GUILLEMOT CORPORATION

A publicly traded company (*société anonyme*) with capital of €11,771,359.60
Headquarters: Place du Granier, BP 97143, 35571 Chantepie Cedex, France
Registered company number:
414 196 758 Rennes

Interim financial report
June 30, 2018

Contents	**Section**
Summary interim consolidated balance sheet	A
Summary interim consolidated statement of gains and losses recognized directly in equity	B
Summary interim consolidated statement of changes in equity	C
Summary interim consolidated cash flow statement	D
Notes to the summary interim consolidated financial statements	E
Statutory auditors' report	F
Declaration by the Chief Executive	G

A- Summary interim consolidated balance sheet

ASSETS (All figures in €k)	Notes	Net Jun 30, 2018	Net Dec 31, 2017
Goodwill on acquisitions	7	0	0
Intangible assets	8	11,216	10,649
Property, plant and equipment	8	2,537	2,318
Financial assets	9	593	416
Tax assets	18	554	544
Deferred tax assets	18	0	0
Non-current assets		**14,900**	**13,927**
Inventories	10	13,779	8,367
Trade receivables		17,718	23,913
Other receivables		2,194	1,348
Financial assets	9	41,715	28,470
Current tax assets	18	0	0
Cash and cash equivalents	14	6,454	10,294
Current assets		**81,860**	**72,392**
Total assets		**96,760**	**86,319**

LIABILITIES AND EQUITY (All figures in €k)	Notes	Jun 30, 2018	Dec 31, 2017
Capital (1)		11,771	11,554
Premiums (1)		10,551	10,472
Reserves and consolidated income (2)		38,077	23,162
Currency translation adjustments		144	281
Group shareholders' equity	11	60,543	45,469
Minority interests		0	0
Consolidated shareholders' equity		**60,543**	**45,469**
Employee benefit liabilities	13	959	904
Borrowings	14	4,120	5,703
Other liabilities		0	0
Deferred tax liabilities	18	4,244	2,588
Non-current liabilities		**9,323**	**9,195**
Trade payables		15,040	15,376
Short-term borrowings	14	3,908	4,861
Taxes payable		435	960
Other liabilities	15	7,444	9,455
Provisions	12	67	1,003
Current liabilities		**26,894**	**31,655**
Total liabilities and equity		**96,760**	**86,319**

(1) Of the consolidating parent
(2) Of which net income for the period: €14,185k

The notes presented in section E form an integral part of these summary interim consolidated financial statements.

B - Summary interim consolidated statement of gains and losses recognized directly in equity

- Summary interim consolidated statement of net income

(All figures in €k)	Notes	Jun 30, 2018	Jun 30, 2017
Net turnover	6	32,200	26,538
Purchases		-20,823	-18,104
External expenses		-6,107	-5,794
Employee expenses		-4,628	-4,082
Taxes and duties		-242	-166
Additions to amortization and depreciation		-1,526	-1,440
Additions to provisions		-661	-596
Change in inventories		6,903	4,995
Other income from ordinary activities		150	341
Other expenses from ordinary activities		-2,516	-1,918
Net income from ordinary activities		**2,750**	**-226**
Other operating income		0	0
Other operating expenses		0	0
Net operating income	16	**2,750**	**-226**
Income from cash and cash equivalents	17	16	1
Cost of gross financial debt	17	44	84
Cost of net financial debt	**17**	**-28**	**-83**
Other financial income	17	13,373	7,453
Other financial expenses	17	0	0
Tax expense	18	-1,910	-1,052
Net income before minority interests		**14,185**	**6,092**
O/w net income from discontinued operations	19	0	0
Attributable to minority interests		0	0
Net income attributable to equity holders of the parent		**14,185**	**6,092**
Basic earnings per share	20	0.93 €	0.41 €
Diluted earnings per share	20	0.93 €	0.40 €

- Statement of net income and gains and losses recognized directly in equity

(All figures in €k)	n 30, 2018	n 30, 2017
Net income attributable to equity holders of the parent	**14,185**	**6,092**
Recyclable items of other comprehensive income		
Foreign currency translation adjustments	-137	-291
Revaluation of hedging derivatives	0	0
Non-recyclable items of other comprehensive income		
Revaluation of fixed assets	0	0
Actuarial gains and losses on defined benefit plans	-6	-6
Share of other comprehensive income of equity-accounted companies	0	0
Total other comprehensive income attributable to controlling interests	**-143**	**-297**
Net income and other comprehensive income attributable to controlling interests	14,042	5,795
Net income and other comprehensive income attributable to minority interests	0	0

The notes presented in section E form an integral part of these summary interim consolidated financial statements.

C - Summary interim consolidated statement of changes in equity

(All figures in €k)	Notes	Capital	Premiums	Consolidated reserves	Net income for the period	Currency translation adjustments	Total shareholders' equity
Position at Jan 1, 2017		11,554	10,472	2,575	3,059	705	28,365
Comprehensive income to Jun 30, 2017					6,092	-291	5,801
Appropriated income at Dec 31, 2016				3,059	-3,059		0
Stock options							0
company				-38			-38
Gains and losses on treasury shares				45			45
Other				2			2
Position at Jun 30, 2017	11	11,554	10,472	5,643	6,092	414	34,175
Position at Jan 1, 2018		11,554	10,472	5,620	17,542	281	45,469
Comprehensive income to Jun 30, 2018					14,185	-137	14,048
Appropriated income at Dec 31, 2017				17,542	-17,542		0
Stock options		362	536				898
Shares of the consolidating company		-145	-457	688			86
Gains and losses on treasury shares				49			49
Other				-7			-7
Position at Jun 30, 2018	11	11,771	10,551	23,892	14,185	144	60,543

The notes presented in section E form an integral part of these summary interim consolidated financial statements.

D - Summary interim consolidated cash flow statement

(All figures in €k)	Notes	Jun 30, 2018	Jun 30, 2017
Cash flows from operating activities			
Net income from consolidated companies		14,185	6,092
+ Additions to amortization, depreciation and provisions (except on current assets)		1,667	1,545
- Reversals of amortization, depreciation and provisions		-930	-502
-/+ Unrealized gains and losses arising from changes in fair value	17	-13,245	-7,049
+/- Expenses and income arising from stock options	11	0	0
-/+ Capital gains and losses on disposals		0	-2
Change in deferred taxes	18	1,656	982
Operating cash flow after cost of net financial debt		**3,333**	**1,066**
Cost of net financial debt	17	28	83
Operating cash flow before cost of net financial debt		**3,361**	**1,149**
Currency translation adjustment on gross cash flow from operations		1	-17
Inventories	10	-5,412	-4,260
Trade receivables		6,195	7,480
Trade payables		-336	804
Other		-2,378	-2,475
Change in working capital requirement		**-1,931**	**1,549**
Net cash flows from operating activities		**1,403**	**2,598**
Cash flows from investing activities			
Acquisitions of intangible assets	8	-1,305	-946
Acquisitions of property, plant and equipment	8	-715	-229
Disposals of property, plant and equipment and intangible assets		0	2
Acquisitions of non-current financial assets	9	-43	-2
Disposals of non-current financial assets	9	1	0
Net cash from acquisitions and disposals of subsidiaries		0	0
Net cash flows from investing activities		**-2,062**	**-1,175**
Cash flows from financing activities			
Increases in capital and cash injections	11	329	0
Dividends paid to minority shareholders		0	0
Borrowings		0	0
Repayment of shareholders' current accounts	22	-972	0
Repayment of borrowings	14	-2,661	-1,253
Other cash flows from financing activities		0	0
Total cash flows from financing activities		**-3,304**	**-1,253**
Impact of currency translation adjustments		**-5**	**-32**
Change in cash		**-3,968**	**138**
Net cash at the beginning of the period	A and 14	10,279	-3,953
Net cash at the end of the period	A and 14	6,311	-3,815

The notes presented in section E form an integral part of these summary interim consolidated financial statements.

E - Notes to the summary interim consolidated financial statements

(All figures are in thousands of euros unless otherwise stated.)

1) General information

The financial statements were signed off by the Board of Directors on September 24, 2018.
Guillemot Corporation designs and manufactures interactive entertainment hardware and accessories. The Group offers a diversified range of products under the Hercules and Thrustmaster brands. The Guillemot Corporation Group has been active in this market since 1984 and currently operates in 11 countries (France, Germany, the United Kingdom, the United States, Canada, Belgium, the Netherlands, Hong Kong/China, Spain, Romania and Italy) and distributes its products in more than 60 countries worldwide. The Group's mission is to offer high-performance, user-friendly products that maximize enjoyment for end users of digital interactive entertainment solutions.

The company is a publicly traded company (*société anonyme*) headquartered at Place du Granier, BP 97143, 35 571 Chantepie Cedex, France.

2) Basis of preparation of summary interim financial reporting

This set of summary interim consolidated financial statements to June 30, 2018 has been prepared in accordance with IAS 34, "Interim financial reporting". The summary interim report should be read in conjunction with the 2017 annual financial statements.

3) Accounting policies

The accounting policies employed are the same as those adopted in preparing the annual financial statements for the year ended December 31, 2017, as set out in the annual financial statements for the year ended December 31, 2017.

IFRS 15 and IFRS 9 entered into force on January 1, 2018. The nature and extent of their impact on the Group is set out below.

- IFRS 15: "Revenue from contracts with customers"

IFRS 15, "Revenue from contracts with customers", replaces all previous standards and interpretations relating to revenue recognition. It introduces a single revenue recognition model for all types of transactions, with no distinction between sales of goods, services or construction contracts, as defined in IAS 11 and IAS 18.

IFRS 15 is based on the principle of "transfer of control" for recognizing revenue, rather than the previous principle of "transfer of risks and rewards". It lays down more detailed and more prescriptive rules, notably concerning the identification of units of account for revenue recognition (the "performance obligation" concept), allocation of the price of a contract to these units of account (the "standalone selling price" concept), assessment of uncertainties affecting the final selling price (the "variable consideration" concept) and revenue recognition method (based on progress or completion).

The Group has analyzed its turnover on the basis of this new standard.

Sales agreements relating to the Group's products usually include a single performance obligation: to sell interactive entertainment hardware and accessories. Turnover is recognized as and when the customer takes control of goods. Consequently, adoption of IFRS 15 has had no impact on the rate at which revenue is recognized.

Some sales agreements relating to the Group's products include trade volume discounts or rebates that give rise to a variable consideration under IFRS 15. Given that, prior to adoption of IFRS 15, discounts were recognized as and when the corresponding products were sold, there has been no change in how revenue is recognized.

Estimates of product returns are based on analysis undertaken by the Group taking into account, in particular, the level of sales, the average time taken to return defective products and management judgment. A refund liability is recognized in "Other liabilities" and charged against income. IFRS 15 mainly affects only the presentation of revenue and purchase costs, with no impact on net income from ordinary activities; furthermore, its impact is limited to that portion of the refund liability that was recognized in provisions for liabilities and charges prior to implementation of IFRS 15.

- IFRS 9, "Financial Instruments"

The Group adopted IRS 9 on January 1, 2018. This standard, which replaces IAS 39, "Financial instruments", covers all three aspects of the recognition of financial instruments: classification and measurement; impairment; and hedge accounting. The impact on the Group of adopting IFRS 9 is non-material.

- Classification/measurement

An assessment of the characteristics of contractual cash flows from financial assets and of the business model for financial assets has shown that all financial assets continue to be recognized at amortized cost in accordance with IFRS 9. Furthermore, securities in the securities portfolio (Ubisoft shares) continue to be measured at fair value through profit or loss. Classification of financial liabilities remains unchanged under IFRS 9.

- Impairment of financial assets

Following implementation of IFRS 9, trade receivables are now impaired as and when recognized, based on an assessment of expected credit losses at maturity; conversely, IAS 39 was based on an "incurred losses" model (where impairment was only recognized once a credit event – late payment, significant deterioration in credit quality, etc. – had occurred). Under IFRS 9, impairment of financial assets measured at amortized cost must be considered earlier. Given the nature of the Group's receivables and its policy on insuring trade receivables, the impact of first-time adoption of the impairment aspect of IFRS 9 is not material.

- Financial instruments

Changes to hedge accounting introduced by IFRS 9 are intended to align methods used by companies to account for the risks they manage. The Group may enter into currency options to limit the risk of foreign exchange losses on expected future cash flows. Such hedges were not recognized under the hedge accounting rules set out in IAS 39, nor are they recognized under IFRS 9. As such, there is no transitional impact in this area.

- Other applicable texts

The following other texts must be applied for fiscal years beginning on or after January 1, 2018:

- IFRIC 22: Foreign currency transactions and advance consideration

- IAS 40 amendments: Transfers of investment property
- Clarification of IFRS 15
- IFRS 4 amendments
- IFRS 2 amendments: Classification and measurement of share based payment transactions
- IFRS improvement cycle 2014-2016 for IFRS 1 and IAS 28

These standards, amendments to existing standards, and interpretations have had no material impact on the Group's financial statements.

Implementation of IFRS 16 on leases is currently being reviewed; however, it is expected to have little impact on the Group's financial statements, since the Group's principal leases relate to real estate and vehicles.

4) Activity

The Guillemot Corporation Group's financial statements to June 30, 2018 are broken down as follows.

First half (€ millions) January 1, 2018 – June 30, 2018	**Jun 30, 2018**	**Jun 30, 2017**	Change
Thrustmaster gaming accessories	30.9	24.8	+25%
Thrustmaster total	30.9	24.8	+25%
Hercules digital devices	1.1	1.3	-15%
OEM*	0.2	0.4	-50%
Hercules total	1.3	1.7	-24%
Total turnover	32.2	26.5	+21 %
Net income from ordinary activities	2.7	-0.2	-
Net operating income	2.7	-0.2	-
Net financial income**	13.3	7.4	-
Income tax expense	-1.9	-1.1	-
Consolidated net income	14.2	6.1	-
Earnings per share	€0.93	€0.41	-

* Accessories developed for third party companies (Original Equipment Manufacturers).
** Net financial income includes the cost of net financial debt as well as other financial expenses and income.

Activity
In the first half of 2018, the Group generated turnover of €32.2 million, up 21%.
First-half growth was driven by sales in the APAC (Asia-Pacific) region, up 130%, while sales in Europe and the United States grew by more than 10%. Thrustmaster extended its distribution to more than 100 countries worldwide.

Results
The Group generated operating profit of €2.7 million in the first half of fiscal year 2018 (equating to an operating margin of 8.5%), compared with a €0.2 million loss in the first half of 2017.
The accounting gross profit ratio increased by more than five percentage points. Total costs were up more than 14% over the period. Net financial income of €13.3 million notably included a €13.2 million unrealized gain linked to revaluation of the portfolio of Ubisoft Entertainment

shares. The tax expense totaled €1.9 million in the first half of 2018. The Group posted consolidated net income of €14.2 million, compared with €6.1 million in the first half of 2017.

Key balance sheet items

(€m)	**Jun 30, 2018**	**Dec 31, 2017**
Shareholders' equity	60.5	45.5
Inventories	13.8	8.4
Net debt (excl. AFS securities)*	1.6	1.2
Current financial assets (AFS securities portion)	41.7	28.5

* Available-for-sale (AFS) securities are not taken into account when calculating net debt.

Group shareholders' equity increased significantly, standing at €60.5 million at June 30, 2018. Net debt excluding available-for-sale (AFS) securities stood at €1.6 million. The fair value of the AFS portfolio at June 30, 2018 was €41.7 million. Working capital increased by €1.9 million. Capitalized research and development costs increased by €0.5 million.

Year-end launches

Thrustmaster and Hercules are set to have a busy year-end, with a number of new products due to launch:

❖ **Thrustmaster**

➢ "Racing" range: in mid-August, Thrustmaster announced that it would be bringing out three accessories dedicated to gamers seeking an ultra-realistic gaming experience. Riding the wave of developments in the e-WRC space, Thrustmaster expanded its ecosystem by launching the TM Racing Clamp on August 20 and the TSS Handbrake Sparco Mod+ and TM Sim Hub on September 20.
At the end of August, Thrustmaster launched its first T.Racing Scuderia Ferrari Edition headset, inspired by the Scuderia de Ferrari paddock. Previewed at the Ferrari Store City Race 2018 event in Milan, this is the first Ferrari accessory not aimed exclusively at racing fans but also at casual gamers who are fans of the Ferrari brand.

➢ Flight simulation: Thrustmaster strengthened its flight simulation ecosystem over the period, launching its new high-end Gaming T.Flight US Air Force Edition headset, officially licensed by the US Army.
At the recent Gamescon show held in Germany at the end of August, to coincide with the unveiling of the forthcoming Ace Combat game, Thrustmaster announced the launch of its T.Flight Hotas Ace Combat 7 – Skies Unknown joystick for the PlayStation®4 and Xbox One® consoles. Thrustmaster is proud to have become a partner of Bandai Namco and to be associated with this legendary game.

➢ FPS (first person shooter) headsets:
Over the next few months, the brand is also set to release two new licensed Rainbow Six Collection Edition headsets specially designed for the game in North, Central and South America.

❖ **Hercules**

Hercules is preparing to launch new controllers and DJ speakers that will be brought to market in the fourth quarter. Hercules adopted a new brand identity in September, highlighted on its website via a more in-the-moment design highlighting social media sharing (www.hercules.com).

Increased import tariffs on certain products assembled in China and imported into the United States

In connection with its negotiations with China, the US Government has decided to tax certain products manufactured in China. This measure applies to certain customs codes affecting products manufactured by the Group and assembled in China. Around one-quarter of products marketed by the Group in the United States are affected, and will be subject to an additional import tax of 10% from September 24, 2018 and 25% from January 1, 2019. The Group plans to pass on these increases in its selling prices. The Group nevertheless expects that it will keep up good sales growth in the United States in 2019.

Outlook

The Group is maintaining its forecasts of growth in turnover and net operating income in the fiscal year.

5) *Scope of consolidation*

a) Companies included within the Guillemot Corporation SA Group's consolidated financial statements to June 30, 2018

COMPANY	SIREN number	Country	% control	Accounting method
Guillemot Corporation SA	414,196,758	France	Parent	Full consolidation
Guillemot Administration et Logistique SARL	414,215,780	France	99.96%	Full consolidation
Hercules Thrustmaster SAS	399,595,644	France	99.42%	Full consolidation
Guillemot Innovation Labs SAS	752,485,334	France	100.00%	Full consolidation
Guillemot Ltd		United Kingdom	99.99%	Full consolidation
Guillemot Inc		Canada	74.89% (a)	Full consolidation
Guillemot GmbH		Germany	99.75%	Full consolidation
Guillemot Corporation (HK) limited		Hong Kong	99.50%	Full consolidation
Guillemot Recherche et Développement Inc		Canada	99.99%	Full consolidation
Guillemot Romania Srl		Romania	100.00%	Full consolidation
Guillemot Inc		United States	99.99%	Full consolidation
Guillemot SA		Belgium	99.93%	Full consolidation
Guillemot SRL		Italy	100.00%	Full consolidation
Guillemot Electronic Technology (Shanghai) Co Ltd		China	100.00%	Full consolidation
Guillemot Spain SL		Spain	100.00%	Full consolidation

(a) Guillemot Inc (United States) also holds 25.11%.

In view of their non-material nature, minority interests are not calculated.

b) Changes in scope

None.

6) Segment information

In accordance with IFRS 8 on operating segments, the Group has set out segment information based on the same segments used in internal reports presented to management.
Segment information by business area concerns the Hercules and Thrustmaster business segments.
Segment information by geographical region is based on the following geographical segments: European Union, North America and Other.

Segment information by business area

The Hercules business segment includes the following product ranges: DJing and digital music, and wireless speakers for smartphones and tablets.

The Thrustmaster business segment includes the following gaming accessories for PCs and consoles: racing wheels, gamepads, joysticks and gaming headsets.

- Income statement by business segment (€k):

	Jun 30, 2018			Jun 30, 2017		
	Total	**Hercules**	**Thrustmaster**	**Total**	**Hercules**	**Thrustmaster**
Turnover	32 200	1 304	30 896	26 538	1 717	24 821
Additions to amortization and depreciation	1 526	377	1 149	1 440	512	928
Additions to provisions	661	327	334	596	165	431
Net income from ordinary activities	2 750	-913	3 663	-226	-1 236	1 010
Net operating income	2 750	-913	3 663	-226	-1 236	1 010

- Balance sheet by business segment (€k):

	Jun 30, 2018			Dec 31, 2017		
	Net Jun 30, 2018	**Hercules**	**Thrustmaster**	**Net Dec 31, 2017**	**Hercules**	**Thrustmaster**
Goodwill on acquisitions	0			0		
Intangible assets	11,216	1,675	9,541	10,649	1,286	9,363
Property, plant and equipment	2,537	914	1,623	2,318	777	1,541
Inventories	13,779	1,719	12,060	8,367	1,762	6,605
Trade receivables	17,718	709	17,009	23,913	1,817	22,096
Unallocated assets	51,510	-	-	41,072		
TOTAL ASSETS	**96,760**	**5,017**	**40,233**	**86,319**	**5,642**	**39,605**
Shareholders' equity	60,543	-	-	45,469	-	-
Provisions	960	480	480	1,907	551	1356
Trade payables	15,040	1,657	13,383	15,376	2876	12,500
Unallocated liabilities	20,217	-	-	23,567	-	-
TOTAL LIABILITIES AND EQUIT	**96,760**	**2,137**	**13,863**	**86,319**	**3,427**	**13,856**

Unallocated assets consist of financial assets, income tax assets, other receivables and cash.
Unallocated liabilities consist of borrowings, other liabilities, taxes payable and deferred tax liabilities.

Segment information by geographical region

- Turnover by geographical region (€k):

	Jun 30, 2018	Jun 30, 2017	Change
European Union	16,381	14,720	11%
North America	9,235	8,197	13%
Other	6,584	3,621	82%
TOTAL	**32,200**	**26,538**	**21%**

- Aggregate value of assets by geographical location (€k):

	Jun 30, 2018				Dec 31, 2017			
	Net total	EU	North America	Other	Net total	EU	North America	Other
Goodwill on acquisitions	0	-	-	-	0	-	-	-
Property, plant and equipment	2,537	2,365	154	18	2,318	2,127	169	22
Financial assets	42,308	42,245	26	37	28,886	28,821	27	38
Inventories	13,779	4,275	1,309	8,195	8,367	2,947	998	4,422
Trade receivables	17,718	9,036	5,670	3,012	23,913	13,152	7,413	3,348
Other receivables	2,194	1,927	38	229	1,348	1,132	3	213
Cash and cash equivalents	6,454	4,929	1,069	456	10,294	9,581	387	326
Tax assets	554	383	171	-	544	368	176	
Unallocated assets	11,216	-	-	-	10,649	-	-	-
TOTAL ASSETS	**96,760**	**65,160**	**8,437**	**11,947**	**86,319**	**58,128**	**9,173**	**8,369**

Unallocated assets consist of intangible assets.

7) Goodwill

a) Goodwill on acquisitions

Goodwill at June 30, 2018 is broken down as follows:

Goodwill	Gross at Jun 30, 20	Impairment at Jun 30, 2018	Net value at Jun 30, 2018
Guillemot Ltd (United Kingdom)	1	1	0
Hercules Thrustmaster SAS (France)	1,299	1,299	0
Guillemot Administration et Logistique SARL (France)	233	233	0
Guillemot SA (Belgium)	233	233	0
Guillemot Inc (USA)	1,034	1,034	0
Guillemot Corporation SA (France)	941	941	0
Guillemot Inc (Canada)	16,894	16,894	0
Guillemot Srl (Italy)	4,392	4,392	0
Total	**25,027**	**25,027**	**0**

Goodwill is not amortized under IFRS. In accordance with IAS 36, impairment losses recognized during prior periods are not reversed at a later date.
Goodwill was fully impaired at June 30, 2018.

8) Intangible assets and property, plant and equipment

a) Intangible assets

Intangible assets are broken down as follows:

Gross amounts	Dec 31, 2017	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2018
Brands	10,842					10,842
Development costs	6,157		382	149		6,390
Development costs in progress	1,269		1,274	382	2	2,163
Licenses	2,764		380	570		2,574
Concessions, patents, etc.	946		29		-5	970
Other intangible assets	958				-11	947
TOTAL	**22,936**	**0**	**2,065**	**1,101**	**-14**	**23,886**

Amortn, deprecn & provns	Dec 31, 2017	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2018
Brands	5,110					5,110
Development costs	4,131		682	73		4,740
Licenses	1,204		339	570		973
Concessions, patents, etc.	886		19		-5	900
Other intangible assets	956		1		-10	947
TOTAL	**12,287**	**0**	**1,041**	**643**	**-15**	**12,670**

Net amounts	31, 2017	n 30, 2018
Brands	5,732	5,732
Development costs	2,026	1,650
Development costs in progress	1,269	2,163
Licenses	1,560	1,601
Concessions, patents, etc.	60	70
Other intangible assets	2	0
TOTAL	**10,649**	**11,216**

Brands

Brands include the Thrustmaster and Hercules acquired brands. These brands are tested for impairment at the end of each fiscal year and are measured taking into account discounted future cash flows.

The going concern value is the present value of future cash flows expected from an asset – i.e. from its continuing use and removal at the end of its useful life. This is the method used to measure the Group's brands.

The Hercules brand is allocated to the Hercules cash-generating unit (CGU).

The Hercules brand has a net balance sheet value of €432k, compared with a purchase cost of €1,432k.

Following an impairment test conducted on the Hercules CGU on December 31, 2017, a €1 million impairment loss was recognized against that CGU.

There were no indicators of impairment at June 30, 2018, and the impairment test has not been updated since that date.

The Thrustmaster brand is allocated to the Thrustmaster CGU. The Thrustmaster brand has a net balance sheet value of €5,300k, compared with a purchase cost of €9,410k.

Following an impairment test conducted on the Thrustmaster CGU on December 31, 2017, a €3 million impairment loss was recognized against that CGU.

Measurement of the Thrustmaster brand involves the risk of adjustments in future years should assumptions concerning future cash flows generated by the Thrustmaster business be upgraded or downgraded.

Strong growth in the Thrustmaster brand over the past three years and the profitability outlook may result in provisions being reversed in the next two years, should profitability and growth projections be confirmed.

Thrustmaster has achieved global recognition and is now a key player in PC and console racing wheels, with an installed base that continues to grow.

The maximum potential impact on the Group's income statement would be €4,110k if the provision against the Thrustmaster brand were reversed in full.

At June 30, 2018, there were no indicators of impairment suggesting that the impairment test should be updated.

At June 30, 2018, there had been no revision of the carrying amount of the Thrustmaster brand.

Development costs

Development costs on projects meeting the six eligibility criteria laid down in IAS 38 are capitalized. Assets are transferred from assets under construction to capitalized development costs when they are released into production. The net value of development costs capitalized over the period totaled €518k. The following Guillemot Corporation Group companies generate development costs: Hercules Thrustmaster SAS, Guillemot R&D Inc, Guillemot Romania Srl and Guillemot Corporation (HK) Limited. Capitalized costs relate to all product lines under the Hercules and Thrustmaster brands.

Licenses
The €380k increase in this item was the result of new minimum warranties on assets, with no impact on the 2018 cash position.

b) Property, plant and equipment

Property, plant and equipment for use in operations is broken down as follows:

Gross amounts	Dec 31, 2017	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2018
Land	399					399
Buildings	5,507		236		-1	5,742
Plant	4,143		150	56	-6	4,231
Other prop., plant & equipt.	1,218		84		-2	1,300
Assets under construction	125		366	122		369
TOTAL	**11,392**	**0**	**836**	**178**	**-9**	**12,041**

Depreciation	Dec 31, 2017	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2018
Buildings	4,991		84			5,075
Plant	3,096		350	56	-5	3,385
Other prop., plant & equi	987		58		-1	1,044
TOTAL	**9,074**	**0**	**492**	**56**	**-6**	**9,504**

Net amounts	Dec 31, 2017	Jun 30, 2018
Land	399	399
Buildings	516	667
Plant	1,047	846
Other prop., plant & equipt.	231	256
Assets under construction	125	369
TOTAL	**2,318**	**2,537**

Buildings represent buildings located in Carentoir (France).
The €122k decrease in assets under construction corresponds to assets transferred to the "plant" item. Tangible fixed assets under construction mainly relate to molds and tools allowing for the production of new products.

9) Financial assets

Non-current financial assets are broken down as follows:

Gross amounts	Dec 31, 2017	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2018
Other long-term investments	82		135			217
Other non-current financial assets	334		42			376
TOTAL	**416**	**0**	**177**	**0**	**0**	**593**

Movements in other long-term investments relate to the liquidity agreement currently in place. At June 30, 2018, a total of €300k in cash was allocated to the liquidity agreement.
Other non-current financial assets relate to deposits and guarantees paid out.

Current financial assets include Ubisoft Entertainment shares.

	Net Dec 31, 2017	Disposals Jun 30, 2018	Acquisitions Jun 30, 2018	Currency translation adjustments Jun 30, 2018	Gain/loss on revaluation Jun 30, 2018	Net Jun 30, 2018
Ubisoft Entertainment shares						
Number	443,874					443,874
Fair value (€k)	28,470				13,245	41,715
Currency derivatives	0					0
Total value	**28,470**	**0**	**0**	**0**	**13,245**	**41,715**

Ubisoft Entertainment shares (listed on an active market) are measured at fair value in accordance with IFRS 9. When the Group adopted IFRS, these shares were classified as financial assets at fair value through profit and loss.
At June 30, 2018 the Group held 443,874 Ubisoft Entertainment shares, representing 0.39% of the company's share capital.
The price used at December 31, 2017 was €64.14 per Ubisoft Entertainment share. The price used at June 30, 2018 to measure the shares at fair value was €93.98 per Ubisoft Entertainment share. The unrealized tax gain recognized at June 30, 2018 on Ubisoft Entertainment shares was €11,590k (see points 17 and 18).

10) Inventories

Inventories	Gross Dec 31, 2017	Change in inventories (result)	Changes in scope	Currency translation adjustments	Gross Jun 30, 2018
Raw materials	1,481	1,853		1	3,335
Finished products	9,091	3,474		-45	12,520
TOTAL	**10,572**	**5,327**	**0**	**-44**	**15,855**

Provisions	Dec 31, 2017	Increases	Decreases	Changes in scope	Currency translation adjustments	Jun 30, 2018
Raw materials	413	35	24			424
Finished products	1,792	499	622		-17	1,652
TOTAL	**2,205**	**534**	**646**	**0**	**-17**	**2,076**

Total net inventories	**8,367**					**13,779**

Inventories consist of electronic components and sub-assemblies as well as finished products. An impairment loss is recognized whenever the carrying amount of inventory is greater than its probable realizable value. At June 30, 2018 the value of net inventory totaled €13,779k.

11) Shareholders' equity

The Group's share capital consists of 15,287,480 shares with a par value of €0.77 each.

Guillemot Corporation SA holds 38,295 treasury shares. These treasury shares reduce the value of shareholders' equity by €217k.

At June 30, 2018, the percentage of capital represented by treasury shares was 0.25%.

There were no longer any stock option plans in force at June 30, 2018.

During the fiscal year, 87,500 shares have been subscribed under stock option plan no. 9.

The corresponding increase in the share capital took place on March 16, 2018.

The exercise of these options increased the Group's cash position by €167k in 2018.

12) Provisions for liabilities and charges

Provisions for liabilities and charges are broken down as follows:

		Increases	Decreases		Currency translation adjustments	
	Dec 31, 2017	Jun 30, 2018	Used Jun 30, 2018	Not used Jun 30, 2018	Jun 30, 2018	Jun 30, 2018
Product returns	935		924		-11	0
Other	68	6	7			67
TOTAL	**1,003**	**6**	**931**	**0**	**-11**	**67**

The decrease in the provision for product returns is mainly explained by the highly seasonal nature of the business.

13) Employee benefit liabilities

The Group has no post-employment benefit plans other than the statutory plan laid down in collective bargaining agreements covering the Group's employees.

Provisions are calculated using the projected unit credit method, based on retirement benefits payable upon retirement according to length of service. (The benefits in question are those payable to employees upon retirement.)

Key actuarial assumptions remain unchanged relative to December 31, 2017.

At June 30, 2018, the amount of the recognized provision stood at €959k.

In accordance with IAS 19, all actuarial gains and losses are now recognized in OCI (Other Comprehensive Income) rather than in profit and loss. The impact on Group shareholders' equity at June 30, 2018 was -€158k.

14) Borrowings

Borrowings are broken down as follows:

		Current (due within 1 year)			Non-current (due within more than 1 year)	
	Jun 30, 2018	0-3 months	3-6 months	6-12 months		**Dec 31, 2017**
Borrowings from credit institutions	7,865	1,206	956	1,583	4,120	10,525
Bank overdrafts and foreign currency advanc	142	142				15
Sundry	21	21				24
TOTAL	**8,028**	1,369	956	1,583	4,120	**10,564**

The Group has fixed rate borrowings of €393k and floating rate borrowings of €7,635k. At June 30, 2018, the Group had one borrowing of €125k covered by an acceleration clause. The covenant to be met is as follows: Adjusted debt/shareholders' equity <= 1 (based on the Guillemot Corporation S.A. parent company financial statements). The company has met this covenant to date. The Group repaid €2,661k in bank borrowings over the period.

Net debt	**Jun 30, 2018**	**Dec 31, 2017**
Borrowings	8,028	10,564
Shareholders' current accounts	0	972
Cash at bank and in hand	6,454	10,294
Net debt	**1,574**	**1,242**

At June 30, 2018, the Group's net debt totaled €1,574k. The Group also has an equity portfolio worth €41.7 million (fair value at June 30, 2018).

15) Other liabilities

	Jun 30, 2018	Dec 31, 2017
Social security liabilities	1,750	1,959
Current accounts	0	972
Other	5,694	6,524
TOTAL	**7,444**	**9,455**

The "Other" item consists of accrued expenses linked to licenses, year-end rebates, advances and progress payments, prepaid income and expected returns.

16) Net operating income

Net operating income to June 30, 2018 totaled €2,750k, compared with a net operating loss of €226k a year earlier.

17) Net financial income

The cost of net financial debt to June 30, 2018 totaled €28k. This includes interest costs and financial expenses arising from borrowing, as well as foreign exchange gains and losses arising from the payment of financial liabilities.

Other financial income and expenses are broken down as follows:

	Jun 30, 2018	Jun 30, 2017
Foreign currency translation adjustments	128	404
Unrealized gain/loss on Ubisoft Entertainment shares	13,245	7,049
Total other financial income	**13,373**	**7,453**
Foreign currency translation adjustments	0	0
Unrealized gain/loss on Ubisoft Entertainment shares	0	0
Total other financial expenses	**0**	**0**

Currency effects arising from the translation of subsidiaries' accounts:
All subsidiaries conduct business in local currency; the impact on shareholders' equity was -€137k.

Financial risk:
In accordance with IFRS 7 on financial instruments, a breakdown of the Group's exposure to the various types of financial risk is as follows.

Liquidity risk: at June 30, 2018, the Group's borrowing and bank financing facilities were not fully utilized; net debt stood at €1.6 million. At June 30, 2018, the fair value of the Group's portfolio of available-for-sale securities stood at €41.7 million.

Equity risk: the Group's earnings are affected by fluctuations in the market price of shareholdings. A 10% decrease in the price of Ubisoft Entertainment shares over the second half of 2018 (relative to their price at June 30, 2018) would reduce net financial income by €4.2 million.

Interest rate risk: based on the Group's outstanding floating rate financial liabilities at June 30, 2018, a 1% annual increase in interest rates would increase financial expenses by €4k.

Foreign exchange risk: a breakdown of the Group's foreign currency assets and liabilities at June 30, 2018 is as follows (unhedged amounts only – i.e. those exposed to interest rate risk):

Foreign currency amounts exposed to upward or downward interest rate fluctuations:

(€k)	USD	GBP
Assets	13,776	1,232
Liabilities	9,725	30
Net position before hedging	4,051	1,202
Off balance sheet position	0	0
Net position after hedging	4,051	1,202

Based on foreign currency values exposed to exchange rate fluctuations at June 30, 2018, a 10% annual increase in US dollar exchange rates would increase financial expenses by €316k.

Based on foreign currency values exposed to exchange rate fluctuations at June 30, 2018, a 10% annual decrease in the value of sterling would increase financial expenses by €123k.

Since all major players in the multimedia industry transact in US dollars, no given manufacturer has a competitive advantage that would result in increased market share. Since all industry players index-link their selling prices to cost prices in US dollars, selling prices rise and fall in line with cost prices.

The main currency for purchases of hardware and accessories is the US dollar. In the United States, Canada and all other countries outside Europe, the trading currency is also the US dollar. In Europe, the Group mainly sells its products in euros. Rapid currency fluctuations, and in particular declines in the value of the US dollar, may result in lower selling prices for the Group's products, thus impacting the value of inventories. Conversely, given the seasonal nature of the company's business, if the US dollar were to rise sharply during the second half of the year, the Group would not be able to adjust its selling prices to reflect the full extent of such an increase, which could therefore have a temporary adverse impact on the Group's gross margin.

However, to limit the Group's foreign exchange risk, Guillemot Corporation hedges against currency fluctuations by buying spot currency and currency futures and options.

Furthermore, growth in the company's export sales over the past few years has boosted its natural hedging and significantly reduced its foreign exchange risk.

There were no currency futures or options outstanding at June 30, 2018.

Credit risk: the risk of financial loss in the event that a customer should fail to meet its contractual obligations. The Group manages this risk by taking out credit insurance. Since the Group uses wholesalers, it has a limited number of customers. In a few cases, the Group is obliged to grant additional credit where its insurance cover is considered clearly unsuitable.

18) Corporate income tax

a) Tax assets

At June 30, 2018, this item consisted of a French Employment Competitiveness Tax Credit (*Crédit d'Impôt Compétitivité Emploi*) totaling €197k and research tax credits (in France and Canada) totaling €357k.

These tax credits have been deducted from employee expenses in the income statement.

b) Income tax expense

Corporate income tax is broken down as follows:

	30.06.18	30.06.17
Impôts différés	1 656	982
Impôts courants	254	70
TOTAL	**1 910**	**1 052**

Income tax payable corresponds to total income taxes payable by all Group companies.

Deferred tax is calculated on timing differences relating to tax adjustments, consolidation adjustments and tax loss carry-forwards.

Since the probability of future taxable earnings had not yet been fully established, no deferred tax assets were recognized for any of the Group’s subsidiaries at June 30, 2018.

Deferred tax liabilities on the balance sheet totaled €4,244k at June 30, 2018, compared with €2,588k at December 31, 2017. The increase in this item corresponds to the tax effect of revaluation of the unrealized gain on the portfolio of Ubisoft Entertainment shares.

At end December 2017, the Group had available tax loss carry-forwards totaling €52 million, €49 million of which related to the parent, Guillemot Corporation SA.

19) Discontinued operations

The Group has not discontinued any operations in recent years.

20) Earnings per share

Basic earnings per share	Jun 30, 2018	Jun 30, 2017
Earnings	14,185	6,092
Average number of shares (thousai	15,287	15,005
Treasury shares	-38	-278
Total shares (thousands)	15,249	14,727
Basic earnings per share	0.93	0.41

Diluted earnings per share	Jun 30, 2018	Jun 30, 2017
Earnings	14,185	6,092
Average number of shares (thousands)	15,287	15,005
Treasury shares	-38	-278
Total shares (thousands)	15,249	14,727
Maximum number of shares to be created		
- via conversion of bonds	0	0
- via exercise of options	0	480
- via exercise of subscription rights	0	0
Total shares (thousands)	15,249	15,207
Diluted earnings per share	0.93	0.40

21) Off balance sheet commitments

Lease commitments: €1,450k
Documentary credits: €451k

22) Related party transactions

The Group is owned by Guillemot Brothers SE (19.63%), the Guillemot family (53.09%), Guillemot Corporation S.A. (0.25%) and members of the public (27.03%).

The related parties are Guillemot Brothers SE and members of the Guillemot family controlling the issuer, the Group's consolidated subsidiaries (see scope of consolidation in Note 5) and the Ubisoft Entertainment group, in which members of the Guillemot family hold significant voting rights.

During prior periods, the founders of the Group's parent company and of Guillemot Brothers SE waived current account advances to Guillemot Corporation SA totaling €7.7 million.
The balance of €972k shown in the balance sheet at December 31, 2017 was repaid during the first half of 2018.

Key totals relating to transactions with the Ubisoft Entertainment group:

(€k)	Jun 30, 2018 Ubisoft Entertainment
Trade receivables	236
Trade payables	112
Revenue	258
Expenses	322

23) Seasonality of business

As a rule, the Guillemot Corporation Group generates around 50% of its annual sales between September and December. The Group uses subcontractors to meets increased production and logistics requirements during this period. The working capital requirement arising from these seasonal fluctuations is financed through short- and medium-term funding.

24) Subsequent events

None.

F - Independent Auditors' report on 2018 interim financial disclosures

To the shareholders
GUILLEMOT CORPORATION
Place du Granier
BP 97143
35571 Chantepie Cedex

Pursuant to the engagement entrusted to us at your shareholders' general meeting and in accordance with Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the summary interim consolidated financial statements of Guillemot Corporation for the period from January 1, 2018 to June 30, 2018, as appended to this report;
- verified the information set out in the interim activity report.

These summary interim consolidated financial statements were prepared under the authority of the Board of Directors. It is our responsibility to express an opinion on these financial statements on the basis of our limited review.

I - Opinion on the financial statements

We have carried out our limited review in accordance with professional standards applicable in France. A limited review mainly consists of meeting with members of management responsible for accounting and financial matters and applying analytical procedures. These tasks are less comprehensive than those required for an audit carried out in accordance with French professional standards. Consequently, the assurance, following a limited review, that the financial statements taken as a whole contain no material misstatements is a limited assurance that is less certain than that given following a full audit.

On the basis of our limited review, we have identified no material misstatements liable to call into question the compliance of the summary interim consolidated financial statements with IAS 34 – the IFRS standard on interim financial reporting adopted within the European Union.

II – Specific checks

We have also checked the information set out in the interim activity report commenting on the summary interim consolidated financial statements upon which our limited review was based. We have no comments as to the accuracy of this information or its consistency with the summary interim consolidated financial statements.

Rennes, September 24, 2018

The statutory auditors

PricewaterhouseCoopers Audit	MB Audit
Jérôme Mouazan	Khadija Roullé

G - Declaration by the persons responsible for the interim report

I certify that, to the best of my knowledge, the financial statements set out in this interim financial report have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, financial position and earnings of all companies included within the consolidated Guillemot Corporation Group, and that the interim activity report presented under point 4 provides an accurate view of material events having occurred during the first six months of the financial year, their effect on the interim financial statements and the principal transactions between related parties, together with a description of the principal risks and uncertainties over the remaining six months of the financial year.

Rennes, September 24, 2018

Claude Guillemot
Chairman and Chief Executive Officer