(1) Paid loan fees.

(2) Amortization of loan fees, new leases, reclassifications and changes in accrued interest.

(3) Of which current portion of loan fees amortized over the entire term of the loan.

In the United States, Gaumont has taken out a new production loan to finance the 4th season of the series *F is for Family*. This loan is self-liquidating, based on the assets and receivables of the series financed, and has identical characteristics to previous production loans.

The borrowing terms are similar to those of December 31, 2018.



Repayment schedule

	06.30.2019	Maturity date		
		< 1 year	1 to 5 years	> 5 years
Revolving credit facility	-	-	-	-
Bonds	59,780	-75	44,860	14,995
Production loans	59,421	-216	59,637	-
Assignments of receivables	17,441	17,441	-	-
Financial contribution from the Caisse des dépôts	4,334	410	-	3,924
Other loans and borrowings	2,169	1,799	50	320
Lease liabilities	18,450	2,900	10,643	4,907
TOTAL⁽¹⁾	161,595	22,259	115,190	24,146

(1) Excluding accrued interest and bank overdraft.

Production loans and receivables assignment agreements are presented according to their contractual maturity. However, since they are repaid using the proceeds from the series, part of the loans will be repaid early.

Breakdown of liabilities by geographic area

	06.30.2019	France	Europe	Americas
Revolving credit facility	-	-	-	-
Bonds	59,780	59,780	-	-
Production loans	59,421	-	-	59,421
Assignments of receivables	17,441	-	-	17,441
Financial contribution from the Caisse des dépôts	4,334	4,334	-	-
Other loans and borrowings	2,169	2,169	-	-
Lease liabilities	18,450	6,284	1,446	10,720
TOTAL⁽¹⁾	161,595	72,567	1,446	87,582

(1) Excluding accrued interest and bank overdraft.

8.3. Financing commitments

	06.30.2019	12.31.2018
Commitments given	73,180	34,361
Assignment of receivables as loan security	3,115	10,654
Pledging of assets	70,065	23,707
Commitments received	20,376	57,586
Unused credit facility	20,376	57,586

Unused credit facilities consist of:

- k\$18,409 in respect of production loans arranged for US activities;
- k\$4,779 for the receivables assignment agreement entered into by Gaumont in the United States.

Pledges relating to Gaumont's assets have the same characteristics as those existing as of December 31, 2018. They cover works restored under the restoration program co-financed by the *Caisse des Dépôts et Consignations* and the production of American series financed by special-purpose loans. These pledges expire at the same date as the associated loans.



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

	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	1,100	2	
Forward currency purchases	EUR	USD	2,582	-145	
Forward currency sales	USD	EUR	-20,770		48
Forward currency sales	GBP	EUR	-1,133		8
TOTAL				-143	56

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

	06.30.2019	Other comprehensive income	Net income	Currency translation adjustments	12.31.2018
Derivative instruments – assets	58	-132	38	-	152
Derivative instruments – liabilities	-127	662	188	-11	-966
TOTAL	-69	530	226	-11	-814

The ineffective portion recognized in income for the period amounted to -k\$18 for contracts with a US dollar counterparty. No ineffective portion was recognized in income for contracts with a euro counterparty.

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.

	06.30.2019		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	-	-	-	na
Other non-current financial assets	200	200	-	-	200	-	-	na
Other current financial assets	183,200	183,200	-	-	183,200	-	-	na
Derivative instruments – assets	58	58	-	-	-	-	58	2
Cash and cash equivalents	96,092	96,092	96,092	-	-	-	-	1
Financial assets	279,552	279,552	96,092	2	183,400	-	58	
Non-current financial liabilities	123,786	123,786	-	-	-	123,786	-	na
Other non-current financial liabilities	242	242	-	-	-	242	-	na
Current financial liabilities	21,358	21,358	-	-	-	21,358	-	na
Other current financial liabilities	116,551	116,551	11,831	-	-	104,720	-	3 / na
Derivative instruments – liabilities	127	127	-	-	-	-	127	2
Financial liabilities	262,064	262,064	11,831	-	-	250,106	127	

As of June 30, 2019, other current financial liabilities included a liability of k€11,831 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, 2019, the impact on net income of the discounted fair value of this commitment was -k€510.

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



8.5. Other financial income and expenses

	06.30.2019	06.30.2018
Income from investment	-	-
Interest expense capitalized	992	770
Interest from assets and liabilities excluding cash equivalents	2,028	1,678
Discounting effect of liabilities and receivables	-45	661
Proceeds from disposals of financial assets	-	-
Accumulated impairment losses and net financial provisions	20	-
Foreign exchange gains and losses	-48	1,352
Changes in fair value	226	230
Other financial incomes and expenses	-	22
NET OTHER FINANCIAL INCOME/EXPENSES	3,173	4,713

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.

8.6. Management of financial risks

Credit and counterparty risk

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

As of June 30, 2019, 76% of trade receivables and operating receivables for films were not yet due, and 9% were due for less than 90 days.

Liquidity risk

The €60,000 bond, whose key features are described in note 8.2, 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 2.75 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 but includes operating lease commitments.

As of June 30, 2019, given the absence of borrowings from the French entities, the R3 ratio was not applicable. The R1 and R2 ratios were respected and were respectively at 8.18 and 0.33.

Market risks

Interest rate risk

In France as in the United States, Gaumont finances its productions and general needs through fixed and variable rate loans and manages its exposure to interest rate risk using interest rate swaps and caps, if the situation warrants it.



As of June 30, 2019, the Group's interest rate exposure was as follows:

	Total	Fixed rate	Variable rate	Not exposed
Financial assets ⁽¹⁾	96,092	-	96,092	-
Financial liabilities ⁽²⁾	-143,258	-64,114	-76,975	-2,169
Net position before hedging	-47,166	-64,114	19,117	-2,169
Hedging	-	-	-	-
Net position after hedging	-47,166	-64,114	19,117	-2,169
Sensitivity ⁽³⁾	191	-	191	-

(1) Cash and cash equivalents.

(2) Borrowings.

(3) Full-year impact at this level of net borrowings.

As Gaumont's exposure to interest rate risk is reversed due to the cash surplus over variable rate debt, sensitivity to this risk represents a gain or opportunity cost.

As of June 30, 2019, Gaumont no longer used interest rate instruments, given the Group's borrowing situation.

Foreign exchange risk

Operating foreign exchange risks

Gaumont 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, 2019, revenue invoiced in a currency other than that of the company behind the transaction accounted for 17% of total consolidated revenue.

The main transaction currencies of European entities (excluding the euro) were the US dollar, Swiss franc and Japanese yen. The main transaction currencies for American entities (excluding the US dollar) were Canadian dollars and euros.

Gaumont examines on a case-by-case basis the feasibility of using foreign exchange hedges to reduce its exposure to currency movements.

At June 30, 2019, the Group's exposure to operating foreign exchange risk was as follows:

	Risk related to a change in the euro value							
	Total (in thousands of euros)	USD/EUR	CAD/EUR	GBP/EUR	CHF/EUR	JPY/EUR	ILS/EUR	AUTRES/EUR
Assets	7,199	6,892	12	1	88	79	71	56
Liabilities	-112	-50	-	-62	-	-	-	-
Off balance sheet	2,708	2,708	-	-	-	-	-	-
Net position before hedging	9,795	9,550	12	-61	88	79	71	56
Hedging	-2,714	-2,714	-	-	-	-	-	-
Net position after hedging	7,081	6,836	12	-61	88	79	71	56
Sensitivity	-709	-684	-1	6	-9	-8	-7	-6

An across-the-board 10% depreciation of each of the currencies against the euro would have a negative impact of k€709 on consolidated net income.

	Risk related to a change in the dollar value		
	Total (in thousands of US dollars)	CAD/USD	GBP/USD
Assets	278	50	228
Liabilities	-	-	-
Off balance sheet	-839	-839	-
Net position before hedging	-561	-789	228
Hedging	839	839	-
Net position after hedging	278	50	228
Sensitivity	-28	-5	-23

An across-the-board 10% depreciation of each of the currencies against the US dollar would have a negative impact of k\$28 on consolidated net income.



Financial foreign exchange risk

Gaumont 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 seeks to minimize its exposure by limiting foreign currency account balances and using hedging instruments when the situation warrants it.

At June 30, 2019, the Group's exposure to financial foreign exchange risk was as follows:

	Risk related to a change in the euro value			Risk related to a change in the dollar value	
	Total (in thousands of euros)	USD/EUR	GBP/EUR	Total (in thousands of US dollars)	MXN/USD
Assets	43,745	42,476	1,269	1,831	1,831
Liabilities	-	-	-	-	-
Off balance sheet	-	-	-	-	-
Net position before hedging	43,745	42,476	1,269	1,831	1,831
Hedging	-19,514	-18,251	-1,263	-	-
Net position after hedging	24,231	24,225	6	1,831	1,831
Sensitivity	-2,424	-2,423	-1	-183	-183

An across-the-board 10% depreciation of each of the currencies against the euro would have a negative impact of k€2,424 on consolidated financial income. A 10% depreciation of the Mexican currency against the US dollar would have a negative impact of k\$183 on consolidated 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, 2019, the exchange rate exposure from foreign investments was as follows:

(in thousands of euros)	USD/EUR	GBP/EUR
Assets	187,919	569
Liabilities	-217,122	-1,450
Off balance sheet	110,741	-67
Net position before hedging	81,538	-948
Hedging	-	-
Net position after hedging	81,538	-948
Sensitivity to a 10% change	-8,154	95

A 10% depreciation of the dollar against the euro would have a negative impact of k€8,154 on the Group's equity.

Equity risk

Gaumont and its subsidiaries are not engaged in speculative stock market operations. The risk of impairment of treasury shares remains marginal in view of the amounts invested.



9. Provisions

	06.30.2019	Movements of the period				12.31.2018
		Increases	Uses	Reversals ⁽¹⁾	Other ⁽²⁾	
Provisions for pension and similar benefits	4,265	430	-	-	-	3,835
Non-current provisions	4,265	430	-	-	-	3,835
Provisions for legal proceedings relating to intellectual property rights over works	50	-	-50	-	-	100
Provisions for legal proceedings with personnel	81	4	-	-	-	77
Provisions for property-related expenses	197	-	-	-	-	197
Provisions for other costs	1,027	-	-	-	6	1,021
Current provisions	1,355	4	-50	-	6	1,395
TOTAL	5,620	434	-50	-	6	5,230
Impact on current operating income		434	-50	-		
Impact on non-current operating income						
Impact on share of net income of associates						
Impact on other comprehensive income					6	

(1) Unused amounts.

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

10. Income tax

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

10.1. Breakdown of the tax expense or benefit

	06.30.2019	06.30.2018
Current income tax	-33	155
Deferred tax	90	33
TOTAL TAXES	57	188

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.

10.2 Reconciliation of recorded tax and theoretical tax

	06.30.2019	06.30.2018
Net income of companies before tax	-18,150	-2,335
Current tax rate applicable to the parent company	28.00%	33.33%
Theoretical tax	5,082	778
Tax rate differentials between France and abroad	-14	-58
Impact of different rates on temporary differences	6	
Permanent differences	-15	2,170
Long-term gains on disposals of consolidated shares	-8	-32
Change in unrecognized tax loss carryforwards	-5,460	-3,979
Tax consolidation	56	125
Tax credits in operating income ⁽¹⁾	443	1,029
Income tax without base and tax credits	-33	155
Effective tax benefit (expense)	57	188
Effective tax rate	0.31%	8.07%

(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).



11. Average workforce

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

	06.30.2019	06.30.2018
Managers	118	117
Supervisors	54	49
Employees	61	54
AVERAGE WORKFORCE	233	220

12. Subsequent events

No event likely to have a material impact on the consolidated financial statements set out above has occurred since June 30, 2019.



Statutory auditors' report on the half-year financial statements

This part is a free translation into English of the Statutory auditors' report included in the French Rapport financier semestriel.

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 limited review of the accompanying condensed half-yearly consolidated financial statements of Gaumont, for the period from January 1 to June 30, 2019;
- 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 limited 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 limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently enables a lower level of assurance that we would become aware of all significant matters that might be identified than in an audit.

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 note 1.4 "Impact of IFRS and IFRIC interpretations applicable to the Group from January 1, 2019" to the condensed half-yearly consolidated financial statements, which set out the impact of the mandatory application from January 1, 2019 of IFRS 16 "Leases" standard.

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 11, 2019

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 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 10, 2019

Sidonie Dumas

Chief Executive Officer

