

GUILLEMOT CORPORATION
Joint stock company with capital of €11,553,646.72
Registered office: Place du Granier, BP 97143, 35571 Chantepie Cedex
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Half-year financial report
June 30, 2016

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A- Summarized half-year consolidated balance sheet

ASSETS	Notes	Net 30.06.16	Net 31.12.15
(All entries are in €K)			
Excess fair market values	7	888	888
Intangible fixed assets	8	7,034	7,081
Tangible fixed assets	8	2,688	2,682
Financial assets	9	447	459
Income tax receivables	18	0	0
Deferred tax assets	18	0	0
Non-current assets		11,057	11,110
Inventories	10	17,036	17,336
Customers		10,398	14,876
Other receivables		1,438	1,445
Financial assets	9	14,652	12,250
Income tax receivables	18	334	329
Cash and cash equivalents	14	2,061	6,372
Current assets		45,919	52,608
Total assets		56,976	63,718
LIABILITIES AND SHAREHOLDERS' EQUITY			
	Notes	30.06.16	31.12.15
(All entries are in €K)			
Capital (1)		11,554	11,554
Premiums (1)		10,472	10,472
Reserves and consolidated income (2)		1,872	2,803
Forex adjustments		568	419
Group shareholders' equity	11	24,466	25,248
Minority interests		0	0
Shareholders' equity		24,466	25,248
Personnel commitments	13	660	589
Loans	14	2,928	4,182
Other liabilities	22	972	972
Deferred tax liabilities	18	1,154	715
Non-current liabilities		5,714	6,458
Suppliers		10,019	18,337
Short-term loans	14	11,893	6,870
Fiscal liabilities		302	273
Other liabilities	15	4,266	6,195
Provisions	12	316	337
Current liabilities		26,796	32,012
Total liabilities and shareholders' equity		56,976	63,718

(1) Of the consolidated parent company

(2) Net income for the fiscal year: €-879K

The notes presented in section E form an integral part of the summarized half-year consolidated financial statements.

B- Summarized half-year consolidated statement of net income and of gains and losses posted directly under shareholders' equity

- Summarized half-year consolidated statement of net income

(All entries are in €K)	Notes	30.06.16	30.06.15
Net sales	6	20,464	21,441
Purchases		-9,800	-14,731
External expenses		-6,617	-5,461
Personnel expenses		-4,346	-3,664
Taxes and duties		-218	-176
Depreciation and amortization		-1,329	-1,241
Provisions allowance		-170	-420
Changes in inventories		-353	4,304
Other operating revenues		106	112
Other operating expenses		-926	-1,558
Current operating income		-3,189	-1,394
Other operations-related revenues		0	0
Other operations-related expenses		0	0
Operating income	16	-3,189	-1,394
Cash and cash equivalents revenues	17	1	0
Cost of gross financial debt	17	115	82
Cost of net financial debt	17	-114	-82
Other financial revenues	17	2,946	396
Other financial expenses	17	-56	-124
Income tax expenses	18	-466	-42
Net income before minority interests		-879	-1,246
including net income from terminated activities	19	0	0
Minority interest share		0	0
Group net income		-879	-1,246
Base earnings per share	20	€-0.06	€-0.08
Diluted earnings per share	20	€-0.06	€-0.08

- Statement of net income and of gains and losses posted directly under shareholders' equity

(All entries are in €K)	30.06.16	30.06.15
Group share of net income	-879	-1,246
<i>Recyclable OCI items</i>		
Forex adjustments	149	57
Coverage derivatives revaluation	0	0
Financial assets available for sale revaluation	0	0
<i>Non-recyclable OCI items</i>		
Fixed assets revaluation	0	0
Actuarial gains and losses on defined benefit plans	0	2
Share of gains and losses posted directly under shareholders' equity of equity method companies	0	0
Total gains and losses posted directly under shareholders' equity - Group share	149	59
Net income and gains and losses posted directly under shareholders' equity - Group share	-730	-1,187
Net income and gains and losses posted directly under shareholders' equity - Minority share	0	0

The notes presented in section E form an integral part of the summarized half-year consolidated financial statements.

C- Summarized half-year consolidated shareholders' equity evolution table

	Notes	Capital	Premiums	Conso- lidated reserves	Net income	Forex adjustment	Total share- holders' equity
(All entries are in €K)							
Balance at 01.01.15*		11,554	10,472	-3,341	-931	547	18,301
Overall income at 30.06.15					-1,246	57	-1,189
31.12.14 net income appropriation				-931	931		0
Stock options							0
Consolidated parent company securities				18			18
Gains and losses on treasury securities				14			14
Other							0
Balance at 30.06.15	11	11,554	10,472	-4,240	-1,246	604	17,144
Balance at 01.01.16		11,554	10,472	-4,240	7,043	419	25,248
Overall income at 30.06.16					-879	149	-730
31.12.15 net income appropriation				7,043	-7,043		0
Stock options							0
Consolidated parent company securities				-70			-70
Gains and losses on treasury securities				18			18
Balance at 30.06.16	11	11,554	10,472	2,751	-879	568	24,466

* The impact of the application of IFRIC 21 is set out at note E3.

The notes presented in section E form an integral part of the summarized half-year consolidated financial statements.

D- Summarized half-year consolidated cashflow table

(All entries are in €K)	Notes	30.06.16	30.06.15
Cashflow linked to operating activities			
Net income of integrated companies		-879	-1,246
+ Depr., amort. and provisions allowance (excl. that linked to current assets)		1,428	1,571
- Depreciation, amortization and provisions recovery		-37	-23
- /+ Unrealized gains and losses linked to changes in fair value	16	-2,814	-396
+/- Expenses and revenues linked to stock options	11	0	0
-/+ Net gain/loss on disposals		-132	0
Deferred tax change	17	438	0
Cashflow after cost of net financial debt		-1,996	-94
Cost of net financial debt	16	114	82
Cashflow before cost of net financial debt		-1,882	-12
Cashflow Forex adjustment		17	-3
Inventories	10	299	-4,329
Customers		4,479	1,602
Suppliers		-8,318	2,490
Other		-1,605	561
Working capital requirements change		-5,145	324
Net cashflow linked to operating activities		-7,124	227
Cashflow linked to investments			
Intangible fixed asset acquisitions	8	-703	-1,049
Tangible fixed asset acquisitions	8	-392	-322
Intangible and tangible fixed asset disposals		2	6
Financial fixed asset acquisitions	9	-39	-4
Financial fixed asset disposals	9	544	0
Net cashflow on subsidiary acquisitions/disposals		0	0
Net cashflow linked to investment activities		-588	-1,369
Cashflow linked to financing activities			
Capital increase or cash contribution		0	0
Dividends paid to minority shareholders		0	-1
Debt issuance		0	0
Shareholders' current account reimbursement	21	-424	-271
Debt repayments	14	-1,916	-829
Other cashflow linked to financing activities		0	0
Total cashflow linked to financing activities		-2,340	-1,101
Forex adjustment impact		49	10
Cashflow change		-10,003	-2,233
Net cashflow at fiscal year start	A and 14	3,027	-2,158
Net cashflow at fiscal year end	A and 14	-6,975	-4,391

The notes presented in section E form an integral part of the summarized half-year consolidated financial statements.

E- Notes on summarized half-year consolidated financial statements

(All entries are in €K unless otherwise noted.)

1) *General information*

The financial statements were approved by the Board of Directors on September 21, 2016.

Guillemot Corporation is a designer and manufacturer of interactive entertainment hardware and accessories. The Group offers a diversified range of products under the Hercules and Thrustmaster brand names. Active in this market since 1984, the Guillemot Corporation Group is currently present in 11 countries (France, Germany, the UK, the United States, Canada, Belgium, the Netherlands, China [Hong Kong], Spain, Romania and Italy) and distributes its products in more than sixty countries worldwide. The Group's mission is to offer high-performance, ergonomic products which maximize the enjoyment of digital interactive entertainment end users.

The company is a joint stock company with its registered office at Place du Granier, BP 97143, 35 571 Chantepie Cedex.

2) *Basis for preparation of summarized half-year financial information*

This summary of half-year consolidated financial statements at June 30, 2016 has been prepared pursuant to the IAS 34 standard, Intermediate Financial Accounting. The summarized half-year report must be read along with the annual financial statements for fiscal 2015.

3) *Accounting methods*

The accounting methods employed are the same as those adopted for the preparation of the annual financial statements for the fiscal year ended December 31, 2015, as presented in the annual financial statements for the fiscal year ended December 31, 2015.

No new IFRS standards will take effect for the first time as of January 1, 2016: only a few amendments will be applicable for fiscal years beginning in 2016. These amendments were adopted by the European Union in different regulations, published in November and December 2015.

The IFRS standards in question are the following:

- IAS 1 ("Presentation of Financial Statements").
- IAS 41 ("Agriculture") and IAS 16 ("Property, Plant and Equipment"). These amendments relate to "bearer biological assets".
- IAS 38 ("Intangible Assets") and IAS 16 ("Property, Plant and Equipment"). The amendments relate to acceptable amortization methods.
- IAS 19 ("Employee Benefits").
- IAS 34 ("Interim Financial Reporting").
- IFRS 5 ("Non-Current Assets Held for Sale and Discontinued Operations").
- IFRS 7 ("Financial instruments: Disclosures").
- IFRS 11 ("Joint Arrangements"), for amendments relating to "accounting for the acquisition of interests in joint undertakings".

These standards, amendments to existing standards and interpretations have not had a significant impact on the Group's financial statements.

Application of IFRIC 21 (“Levies imposed by a public authority”):

A public authority has the power to levy taxes on an entity. The question relates to the recognition date of a liability linked to the payment of levies, other than income tax, pursuant to IAS 37 (“Provisions, Contingent Liabilities and Contingent Assets”). A liability for payment of a levy cannot be accounted for in interim financial statements, if there is no present obligation on the closing date of the interim period.

The impacts relating to the retrospective application of the IFRIC 21 interpretation (“Levies imposed by a public authority”) are as follows:

- Shareholders’ equity at 01/01/2015: €+27K.

4) *Report on activities*

The Guillemot Corporation Group’s financial statements at June 30, 2016 are broken down as follows:

Q1 + Q2 (in € millions) January 1, 2016 – June 30, 2016	30/06/2016	30/06/2015	Change
Thrustmaster gaming accessories ranges	16.4	17.5	-6%
Thrustmaster total	16.4	17.5	-6%
Hercules digital devices	3.9	3.5	+11%
OEM*	0.2	0.4	-50%
Hercules total	4.1	3.9	+5%
Total	20.5	21.4	-4%
Current operating income	-3.2	-1.4	-
Operating income	-3.2	-1.4	-
Financial income**	2.8	0.2	-
Consolidated net income	-0.9	-1.2	-
Earnings per share	€-0.06	€-0.08	-

* Accessories developed to accompany products of third-party companies (*Original Equipment Manufacturer*).

** Financial income includes the cost of net financial indebtedness, as well as other financial expenses and revenues.

Activity

During the first half of fiscal 2016, the Group posted sales of €20.5 million, down 4%, with 11% sales growth for Hercules digital devices to €3.9 million, and a 6% decrease in terms of sales of Thrustmaster gaming accessories to €16.4 million. Sales of racing wheels, which drive Thrustmaster’s activity, decreased over the first half of the year, not benefiting from the launches of major new games, contrary to the previous fiscal year.

Results

Over the period, the Group posted an operating loss of €3.2 million, the increase in which was due to increased marketing and sales-related investments over the year’s first half, as well as lower Thrustmaster sales.

During the first half of the year, this resulted in a stronger presence at large international trade shows dedicated to the Group's product lines, in preparation for the run-up to the end of the year. All of these investments in terms of personnel, marketing and sales-related costs resulted in an overall increase of €1.1 million in costs for the first half of fiscal 2016. At the same time, the postponed launches of major titles in terms of car racing and flight simulation games on consoles and PC, originally scheduled for the first half of 2016, had the effect of a drop in demand for simulation accessories and lower sales, resulting in a decrease with respect to the Group's gross margin of €0.7 million.

Financial income amounted to €+2.8 million, owing to the higher share price of Ubisoft securities and the disposal of the remainder of Gameloft securities.

Over the period, consolidated net income was €-0.9 million.

Main balance sheet elements:

(in € millions)	30/06/2016	31/12/2015
Shareholders' equity	24.5	25.2
Inventories	17.0	17.3
Net indebtedness (excluding MIS)*	13.7	6.1
Current financial assets (MIS share)	14.7	12.2

* Marketable Investment Securities are not taken into account in calculating net indebtedness.

The Group's shareholders' equity amounted to €24.5 million at June 30, 2016. Its Gameloft shares were sold at €8 each during the first half of the year, resulting in a net disposal gain of €132K. The net unrealized gain at June 30, 2016 amounted to €2.8 million for the Ubisoft Entertainment shares held by the Group. At June 30, 2016, the Group's net indebtedness excluding Marketable Investment Securities stood at €13.7 million, linked to the one-off increase in terms of working capital requirements as a result of higher inventory levels, with most end-of-year purchases having already been anticipated at this date.

Flagship products for the end of the year

The Group has structured its end-of-year activities around the following products:

❖ Thrustmaster

- **Racing wheel ranges:** The Group has extended its lines of console racing wheels with the springtime launch of the TMX wheel for the Xbox One® console, which will be joined toward the end of the year by a limited-series TMX PRO version for some large customers. They are set to benefit from the launch on September 27 of the highly-anticipated game Forza Horizon 3. Two new Gran Turismo-licensed racing wheels were underway to accompany the latest version of the game upon its release, including a very high-end flagship wheel for the brand, which was unveiled at the announcement of the game GT Sport in London in May. The game's postponement until 2017 will result in a delayed launch for this wheel.

This year's crop of car racing games, while not quite as strong as initially anticipated, will nevertheless feature exciting new titles thanks to the upcoming launches of WRC 6, Forza Horizon 3 and Sony's Driveclub VR for PlayStation®VR, in particular.

- Joystick ranges: Thrustmaster will be launching a complete line of simulation accessories toward the end of the year, including a rudder, throttle and joysticks (T.16000M FCS HOTAS, TFRP and T.16000M FCS), for PC and virtual reality games.

❖ Hercules

- DJing range: The new Hercules P32 DJ controller, featuring 32 digital pads allowing users to spice up their mixes with samples on the fly, was launched in the spring and will gain momentum in the latter part of the year. This controller excelled in a competition against the biggest brands in the sector, winning the DJ Mag Tech Award for the best controller under £600: the magazine also went out of its way to highlight the perfect match between the controller and its DJUCED™ 40° software, published by the company. The new DJControl Instinct P8, launched in September, lets beginner DJs get started in the world of remixing thanks to its eight pads.
- Wireless speakers range: A new outdoor model will very soon be added to Hercules' line of water-resistant speakers. It will be the perfect companion for the new iPhone® 7, which will feature water resistance for the first time.

Prospects

The consoles market is set to be very dynamic in the run-up to the end of the year thanks to deliveries of Microsoft's new Xbox One® S console, and the launches of the new Sony PS4 Slim and PS4 Pro consoles – which will be accompanied by the PlayStation®VR virtual reality headset.

The postponement of the game GT Sport until 2017 obliges the Group to delay the launch of its Gran Turismo-licensed flagship racing wheel, originally set for release in late 2016, until next year as well.

The Group now forecasts sales in excess of €60 million for the fiscal year.

5) *Scope of consolidation*

- a) Companies included within the Guillemot Corporation S.A. Group's scope of consolidation at June 30, 2016

COMPANY	SIREN number	Country	Percentage of control	Consolidation accounting method
GUILLEMOT CORPORATION S.A.	414,196,758	France	Parent company	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		UK	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%.

Minority interests are not calculated owing to their non-significant nature.

- b) Changes to scope of consolidation

There were no changes to the scope of consolidation.

6) *Information by sector*

Pursuant to the IFRS 8 standard on operating segments, the Group has presented the formats of information by sector on the same basis as those used for internal reporting presented to management.

Sector information by activity concerns the Hercules and Thrustmaster sectors of activity.

Sector information by geographic zone is based on the following geographical sectors: European Union, North America and Other.

Sector information by activity

The Hercules sector of activity includes the following product ranges: DJing and digital music, wireless speakers for smartphones and tablets, multimedia speakers, and webcams.

The Thrustmaster sector of activity includes the following gaming accessories for PC and consoles: racing wheels, gamepads, joysticks, and gaming headsets.

- Statement of income by activity (in €K):

	30.06.16			30.06.15		
	Total	Hercules	Thrustmaster	Total	Hercules	Thrustmaster
Sales	20,464	4,065	16,399	21,441	3,904	17,537
Depreciation and amortization	1,329	572	757	1,241	672	569
Provisions allowance	170	94	76	420	176	244
Current operating income	-3,189	-3,262	73	-1,394	-2,648	1,254
Operating income	-3,189	-3,262	73	-1,394	-2,648	1,254

- Balance sheet by sector of activity (in €K):

	30.06.16			31.12.15		
	Net 30.06.16	Hercules	Thrustmaster	Net 31.12.15	Hercules	Thrustmaster
Excess fair market values	888	888	-	888	888	-
Intangible fixed assets	7,034	3,099	3,935	7,081	3,330	3,751
Tangible fixed assets	2,688	1,223	1,465	2,682	1,243	1,439
Inventories	17,036	4,583	12,453	17,336	4,852	12,484
Customers	10,398	1,537	8,861	14,876	2,821	12,055
Unallocated assets	18,932	-	-	20,855	-	-
TOTAL ASSETS	56,976	11,330	26,714	63,718	13,134	29,729
Shareholders' equity	24,466	-	-	25,248	-	-
Provisions	660	330	330	926	382	544
Suppliers	10,019	2,520	7,499	18,337	4,933	13,404
Unallocated liabilities	21,831	-	-	19,207	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	56,976	2,850	7,829	63,718	5,315	13,948

Unallocated assets are financial assets, income tax assets, other receivables and cash.

Unallocated liabilities are loans, other liabilities, retirement provisions, fiscal liabilities and deferred tax liabilities.

Sector information by geographic zone

- Sales by geographic zone (in €K):

	30.06.16	30.06.15
European Union	11,797	12,943
North America	5,822	5,796
Other	2,845	2,702
TOTAL	20,464	21,441

- Overall value of assets by geographic location (in €K):

	30.06.16				31.12.15			
	Net total	EU	North America	Other	Net total	EU	North America	Other
Excess fair market values	888	888	-	-	888	888	0	0
Tangible fixed assets	2,688	2,551	106	31	2,682	2,588	57	37
Financial assets	447	374	35	38	12,709	12,667	3	39
Inventories	17,036	8,202	2,584	6,250	17,336	8,101	2,063	7,172
Customers	10,398	5,425	3,526	1,447	14,876	9,906	2,937	2,033
Other receivables	1,438	1,263	174	1	1,445	1,289	142	14
Cash and cash equivalents	2,061	961	828	272	6,372	5,055	1,120	197
Income tax receivables	334	334	0	0	329	329	0	0
Unallocated assets	21,686	-	-	-	7,081	-	-	-
TOTAL ASSETS	56,976	19,998	7,253	8,039	63,718	40,823	6,322	9,492

Unallocated assets are intangible fixed assets and current financial assets.

7) *Excess fair market values*

a) Excess fair market values

Excess fair market values were broken down at June 30, 2016 as follows:

Excess fair market values change	Gross at 31.12.15	Change	Gross at 30.06.16
Guillemot Ltd (UK)	1		1
Hercules Thrustmaster SAS (France)	1,299		1,299
Guillemot Administration et Logistique SARL (France)	233		233
Guillemot SA (Belgium)	233		233
Guillemot Inc (United States)	1,034		1,034
Guillemot Corporation SA (France)	941		941
Guillemot Inc (Canada)	16,894		16,894
Guillemot Srl (Italy)	4,392		4,392
Total	25,027	0	25,027

Excess fair market values depreciation	Additional loss in		
	Provisions at 31.12.15	value from 01.01.16 to 30.06.16	Provisions at 30.06.16
Guillemot Ltd (UK)	1	-	1
Hercules Thrustmaster SAS (France)	411	-	411
Guillemot Administration et Logistique SARL (France)	233	-	233
Guillemot SA (Belgium)	233	-	233
Guillemot Inc (United States)	1,034	-	1,034
Guillemot Corporation SA (France)	941	-	941
Guillemot Inc (Canada)	16,894	-	16,894
Guillemot Srl (Italy)	4,392	-	4,392
Total	24,139	0	24,139

Net value	Total	888	0	888
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There is no amortization of excess fair market values under the IFRS standards. Pursuant to the IAS 36 standard, losses in value during previous fiscal years are not recovered at a later date.

One of the hypotheses employed at December 31, 2015 for calculating future discounted cashflow for the Hercules cashflow generating unit is a 15% increase in sales for 2016 in relation to 2015.

Hercules has been impacted over the past few years by the decline of the traditional PC market, and by the ending of its Wi-Fi and PLC product lines. The brand's refocusing of its activities on audio products is underway, and does not call into question the medium-term prospects for Hercules-related activities. The emergence of smartphones and of mobile uses for music represents a fundamental shift, for which Hercules has been preparing itself in recent years by deploying its Research and Development teams to focus on these new markets. These efforts have already resulted in the brand receiving five innovation prizes at the last three editions of the prestigious CES trade show in Las Vegas. These international awards, highly coveted within the IT industry, bear witness to the Hercules brand's ability to create increasingly unique and innovative solutions. This refocusing of activities on audio products buoys the Group with respect to its hypotheses.

At June 30, 2016, the excess fair market values entry on the balance sheet was composed solely of a net amount of €888K corresponding to the fair value of Hercules goodwill from the subsidiary Hercules Thrustmaster SAS.

8) *Intangible and tangible fixed assets*

a) Intangible fixed assets

Intangible fixed assets are broken down as follows:

Gross values	31.12.15	Scope mvt	Increase	Decrease	Forex adjustment	30.06.16
Brands	10,842					10,842
Development costs	4,654		753	30	-2	5,375
Development costs under construction	1,473		694	770	-2	1,395
Licenses	2,418		86			2,504
Concessions, patents...	875		2		11	888
Other intangible fixed assets	950		3		20	973
TOTAL	21,212	0	1,538	800	27	21,977

With respect to development costs, projects meeting the 6 eligibility criteria set out in the IAS 38 standard are capitalized. The switch from fixed assets under construction to fixed assets (development costs) takes place when the asset is put into production. Development costs capitalized over the period amounted to €36K in net value. Guillemot Corporation Group companies that produce development costs are Hercules Thrustmaster SAS, Guillemot R&D Inc., Guillemot Romania Srl and Guillemot Corporation (HK) Limited. Capitalized costs relate to all product lines for the Hercules and Thrustmaster brands. The increase of €86K in the Licenses heading relates to the accounting for a new minimum guarantee with respect to assets, with no cash impact.

Amortization and provisions	31.12.15	Scope mvt	Increase	Decrease	Forex adjustment	30.06.16
Brands	8,110					8,110
Development costs	2,560		608			3,168
Licenses	1,704		146			1,850
Concessions, patents...	811		26		10	847
Other intangible fixed assets	946		2		20	968
TOTAL	14,131	0	782	0	30	14,943

Brands include the Thrustmaster and Hercules brands acquired. These brands are subject to depreciation tests at each closing of accounts and are valued taking into account future discounted cashflow.

In the absence of a deep market for the brands in our sector of activity, the fair value method is not applied for valuation of brands held by the Group.

The going value is the discounted value of future cashflow expected from an asset, which is to say of its continued use and removal at the end of its usefulness. This method is used for the valuation of brands.

The Hercules brand is assigned to the Hercules cashflow generating unit.

The Thrustmaster brand is assigned to the Thrustmaster cashflow generating unit. The Thrustmaster brand has a net balance sheet value of €1,300K against an acquisition cost of €9,410K, while the Hercules brand stands at €1,432K against an acquisition cost of €1,432K.

The 6% decrease in sales observed over the first half of 2016 and the revision of forecasts for the fiscal year represents an indication of an impairment loss. The application of an impairment test at June 30, 2016 did not show an impairment loss.

Pursuant to IAS 36, forecasts are made over five years with a terminal value.

The hypotheses used in calculating future discounted cashflow for the Thrustmaster cashflow generating unit are the following:

- Operational cashflow to sales ratio of 5%.
- Forecasts applied to a five-year business plan with stable average sales over the period.
- 12% discount rate.

Valuation of the Thrustmaster brand presents an adjustment risk over the years to come, in the event whereby the hypotheses employed for future cashflow generated by Thrustmaster activities are revised either upward or downward.

Thrustmaster's strong growth in 2015 and prospects for profitability may result in a provision reversal in the two coming years, should the forecasts be confirmed.

Thrustmaster has acquired worldwide renown and is now the market leader with respect to racing wheels for PC and consoles, the installed base of which continues to expand.

The 2016 launches of virtual reality headsets and the growth of Thrustmaster's racing and flight simulation ecosystems should allow the brand to meet its growth forecasts.

The maximum potential impact on the Group's statement of income would be €+8,110K in the event of the complete reversal of the provision on the Thrustmaster brand.

There was no revision in the book value of the Thrustmaster brand at June 30, 2016.

b) Tangible fixed assets

Tangible fixed assets related to operations are broken down as follows:

Gross values	31.12.15	Scope mvt	Increase	Decrease	Forex adjustment	30.06.16
Land	399					399
Buildings	5,379		7			5,386
Technical installations	4,341		284		9	4,634
Other tangible fixed assets	1,007		42	4	3	1,048
Fixed assets under construction	496		278	219		555
TOTAL	11,622	0	611	223	12	12,022

Buildings represent buildings located in Carentoir (France).

The €219K decrease in fixed assets under construction corresponds to a transfer to the technical installations entry. Tangible fixed assets under construction mainly relate to molds and tools allowing for the production of new products.

Depreciation	31.12.15	Scope mvt	Increase	Decrease	Forex adjustment	30.06.16
Buildings	4,592		100			4,692
Technical installations	3,475		257		10	3,742
Other tangible fixed assets	873		26	2	3	900
TOTAL	8,940	0	383	2	13	9,334

9) *Financial assets*

Non-current financial assets are broken down as follows:

Gross values	31.12.15	Scope mvt	Increase	Decrease	Forex adjustment	30.06.16
Other fixed securities	152			50		102
Other financial fixed assets	307		39		-1	345
TOTAL	459	0	39	50	-1	447

The movements on other fixed securities relate to the liquidity contract currently in place. Assets assigned to the liquidity account amounted to €300,000 in cash at June 30, 2016.

Other financial fixed assets relate to deposits and guarantees paid out.

Current financial assets include Ubisoft Entertainment shares.

	Net 31.12.15	Disposal 30.06.16	Acquisition 30.06.16	Forex adjustment 30.06.16	Reevaluated gain/loss 30.06.16	Net 30.06.16
Ubisoft Entertainment shares						
Number	443,874	0	0	0	0	443,874
Fair value (in €K)	11,837	0	0	0	2,815	14,652
Gameloft shares						
Number	68,023	68,023	0	0	0	0
Fair value (in €K)	413	544	0	0	132	0
Derivatives on Forex transactions	0	0	0	0	0	0
Total value	12,250	544	0	0	2,947	14,652

Ubisoft Entertainment shares (listed on an active market) are valued at their fair value pursuant to the IAS 39 standard. These shares were classified in the financial assets category, valued at their fair value as hedging for income during the switch to IFRS standards.

At June 30, 2016, the Group held 443,874 Ubisoft Entertainment shares, representing 0.39% of capital.

The share prices used at December 31, 2015 were €26.67 for Ubisoft Entertainment shares and €6.06 for Gameloft shares. The share price used at June 30, 2016 for the valuation of shares at their fair value was €33.01 for Ubisoft Entertainment shares. Gameloft shares were disposed of during the first half of the year at €8 each, resulting in the posting of a net disposal gain of €132K. The net unrealized gain posted at June 30, 2016 amounted to €2,814K for Ubisoft Entertainment shares held (see point 16).

10) Inventories

Inventories	Gross 31.12.15	Change in inventories (Result)	Scope mvt	Forex adjustments	Gross 30.06.16
Raw materials	1,572	402			1,974
Finished products	17,063	-1,390		157	15,830
TOTAL	18,635	-988	0	157	17,804

Provisions	31.12.15	Increase	Decrease	Scope mvt	Forex adjustments	30.06.16
Raw materials	151		23			128
Finished products	1,148	64	586		13	639
TOTAL	1,299	64	609	0	13	767

Total inventories (net)	17,336	17,036
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Inventories include electronic components and subsets as well as finished products. Provisions are made when the value of inventory is greater than its probable sales price. The net inventory value amounted to €17,036K at June 30, 2016.

11) Shareholders' equity

This capital is composed of 15,004,736 shares with a nominal value of €0.77 each.

The company Guillemot Corporation S.A. holds 292,552 treasury stock shares. These treasury stock shares are deducted from shareholders' equity for an amount of €748K.

At June 30, 2016, the percentage of capital represented by treasury stock shares was 1.94%.

Maximum potential number of shares to be created:
Through options exercise 480,000

Main features of stock option plans:

	9th plan	10th plan
Board of Directors meeting date	18.02.08	18.02.08
Number of shares	383,000	217,000
Nominal value	€0.77	€0.77
Subscription price	€1.91	€1.91
Exercise date	18.02.12 to 18.02.18	18.02.10 to 18.02.18
Number of shares subscribed to	-	6,360
Including during fiscal 2016	-	-
Cancelled or voided stock options	-	-
Remaining stock options	383,000	210,640
Options available for exercise at 30.06.16	334,000	146,000

The first six stock option plans have been nullified.

The Group has put in place remuneration plans denominated in shareholders' equity instruments (options on shares). The fair value of the services rendered by employees in exchange for the granting of options is accounted for as expenses. The total amount accounted for as expenses over the acquisition period of rights is determined by reference to the fair value of the options granted, without taking into account the conditions of acquisition of rights, which are not market conditions. The conditions of acquisition of rights which are not market conditions are integrated into the hypotheses on the number of options which may become available for exercise. At each closing date, the entity re-examines the number of options which may become available for exercise. If need be, the Group posts in its statement of income the impact of the revision of its estimates as hedging for a corresponding adjustment to shareholders' equity.

The number of potentially exercisable options takes into account the exercise terms for options proper to each plan.

Pursuant to the IFRS 2 standard regarding share benefits, stocks options have been valued at their fair value according to the Black & Scholes method. No charges were posted for the first half of fiscal 2016, with all plans being amortized.

12) Provisions for liabilities and expenses

Provisions for liabilities and expenses are broken down as follows:

		Increases	Used	Decreases	Forex	
	31.12.15	30.06.16	30.06.16	Unused	adjustments	30.06.16
				30.06.16	30.06.16	
Product returns	233		38		12	207
Other	104	5				109
TOTAL	337	5	38	0	12	316

13) Personnel commitments

The Group has no other post-retirement benefits programs other than the legal program stipulated by the collective agreements which govern the Group's employees.

A provision is calculated using the method of projected credit units, based on retirement benefits at time of retirement according to seniority. (These are the benefits which will be due to the employee at the time of his or her retirement.)

The main actuarial hypotheses have not changed in relation to those employed at December 31, 2015.

At June 30, 2016, the provision posted amounted to €660K.

Pursuant to the revised IAS19 standard applicable retrospectively as of January 1, 2013, all actuarial gains and losses are now accounted for under OCI (Other Comprehensive Income), and no longer under net income. The impact on the Group's shareholders' equity at June 30, 2016 was €26K.

14) *Loans*

Financial liabilities are broken down as follows:

		Current (within 1 year)			Non-current (1 year +)	
	30.06.16	0-3 months	3-6 months	6-12 months		31.12.15
Financial institution loans	5,767	960	625	1,254	2,928	7,682
Bank overdrafts and currency advances	9,035	9,035				3,345
Other	19	19				25
TOTAL	14,821	10,014	625	1,254	2,928	11,052

The Group has fixed-rate loans with financial institutions worth €5,902K and variable-rate loans worth €8,919K. The Group has put in place rate swap contracts on variable-rate loans (amounting to €210K at June 30, 2016) to protect itself against shifts with regard to loan interest payments, linked to changes in interest rates. At June 30, 2016, a loan in the amount of €1,125K was covered by an acceleration clause. The obligation to be respected is the following: Adjusted indebtedness / Shareholders' equity ≤ 1 (Based on the annual financial statements of Guillemot Corporation S.A.). This obligation was respected at June 30, 2016.

Over the period, the Group reimbursed €1,916K in bank loans.

Net indebtedness	30.06.16	31.12.15
Financial liabilities	14,821	11,052
Shareholders' current accounts	972	1,396
Liquid assets	2,061	6,372
Net indebtedness	13,732	6,076

At June 30, 2016, the Group's net indebtedness amounted to €13,732K. The Group also held a share portfolio worth €14.7 million (in fair value at June 30, 2016).

15) *Other debts (Current liabilities)*

	30.06.16	31.12.15
Compensation and benefits liabilities	1,832	1,713
Current accounts	0	424
Other	2,433	4,058
TOTAL	4,265	6,195

16) *Operating income*

Operating income at June 30, 2016 amounted to €-3,189K, compared with €-1,394K at June 30, 2015.

17) *Financial income*

The net gearing cost stood at €114K at June 30, 2016. This includes interest charges and financial charges related to loans, as well as Forex losses and gains linked to the settling of financial liabilities.

Other financial revenues and expenses are broken down as follows:

	30.06.16	30.06.15
Forex differences	0	0
Gain on disposal of Gameloft shares	132	0
Unrealized gain/loss on Gameloft shares	0	34
Unrealized gain/loss on Ubisoft Entertainment shares	2,814	362
Unrealized gain/loss on Ubisoft Entertainment equity warrants	0	0
Total other financial revenues	2,946	396
Forex differences	-56	-124
Unrealized gain/loss on Gameloft shares	0	0
Unrealized gain/loss on Ubisoft Entertainment shares	0	0
Total other financial expenses	-56	-124

Forex effect linked to currency conversion of subsidiaries:

All subsidiaries conduct business in their local currency, and the impact on shareholders' equity was €+149K.

Financial risk:

Pursuant to the IFRS 7 standard on financial instruments, the Group details hereafter its exposure to different financial risks:

Liquidity risk: At June 30, 2016, the Group had not used all of its loan and banking facilities and its net indebtedness was €13.7 million. The Group held a portfolio of marketable investment securities worth €14.7 million in fair value at June 30, 2016.

Stock market price variation: The stock market price change on shares held impacts on the Group's income. For the second half of fiscal 2016, a 10% decrease in the price of Ubisoft Entertainment shares (in relation to the price at June 30, 2016) would have an impact of €-1.5 million on financial income.

Market rates variation: A 1% increase in interest rates taken on an annual basis and considering the balance at June 30, 2016 (the amount of variable rate financial liabilities) would have the impact of an increase in financial expenses of €87K.

Exchange rates variation: The breakdown of the Group's assets and liabilities at June 30, 2016 was as follows (the position is given for non-covered amounts, which is to say those subject to currency variations).

Amounts of currencies exposed to positive or negative exchange variations:

(In €K)	USD	GBP
Assets	7,103	38
Liabilities	10,762	23
Net position before management	-3,659	15
Off-balance-sheet position	0	0
Net position after management	-3,659	15

A 10% increase in the rate of the U.S. dollar, taken on an annual basis and considering the amount outstanding at June 30, 2016 (the amount of currencies exposed to exchange variations) would have the impact of an increase in financial expenses of €330K.

As all of the major players in the multimedia industry conduct transactions in U.S. dollars, there is no competitive advantage between one manufacturer and another translating into increased market share. As a result of the indexation of sale prices to dollar cost prices by all players in the industry, sales prices are either increased or decreased as a function of overall cost prices.

The main currency for hardware and accessory purchases is the U.S. dollar. In the United States, Canada and all other countries outside of Europe, the transaction currency is also the U.S. dollar. In Europe, the Group sells mainly in euros. Rapid currency variations and dips in the value of the U.S. dollar in particular may result in lower sale prices for the Group's products and consequently impact on the value of merchandise inventories. Conversely, a strong and rapid increase in the value of the U.S. dollar over the second half of the year would not allow the Group to offset this increase in full on the sale prices of its products, given the seasonal nature of the company's activities, and could result in a temporary impact on gross margins.

However, in order to limit the Group's currency risk, Guillemot Corporation covers currency fluctuation risks by way of spot purchases, forward purchase agreements and foreign currency options.

Moreover, the increase in export sales seen over the past several years strengthens the Group's natural coverage, and significantly decreases the currency risk.

Credit risk: Credit risk represents the risk of financial loss in the event whereby a client does not meet its contractual obligations. The Group has access to credit insurance to deal with this risk. The number of customers is relatively low, as a result of the Group's dealings with wholesalers. In some cases, the Group is obliged to grant additional credit where coverage is judged to be particularly ill-suited.

18) *Corporate income tax*

a) Income tax assets

At June 30, 2016, this heading contained an Employment Competitiveness Tax Credit (Crédit d'Impôt Compétitivité Emploi – France) for a total of €149K, and a Research Tax Credit (Crédit Impôt Recherche – France) for €185K.

On the statement of income, these tax credits were accounted for as a deduction from personnel expenses.

b) Income tax expenses

Income tax expenses are broken down as follows:

	30.06.16	30.06.15
Deferred tax	438	0
Income tax payable	28	42
TOTAL	466	42

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

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

At June 30, 2016, no deferred tax assets were posted for any of the Group's subsidiaries, the probability of future taxable income not yet having been fully established.

On the balance sheet, the Deferred tax liabilities heading amounted to €1,154K at June 30, 2016, compared with €715K at December 31, 2015. The increase in this category corresponds to the tax effect of the revaluation of the unrealized gain on the Group's portfolio of Ubisoft Entertainment securities.

The Group had access to tax loss carry-forwards totaling €64 million at the end of December 2015, including €61 million for the parent company Guillemot Corporation S.A.

19) *Discontinued operations*

The Group has not discontinued any operations over the past five years.

20) *Earnings per share*

Base earnings per share	30.06.16	30.06.15
Earnings	-879	-1,246
Average number of shares (K)	15,005	15,005
Treasury stock shares	-293	-256
	14,712	14,749
Base earnings per share	-0.06	-0.08

Diluted earnings per share	30.06.16	30.06.15
Earnings	-879	-1,246
Average number of shares (K)	15,005	15,005
Treasury stock shares	-293	-256
	14,712	14,749
Maximum number of shares to be created		
Through bond conversion	0	0
Through option exercise	480	1,001
Through subscription rights exercise	0	0
	15,192	15,750
Diluted earnings per share	-0.06	-0.08

21) *Off-balance-sheet commitments*

Rental commitments:	€769K
Documentary credits:	€962K

22) *Transactions with associated parties*

The Group's capital is held by the company Guillemot Brothers S.E. (19.99%), the Guillemot family (52.95%), Guillemot Corporation S.A. (1.95%) and public shareholders (25.11%).

The associated parties are the company Guillemot Brothers S.E. and members of the Guillemot family controlling the issuer, the Group's consolidated subsidiaries (cf. scope of consolidation at note 5) and the Ubisoft Entertainment Group, an entity in which members of the Guillemot family hold significant voting rights.

The Gameloft Group is no longer included among the associated parties, following the disposal of shares by members of the Guillemot family during the first half of fiscal 2016.

The company Guillemot Corporation S.A. has benefited over the course of previous fiscal years from current account waivers in the total amount of €7.7 million on the part of the founders of the Group's parent company and of the company Guillemot Brothers S.E.

€972K remains on the balance sheet in shareholders' current account advances, to be reimbursed over the coming years with the stipulation that reimbursement may not exceed 20% of the parent company's annual net income.

Principal aggregates relating to the Ubisoft Entertainment Group:

	30.06.16
(In €K)	Ubisoft Entertainment
Customer balance	207
Supplier balance	111
Revenues	294
Charges	152

23) *Seasonal nature of activities*

In principle, the Guillemot Corporation Group carries out 50% of its annual activities between September and December. The Group employs the services of subcontractors in order to cover increased activity in terms of production and logistics during this period. Working capital requirements caused by these seasonal fluctuations are financed by way of short and medium-term funding.

24) *Post-closure events*

There were no post-closure events.

F- Independent Auditors' report on 2016 half-year financial information

To Shareholders of

Guillemot Corporation S.A.

Place du Granier

BP 97143

35571 Chantepie Cedex

Ladies and Gentlemen,

In carrying out the tasks which were entrusted to us by your general meeting and pursuant to Article L. 451-1-2 III of the Monetary and financial code, we have conducted:

- A limited examination of the summarized half-year consolidated financial statements for the company Guillemot Corporation S.A., relating to the period from January 1 to June 30, 2016, as appended to this report;
- Verification of the information provided in the half-year report on activities.

These summarized half-year consolidated financial statements were prepared under the authority of the Board of Directors. It falls to us, based on our limited examination, to express our conclusion regarding these statements.

1. Conclusion regarding financial statements

We have carried out our limited examination according to professional standards applicable in France. A limited examination mainly consists of meeting with members of management in charge of accounting and financial aspects, and the implementation of analytical procedures. These tasks are less exhaustive than those required for an audit carried out according to French professional standards. Therefore, the assurance that the financial statements, taken in their entirety, do not contain significant anomalies, obtained within the context of a limited examination is a moderate assurance, less thorough than that obtained in the context of an audit.

On the basis of our limited examination, we have uncovered no significant anomalies causing us to call into question the conformity of the summarized half-year consolidated financial statements with the IAS 34 standard – IFRS reference standard as adopted in the European Union relating to interim financial reporting.

2. Specific verifications

We have also proceeded with verification of the information provided in the half-year report on activities commenting upon the summarized half-year consolidated financial statements upon which we have based our limited examination. We have no observations to offer with respect to the sincerity of the information or its concordance with the summarized half-year consolidated financial statements.

Rennes, September 21, 2016

Independent Auditors,

PricewaterhouseCoopers Audit

MB Audit SARL

Jérôme Mouazon
Partner

Khadija Roullé
Partner

G- CEO's declaration regarding half-year report

I certify that, to the best of my knowledge, the financial statements presented in this half-year financial report have been drafted in accordance with applicable accounting standards and provide an accurate overview of the assets, financial standing and income of all companies included within the Guillemot Corporation Group's scope of consolidation, and that the half-year report on activities presented at point 4 provides an accurate view of the significant events having occurred during the first six months of the fiscal year, of their effect upon the half-year financial statements and of the principal transactions between associated parties, as well as a description of the main risks and uncertainties over the remaining six months of the fiscal year.

Carentoir, September 21, 2016

Claude Guillemot
Chief Executive Officer