

GUILLEMOT CORPORATION
Joint-stock company with capital of €11,553,646.72
Registered office: Place du Granier, BP 97143, 35571 Chantepie Cedex
414 196 758 R.C.S Rennes

Half-year financial report
June 30, 2017

Overview	Section
Summarized half-year consolidated balance sheet	A
Summarized half-year consolidated statement of net income and of gains and losses posted directly under shareholders' equity	B
Summarized half-year consolidated shareholders' equity evolution table	C
Summarized half-year consolidated cashflow table	D
Notes on summarized half-year consolidated financial statements	E
Independent Auditors' report	F
CEO's declaration regarding half-year report	G

A- Summarized half-year consolidated balance sheet

ASSETS	Notes	Net 30.06.17	Net 31.12.16
(All entries are in €K)			
Excess fair market values	7	0	0
Intangible fixed assets	8	9,600	7,781
Tangible fixed assets	8	2,485	2,683
Financial assets	9	462	457
Income tax assets	18	415	380
Deferred tax assets	18	0	0
Non-current assets		12,962	11,301
Inventories	10	14,629	10,369
Customers		14,223	21,703
Other receivables		1,641	1,497
Financial assets	9	22,052	15,003
Cash and cash equivalents	14	2,408	2,164
Income tax assets receivables	18	0	50
Current assets		54,953	50,786
Total assets		67,915	62,087
LIABILITIES AND SHAREHOLDERS' EQUITY			
	Notes	30.06.17	31.12.16
(All entries are in €K)			
Capital (1)		11,554	11,554
Premiums (1)		10,472	10,472
Reserves and consolidated income (2)		11,735	5,634
Forex adjustments		414	705
Group shareholders' equity	11	34,175	28,365
Minority interests		0	0
Shareholders' equity		34,175	28,365
Personnel commitments	13	918	847
Loans	14	583	1,672
Other liabilities	15-22	972	972
Deferred tax liabilities	18	2,000	1,018
Non-current liabilities		4,473	4,509
Suppliers		14,199	13,395
Short-term loans	14	8,583	8,643
Fiscal liabilities		341	224
Other liabilities	15	5,873	6,175
Provisions	12	271	776
Current liabilities		29,267	29,213
Total liabilities and shareholders' equity		67,915	62,087

(1) Of the consolidated parent company

(2) Net income for the fiscal year: €+6,092K

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	30.06.17	30.06.16
Net turnover	6	26,538	20,464
Purchases		-18,104	-9,800
External expenses		-5,794	-6,617
Personnel expenses		-4,082	-4,346
Taxes and duties		-166	-218
Depreciation and amortization		-1,440	-1,329
Provisions allowance		-596	-170
Changes in inventories		4,995	-353
Other operating revenues		341	106
Other operating expenses		-1,918	-926
Current operating income		-226	-3,189
Other operations-related revenues		0	0
Other operations-related expenses		0	0
Operating income	16	-226	-3,189
Cash and cash equivalents revenues	17	1	1
Cost of gross financial debt	17	84	115
Cost of net financial debt	17	-83	-114
Other financial revenues	17	7,453	2,946
Other financial expenses	17	0	-56
Income tax expenses	18	-1,052	-466
Net income before minority interests		6,092	-879
including net income from terminated activities	19	0	0
Minority interest share		0	0
Group net income		6,092	-879
Base earnings per share	20	€0.41	€-0.06
Diluted earnings per share	20	€0.40	€-0.06

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

(All entries are in €K)	30.06.17	30.06.16
Group share of net income	6,092	-879
<i>Recyclable OCI items</i>		
Forex adjustments	-291	149
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	-6	0
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	-297	149
Net income and gains and losses posted directly under shareholders' equity - Group share	5,795	-730
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 01.01.16		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
Other							0
Balance at 30.06.16	11	11,554	10,472	2,751	-879	568	24,466
Balance at 01.01.17		11,554	10,472	2,575	3,059	705	28,365
Overall income at 30.06.17					6,092	-291	5,801
31.12.16 net income appropriation				3,059	-3,059		0
Stock options							0
Consolidated parent company securities				-38			-38
Gains and losses on treasury securities				45			45
Other				2			2
Balance at 30.06.17	11	11,554	10,472	5,643	6,092	414	34,175

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	30.06.17	30.06.16
Cashflow linked to operating activities			
Net income of integrated companies		6,092	-879
+ Depr., amort. and provisions allowance (excl. that linked to current assets)		1,545	1,428
- Depreciation, amortization and provisions recovery		-502	-37
- /+ Unrealized gains and losses linked to changes in fair value	17	-7,049	-2,814
+/- Expenses and revenues linked to stock options	11	0	0
-/+ Net gain/loss on disposals		-2	-132
Deferred tax change	18	982	438
Cashflow after cost of net financial debt		1,066	-1,996
Cost of net financial debt	17	83	114
Cashflow before cost of net financial debt		1,149	-1,882
Cashflow Forex adjustment		-17	17
Inventories	10	-4,260	299
Customers		7,480	4,479
Suppliers		804	-8,318
Other		-2,475	-1,605
Working capital requirements change		1,549	-5,145
Net cashflow linked to operating activities		2,598	-7,124
Cashflow linked to investments			
Intangible fixed asset acquisitions	8	-946	-703
Tangible fixed asset acquisitions	8	-229	-392
Intangible and tangible fixed asset disposals		2	2
Financial fixed asset acquisitions	9	-2	-39
Financial fixed asset disposals	9	0	544
Net cashflow on subsidiary acquisitions/disposals		0	0
Net cashflow linked to investment activities		-1,175	-588
Cashflow linked to financing activities			
Capital increase or cash contribution		0	0
Dividends paid to minority shareholders		0	0
Debt issuance		0	0
Shareholders' current account reimbursement	22	0	-424
Debt repayments	14	-1,253	-1,916
Other cashflow linked to financing activities		0	0
Total cashflow linked to financing activities		-1,253	-2,340
Forex adjustment impact		-32	49
Cashflow change		138	-10,003
Net cashflow at fiscal year start	A and 14	-3,953	3,027
Net cashflow at fiscal year end	A and 14	-3,815	-6,975

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 18, 2017.

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, Spain, the UK, the United States, Canada, the Netherlands, Italy, Belgium, China [Hong Kong] and Romania) and distributes its products in more than 85 countries worldwide. The Group's mission is to offer high-performance, ergonomic products which maximize the enjoyment of digital interactive entertainment for 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, 2017 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 2016.

No changes in accounting methods have taken place with respect to the summarized half-year consolidated financial statements at June 30, 2017.

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, 2016, as presented in the annual financial statements for the fiscal year ended December 31, 2016.

The IFRS texts which must be applied for fiscal years as of January 1, 2017 are the following:

- Modification of IAS 17: Disclosure initiative regarding information to be provided.
- Modification of IAS 12: Accounting for deferred tax assets with respect to unrealized losses.
- 2014-2016 annual improvements.

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

Standards including IFRS 9 regarding financial instruments, IFRS 15 regarding revenue from regular activities resulting from contracts with customers, and IFRS 16 regarding lease contracts are being studied.

4) *Report on activities*

The Guillemot Corporation Group's financial statements at June 30, 2017 are broken down as follows:

Q1 + Q2 (in € millions) January 1, 2017 – June 30, 2017	30/06/2017	30/06/2016	Change
Thrustmaster gaming accessories ranges	24.8	16.4	+51%
Thrustmaster total	24.8	16.4	+51%
Hercules digital devices	1.3	3.9	-67%
OEM*	0.4	0.2	+100%
Hercules total	1.7	4.1	-59%
Total turnover	26.5	20.5	+29%
Current operating income	-0.2	-3.2	-
Operating income	-0.2	-3.2	-
Financial income**	7.4	2.8	-
Income tax expenses	-1.1	-0.5	-
Consolidated net income	6.1	-0.9	-
Earnings per share	€0.41	€-0.06	-

* 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

The Group posted turnover of €26.5 million for the first half of fiscal 2017, up 29%.

The Group is consolidating its growth in Europe, and is taking full advantage of Thrustmaster's international momentum, particularly in the North American region.

This growth accelerated during the second quarter, to +31%, with turnover of €15.1 million. Both wholesalers and retail and eTail chains are showing significant uptake with regard to Thrustmaster's new accessories for PC and game consoles, for the impending launches of blockbuster video games (Gran Turismo® Sport [to be launched on October 18], Forza Motorsport® 7, Project CARS® 2...) very highly anticipated by the communities of gamers on PS4™, Xbox One® and PC.

In line with forecasts, the definitive ending of the sale of multimedia speakers and webcam product lines resulted in a significant decrease in terms of Hercules' turnover over the first half of the year, the brand's activity now being exclusively focused on its DJing and WAE wireless speaker ranges.

Results

For the first half of the fiscal year, operating income amounted to €-0.2 million, compared with a loss of €3.2 million for the first half of fiscal 2016.

The increase in turnover combined with maintenance of the gross accounting margin rate above 50% and a very modest increase with respect to all expenses (+1%) have contributed to this nearly balanced result.

Financial income of €+7.4 million includes in particular an unrealized gain of €7 million linked to the revaluation of the Group's portfolio of Ubisoft Entertainment securities. Income tax expenses amounted to €1.1 million for the year's first half.

Consolidated net income stood at €6.1 million, compared with a loss of €0.9 million for the first half of fiscal 2016.

Main balance sheet elements

(in € millions)	30/06/2017	31/12/2016
Shareholders' equity	34.2	28.4
Inventories	14.6	10.4
Net indebtedness (excluding MIS)*	7.7	9.1
Current financial assets (MIS share)	22.1	15.0

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

The Group's shareholders' equity increased to €34.2 million at June 30, 2017. At June 30, 2017, net indebtedness excluding Marketable Investment Securities (MIS) stood at €7.7 million. Despite the increase in inventories, the Group achieved a decrease in terms of its working capital requirements of €1.5 million.

Product launches for the end of the year

The end-of-year season for Thrustmaster and Hercules will be based around the launches of many new products:

Thrustmaster

➤ Racing wheels: The launches of two new high-end racing wheels, combined with the releases of racing games on both PC and consoles, will ensure that Thrustmaster is well-positioned for the coming months.

- Thrustmaster's new racing wheel for Xbox One® and Xbox One® X, the TS-XW Racer Sparco P310 Competition Mod, will be launched on October 7. Its wheel is a 1:1 scale replica of the genuine Sparco P310 Competition wheel, used in real race cars. Virtual racers on both Xbox One® and PC will be won over by the wheel's advanced technologies, allowing for the most accurate rendering of real-life racing sensations. This wheel firmly establishes the partnership between Thrustmaster and Sparco.

- The T-GT wheel, available to the public since September 15, is Thrustmaster's ultimate racing simulator for the game Gran Turismo® Sport.

The T-GT is a true powerhouse of major innovations with regard to eSports competition, based on three fundamental aspects: the customized motor system incorporated into the T-GT's servo base; exclusive innovations for Gran Turismo® Sport gameplay (T-DFB – transmission of depth feedback sensations via the steering column); and the T-GT's wheel, including four rotary selectors used to select settings in real time while racing.

➤ Joysticks: Thrustmaster will very shortly launch the T.Flight Hotas One – the first official flight simulator for Xbox One®, providing flight sim fans on the console with an absolutely unique experience.

Hercules

Hercules is strengthening its innovation process by way of expanded development axes based around a “party” concept, employing a design thinking-oriented approach, and implementing a big data strategy for an in-depth understanding of the features and functions most important to its DJ users.

➤ DJUCED™ software: With the goal of fostering creativity without any limits, the DJUCED teams are releasing a new version of DJUCED™ 40°, 3.6, including an online streaming service which will give users access to more than 70,000 Hi-Res albums directly in the software. The partnership agreement will be announced on September 21.

In October, Hercules will be the official sponsor of the BPM | PRO 2017 show in Birmingham, England, Europe's big DJ-related trade show for the autumn season, where it will unveil the latest developments in both its software and hardware ranges.

Prospects

The Group is combining the launches of its new high-end racing wheels with the releases of very highly-anticipated racing games on PC and the most recent game consoles, in order to equip the new generation of eSports and simulation gamers.

The Group confirms its forecast of double-digit sales growth, along with positive operating income for fiscal 2017.

5) *Scope of consolidation*

- a) Companies included within the Guillemot Corporation S.A. Group's scope of consolidation at June 30, 2017

COMPANY	SIREN number	Country	Percentage of control	Consolidation accounting method
GUILLEMOT CORPORATION SA	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) *Segment information*

Pursuant to the IFRS 8 standard on operating segments, the Group has presented the formats for segment information on the same bases as those used in the internal reporting presented to the Group's executive management.

Segment information broken down by activity relates to the Hercules and Thrustmaster segments of activity.

Segment information broken down by geographic zone is based on the following geographical segments: European Union, North America and Other.

Segment information by activity

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

The Thrustmaster segment 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):

	30.06.17			30.06.16		
	Total	Hercules	Thrustmaster	Total	Hercules	Thrustmaster
Turnover	26,538	1,717	24,821	20,464	4,065	16,399
Depreciation and amortization	1,440	512	928	1,329	572	757
Provisions allowance	596	165	431	170	94	76
Current operating income	-226	-1,236	1,010	-3,189	-3,262	73
Operating income	-226	-1,236	1,010	-3,189	-3,262	73

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

	30.06.17			31.12.16		
	Net 30.06.17	Hercules	Thrustmaster	Net 31.12.16	Hercules	Thrustmaster
Excess fair market values	0			0		
Intangible fixed assets	9,600	2,866	6,734	7,781	2,833	4,948
Tangible fixed assets	2,485	967	1,518	2,683	1,184	1,499
Inventories	14,629	3,321	11,308	10,369	2,804	7,565
Customers	14,223	565	13,658	21,703	3,472	18,231
Unallocated assets	26,978	-	-	19,551		
TOTAL ASSETS	67,915	7,719	33,218	62,087	10,293	32,243
Shareholders' equity	34,175	-	-	28,365	-	-
Provisions	271	47	224	1,623	562	1061
Suppliers	14,199	2,709	11,490	13,395	3482	9913
Unallocated liabilities	19,270	-	-	18,704	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	67,915	2,756	11,714	62,087	4,044	10,974

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.

Segment information by geographic zone

- Turnover by geographic zone (in €K):

	30.06.17	30.06.16
European Union	14,720	11,797
North America	8,197	5,822
Other	3,621	2,845
TOTAL	26,538	20,464

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

	30.06.17				31.12.16			
	Net total	EU	North America	Other	Net total	EU	North America	Other
Excess fair market values	0	-	-	-	0	-	-	-
Tangible fixed assets	2,485	2,295	166	24	2,683	2,506	145	32
Financial assets	22,514	22,448	28	38	15,460	15,391	29	40
Inventories	14,629	5,774	1,871	6,984	10,369	5,099	1,398	3,872
Customers	14,223	7,395	5,263	1,565	21,703	13,456	6,294	1,953
Other receivables	1,641	1,373	227	41	1,497	1,326	156	15
Cash and cash equivalents	2,408	1,388	776	244	2,164	1,482	518	164
Income tax assets receivables	415	236	179		430	254	176	
Unallocated assets	9,600	-	-	-	7,781	-	-	-
TOTAL ASSETS	67,915	40,909	8,510	8,896	62,087	39,514	8,716	6,076

Unallocated assets are intangible fixed assets.

7) *Excess fair market values*

a) Excess fair market values

Excess fair market values were broken down at June 30, 2017 as follows:

Excess fair market values	Gross at 30.06.17	Depreciation at 30.06.17	Net value at 30.06.17
Guillemot Ltd (UK)	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 (United States)	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

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. Excess fair market values were fully depreciated at June 30, 2017.

8) *Intangible and tangible fixed assets*

a) Intangible fixed assets

Intangible fixed assets are broken down as follows:

Gross values	31.12.16	Scope mvt	Increase	Decrease	Forex adjustment	30.06.17
Brands	10,842					10,842
Development costs	5,821		930	827	2	5,926
Development costs under construction	1,578		931	931	5	1,583
Licenses	2,520		1,932	1,741		2,711
Concessions, patents...	909		14		-9	914
Other intangible fixed assets	980				-17	963
TOTAL	22,650	0	3,807	3,499	-19	22,939

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 €248K 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 €1,932K in the Licenses heading relates to the accounting for new minimums guaranteed with respect to assets, with no cash impact in 2017.

Amortization and provisions	31.12.16	Scope mvt	Increase	Decrease	Forex adjustment	30.06.17
Brands	7,110					7,110
Development costs	3,748		688	825		3,611
Licenses	2,163		360	1741		782
Concessions, patents...	872		14		-9	877
Other intangible fixed assets	975		1		-17	959
TOTAL	14,868	0	1,063	2,566	-26	13,339

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.

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 Hercules brand has a net balance sheet value of €1,432K against an acquisition cost of €1,432K.

The impairment test at December 31, 2016 on the Hercules cashflow generating unit led to the posting of an impairment charge of €0.9 million on this cashflow generating unit.

There was no indication of a loss in value at June 30, 2017, and no updated impairment test has been carried out.

The Thrustmaster brand is assigned to the Thrustmaster cashflow generating unit. The Thrustmaster brand has a net balance sheet value of €2,300K against an acquisition cost of €9,410K.

The impairment test at December 31, 2016 on the Thrustmaster cashflow generating unit led to the posting of an impairment reversal of €1.0 million on this cashflow generating unit.

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's activities are revised either upward or downward.

Thrustmaster's strong growth over the past 3 years and the prospects for profitability may result in an impairment reversal in the two coming years, should the forecasts be confirmed.

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

The maximum potential impact on the Group's statement of income would be €+7,110K in the event of the complete reversal of the impairment on the Thrustmaster brand.

There was no revision in the book value of the Thrustmaster brand at June 30, 2017.

b) Tangible fixed assets

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

Gross values	31.12.16	Scope mvt	Increase	Decrease	Forex adjustment	30.06.17
Land	399					399
Buildings	5,493		16	7	-1	5,501
Technical installations	4,904		382	1,431	-9	3,846
Other tangible fixed assets	1,117		84	18	-10	1,173
Fixed assets under construction	479		129	382		226
TOTAL	12,392	0	611	1,838	-20	11,145

Buildings represent buildings located in Carentoir (France).

The €382K 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	31.12.16	Scope mvt	Increase	Decrease	Forex adjustment	30.06.17
Buildings	4,797		107	7		4,897
Technical installations	3,982		272	1,431	-8	2,815
Other tangible fixed assets	931		41	18	-6	948
TOTAL	9,710	0	420	1,456	-14	8,660

9) *Financial assets*

Non-current financial assets are broken down as follows:

Gross values	31.12.16	Scope mvt	Increase	Decrease	Forex adjustment	30.06.17
Other fixed securities	119		7			126
Other financial fixed assets	338		2		-4	336
TOTAL	457	0	9	0	-4	462

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, 2017.

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

Current financial assets include Ubisoft Entertainment shares.

	Net 31.12.16	Disposal 30.06.17	Acquisition 30.06.17	Forex adjustment 30.06.17	Reevaluated gain/loss 30.06.17	Net 30.06.17
Ubisoft Entertainment shares						
Number	443,874	0	0	0	0	443,874
Fair value (in €K)	15,003	0	0	0	7,049	22,052
Derivatives on Forex transactions	0	0	0	0	-2	-2
Total value	15,003	0	0	0	7,047	22,050

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, 2017, the Group held 443,874 Ubisoft Entertainment shares, representing 0.39% of capital.

The share price used at December 31, 2016 was €33.80 for Ubisoft Entertainment shares. The share price used at June 30, 2017 for the valuation of shares at their fair value was €49.68 for Ubisoft Entertainment shares. The net unrealized tax gain posted at June 30, 2017 amounted to €6,067K for Ubisoft Entertainment shares held (see points 17 and 18).

10) Inventories

Inventories	Gross 31.12.16	Change in inventories (Result)	Scope mvt	Forex adjustments	Gross 30.06.17
Raw materials	1,478	542			2,020
Finished products	10,164	3,791		-88	13,867
TOTAL	11,642	4,333	0	-88	15,887

Provisions	31.12.16	Increase	Decrease	Scope mvt	Forex adjustments	30.06.17
Raw materials	248	8	17			239
Finished products	1,025	177	165		-18	1,019
TOTAL	1,273	185	182	0	-18	1,258

Total inventories (net)	10,369					14,629
--------------------------------	---------------	--	--	--	--	---------------

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 €14,629K at June 30, 2017.

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 277,889 treasury stock shares. These treasury stock shares are deducted from shareholders' equity for an amount of €766K.

At June 30, 2017, the percentage of capital represented by treasury stock shares was 1.85%.

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 2017	-	-
Cancelled or voided stock options	-	-
Remaining stock options	383,000	210,640
Options available for exercise at 30.06.17	334,000	146,000

The first eight stock option plans have been nullified.

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 2017, 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	
	31.12.16	30.06.17	30.06.17	Unused 30.06.17	adjustments 30.06.17	30.06.17
Product returns	661		448		-11	202
Other	115	6	52			69
TOTAL	776	6	500	0	-11	271

The decrease in the provision for product returns is due to the strong seasonality of activity, in particular.

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, 2016. At June 30, 2017, the provision posted amounted to €918K.

Pursuant to the revised IAS 19 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, 2017 was €-172K.

14) Loans

Financial liabilities are broken down as follows:

	30.06.17	Current (within 1 year)			Non-current (1 year +)	31.12.16
		0-3 months	3-6 months	6-12 months		
Financial institution loans	2,928	628	629	1,088	583	4,182
Bank overdrafts and currency advances	6,223	6,223				6,117
Other	15	15				16
TOTAL	9,166	6,866	629	1,088	583	10,315

The Group has fixed-rate loans with financial institutions worth €1,013K and variable-rate loans worth €8,153K. At June 30, 2017, a loan in the amount of €625K 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 this date.)

Over the period, the Group reimbursed €1,253K in bank loans.

Net indebtedness	30.06.17	31.12.16
Financial liabilities	9,166	10,315
Shareholders' current accounts	972	972
Liquid assets	2,408	2,164
Net indebtedness	7,730	9,123

At June 30, 2017, the Group's net indebtedness amounted to €7,730K. The Group also held a share portfolio worth €22.1 million (in fair value at June 30, 2017).

15) Other debts

	30.06.17	31.12.16
Compensation and benefits liabilities	1,811	1,783
Current accounts	972	972
Other	4,062	4,392
TOTAL	6,845	7,147

The Other entry includes charges to be paid relating to licenses, end-of-year discounts, advances and deposits received on orders and deferred income.

16) Operating income

Operating income at June 30, 2017 amounted to €-226K, compared with €-3,189K at June 30, 2016.

17) *Financial income*

The net gearing cost stood at €83K at June 30, 2017. 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:

	30.06.17	30.06.16
Forex differences	404	0
Gain on disposal of Gameloft shares	0	132
Unrealized gain/loss on Ubisoft Entertainment shares	7,049	2,814
Total other financial revenues	7,453	2,946
Forex differences	0	-56
Unrealized gain/loss on Ubisoft Entertainment shares	0	0
Total other financial expenses	0	-56

Forex effect linked to currency conversion of subsidiaries:

All subsidiaries conduct business in their local currency, and the impact on shareholders' equity was €-291K.

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, 2017, the Group had not used all of its loan and banking facilities and its net indebtedness was €7.7 million. The Group held a portfolio of marketable investment securities worth €22.1 million in fair value at June 30, 2017.

Share price risk: The stock market price change on shares held impacts the Group's income. For the second half of fiscal 2017, a 10% decrease in the price of Ubisoft Entertainment shares (in relation to the price at June 30, 2017) would have an impact of €-2.2 million on financial income.

Market rates variation risk: A 1% increase in interest rates taken on an annual basis and considering the balance at June 30, 2017 (the amount of variable rate financial liabilities) would have the impact of an increase in financial expenses of €59K.

Exchange rates variation risk: The breakdown of the Group's assets and liabilities at June 30, 2017 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	8,738	1,451
Liabilities	11,324	7
Net position before management	-2,586	1,444
Off-balance-sheet position	1,500	0
Net position after management	-1,086	1,444

A 10% increase in the rate of the U.S. dollar, taken on an annual basis and considering the amount outstanding at June 30, 2017 (the amount of currencies exposed to exchange variations) would have the impact of an increase in financial expenses of €95K.

A 10% decrease in the rate of the pound sterling, taken on an annual basis and considering the amount outstanding at June 30, 2017 (the amount of currencies exposed to exchange variations) would have the impact of an increase in financial expenses of €149K.

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 receivables

At June 30, 2017, this heading contained an Employment Competitiveness Tax Credit (Crédit d'Impôt Compétitivité Emploi – France) for a total of €144K, and a Research Tax Credit (Crédit Impôt Recherche – France) for €92K.

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:

	30.06.17	30.06.16
Deferred tax	982	438
Income tax payable	70	28
TOTAL	1,052	466

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, 2017, 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 €2,000K at June 30, 2017, compared with €1,018K at December 31, 2016. 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 €63 million at the end of December 2016, including €59 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*

	30.06.17	30.06.16
Base earnings per share		
Earnings	6,092	-879
Average number of shares (K)	15,005	15,005
Treasury stock shares	-278	-293
Total shares (K)	14,727	14,712
Base earnings per share	0.41	-0.06

	30.06.17	30.06.16
Diluted earnings per share		
Earnings	6,092	-879
Average number of shares (K)	15,005	15,005
Treasury stock shares	-278	-293
Total shares (K)	14,727	14,712
Maximum number of shares to be created		
Through bond conversion	0	0
Through option exercise	480	480
Through subscription rights exercise	0	0
Total shares (K)	15,207	15,192
Diluted earnings per share	0.40	-0.06

21) Off-balance-sheet commitments

Rental commitments:	€715K
Documentary credits:	€448K

22) Transactions with associated parties

The Group's capital is held by the company Guillemot Brothers S.E. (19.99%), the Guillemot family (53.29%), Guillemot Corporation S.A. (1.85%) and public shareholders (24.87%).

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 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.

Main aggregates relating to the Ubisoft Entertainment Group:

	30.06.17
(In €K)	Ubisoft Entertainment
Customer balance	11
Supplier balance	145
Revenues	480
Charges	320

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 2017 half-year financial information

To Shareholders of
GUILLEMOT CORPORATION
Place du Granier
BP 97143
35571 Chantepie Cedex

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, relating to the period from January 1, 2017 to June 30, 2017, 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.

I - 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.

II - 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 fair presentation of the information or its consistency with the summarized half-year consolidated financial statements.

Rennes, September 19, 2017

Independent Auditors

PricewaterhouseCoopers Audit

MB AUDIT

Jérôme Mouazan

Khadija Roullé

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 19, 2017

Mr. Claude Guillemot
Chief Executive Officer