FNAC
HALF-YEAR
FINANCIAL REPORT
#2016

FINANCIAL STATEMENTS AT JUNE 30

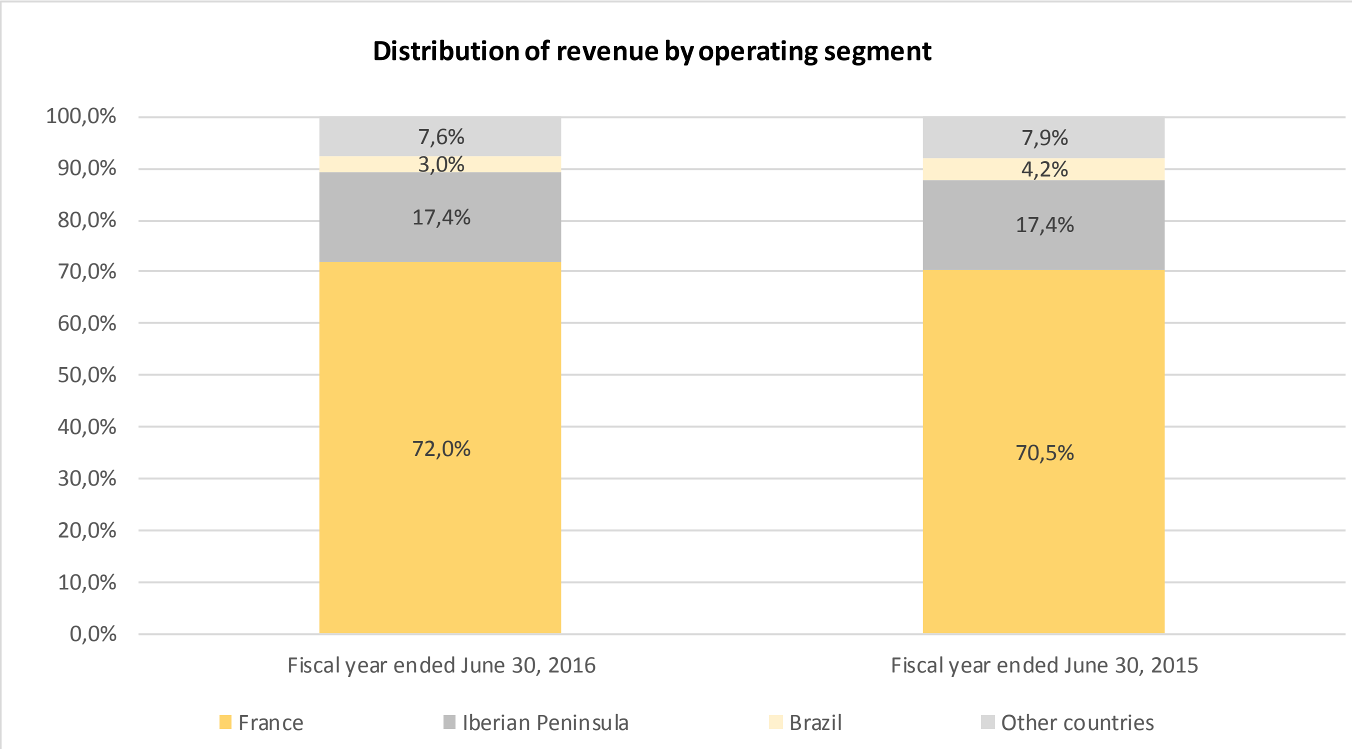
1 GROUPE FNAC IN THE FIRST HALF OF 2016 – KEY DATA

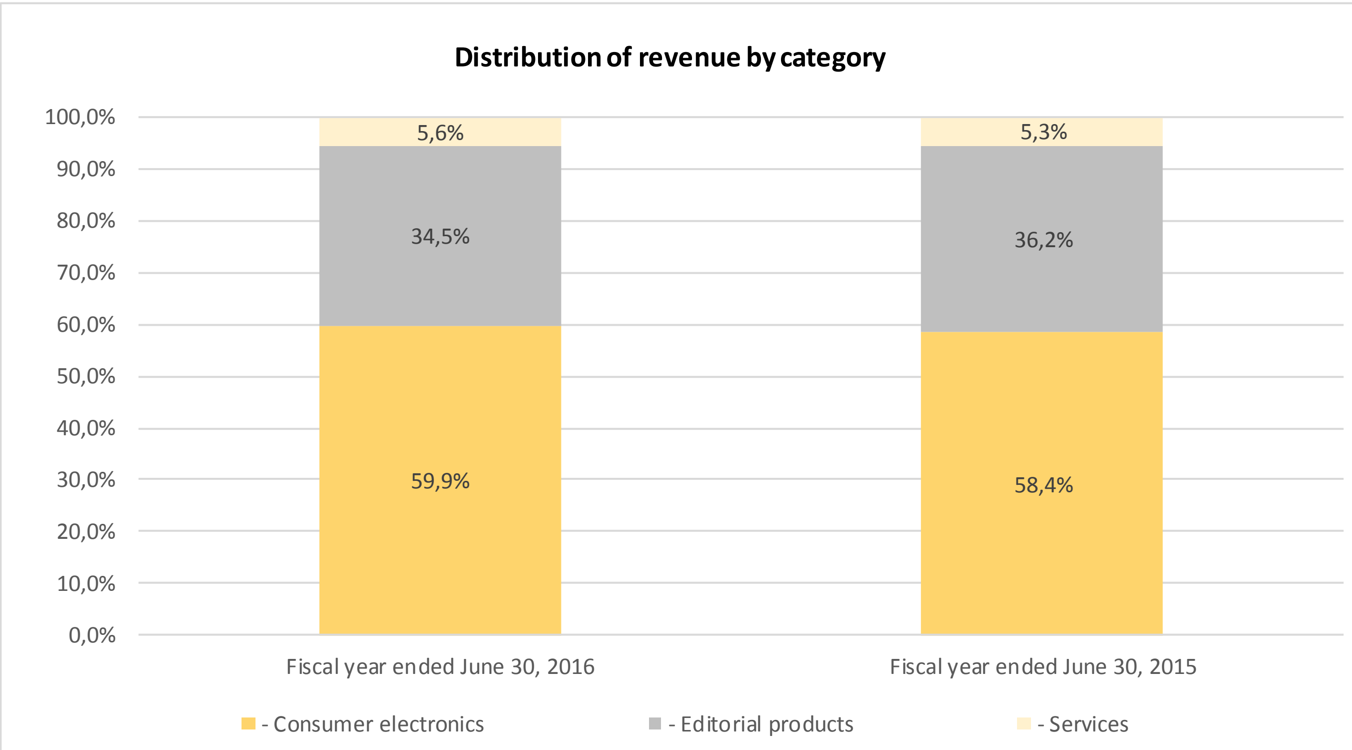
Consolidated key figures of the Group

(In € millions)	**Fiscal year ended June 30, 2016**	**Fiscal year ended June 30, 2015**	**change**
Revenues	1 620,2	1 628,2	(0,5%)
Gross margin	481,8	483,8	(0,4%)
(as % of revenues)	29,7%	29,7%	
EBITDA (1)	8,3	1,4	492,9%
(as % of revenues)	0,5%	0,1%	0,4pt
Current operating income	(23,4)	(29,0)	19,3%
(as % of revenues)	(1,4%)	(1,8%)	0,4pt
Operating income	(46,7)	(30,7)	(52,1%)
(as % of revenues)	(2,9%)	(1,9%)	(1,0)pt
Net income, Group share	(75,5)	(42,8)	(76,4%)
Net operating investments excluding finance leases	34,2	20,6	66,0%
Free cash flow from operations	(272,8)	(276,5)	1,3%
Shareholders' equity	631,9	548,9	15,1%
Group share	624,6	542,0	15,2%
Net financial debt	(67,7)	(256,8)	73,6%
Average workforce	11 422	11 914	(4,1%)

(1) EBITDA is defined as current operating income plus net depreciation and amortization on non-current operating assets accounted for in current operating income.

Data per share (in euros)	**Fiscal year ended June 30, 2016**	**Fiscal year ended June 30, 2015**	**change**
Net income, Group share	(4,37)	(2,57)	(69,9%)


Distribution of revenue by operating segment
100,0%
90,0%
80,0%
70,0%
60,0%
50,0%
40,0%
30,0%
20,0%
10,0%
0,0%
7,6%
3,0%
17,4%
72,0%
7,9%
4,2%
17,4%
70,5%
Fiscal year ended June 30, 2016
Fiscal year ended June 30, 2015
France
Iberian Peninsula
Brazil
Other countries


Distribution of revenue by category
100,0%
90,0%
80,0%
70,0%
60,0%
50,0%
40,0%
30,0%
20,0%
10,0%
0,0%
5,6%
34,5%
59,9%
5,3%
36,2%
58,4%
Fiscal year ended June 30, 2016
Fiscal year ended June 30, 2015
- Consumer electronics
- Editorial products
- Services

2 BUSINESS REVIEW

2.1 FOREWORD – DEFINITIONS

Definition of revenue

The Group's "real" revenue (or profit from ordinary operations) corresponds to its published revenue.

The Group uses the following concepts of change in revenue:

1- Changes in revenue at constant exchange rates:

Changes in revenues at constant exchange rates means that the impact of changes in the exchange rate have been excluded. The impact of exchange rates is eliminated by recalculating sales from year N-1, based on exchange rates used for Year N.

2- Changes in revenue on a like-for-like basis:

Change in revenue on a like-for-like basis means that the impact of changes in scope is corrected in order to exclude modifications such as acquisitions or disposals of subsidiaries. Revenues of subsidiaries acquired or sold since 1 January of year N-1 are excluded from calculations of the change.

3- Changes in revenue on a same-store basis:

Change in revenue on a same-store basis means that the impact of directly owned store openings and closings is excluded. Revenue from stores opened or closed since January 1 of year N-1 are excluded from calculations of the change.

Definition of current operating income

Groupe Fnac's total operating income includes all income and expenses directly related to Group activities, whether the income and expenses are recurring or arise from non-recurring decisions or transactions.

The Group's other non-current operating income and expenses reflect unusual and significant items on the consolidated group scale, which could distort the relevance of the tracking of the Group's economic performance.

As a result, Groupe Fnac monitors operating performance using current operating income, which is defined as the difference between total operating income and "other non-current operating income and expenses", as the major management balance.

Current operating income is an intermediate aggregate that facilitates an understanding of the entity's operating performance and which can be used as a provisional approach to recurring performance. This indicator is in a consistent and stable manner over time in accordance with the principle of continuity and relevance of the financial information.

Definition of EBITDA and EBITDAR

In addition to its published results, the Group presents additional performance indicators that exclude the impact on current operating income of net charges to depreciation, amortization and provisions on non-current operating assets recognized in current operating income, for EBITDA, as well as rents excluding rental charges on simple leases for properties for the EBITDAR. The Group believes that this information can assist investors in analysing the performance of the Group. These indicators are also used in the context of the financial covenants applicable under the Credit Facilities Agreement. EBITDA and EBITDAR are not indicators specified by IFRS, and are not included in the Group's consolidated financial statements. There is no standard definition for EBITDA and EBITDAR; as a result, the definition used by the Group may not correspond to the definitions given to these terms by other companies.

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization on operational fixed assets

EBITDAR = EBITDA before rental expense from real estate assets.

Definition of free cash flow from operations

The Group also uses an intermediate aggregate, the "Free cash flow from operations", to monitor its financial performance. This financial indicator measures net cash flows related to operating activities and gross operating investment flows (defined as acquisitions and disposals of non-current tangible and intangible assets, and changes in trade payables on non-current assets).

Free cash flow from operations = net cash flows related to operational activities less net operational capital expenditures.

Definition of net cash

Net cash is made up of gross cash and cash equivalents, less gross financial debt including accrued interest not yet due, as defined by the recommendation of the French National Accounting Council n°2013-03 on November 7, 2013.

Rounding

The following tables include data rounded off individually. The arithmetic calculations based on rounded off data can present differences with the aggregates or subtotals reported.

2.2 SIGNIFICANT EVENTS IN THE FIRST HALF OF THE YEAR

2.2.1 Fnac-Darty merger

On March 17, 2016, the Belgian Competition Authorities unconditionally authorized, at the end of a simplified procedure, the merger between Fnac and Vanden Borre (the Belgian branch of Darty) without imposing any commitments, considering that it wasn't infringing on competition in Belgium.

On March 23, 2016, The French Competition Authorities opened a thorough examination procedure (Phase II) whose purpose was to review the definition of markets in which Fnac and Darty operate in order to include Internet players.

In the month of April, 2016, Groupe Fnac made a cash public tender offer to purchase shares of Darty plc (Darty) with a value of 170 pence per Darty share, and offering a partial alternative in Fnac shares representing up to 40% of the capital of Darty. On May 31, 2016, this offer received the unanimous recommendation of the Darty Board of Directors.

During April, 2016, Groupe Fnac acquired the shares of Darty.

As of June 30, 2016, Groupe Fnac held 29.7% of the capital of Darty. Two of the Darty shareholders, the Knight Vinke and DNCA funds, have entered into irrevocable agreements with Groupe Fnac to contribute their shares, i.e. 22.1% of the capital of Darty, to the Groupe Fnac offer and have committed to subscribe to the partial alternative in shares.

The Groupe Fnac shareholders approved the increase in capital in favour of the Darty shareholders in a general meeting on June 17, 2016.

The acquisition of Darty by Fnac was subject to the favourable opinion of the Competition Authorities, by an opinion delivered on July 18, 2016, as well as the conditions imposed by the latter (see note 2.6 Post-balance sheet events).

In the scope of the new acquisition offer and the financing of the future combined Group, Groupe Fnac signed a loan agreement with Crédit Agricole, Société Générale and Natixis concerning the creation of a financial envelope in the total amount of €1,350 million (replacing the €865 million loan set up at the end of 2015). These credit facilities were successfully syndicated in June by a pool of some twenty European banks.

2.2.2 Entrance of Vivendi in the capital of Groupe Fnac

On April 11, 2016, Groupe Fnac and Vivendi announced "a strategic partnership", after which Groupe Vivendi entered into the capital of Groupe Fnac following an increase in reserved capital totalling €159.0 million, at a price of €54 per share. This transaction allowed it to hold approximately 15% of Fnac.

2.2.3 Sale of the call-center business

In the month of June, 2016, Groupe Fnac sold its call-center business, which was responsible for after-sales customer service phone-based support. The company Business Support Services (*B2S*), a customer relations specialist, took over the entire business and the employees. Concurrent with this sale, Groupe Fnac signed a four-year fixed service provision contract with B2S, to provide all of the call-center services to its customers.

2.2.4 Eazieer

In order to support its development in the technologies and services related to the ticketing service, France Billet, a subsidiary of Fnac and leader in France in the ticketing market acquired the Eazieer company, which was fully consolidated in the financial statements for the first half of 2016.

Eazieer is a Marseilles-based start-up at the forefront of ticketing services, particularly in Customer Relationship Management (CRM), which works with entities in the culture, sports and event sectors. Eazieer also has among its customers Olympique de Marseilles, The Rugby Club of Toulon, the Vasarely Foundation and even Hoops Factory.

With the integration of Eazieer, France Billet will be able to offer its customers innovative and flexible CRM support suited to the requirements of ticketing operations. After the purchase of Datasport at the end of 2013 by its subsidiary Tick & Live, held in partnership with the Fimalac group, France Billet accelerated its development in the high growth segment of ticketing solutions and strengthened its position as leader in the sports and live spectacle domain.

The financial terms of this acquisition provided for the payment of a price addition for a maximum amount of €2.0 million, depending on the satisfaction of performance levels by the company.

2.2.5 Investing in the capital of IZNEO

On January 28, 2016, Fnac announced that it will enter into the capital of the IZNEO company at 50%, in parity with all of the publisher shareholders: Ankama, Bamboo, Bayard, Casterman, Dargaud, Dupuis, Gallimard, Jungle and Le Lombard.

Started in 2010 by several specialized publishers, IZNEO has become the premier distribution and sales platform for digital comic strips in Europe. Boasting an extensive catalogue of over 14,000 titles containing almost all of the Francophone comic strips, IZNEO is a distribution platform which circulates its catalogue to all the digital book stores (Fnac.com, Apple, Google, Mollat.com, Tea, Dialogues, La Galerne, etc.) and the public libraries. It's also a digital book store which offers all readers free searching of the first pages of all of its titles representing the catalogues of over 50 publishers.

In the first half of 2016, the IZNEO company was consolidated under the equity accounting method and the impact of this equity accounting on the shareholders' equity of the Group is not significant.

2.2.6 Growth drivers

- **Expanding the store network in France**

The Group continued to increase its presence in France, opening 3 new franchise proximity stores and a new franchise Travel store, during the first half:

Nemours

A new store franchised in the proximity format in Nemours opened its doors on Thursday, January 28, 2016, in the Intermarché des Coquelicots shopping center. The Nemours store is the sixteenth in the proximity format to open in France.

The Fnac Nemours store has an area of 540m² and a staff of 10.

Dinard

A new store franchised in the proximity format in Dinard-Pleurtuit opened its doors on Thursday, February 18, 2016, in the Intermarché "L'essenCiel" shopping center. The Nemours store is the seventeenth in the proximity format to open in France.

Fnac Dinard-Pleurtuit has an area of over 500 m².

Saint-Marcel

A new store franchised in the proximity format in Saint-Marcel opened its doors on Thursday, March 3, 2016, in the Intermarché shopping center. This new opening will reinforce Fnac's expansion strategy in small and medium-sized towns, where it has not had a presence until now. The Saint-Marcel store is the eighteenth in the proximity format to open in France.

The Fnac Saint-Marcel store has an area of 443m² and a staff of 10.

Gare du Nord

On April 2, 2016, Fnac opened a 25 m² Fnac Travel space in the Gare du Nord in Paris.

- **Opening of a store in Réunion**

On May 23, 2016, Fnac announced a partnership with Vindemia Group, a subsidiary of Groupe Casino, distribution leader in the Indian Ocean, operating on Réunion, Madagascar, Mayotte and Maurice Island, to open five other Fnac stores on Réunion. These new franchised stores will eventually replace the Agora sales outlets, the main brand for cultural products on the Island (book store, audio-video and multimedia). Two new stores will also be opened by the end of the year.

On July 13, 2016, Fnac opened its first franchised store in the town of Saint-Pierre on Réunion. With an area of 300 m², this new store will benefit from the city center appeal of the second most economically active town on the island.

- **Opening of the first Fnac Connect in Spain**

On May 25, 2016, Fnac opened its first Fnac Connect in Bilbao, Spain. With an area of 105 m², this new store will be the fourth sales outlet presenting the Fnac Connect concept, and the first abroad.

Designed to give customers a unique and entertaining experience, the new store provides the largest offering (connected watches and bracelets, camera equipped drones, portable speakers, connected household accessories, etc.) along with a broad range of trendy designer accessories. Customers are free to access self-service products and demonstration areas allowing them to discover their use as well as the latest innovations.

- **Opening of a second store in Ivory Coast**

On February 4, 2016, Fnac opened its second franchise store in Abidjan, Ivory Coast.

- **Opening of a new store in Belgium**

On June 30, 2016, Fnac opened its tenth integrated store in Alost, Belgium.

With a commercial area of 850 m², the store will be presented on two levels in the heart of the city center on Kattersraat, one of the two main streets. On the ground floor, customers will be able to find disks, DVD, gaming, ticketing, micro-computers, telephones, connected objects, sound, pictures and TV. The second floor, a bright and inviting space of over 340 m², will be reserved for stationery sections.

2.3 FIRST HALF OF 2015 BUSINESS REVIEW

2.3.1 Analysis of the Group's operational performance

The main financial indicators of Groupe Fnac for the first half of 2016 are presented below:

(In € millions)	**Fiscal year ended June 30, 2016**	**Fiscal year ended June 30, 2015**	**change**
Revenues	1 620,2	1 628,2	(0,5%)
Gross margin	481,8	483,8	(0,4%)
(as % of revenues)	29,7%	29,7%	
EBITDA (1)	8,3	1,4	492,9%
(as % of revenues)	0,5%	0,1%	0,4pt
Current operating income	(23,4)	(29,0)	19,3%
(as % of revenues)	(1,4%)	(1,8%)	0,4pt
Operating income	(46,7)	(30,7)	(52,1%)
(as % of revenues)	(2,9%)	(1,9%)	(1,0)pt
Net income, Group share	(75,5)	(42,8)	(76,4%)
Net operating investments excluding finance leases	34,2	20,6	66,0%
Free cash flow from operations	(272,8)	(276,5)	1,3%
Shareholders' equity	631,9	548,9	15,1%
Group share	624,6	542,0	15,2%
Net financial debt	(67,7)	(256,8)	73,6%
Average workforce	11 422	11 914	(4,1%)

(1) EBITDA is defined as current operating income plus net depreciation and amortization on non-current operating assets accounted for in current operating income.

Group Fnac's performance in the first half is traditionally affected by the seasonal nature of its business, with the bulk of its earnings and free cash flow from operations recorded in the second half of the year.

2.3.1.1 Revenues

(In € millions)	Fiscal year ended June 30, 2016	*(as % of the total)*	Fiscal year ended June 30, 2015	*(as % of the total)*	Change at current forex	Change at constant foreign exchange rates	Change at constant foreign exchange rates and like-for-like	Change in constant foreign exchange rates, like-for-like and same store
France	1 166,6	72,0%	1 147,9	70,5%	1,6%	1,6%	1,6%	1,5%
Iberian Peninsula	282,1	17,4%	283,8	17,4%	(0,6%)	(0,6%)	(0,6%)	(1,4%)
Brazil	48,4	3,0%	68,0	4,2%	(28,7%)	(11,0%)	(11,0%)	(11,0%)
Other countries	123,1	7,6%	128,5	7,9%	(4,2%)	(2,9%)	(2,9%)	(5,5%)
Total	**1 620,2**	**100,0%**	**1 628,2**	**100,0%**	**(0,5%)**	**0,5%**	**0,5%**	**0,0%**

Consolidated revenue from continuing operations for the first half of 2016 amounted to €1,620.2 million, down 0.5% in published data and up 0.5% at constant exchange rates compared to the first half of 2015. At a constant exchange rate and same-store basis, revenue is stable.

Business in the first half took place in a macro-economic environment with no major development in Europe, and a consumer environment which still remains lacklustre over the markets of the Group. In Belgium, the first half was disrupted by the attacks in Brussels and months of strikes. In Brazil, the market conditions have deteriorated in a very unstable political and economic environment.

The distribution of revenues by product category is analysed in Note 4 “Operating Segments” of the consolidated financial statements in this interim financial report.

At constant exchange rates, revenues from consumer electronics were up, driven by the sub-category “Micro-computer products,” which benefited from the solid performance in sales of non-subscription telephones and connected products which offset the shrinking of the Hardware segment which suffered from the decline of the tablet market. In the “General public electronics” sub-category, sales of televisions and decoders grew strongly after the switch to DTT beginning in April (in France) and the positive impact of the European Soccer Championship.

The revenue from editorial products is down, negatively affected by the drop in Video and Gaming markets where there have been few new items in the first half of 2016. The new editorial product families (Games & Toys and Stationery) continue to show growth in double digits. Books are showing good resistance in spite of an elevated comparison basis in France.

New products (Home & Design, Toys and Games, Stationery, Telephones and Connected Products) represented 16.3% of Group merchandise revenues, an increase of 2.5 percentage points over the first half of 2015.

Revenues from Services were up, with the decrease in services related to sales of consumer electronics being largely offset by the increase in commissions from the Marketplace and brand royalties related to the development of the franchise, as well as delivery services.

Online business now accounts for 15.5% of Group sales, an increase of 1.2 percentage points.

The Group continued the development of the omni-channel strategy in all areas with the introduction of new functionalities, the development of the Marketplace and BtoB activities.

Membership remains a major component of the Group’s marketing policy. The number of members continued to rise in the first half of 2016.

The increase in the network stores continued with the opening of seven new stores: Two integrated (Belgium and Spain) and five franchises (3 Proxi France, 1 Travel France and 1 International in Abidjan in Ivory Coast).

2.3.1.2 Current operating income

As of June 30, 2016, Groupe Fnac's current operating income improved by €5.6 million. It was -€23.4 million, in comparison with -€29.0 million for the first half of 2015. The gross margin was stable compared to the first half of 2015. The drop in resources generated by the decrease in revenue is offset by the drop in costs, particularly the cost of staff.

(In € millions)	**Fiscal year ended June 30, 2016**	***(as % of the total)***	**Fiscal year ended June 30, 2015**	***(as % of the total)***	**change**
France	(18,7)	79,9%	(31,2)	107,6%	40,1%
Iberian Peninsula	1,2	(5,1%)	4,2	(14,5%)	(71,4%)
Brazil	(4,9)	20,9%	(1,8)	6,2%	(172,2%)
Other countries	(1,0)	4,3%	(0,2)	0,7%	(400,0%)
Total	**(23,4)**	**100,0%**	**(29,0)**	**100,0%**	**19,3%**

2.3.1.3 EBITDA and EBITDAR

(In € millions)	**Fiscal year ended June 30, 2016**	***(as % of revenues)***	**Fiscal year ended June 30, 2015**	***(as % of revenues)***	**change**
Current operating income	**(23,4)**	**(1,4%)**	**(29,0)**	**(1,8%)**	**19,3%**
Net provisions to depreciation and amortization (1)	31,8	2,0%	30,4	1,9%	4,6%
EBITDA	**8,3**	**0,5%**	**1,4**	**0,1%**	**492,9%**
Rents (2)	63,3	3,9%	66,7	4,1%	(5,1%)
EBITDAR	**71,6**	**4,4%**	**68,1**	**4,2%**	**5,1%**

(1) Net depreciation and amortization charges correspond to the net depreciation and amortization charges and provisions on non-current operating assets accounted for in current operating income.
(2) Rents mean property rents excluding rental charges on operating leases.

EBITDA for the first half of the year was €8.3 million, up €6.9 million compared to the first half of 2015.

EBITDAR for the first half of the year was €71.6 million, up €3.5 million compared to the first half of 2015.

For the definitions of EBITDA and EBITDAR, see note 1.1.

2.3.1.4 Other non-current operating income and expenses

(In € millions)	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2015
Non-current operating expenses	**(23,3)**	**(1,7)**
Costs related to the Darty acquisition	(9,1)	-
Restructuring costs	(5,3)	(1,7)
Tascom 2015	(5,3)	-
Sale of Subsidiary	(2,7)	-
Other	(0,9)	-
Total	**(23,3)**	**(1,7)**

The Group's other non-current operating income and expenses reflect unusual and significant items that could distort the relevance of the tracking of the Group's economic performance.

As of June 30, 2016, they represented a net expense of €23.3 million including:

- €9.1 million in costs derived from the acquisition of Darty,
- €5.3 million in restructuring costs in France and abroad,
- a net expense of €2.7 million related to the sale of the call-center business,
- an expense of €5.3 million related to the 2015 tax on retail space:
  In its Article 66, the French corrective finance law for 2015 just supplemented Article 6 of the French Law of July 13, 1972 relating to the tax on retail space in France, adding thereto a new taxable event starting January 1, 2016. The addition of the second taxable event had led to a re-examination of the accounting treatment used based on IFRIC 21. Concerning a change in the tax law, it will be applied prospectively beginning January 1, 2016. This led, in practice, to the recognition of two taxes in 2016: one due on January 1, 2016 on 2015 revenue, and one which will be represented progressively beginning with the crossing of the 2016 revenue threshold.
  In the financial statements from the first half of 2016:
  - The tax due as of January 1, 2016 appears in "Other non-current Income and Expenses",
  - The tax which will be represented progressively appeared in the current operating income, thus, in the first half of 2016, the effect of this change in law is reflected by a temporary improvement of the current operating income of €2.7 million, compared with the first half of 2015.

As of June 30, 2015, the other non-current operating income and expenses represented a net expense of €1.7 million and primarily included restructuring costs related to organizational changes.

2.3.1.5 Net financial expenses

As of Thursday, June 30, 2016, the Group's net financial expenses can be broken down as follows:

(In € millions)	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2015	change
Cost of net financial debt	(1,8)	(0,3)	(500,0%)
Other financial income and expenses	(22,3)	(4,2)	(431,0%)
Total	**(24,1)**	**(4,5)**	**(435,6%)**

In the first half of 2016, the net financial result was a financial expense of €24.1 million compared with a €4.5 million financial expense for the same period in the previous year.

For the first six months of 2016, the cost of the Group's net debt was up €1.5 million compared to the same period in the previous year and stood at €1.8 million. This cost primarily included the cost of using a line of credit. Its increase is related to the change in the financial structure of Groupe Fnac, affected in the first half of 2016 by the acquisition of 29.7% of the capital of Darty.

As of June 30, 2016, the other income and financial expenses were primarily composed of expenses relating to the introduction of hedging instruments in the context of the Darty acquisition, as well as the costs related to the financing of the new combined Group.

2.3.1.6 Income tax

For the first half of 2016, the Group's income tax expenses can be analysed as follows:

(In € millions)	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2015	Fiscal year ended December 31, 2015
Pre-tax income	(70,8)	(35,2)	62,6
Non-current items	(23,3)	(1,7)	(9,3)
Current income before tax	**(47,5)**	**(33,5)**	**71,9**
Total tax charge	(4,4)	(7,4)	(14,3)
Tax on non-current items	0,2	0,3	0,7
Current tax charge	**(4,6)**	**(7,7)**	**(15,0)**
Effective tax rate	**(6,2%)**	**(21,0%)**	**22,8%**
Current tax rate	**(9,7%)**	**(23,0%)**	**20,9%**

The income tax expense in the first half of the year is calculated on the basis of the estimated effective tax rate for the year for each tax entity or sub-group.

The total income tax expense includes a €4.5 million expense for the Corporate Value-Added Tax (CVAE) for the first half of 2016 (€4.2 million for the first half of 2015).

2.3.1.7 Consolidated net income, Group share

For the first half of 2016, the Group share of consolidated net income from continuing operations of Groupe Fnac totalled -€75.5 million; it was down compared with the same period of the previous year when it stood at -€42.8 million. This decrease is attributable to costs associated with the Darty acquisition transaction and its financing.

2.3.1.8 Net earnings per share

In the first half of 2016, the weighted average number of Group Fnac shares totalled 17,286,463 shares. The weighted average number of treasury shares in the first half of 2016 totalled 18,641 shares, thus, the weighted average number of Groupe Fnac shares used in the calculation of the net earnings per share totalled 17,267,822 shares.

As of June 30, 2016, Groupe Fnac's net earnings per share was -€4.37. In the first half of the previous year it was -€2.57.

2.3.2 Analysis of operating performance by operating segment

2.3.2.1 France

DTT	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2015	change
Revenues	1 166,6	1 147,9	1,6%
Current operating income	(18,7)	(31,2)	40,1%
(as % of revenues)	(1,6%)	(2,7%)	1,1pt
Operating income	(40,3)	(31,5)	(27,9%)
(as % of revenues)	(3,5%)	(2,7%)	(0,8)pt
Net operating investments excluding finance leases	28,7	17,6	63,1%
Average workforce	7 374	7 741	(4,7%)

Revenues in France

In France, where the consumer environment remained lacklustre, revenue for the first half of 2016 totalled €1,166.6 million versus €1,147.9 million for the first half of 2015, i.e., an increase of 1.6%.

On a same-store basis, revenues were up by 1.5% after taking into account the opening of the integrated store in Meaux.

The distribution of revenues by product category is analysed in Note 4 "Operating Segments" of the consolidated financial statements in this interim financial report.

Over the first half, revenue from consumer electronics grew strongly because of the rise of the "General public electronics" sub-category, which profited from the sharp increase in sales of televisions and decoders following the switch to DTT beginning in April and also from the favourable impact of the European Soccer Championship. The "Micro-computer" sub-category is still benefiting from the development of telephony and connected products.

The revenue from editorial products is down because of the appreciable drop in the Video and Gaming segments which are suffering from fewer new items and digitalization. The sub-category "Books, Games & Toys and Stationery" was also down slightly. It benefits from the strong resilience of the Book segment and the continuation of good performance in Games, Toys and Stationery.

The revenue from services is sharply increasing, thanks to the continuation of the development of the Marketplace and franchising as well as the introduction of an offering of monthly insurance.

Internet activities continued to grow and represented 17.9% of Group sales in France in the first half of 2016, i.e., an increase of 1.3 percentage points.

Current operating income in France

The current operating loss for France was -€18.7 million for the first half of 2016, versus a loss of -€31.2 million in 2015, i.e., an improvement of €12.5 million.

The current operating profitability improved by 1.1 percentage points compared to the end of June, 2015. The increase in resources associated with the decrease of costs and the continuation of the cost-cutting plan has allowed this net improvement.

2.3.2.2 Iberian Peninsula

(In € millions)	**Fiscal year ended June 30, 2016**	**Fiscal year ended June 30, 2015**	**change**
Revenues	282,1	283,8	(0,6%)
Current operating income	1,2	4,2	(71,4%)
(as % of revenues)	0,4%	1,5%	(1,1)pt
Operating income	0,4	3,6	(88,9%)
(as % of revenues)	0,1%	1,3%	(1,2)pt
Net operating investments excluding finance leases	4,2	2,2	90,9%
Average workforce	2 689	2 768	(2,9%)

Revenues in the Iberian Peninsula

The revenue produced in the Iberian Peninsula in the first half of 2016 was slightly down. It totalled €282.1 million, in comparison with €283.8 million for the first half of 2015.

On a same-store basis, revenue was down 1.4%.

With two store openings at the end of 2015, the opening of a Fnac Connect in 2016 and following the announcement of its arrival in Andorra this summer, Fnac continues to increase its presence in the Iberian Peninsula.

The distribution of revenues by product category is analysed in Note 4 "Operating Segments" of the consolidated financial statements in this interim financial report.

Revenues from Consumer Electronics were down. The sub-category, "General public electronics", was affected by a Photography segment in difficulty in spite of strong performance in the TV segment whose sales have been sustained by the European Soccer Championship. Sales from the sub-category "Micro-computers" were down, negatively affected by very competitive markets in Hardware, offset, in part, by the dynamic telephone sales market.

Revenue from editorial products was down very slightly. The drop in the "Disks and Gaming" sub-category resulted mainly from the structural decrease in the Audio-Video markets. The Gaming segment has suffered from a lack of new items in the first half of the year in the consoles market. The growth of the sub-category "Books, Games, Toys and Stationery" was sustained by the increase in sales from the Book segment and the good performance of the Stationery and Kids spaces. This change cannot, however, offset the drop in the sub-category "Disks and Gaming".

Services revenue was up sharply primarily sustained by gift boxes, the commissions received through the Marketplace and the BtoB.

Online business totalled 9.0% of Iberian Peninsula sales over the first half of 2016, and are up 0.2 percentage points compared with the first half of 2015.

Current operating income in the Iberian Peninsula

Current operating income for the Iberian Peninsula was a profit of €1.2 million in the first half of 2016, versus a profit €4.2 million in the first half of 2015.

The current operating income margin is down, moving from 1.5 % to 0.4 %. The drop in the gross margin and the observance of a net expense of €2.4 million related to the anticipated closing of a store in Madrid next September, have only been partially offset by the continuance of the optimization plans on the costs of personnel and other costs.

2.3.2.3 Brazil

(In € millions)	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2015	change
Revenues	48,4	68,0	(28,8%)
Current operating income	(4,9)	(1,8)	(172,2%)
(as % of revenues)	(10,1%)	(2,6%)	(7,5)pt
Operating income	(5,6)	(2,0)	(180,0%)
(as % of revenues)	(11,6%)	(2,9%)	(8,7)pt
Net operating investments excluding finance leases	0,3	0,1	200,0%
Average workforce	649	715	(9,2%)

Revenues in Brazil

In the first half of 2016, revenue in Brazil reached €48.4 million versus €68.0 million in the first half of 2015, i.e., a decrease of 28.8%.

At a constant exchange rate and same-store basis, the decline in revenue was -11.0%.

The political and economic situation in Brazil has greatly weakened market conditions in the first half of 2016. The consumer confidence index remains low, stemming from an appreciable drop in store and web visits.

The distribution of revenues by product category is analysed in Note 4 "Operating Segments" of the consolidated financial statements in this interim financial report.

The decline in revenue from consumer electronics is primarily due to the TV and hardware sectors. In the "Micro-computing" sub-category, the telephone segment continued its growth in sales given the continuation of the commercial strategy concentrated on smart phones.

Revenue from editorial products fell sharply across all segments. In the "Discs and Gaming" sub-category, the Audio-Video segment remains sluggish. In the "Books, Games, Toys and Stationery" sub-category the decrease in book revenue is related to the sharp decline in store visits.

Services revenue declined due to the reduction of services following the decrease in consumer electronics sales, which reflects the lower sales of televisions and computers.

Online business accounted for 21.5 % of Group sales in Brazil, i.e., a slight drop of 0.6 percentage points.

Current operating income in Brazil

Brazil recorded a current operating loss of €4.9 million for the first half of 2016, compared with a loss of €1.8 million for the first half of 2015.

The current operating income margin has declined, moving from -2.6 % to -10.1 %. The cost reduction initiatives having failed to offset the effect of the decrease in sales on the gross margin.

2.3.2.4 Other countries

(In € millions)	**Fiscal year ended June 30, 2016**	**Fiscal year ended June 30, 2015**	**change**
Revenues	123,1	128,5	(4,2%)
Current operating income	(1,0)	(0,2)	(400,0%)
(as % of revenues)	(0,8%)	(0,2%)	(0,6)pt
Operating income	(1,2)	(0,8)	(50,0%)
(as % of revenues)	(1,0%)	(0,6%)	(0,4)pt
Net operating investments excluding finance leases	1,0	0,7	42,9%
Average workforce	710	690	2,9%

Revenues in Other Countries

Revenues in other countries (Belgium and Switzerland) totalled €123.1 million in the first half of 2016 versus €128.5 million in the first half of 2015, an increase of 4.2 %, as reported. Revenues were down 2.9 % at constant exchange rates.

In Belgium, the first half of the year was strongly impacted by concerns over security and by months of strikes.

With the opening of Conthey (Switzerland) in August 2015, the opening of a store in Aalst (Belgium) on June 30, 2016, and the opening of a sixth store in Switzerland in Neuchâtel scheduled for late 2016, Groupe Fnac is strengthening its presence in the Other Countries region.

The distribution of revenues by product category is analysed in Note 4 "Operating Segments" of the consolidated financial statements in this interim financial report.

Revenues from consumer electronics were down mainly in the "Micro-computing" sub-category where Hardware was negatively affected by a decline in laptop sales. The "Consumer Electronics" sub-category also declined, although to a lesser degree, due to strong performance in the TV sector with sales supported by the European Soccer Championship.

Revenues from media products were down, mainly due to a significant decline in "Disks and Gaming" sub-category reflecting the limited number of new products. The sub-category "Books, Toys/Games and Stationery" was impacted by the decline in the Book segment, particularly in Belgium.

Internet activities continued to grow and represented 5.2% of "Other Countries" sales in the first half of 2016, an increase of 2.0 points.

Current operating income in Other Countries

Other Countries recorded a current operating loss of -€1.0 million in the first half of 2016 versus -€0.2 million in the first half of 2015.

Current operating profitability improved from -0.2% to -0.1%, as the decline in sales was partially offset by cost savings.

2.4 COMMENTS ON THE GROUP'S FINANCIAL POSITION

Groupe Fnac's consolidated financial statements at the close of the first half are typically affected by the seasonal nature of the Group's activities:

(In € millions)	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Goodwill	332,5	332,4	332,4
Other non-current assets	589,6	256,3	273,6
Current assets and liabilities	(258,3)	(195,1)	(494,6)
Provisions	(99,6)	(101,5)	(91,2)
Capital employed	**564,2**	**292,1**	**20,2**
Assets held for sale	-	-	-
Shareholders' equity, Group share	624,6	542,0	557,3
Shareholders' equity, minority share	7,3	6,9	7,0
Net cash at the end of the period	67,7	256,8	544,1

2.4.1 Capital employed

As of June 30, 2016, capital employed had risen by €272.1 million since June 30, 2015. This increase was mainly due to the acquisition of 29.7% of Darty, its net value reported as €321.1 million in the balance sheet as of June 30, 2016.

The rest of the change was due to the optimization of working capital requirements.

2.4.2 Goodwill

As of June 30, 2016, goodwill was stable compared to June 30, 2015 and stood at €332.5 million.

(In € millions)	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Goodwill	332,5	332,4	332,4

2.4.3 Other non-current assets

(In € millions)	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Net intangible assets	70,2	65,4	71,4
Net tangible assets	148,7	150,7	156,5
Investment in companies under the equity method	2,0	-	-
Net non-current financial assets	326,7	7,2	8,2
Net deferred taxes	41,9	32,9	37,4
Various non-current assets	0,1	0,1	0,1
Other non-current assets	**589,6**	**256,3**	**273,6**

As of June 30, 2016, other non-current assets were up mainly reflecting the acquisition of 29.7% of Darty in the first half of 2016, valued at €321.1 million. Interests in equity associates amounting to €2.0 million represent Groupe Fnac's acquisition of 50% of the share capital of IZNEO.

Deferred taxes essentially represent the deferred tax assets on provisions for pensions and other post-employment benefits in France, as well as the deferred tax assets in Spain, Portugal, Belgium and Switzerland.

2.4.4 Current assets and liabilities

As of June 30, 2016, net current assets and liabilities totalled -€258.3 million, compared with -€195.1 million as of June 30, 2015 and -€494.6 million as of December 31, 2015. They break down as follows:

(In € millions)	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Net inventory	448,1	436,6	466,9
Net customers	66,5	67,0	87,4
Net suppliers	(546,9)	(463,5)	(761,1)
Tax receivables and payables due	(5,9)	(5,1)	(7,5)
Other working capital requirements	(220,1)	(230,1)	(280,3)
Current assets and liabilities	**(258,3)**	**(195,1)**	**(494,6)**

As of June 30, 2016, Groupe Fnac’s net current assets and liabilities were up by €236.3 million compared to the close of the 2015 fiscal year.

Changes in inventory resulted in a positive cash inflow of €21.9 million in the first half of 2016. This change was primarily due to the seasonal nature of the business

In the first half of 2016, the decrease in trade receivables generated a cash inflow of €24.1 million. This change is primarily the result of the seasonal nature of the Group's business activity.

In the first half of 2016, the decrease in trade payables generated a cash outflow of €218.9 million. This decrease is related to the strong seasonality of the business. The €83.4 million improvement in supplier credit between June 30, 2015 and June 30, 2016 is the result of the working capital optimization policy.

The change in working capital requirements for the first half of 2016 includes the reassignment of CICE receivables for 2013, 2014 and 2015 amounting to €28.4 million. The French government's 2012 Budget introduced a tax credit to boost competitiveness and job creation (Crédit d'impôt pour la compétitivité et l'emploi / CICE), payable to companies every 4 years in arrears reflecting their payroll expense for employees earning 2.5 times the national minimum wage (SMIC) or less. In June 2016, Groupe Fnac reassigned, without compensation, its CICE receivables for fiscal 2013, 2014 and 2015 amounting to €28.4 million.

2.4.5 Provisions

(In € millions)	**As of June 30, 2016**	**As of June 30, 2015**	**As of December 31, 2015**
Provisions for pensions and similar benefits	87,0	76,3	77,4
Other provisions	12,6	25,2	13,8
Provisions	**99,6**	**101,5**	**91,2**

(In € millions)	**As of June 30, 2016**	**As of June 30, 2015**	**As of December 31, 2015**
Discount rate	1.00-1.15%	1.25-2.05%	1.00-2.05%

The general decline in interest rates observed in the principal geographic regions, including the eurozone, in the first half of 2016 resulted in an increase in the reference discount rates, which are the rates for top-rated corporate bonds. An adjustment to the amount of the net liability was recognized in the interim financial statements.

The impact on shareholders' equity is presented in the section Other Elements of Comprehensive Income.

Other Provisions mainly include provisions for operating and tax contingencies, and were €1.2 down versus December 31, 2015, reflecting the €3.8 million posted (of which €3.0 million was used and €0.8 million not used). The rest of the change reflects new additions to provisions amounting to €1.4 million and currency translation adjustments amounting to +€1.2 million.

2.4.6 Shareholders' equity

(In € millions)	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Shareholders' equity – Group share	624,6	542,0	557,3
Shareholders' equity – Share attributable to non-controlling interests	7,3	6,9	7,0
Shareholders' equity	**631,9**	**548,9**	**564,3**

At the close of the first half of 2016, Groupe Fnac's consolidated shareholders' equity had grown by €67.6 million since the previous year end.

Equity attributable to the Group increased by €67.3 million as a result of the €157.1 million capital increase reserved for Vivendi Group (net of issue costs) partly offset by the Group's share of comprehensive loss in the amount of €90.4 million. Group share of comprehensive income includes the change in the fair value of Darty shares held as of June 30, 2016.

The share of equity attributable to non-controlling interests was up €0.3 million to €7.3 million. This share is the result of Fimalac Group's 50% stake in Tick & Live.

2.4.7 Net Cash

The Group's net cash is traditionally lower at the end of the first half of the financial year than at the end of the year due to the seasonal nature of its business. At June 30, 2016, Groupe Fnac's net cash stood at €67.7 million, analysed as follows:

(In € millions)	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Gross financial debt	(51,0)	(0,4)	(0,6)
Cash and cash equivalents	118,7	257,2	544,7
Net cash at the end of the period	**67,7**	**256,8**	**544,1**

Gross financial debt consists mainly of €50 million drawn on a revolving credit facility.

Net cash is down by €189.1 million versus June 30, 2015, mainly due to the acquisition of 29.7% of Darty, partially offset by the capital contribution to the capital increase reserved for Vivendi.

2.4.8 Solvency

The credit facility contracted by Groupe Fnac contained two financial covenants as of Thursday, June 30, 2016, which are defined as follows as of that date:

- the solvency ratio (adjusted net financial debt of five times the property rental costs minus rental charges in relation to EBITDAR, calculated on a sliding 12-month basis) must be lower than or equal to 3.10;
- the equity ratio (the amount of the Group's equity) must be greater than €380.0 million;

As of Thursday, June 30, 2016, all financial covenants for the half-year were met.

The target values of the covenants to be achieved vary for each test period.

2.4.9 Liquidity

As of June 30, 2016, Groupe Fnac held cash and cash equivalents of €118.7 million (€544.7 million as of December 31, 2015), plus a balance of €200.0 million on a confirmed line of credit not utilized on that date.

As of Thursday, June 30, 2016, cash and cash equivalents included marketable securities maturing in less than three months.

The Group is not exposed to a short-term liquidity risk.

The Group's credit and borrowing agreements include standard pari passu clauses, cross default clauses, and negative pledge clauses.

The Group's financing contracts do not include any accelerated payment clause that would be triggered by a deterioration in the Group's financial rating (rating trigger).

2.4.10 Change in net cash

Change in net cash can be broken down as follows:

(In € millions)	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2015
Free cash flow from operations	(272,8)	(276,5)
Interest paid net of interest and dividends received	(5,4)	(1,5)
Acquisitions and disposals of subsidiaries net of cash acquired or transferred	(1,3)	(2,5)
Acquisition of 29.7% of the capital of Darty	(353,6)	-
Acquisitions and disposals of other financial investments (net)	-	(0,4)
Acquisitions and disposals of treasury shares	(0,2)	(1,0)
Capital increases/decreases	157,1	1,9
Other (1)	(0,2)	1,7
Net change in cash	**(476,4)**	**(278,3)**

(1) Includes primarily the effect of translation differences on financial debt

Net cash on January 1	**544,1**	**535,1**
Net cash at the end of the period	**67,7**	**256,8**

2.4.10.1 Free cash flow from operations

The Group also uses an intermediate aggregate, the "Free cash flow from operations", to track its financial performance. This financial indicator measures net cash flows related to operating activities and gross operating investment flows (defined as acquisitions and disposals of non-current tangible and intangible assets, and changes in trade payables on assets).

In the first half of 2016, free cash flow from operations was a negative -€272.8 million, a €3.7 million improvement on the negative -€276.5 million in the first half of 2015.

The change in working capital requirements in 2016 reflected a cash inflow in the amount of €28.4 million due to the reassignments of CICE receivables. In June 2016, Groupe Fnac reassigned, without compensation, its CICE receivables for fiscal 2013, 2014 and 2015 amounting to €28.4 million.

(In € millions)	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2015
Self-financing capacity from operations, dividends and interest	**(15,7)**	**(9,9)**
Change in working capital requirement	(215,3)	(238,6)
Income tax paid	(7,6)	(7,4)
Net cash flows from operating activities	**(238,6)**	**(255,9)**
Operating investments net of disposals, excluding finance leases	(34,2)	(20,6)
Free cash flow from operations before investment in finance leases	**(272,8)**	**(276,5)**
Operating investments in finance leases	-	-
Free cash flow from operations after finance leases	**(272,8)**	**(276,5)**

Compared to the first half of 2015, free cash flow increased by €3.7 million. It breaks down as follows:

- Cash flow from operations before tax, dividends and interest declined by €5.8 million;

- Net outflows reflecting changes in working capital requirements less €23.3 million;

- Net cash outflows to pay corporate income tax liabilities remained stable;

- Cash outflows in the form of investments increased by €13.6 million.

As of June 30, 2016, net operating investments amounted to €34.2 million, €13.6 million more than in the first six months of 2015. This increase is primarily related to store conversion work in France and the Iberian Peninsula and the opening of the new store in Aalst in Belgium and Fnac.ch site development.

(In € millions)	**Fiscal year ended June 30, 2016**	**Fiscal year ended June 30, 2015**
France	(19,8)	(13,9)
Iberian Peninsula	(2,0)	(0,8)
Brazil	(0,3)	(0,1)
Other countries	(1,3)	(0,5)
Acquisition of tangible and intangible non-current assets excluding investment in finance leases and excluding effect of changes in payables and receivables relating to non-current assets.	**(23,4)**	**(15,3)**
Change in debt and receivables relating to non-current assets	(11,0)	(5,8)
Acquisition of tangible and intangible non-current assets excluding finance leases and including changes in receivables and payables relating to assets	**(34,4)**	**(21,1)**
Operating investments in finance leases	-	-
Acquisitions of tangible and intangible non-current assets including investments in finance leases and including changes in receivables and payables relating to assets	**(34,4)**	**(21,1)**
Disposal of non-current tangible and intangible assets	0,2	0,5
Net operating investments	**(34,2)**	**(20,6)**
Net operating investments excluding finance leases	**(34,2)**	**(20,6)**

2.4.10.2 Net interest paid and dividends received

As of June 30, 2016, net cash outflows for net financial interest paid and dividends received primarily represented fees on unused lines of credit.

As of June 30, 2015, they included fees on unused lines of credit.

2.4.10.3 Purchases and disposals of subsidiaries net of cash acquired or transferred

In the first half of 2016, acquisitions and disposals of subsidiaries net of cash acquired or transferred resulted in a €1.3 million net cash outflow, as part of the project to sell off its call center business.

Cash outflows for subsidiary acquisitions carried out in the first half of 2015 primarily include the disbursement of the third tranche of the acquisition price for the Datasport group in the amount of €1.8 million and a price supplement related to the acquisition of Tick & Live.

2.4.10.4 Net acquisitions and disposals of other financial assets

In the first half of 2016, cash outflows of €353.6 million resulting from the acquisition and disposal of other financial assets representing the acquisition of 29.7% of Darty in the amount of €353.6 million. The first half of 2016 also includes a €2 million outflow to buy 50% of IZNEO, as well as a €2 million inflow from the repayment of security deposits on real estate rentals.

Cash outflows for acquisitions of other financial assets in the 1st half of 2015 primarily correspond to deposits and security deposits for real estate leases.

2.4.10.5 Sales and purchases of treasury shares

Cash outflows to buy treasury shares are related to the acquisition of Groupe Fnac shares made under the liquidity contract opened June 19, 2013 with Rothschild & Cie Banque. At June 30, 2016, Groupe Fnac held 4,509 treasury shares.

2.4.10.6 Capital increase and reduction

As of June 30, 2016, the capital increase mainly represented the creation of 2,944,901 shares to service the capital increase reserved for Vivendi amounting to €157.1 million, after issue costs.

As of June 30, 2015, capital was increased by the creation of 92,164 shares to service the exercise of the first tranche of options under the performance options plan unwound in equity instruments, which was introduced in 2013.

2.5 RELATED-PARTY TRANSACTIONS

As of June 30, 2016, Groupe Artémis held 32.86 % of the capital and 32.86 % of the voting rights in Groupe Fnac.

In the first half 2016, the main transaction between all the consolidated companies of Groupe Fnac and Kering Group, a party related to Artémis Group, was the reinvoicing by Kering Group of IT services amounting to €1.0 million.

In 2015, a previously authorized regulated agreement was entered into with BDGS, a legal firm specializing in market operations, especially cross-border transactions, and in competition law, one of its founding partners being Director Antoine Gosset-Grainville. The firm is tasked with overseeing the Darty acquisition process, including complying with antitrust regulations that require notifying the French and Belgian competition authorities. Fees paid for this service amounted to €2.3 million in the first half of 2016

2.6 POST-CLOSING EVENTS

On July 18, 2016, the French Competition Authority announced that it had decided to authorize Groupe Fnac's purchase of Darty plc ("Darty").
The Authority acknowledged that the physical stores and online sales belonged to a single market.
The combined entity will have to sell five existing sales points and one planned sales point out of the combined networks of Fnac and Darty in France, totalling more than 400 stores. The sales points to be sold are the Darty Belleville, Darty Italie 2, Fnac Beaugrenelle, Darty Saint-Ouen, Darty Vélizy stores, as well as the Darty Cuisine de Wagram sales point which is expected to open soon.
The Authority's authorization is one of the last essential steps in Fnac's merger with Darty.

On July 19, 2016, Fnac announced that all related conditions precedent as described in the Offer Document were satisfied or lifted and that the Offer is therefore unconditional in all respects.
The Offer will be completed and settled within 14 calendar days following the date of the communication to Darty Shareholders whose valid acceptance of the Offer has already been received in accordance with the procedure described in the Offer Document. The completion and settlement of acceptances received after the date of the communication will be within 14 calendar days of the date on which each such acceptance is received.
Fnac New Shares intended for Darty Shareholders who have opted to receive Fnac New Shares are expected to be admitted for trading on Euronext Paris on or very shortly after their date of issue.
As of 11:12 a.m. (London time), July 19, 2016, Fnac had received valid acceptances for 331,902,417 Darty Shares, representing approximately 62.67% of Darty's issued share capital, of which 117,116,649 Darty Shares (approximately 22.11% of Darty's existing share capital) relate to the irrevocable commitments signed by certain Darty Shareholders as part of the Offer (as detailed in the Offer Document). Fnac also holds 157,415,446 Darty Shares, representing approximately 29.73% of its share capital.
Consequently, Fnac holds, or in response to its Offer has received valid acceptances for, a total of 489,317,863 Darty Shares representing approximately 92.40% of its share capital, and those Darty Shares are taken into account when determining whether the condition precedent relating to a minimum threshold of acceptances is satisfied.
For purposes of this Section, the percentage holding is calculated as a percentage of the total Darty Shares issued which is 529,553,216 shares.
If Fnac were to have holdings, or were to have received valid acceptances of its Offer, totalling at least 92.97% of the par value of the Darty Shares and at least 92.97% of the voting rights attached to the Darty Shares targeted in the Offer, Fnac would launch a mandatory squeeze-out procedure to purchase the outstanding Darty Shares, in accordance with Section 3 of Part 28 of the Companies Act 2006, as explained in the Offer Document.
As stated above, Fnac holds, or under its Offer has received valid acceptances for, Shares representing more than 75% of Darty's share capital and the Offer has been declared unconditional in all respects. As indicated in the Offer Document, Fnac announces the start of the 20 Business Day notice period for the removal of Darty Shares from the "Premium" section of the Official List of the UK Listing Authority, and their admittance for listing on the London Stock Exchange's Main Market for listed stocks. This delisting/listing is not expected to take effect before 8:00 a.m. (London time), August 16, 2016.
Darty is also expected to file an application with Euronext Paris for the delisting and listing of its shares on Euronext Paris.
The delisting will significantly reduce the liquidity and tradability of Darty Shares not contributed to the Offer.
As announced by Fnac on July 15, 2016, the Initial Offer and the Partial Share-Based Alternative of the Final Improved Third Offer will be closed to new acceptances from 1:00 p.m. (London time), July 29, 2016. Consequently, from that point on, Darty Shareholders will no longer be able to accept the terms of the Initial Offer, or to accept the Offer and opt to receive Fnac New Shares under the terms of the Partial Share-Based Alternative of the Final Improved Third Offer.
However, the cash component of the Final Improved Third Offer will remain open for acceptance until further notice.
At least 14 days' notice will be given before closing the cash component of the Final Improved Third Offer.

2.7 PRINCIPAL RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE YEAR

Groupe Fnac's companies and businesses are involved in a certain number of proceedings and litigation cases in the normal course of business, including disputes with tax, social security and customs authorities. A provision has been recorded for any expenses that may arise and are considered probable by those companies and their experts.

According to their experts, none of the disputes in which Groupe Fnac companies or businesses are involved threatens Groupe Fnac's normal and foreseeable course of business or its planned development.

Groupe Fnac is not aware of any litigation involving material risks that could affect its holdings, earnings or financial position for which a provision had to be recorded at year-end. No dispute, considered individually, is material at the level of the Company or Groupe Fnac.

Groupe Fnac is not aware of any other litigation or arbitration proceedings that are likely to have a material impact on the Company or Groupe Fnac's financial position, business or income, or which have had such an impact in the recent past.

The main risks and uncertainties to which the Group could be exposed in the second half of 2016 are further described in Section 6.6 of the 2015 Registration Document.

2.8 OUTLOOK

Performance during the first half of the year confirms the positive sales momentum of recent months and the strengthening of the Group's commercial and financial model.

In 2016, Fnac intends to strengthen its leadership in a consumer environment that remains uncertain. More specifically, it has set as priorities the accelerated development of its store network in France and abroad, continuation of its strategy to enrich product offerings, especially on the Internet, and intensified market initiatives for books and ticketing.

The Group will continue its policy to improve operational efficiency and has set a stand-alone savings target of €30 million to €40 million in costs for 2016. It will also continue its efforts to maximize cash generation.

In the longer term, Fnac confirms its stand-alone target of current operating profitability above 3%, after completion of the transformation of its model and stabilized macroeconomic market conditions.

The second half will also be marked by the start of the integration of Darty into Groupe Fnac.

3 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following tables include data rounded off individually. The arithmetic calculations based on rounded off data can present differences with the aggregates or subtotals reported.

CONSOLIDATED PROFIT AND LOSS STATEMENT

AS OF JUNE 30, 2016, JUNE 30, 2015 AND THE YEAR ENDED DECEMBER 31, 2015

(In € millions)	**Notes**	**June 30, 2016**	**June 30, 2015**	**December 31, 2015**
Income from ordinary activities		**1 620,2**	**1 628,2**	**3 875,8**
Cost of sales		(1 138,4)	(1 144,4)	(2 730,0)
Gross margin		**481,8**	**483,8**	**1 145,8**
Personnel expense	5	(263,8)	(275,5)	(564,4)
Other current operating income and expenses		(241,4)	(237,3)	(496,4)
Current operating income		**(23,4)**	**(29,0)**	**85,0**
Other non-recurring operating income and expenses	6	(23,3)	(1,7)	(9,3)
Operating income		**(46,7)**	**(30,7)**	**75,7**
(Net) financial expense	7	(24,1)	(4,5)	(13,1)
Pre-tax income		**(70,8)**	**(35,2)**	**62,6**
Income tax	8	(4,4)	(7,4)	(14,3)
Share of profit from equity associates		-	-	-
Net income from continuing operations		**(75,2)**	**(42,6)**	**48,3**
Group share		(75,5)	(42,8)	47,8
share attributable to non-controlling interests		0,3	0,2	0,5
Net income from discontinued operations				
Group share		-	-	-
share attributable to non-controlling interests		-	-	-
Consolidated net income		**(75,2)**	**(42,6)**	**48,3**
Group share		(75,5)	(42,8)	47,8
share attributable to non-controlling interests		0,3	0,2	0,5
Net income, Group share		**(75,5)**	**(42,8)**	**47,8**
Earnings per share (in euros)	9.1	(4,37)	(2,57)	2,87
Diluted earnings per share (in euros)	9.1	(4,29)	(2,53)	2,82
Net income from continuing operations, Group share		**(75,5)**	**(42,8)**	**47,8**
Earnings per share (in euros)	9.1	(4,37)	(2,57)	2,87
Diluted earnings per share (in euros)	9.1	(4,29)	(2,53)	2,82

(In € millions)	Notes	June 30, 2016	June 30, 2015	December 31, 2015
Consolidated net income		**(75,2)**	**(42,6)**	**48,3**
Translation difference		6,1	(1,7)	(11,2)
Items that may be reclassified subsequent to profit or loss		**6,1**	**(1,7)**	**(11,2)**
Change in fair value of shares of Darty plc.		(15,4)	-	-
Revaluation of net liabilities for defined benefit plans (1)		(5,6)	(3,4)	(3,7)
Items that may not be reclassified subsequent to profit or loss		**(21,0)**	**(3,4)**	**(3,7)**
Other comprehensive income items, after tax	**10**	**(14,9)**	**(5,1)**	**(14,9)**
Total comprehensive income		**(90,1)**	**(47,7)**	**33,4**
Group share		(90,4)	(47,9)	32,9
share attributable to non-controlling interests		0,3	0,2	0,5

(1) Net of taxes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2016; JUNE 30, 2015 AND THE YEAR ENDED DECEMBER 31, 2015

ASSETS

(In € millions)	Notes	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Goodwill		332,5	332,4	332,4
Intangible non-current assets		70,2	65,4	71,4
Tangible non-current assets		148,7	150,7	156,5
Investment in companies under the equity method		2,0	-	-
Non-current financial assets		326,7	7,2	8,2
Deferred tax assets		41,9	32,9	37,4
Other non-current assets		0,1	0,1	0,1
Non-current assets		**922,1**	**588,7**	**606,0**
Inventories		448,1	436,6	466,9
Trade receivables		77,3	76,4	104,1
Tax receivables due		7,2	4,4	6,2
Other current financial assets		25,5	4,1	12,0
Other current assets		96,6	121,0	172,7
Cash and cash equivalents	12	118,7	257,2	544,7
Current assets		**773,4**	**899,7**	**1 306,6**
Assets held for sale		-	-	-
Total assets		**1 695,5**	**1 488,4**	**1 912,6**

LIABILITIES

(In € millions)	Notes	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Share capital	11.1	19,6	16,7	16,7
Equity-related reserves		650,6	495,7	496,7
Translation reserves		(7,4)	(4,0)	(13,5)
Other reserves		(38,2)	33,6	57,4
Shareholders' equity, Group share		**624,6**	**542,0**	**557,3**
Shareholders' equity – Share attributable to non-controlling interests		7,3	6,9	7,0
Shareholders' equity		**631,9**	**548,9**	**564,3**
Long-term borrowings and financial debt	13	0,4	0,2	0,3
Provisions for pensions and other equivalent benefits		87,0	76,3	77,4
Deferred tax liabilities		-	-	-
Non-current liabilities		**87,4**	**76,5**	**77,7**
Short-term borrowings and financial debt	13	50,6	0,2	0,3
Other current financial liabilities		18,9	-	6,0
Trade payables		575,9	493,7	817,0
Provisions		12,6	25,2	13,8
Tax liabilities payable		13,1	9,5	13,7
Other current liabilities		305,1	334,4	419,8
Current liabilities		**976,2**	**863,0**	**1 270,6**
Liabilities relating to assets held for sale		-	-	-
Total liabilities		**1 695,5**	**1 488,4**	**1 912,6**

CONSOLIDATED CASH FLOW STATEMENT

(In € millions)	Notes	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Net income from continuing operations		**(75,2)**	**(42,6)**	**48,3**
Income and expense with no impact on cash		42,7	24,9	43,5
Cash flow from operations	15.1	**(32,5)**	**(17,7)**	**91,8**
Financial interest income and expense		10,8	2,4	6,1
Dividends received		-	-	(0,2)
Net tax charge payable		6,0	5,4	16,8
Cash flow from operations before tax, dividends and interest		**(15,7)**	**(9,9)**	**114,5**
Change in working capital requirement		(215,3)	(238,6)	44,2
Income tax paid		(7,6)	(7,4)	(16,4)
Net cash flows from operating activities		**(238,6)**	**(255,9)**	**142,3**
Acquisition of non-current tangible and intangible assets	15.2	(34,4)	(21,1)	(58,1)
Disposal of non-current tangible and intangible assets		0,2	0,5	0,5
Acquisitions of subsidiaries net of cash acquired	15.3	-	(2,5)	(2,7)
Disposals of subsidiaries net of cash transferred	15.3	(1,3)	-	-
Acquisition of other financial assets	15.3	(355,6)	(0,4)	(4,2)
Disposal of other financial assets	15.3	2,0		0,1
Interest and dividends received		0,3	0,6	1,3
Net cash flows from investment activities		**(388,8)**	**(22,9)**	**(63,1)**
Increase / Decrease in capital and other transactions with shareholders	15.4	157,1	1,9	(66,0)
Acquisition and disposal of treasury shares	15.5	(0,2)	(1,0)	
Increase / Decrease in other financial debt	15.6	50,1	(0,1)	(0,2)
Interest and equivalent payments	15.7	(5,7)	(2,1)	(5,5)
Net cash flows from financing activities		**201,3**	**(1,3)**	**(71,7)**
Cash flows from discontinued operations		-	-	-
Impact of fluctuations in exchange rates		0,2	1,7	1,5
Net change in cash		**(425,9)**	**(278,4)**	**9,0**
Cash and cash equivalents at the beginning of the financial year	15	**544,6**	**535,6**	**535,6**
Cash and cash equivalents at the end of the financial year	15	**118,7**	**257,2**	**544,6**

(Before appropriation of earnings)	**Number of shares outstanding** [(1)]	**Share capital**	**Equity-related reserves**	**Treasury shares**	**Perpetual deeply subordinated notes (TSSDI)**	**Translation reserves**	**Other reserves and net income**	**Shareholders' equity**		
(In € millions)								**Group share**	**Non-controlling interests**	**Total**
As of December 31, 2014	**16 595 610**	**16,6**	**494,9**		**60,0**	**(2,3)**	**19,5**	**588,7**	**6,7**	**595,4**
Total comprehensive income in the first half of 2015						**(1,7)**	**(46,2)**	**(47,9)**	**0,2**	**(47,7)**
Capital increase/(decrease)	92 164	0,1	1,8					**1,9**		**1,9**
Treasury shares				(1,0)				**(1,0)**		**(1,0)**
Valuation of share-based payments							0,3	**0,3**		**0,3**
As of June 30, 2015	**16 687 774**	**16,7**	**496,7**	**(1,0)**	**60,0**	**(4,0)**	**(26,4)**	**542,0**	**6,9**	**548,9**
Total comprehensive income in the second half of 2015						**(9,5)**	**90,3**	**80,8**	**0,3**	**81,1**
Change in scope									(0,2)	**(0,2)**
Repayment of perpetual deeply subordinated notes					(60,0)		(7,9)	**(67,9)**		**(67,9)**
Treasury shares				1,0			0,1	**1,1**		**1,1**
Valuation of share-based payments							1,3	**1,3**		**1,3**
As of December 31, 2015	**16 687 774**	**16,7**	**496,7**			**(13,5)**	**57,4**	**557,3**	**7,0**	**564,3**
Total comprehensive income in the first half of 2016						**6,1**	**(96,5)**	**(90,4)**	**0,3**	**(90,1)**
Capital increase/(decrease)	2 944 901	2,9	154,2					**157,1**		**157,1**
Treasury shares				(0,2)			0,1	**(0,1)**		**(0,1)**
Valuation of share-based payments							0,8	**0,8**		**0,8**
Other movement			(0,1)					**(0,1)**		**(0,1)**
As of June 30, 2016 (1)/(2)	**19 632 675**	**19,6**	**650,8**	**(0,2)**		**(7,4)**	**(38,2)**	**624,6**	**7,3**	**631,9**

(1) Par value of shares of 1 euro.

(2) Number of shares of capital stock as of June 30, 2016: 19,632,675

Notes to the condensed consolidated financial statements

Note 1 General information

1.1 General information

Groupe Fnac, the Group's parent company, is a French joint stock company (Société Anonyme) with a Board of Directors. The company's registered office is located at 9 rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine, France, and it is listed on Euronext Paris. The Company is registered under No. 055 800 296 with the Créteil Trade and Companies Registry. Groupe Fnac is subject to all legislation governing commercial companies in France, including the provisions of the French Commercial Code (Code de commerce).

The consolidated financial statements as of June 30, 2016 reflect the accounting position of Groupe Fnac and its subsidiaries and its interests in associated companies and joint ventures.

On Wednesday, July 27, 2016, the Board of Directors approved the consolidated financial statements for the period ended Thursday, June 30, 2016 and authorized their publication on Thursday, July 28, 2016.

1.2 Publication background

Groupe Fnac, which consists of the Groupe Fnac company and its subsidiaries (jointly referred to as "Groupe Fnac"), is the leader in the leisure and electronics retail market in France, and a major player in the other geographic markets where it operates, namely Spain, Portugal, Brazil, Belgium and Switzerland. Groupe Fnac also has franchise operations in Morocco, Qatar and Ivory Coast.

The admission of Groupe Fnac's securities for trading on a regulated market (NYSE Euronext Paris) that occurred on June 20, 2013, required that consolidated financial statements be established in accordance with IFRS. The procedures for preparing these financial statements are detailed in Note 2 *Accounting Principles and Methods*.

Groupe Fnac's consolidated financial statements are presented in millions of euros.

Note 2 Accounting Principles and Methods

2.1 General principles and statement of compliance

Pursuant to European Regulation 1606/2002 of July 19, 2002, Groupe Fnac's interim consolidated financial statements as of June 30, 2016, have been prepared as of the closing date of the financial statements in accordance with international accounting standards as adopted by the European Union (available at http://ec.europa.eu/internal_market/accounting/ias_fr.htm) and which are mandatorily applicable at that date, and are presented with comparative data for the corresponding 2015 period prepared on the same basis. Over the periods presented, the standards and interpretations adopted by the European Union are similar to the mandatory standards and interpretations published by the IASB.

The international standards are the IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), as well as the interpretations of the IFRIC (International Financial Reporting Interpretation Committee).

The condensed consolidated financial statements as of June, 30, 2016 were prepared in accordance with IAS 34 – *Interim Financial Reporting*, as adopted by the European Union, which permits the selective presentation of financial information.

The consolidated financial statements presented do not take into account the standards and interpretations which at the end of the reporting period were still in the drafting and review stage with the IASB (International Accounting Standards Board) and IFRIC, or standards whose application was not mandatory in 2016.

The notes to the financial statements do not include all financial information required for the annual financial statements and must be read jointly with the annual financial statements for the year 2015.

2.2 IFRS guidelines applied

The interim financial statements are prepared in accordance with the accounting standards and interpretations applied by the Group to the financial statements for the 2015 fiscal year, with the exception of income tax and personnel benefits, which are valued using specific methods as described in Note 2.3.

2.2.1. Standards, amendments and interpretations adopted by the European Union and mandatory for reporting periods beginning on or after January 1, 2016:

- Amendments to IAS 1: Disclosure Initiative,
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization,
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions ,
- Amendments to IAS 27: Equity Method in Separate Financial Statements,
- Amendments issued in the Annual Improvements to IFRS 2010-2012 Cycle,
- Amendments issued in the Annual Improvements to IFRS 2012-2014 Cycle.

The application of these amendments has had no significant impact on the Group's consolidated financial statements.

2.2.2. Main standards, amendments and interpretations published by the IASB, not adopted by the European Union as of June 30, 2016:

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions,
- Amendments to IAS 7: Disclosure Initiative,
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses.

The impact of the application of these amendments, on Groupe Fnac financial statements, is currently being assessed.

2.2.3. Main standards, amendments and interpretations published by the IASB, not adopted by the European Union and not yet applicable:

- IFRS 9: Financial Instruments. This standard establishes the principles for the recognition of financial instruments, and will replace those in the existing IAS 39 (Financial Instruments),

IFRS 15 and its amendments: Revenue from Contracts with Customers defines the revenue recognition model and will replace IAS 18 (Revenue),

IAS 11 (Construction Contracts) and their interpretations,

IFRS 16: Leases will replace IAS 17 (Leases) and its interpretations. The impact of application of these standards, published by the IASB and not yet adopted by the European Union, on Groupe Fnac financial statements, is currently being assessed. The main impact on the Group will be the implementation of IFRS 15, IFRS 16 and IFRS 9. At the present state of progress, the known impacts of these standards are insignificant or still being assessed.

2.3 Features specific to the preparation of the interim financial statements

2.3.1. Income tax

The tax charge for the period (current and deferred) is determined from the estimated effective tax rate for the full year for each entity and tax sub-group.

2.3.2. Employee benefits

The expense for the first half of the year for post-employment and other long-term employee benefits equals half of the net expense calculated for fiscal 2016.

In accordance with the requirements of IAS 19 and IAS 34, the amount of net liability for post-employment benefits takes into account significant changes in market conditions during the preparation of the interim financial statements. These significant changes are detailed in Note 10.

2.3.3. Seasonal nature of business activity

Income from ordinary activities, operating income and all operational indicators (including the working capital requirement) vary strongly by season due to high demand during the last quarter of the year, particularly in December. Consequently, the interim financial results as of Thursday, June 30, 2016 are not necessarily representative of those expected for a full-year basis for 2016.

2.4 Use of estimates and judgment

The preparation of consolidated financial statements requires the use of estimates and assumptions by the Group’s management that can affect the book values of certain assets and liabilities, income and expenses, and information disclosed in the notes to the financial statements. The Group’s management reviews these estimates and assumptions on a regular basis in order to ensure their pertinence in view of past experience and the current economic environment. Depending on changes in these assumptions, the items shown in the Group’s future financial statements may differ from current estimates. The impact of changes in accounting estimates is recognized in the period when the change occurs and in all future periods affected.

The main estimates made by Groupe Fnac Management to prepare the financial statements concern the valuation and the useful lives of operating assets, items of property, plant & equipment and intangible assets, and goodwill, the amount of the provisions for contingencies and other provisions relating to the business activities, as well as the assumptions used for the calculation of the obligations for employee benefits, share-based payments, deferred taxes, and financial instruments. In particular, the Group uses discount rate assumptions based on market data in order to estimate its long-term assets and liabilities.

Moreover, in addition to the use of estimates, Groupe Fnac Management has used its judgment to determine the appropriate accounting treatment of certain operations, pending clarification of certain IFRS standards or when the standards in force do not cover the problems in question.

2.5 Treatment of Darty in the interim financial statements for the first half of 2016

In the Groupe Fnac consolidated financial statements as of June 30, 2016, the Groupe Fnac holds 29.7% of the share capital of Darty. These securities and the expenses directly attributable to their acquisition are classified as non-current assets, specifically as available-for-sale securities, and measured at fair value. Changes in the fair value of these securities and in expenses directly attributable to their acquisition are recognized under Other Items of Comprehensive Income. The basis for this classification is as follows:

- Despite holding 29.7% of Darty share capital as of June 30, 2016, Groupe Fnac cannot exercise the voting rights attached to its shares so long as the proposed concentration has not been approved by the Competition Authority.
- As of June 30, 2016, Groupe Fnac therefore did not yet have the resources to be represented on the Groupe Darty board of directors, or to influence any decisions within shareholders' remit.
- As of June 30, 2016, no discussions had yet taken place between Darty and Fnac operations teams.
- As of June 30, 2016, Groupe Fnac had not entered into any business or financial relationship with Groupe Darty, which might allow Fnac to exercise influence on economic or financial policies.

On July 18, 2016, the Competition Authority approved the merger between Groupe Fnac and Groupe Darty. However, in the June 30, 2016 consolidated financial statements for the first half of the year, the revenues and pro forma profit & loss reported by Groupe Fnac do not take into account the merger of the two Groups approved by the Competition Authority. In practical terms, this information cannot be prepared in time before the financial statements are scheduled to be approved by the Board of Directors on July 27, 2016.

2.6 Tax treatment of retail space

In its Article 66, the French corrective finance law for 2015 just supplemented Article 6 of the French Law of July 13, 1972 relating to the tax on retail space in France, adding thereto a new taxable event starting January 1, 2016. The addition of the second taxable event had led to a re-examination of the accounting treatment used based on IFRIC 21. Concerning a change in the tax law, it will be applied prospectively beginning January 1, 2016. This led, in practice, to the recognition of two taxes in 2016: one due on January 1, 2016 on 2015 revenue, and one which will be represented progressively beginning with the crossing of the 2016 revenue threshold. In the financial statements from the first half of 2016, the tax due as of January 1, 2016 appears in “Other non-current Income and Expenses”.

Note 3 Significant events

On March 17, 2016, the Belgian Competition Authority unconditionally authorized the merger of Fnac and Vanden Borre (Belgian branch of Darty), without imposing a commitment, as the merger was not considered to impair fair competition in Belgium.

In April 2016, Groupe Fnac made its final takeover bid for the shares of Darty plc (Darty) with a valuation of 170 pence per Darty share, while offering an alternative partially share-based payment option. In April 2016, Groupe Fnac proceeded to acquire the Darty shares. As of June 30, 2016, Groupe Fnac held 29.7% of Darty share capital. Two Darty shareholders, Knight Vinke Fund and DNCA Fund, also confirmed their irrevocable commitment to contribute their securities, representing 22.1% of Darty share capital, to Groupe Fnac's offer.
At their General Meeting of June 17, 2016, Groupe Franc shareholders approved the capital increase benefiting the shareholders of Darty.
Fnac's acquisition of Darty was subject to approval by the Competition Authority, which issued its approval on July 18, 2016 along with specific conditions (see Note 18 "Post-closing events").
As part of the new offer to acquire and finance the future combined Group, Fnac signed a credit agreement with Crédit Agricole, Société Générale and Natixis to set up a €1,350 million credit facility (to replace the €865 million facility agreed in late 2015). These credit facilities were successfully syndicated in June by a pool of some twenty European banks.

On April 11, 2016, Groupe Fnac and Vivendi Group announced a "strategic partnership", under the terms of which Vivendi would take an equity stake in Groupe Fnac following a reserved capital increase amounting to €159.0 million at €54 per share. This transaction would allow it to hold approximately 15% of Fnac.

In June 2016, Groupe Fnac sold its call-center operations, tasked with after-sales customer service phone-based support. The company B2S-Business Support Services, a customer relations specialist, bought the entire business and its employees.

In order to support its development in ticketing-related technologies and services, France Billet, a subsidiary of Fnac and the leading ticketing provider in France, acquired the company Eazieer which is now fully consolidated in the financial statements for the first half of 2016. The financial terms of this acquisition provide for the payment of a price supplement of up to €2.0 million conditional on the company achieving specific performance targets.

On January 28, 2016, Fnac and Izneo announced that the distributor had taken an equity stake in the digital graphic novel distribution and viewing provider.
On September 1, 2016, Izneo was consolidated using the equity method, with an insignificant impact on Group equity.

Note 4 Operating segments

The information presented on the operating segments follows the same accounting rules as those used for the consolidated financial statements and described in the notes to the financial statements.

The assessment of the performance of each operating segment used by the main operating decision-maker is based on current operating income.

Income and expenses without cash impact primarily include current and non-current allocations to and reversals of amortization, depreciation and provisions for non-current assets, and provisions for risks and contingencies.

Gross acquisitions of intangible and tangible non-current assets correspond to acquisitions of non-current assets including changes in debt on non-current assets. They do not include capital investments under a finance-lease agreement.

Non-current segment assets consist of goodwill and other intangible assets, property plant and equipment, and other non-current assets. Segment assets consist of non-current segment assets, inventory, trade receivables, customer loans and other current assets. Segment liabilities consist of the financing for customer loans, trade payables, and other current liabilities.

Corporate costs are included in the France operating segment.

Information by operating segment

(In € millions)	**France**	**Iberian Peninsula**	**Brazil**	**Other countries**	**Total**
June 30, 2016					
Income from ordinary activities	**1 166,6**	**282,1**	**48,4**	**123,1**	**1 620,2**
- Consumer electronics	694,0	170,1	37,0	69,7	**970,8**
- Editorial products	396,8	102,5	10,3	48,8	**558,4**
- Services	75,8	9,5	1,1	4,6	**91,0**
Operating income	**(40,3)**	**0,4**	**(5,6)**	**(1,2)**	**(46,7)**
Income and expense with no impact on cash (1)	33,5	6,8	0,3	2,1	**42,7**
Acquisition of tangible and intangible non-current assets (2)	28,9	4,2	0,3	1,0	**34,4**
Segment assets	**904,0**	**138,9**	**55,8**	**74,7**	**1 173,4**
Segment liabilities	**666,3**	**147,9**	**13,4**	**53,4**	**881,0**

(In € millions)	**France**	**Iberian Peninsula**	**Brazil**	**Other countries**	**Total**
June 30, 2015					
Income from ordinary activities	**1 147,9**	**283,8**	**68,0**	**128,5**	**1 628,2**
- Consumer electronics	657,1	172,3	49,4	72,4	**951,2**
- Editorial products	417,3	103,3	17,2	52,3	**590,1**
- Services	73,5	8,2	1,4	3,8	**86,9**
Operating income	**(31,5)**	**3,6**	**(2,0)**	**(0,8)**	**(30,7)**
Income and expense with no impact on cash (1)	15,6	4,2	(0,3)	5,3	**24,9**
Acquisition of tangible and intangible non-current assets (2)	18,1	2,2	0,1	0,7	**21,1**
Segment assets	**926,0**	**140,6**	**52,9**	**63,0**	**1 182,5**
Segment liabilities	**630,3**	**144,7**	**5,9**	**47,2**	**828,1**

(In € millions)	France	Iberian Peninsula	Brazil	Other countries	Total
December 31, 2015					
Income from ordinary activities	**2 783,6**	**657,3**	**136,8**	**298,1**	**3 875,8**
- Consumer electronics	1 581,1	393,9	100,0	163,6	**2 238,6**
- Editorial products	1 026,0	243,8	33,4	124,6	**1 427,8**
- Services	176,5	19,6	3,4	9,9	**209,4**
Operating income	**45,8**	**22,4**	**(0,2)**	**7,7**	**75,7**
Income and expense with no impact on cash (1)	29,1	11,3	(4,9)	8,0	**43,5**
Acquisition of tangible and intangible non-current assets (2)	47,1	6,8	0,5	3,7	**58,1**
Segment assets	**987,9**	**171,9**	**60,5**	**83,8**	**1 304,1**
Segment liabilities	**890,2**	**251,9**	**18,4**	**76,3**	**1 236,8**

(1) Income and expense with no impact on cash include:

- current and non-current amortization, depreciation & impairment, as well as impairment of non-current assets

- current and non-current provisions for contingencies and losses and reversals

- provisions, reversals and discounting of provisions for pensions and other equivalent benefits

- non-cash income and expense related to stock options and equivalent items;

- proceeds from disposal of operating and financial assets;

- deferred tax charges and reversals.

(2) Acquisition of tangible and intangible non-current assets excluding finance leases including changes in receivables and real estate debt

Note 5 Payroll expenses

The application of IFRS 2 to share-based payments resulted in the recognition of payroll expenses distributed in a straight line over the vesting period as consideration for:

- an increase in equity for plans settled in equity instruments;
- a liability to personnel for cash-settled plans.

Payroll expenses for the period include a charge related to the application of this standard. This expense is recognized in the amount of the share of fair value of services rendered during the period. It concerns value unit plans and performance option plans.

Based on the assumptions described in the 2015 annual financial statements, this expense for the first half of 2016 amounts to €5.8 million versus €19.6 million for the same period the previous year and includes an update to employee benefit obligations for cash-settled plans to reflect changes in the Fnac share price.

Note 6 Other non-recurring operating income and expenses

(In € millions)	**June 30, 2016**	**June 30, 2015**	**December 31, 2015**
Non-current operating expenses	**(23,3)**	**(1,7)**	**(10,7)**
Costs related to the Darty acquisition	(9,1)	-	(5,5)
Restructuring costs	(5,3)	(1,7)	(3,2)
Tascom 2015	(5,3)	-	-
Sale of Subsidiary	(2,7)	-	-
Other	(0,9)	-	(2,0)
Non-current operating income	**-**	**-**	**1,4**
Litigation and disputes	-	-	1,4
Total	**(23,3)**	**(1,7)**	**(9,3)**

The Group's other non-current operating income and expenses reflect unusual and significant items that could distort the relevance of the tracking of the Group's economic performance.

As of June 30, 2016, they represented a net expense of €23.3 million including:

- €9.1 million in costs derived from the acquisition of Darty,
- €5.3 million in restructuring costs in France and abroad,
- a net expense of €2.7 million related to the sale of the call-center business,
- an expense of €5.3 million related to the 2015 tax on retail space:

In its Article 66, the French corrective finance law for 2015 just supplemented Article 6 of the French Law of July 13, 1972 relating to the tax on retail space in France, adding thereto a new taxable event starting January 1, 2016. The addition of the second taxable event had led to a re-examination of the accounting treatment used based on IFRIC 21. Concerning a change in the tax law, it will be applied prospectively beginning January 1, 2016. This led, in practice, to the recognition of two taxes in 2016: one due on January 1, 2016 on 2015 revenue, and one which will be represented progressively beginning with the crossing of the 2016 revenue threshold.

In the financial statements from the first half of 2016:

- The tax due as of January 1, 2016 appears in "Other non-current Income and Expenses",
- The tax which will be represented progressively appeared in the current operating income, thus, in the first half of 2016, the effect of this change in law is reflected by a temporary improvement of the current operating income of €2.7 million, compared with the first half of 2015.

As of June 30, 2015, the other non-current operating income and expenses represented a net expense of €1.7 million and primarily included restructuring costs related to organizational changes.

As of June

Note 7 (Net) financial expenses

The Group's net financial expenses can be broken down as follows:

(In € millions)	June 30, 2016	June 30, 2015	December 31, 2015
Cost of net financial debt	**(1,8)**	**(0,3)**	**(0,6)**
Other financial income and expenses	**(22,3)**	**(4,2)**	**(12,5)**
Origination and unused line of credit fees	(11,0)	(2,2)	(5,5)
Impact of discounting net debt related to defined benefit plans	(0,6)	(0,6)	(1,4)
Cost of consumer credit	(1,9)	(1,5)	(5,6)
Other net financial expenses	(8,8)	0,1	-
Total	**(24,1)**	**(4,5)**	**(13,1)**

In the first half of 2016, the net financial result was a financial expense of €24.1 million compared with a €4.5 million financial expense for the same period in the previous year.

For the first six months of 2016, the cost of the Group's net debt was up €1.5 million compared to the same period in the previous year and stood at €1.8 million. This cost primarily included the cost of using a line of credit. Its increase is related to the change in the financial structure of Groupe Fnac, affected in the first half of 2016 by the acquisition of 29.7% of the capital of Darty.

As of June 30, 2016, the other income and financial expenses were primarily composed of expenses relating to the introduction of hedging instruments in the context of the Darty acquisition, as well as the costs related to the financing of the new combined Group.

To hedge the currency risk created by agreeing to pay the cash component of the Darty takeover in pounds sterling, the Group has set up foreign exchange derivatives. These instruments which are traded in accordance with the Group's management policy are measured at fair value through profit and loss. The fair value of these instruments as of June 30, 2016 is recognized under assets in the statement of financial position in the amount of €2.1 million.

Note 8 Taxes

Breakdown of the income tax expense from continuing operations:

(In € millions)	**June 30, 2016**	**June 30, 2015**	**December 31, 2015**
Pre-tax income	(70,8)	(35,2)	62,6
Non-current items	(23,3)	(1,7)	(9,3)
Current income before tax	**(47,5)**	**(33,5)**	**71,9**
Total tax charge	(4,4)	(7,4)	(14,3)
Tax on non-current items	0,2	0,3	0,7
Current tax charge	**(4,6)**	**(7,7)**	**(15,0)**
Effective tax rate	**(6,2%)**	**(21,0%)**	**22,8%**
Current tax rate	**(9,7%)**	**(23,0%)**	**20,9%**

Since January 1, 2013, Groupe Fnac has formed its own tax group covering all its French subsidiaries with the exception of Tick & Live.

The income tax expense in the first half of the year is calculated on the basis of the estimated effective tax rate for the year for each tax entity or sub-group.

The total income tax expense includes a €4.5 million expense for the Corporate Value-Added Tax (CVAE) for the first half of 2016 (€4.2 million for the first half of 2015).

Note 9 Earnings per share

Net earnings per share are calculated on the basis of the weighted average number of shares outstanding less the weighted average number of shares held by the consolidated companies.

In the first half of 2016, Groupe Fnac held an average of 18,641 treasury shares under the liquidity contract entered into on June 19, 2013 with Rothschild & Cie Banque.

As of June 30, 2016, Groupe Fnac held 4,509 treasury shares amounting to €0.2 million.

Net diluted earnings per share take into account the weighted average number of shares defined above, plus the weighted average number of potentially dilutive shares of common stock. Potentially dilutive shares are shares allotted to employees in transactions where payment is made in the form of shares and thus settled with equity instruments.

For the first half of 2016, instruments issued by Groupe Fnac had a dilutive effect of 325,282 shares.

The number of shares that could potentially become dilutive during a subsequent fiscal year is 294,246.

9.1 Earnings per share

Earnings per share as of Thursday, June 30, 2016

(In € millions)	Group share Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(75,5)**	**(75,5)**	**-**
Weighted average number of ordinary shares issued	17 286 463	17 286 463	17 286 463
Weighted average number of treasury shares	(18 641)	(18 641)	(18 641)
Weighted average number of ordinary shares	**17 267 822**	**17 267 822**	**17 267 822**
Basic earnings per share (€)	**(4,37)**	**(4,37)**	**-**

(In € millions)	Group share Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(75,5)**	**(75,5)**	**-**
Convertible and exchangeable instruments	-	-	-
Diluted net income, Group share	**(75,5)**	**(75,5)**	**-**
Weighted average number of ordinary shares	17 267 822	17 267 822	17 267 822
Potentially diluting ordinary shares	325 282	325 282	325 282
Weighted average number of diluted ordinary shares	**17 593 104**	**17 593 104**	**17 593 104**
Diluted earnings per share (in euros)	**(4,29)**	**(4,29)**	**-**

Earnings per share as of Tuesday, June 30, 2015

	Group share		
(In € millions)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(42,8)**	**(42,8)**	**-**
Weighted average number of ordinary shares issued	16 631 254	16 631 254	16 631 254
Weighted average number of treasury shares	(2 218)	(2 218)	(2 218)
Weighted average number of ordinary shares	**16 629 036**	**16 629 036**	**16 629 036**
Basic earnings per share (€)	**(2,57)**	**(2,57)**	**-**

	Group share		
(In € millions)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(42,8)**	**(42,8)**	**-**
Convertible and exchangeable instruments	-	-	-
Diluted net income, Group share	**(42,8)**	**(42,8)**	**-**
Weighted average number of ordinary shares	16 629 036	16 629 036	16 629 036
Potentially diluting ordinary shares	263 434	263 434	263 434
Weighted average number of diluted ordinary shares	**16 892 470**	**16 892 470**	**16 892 470**
Diluted earnings per share (in euros)	**(2,53)**	**(2,53)**	**-**

Earnings per share as of Thursday, December 31, 2015

	Group share		
(In € millions)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**47,8**	**47,8**	**-**
Weighted average number of ordinary shares issued	16 659 746	16 659 746	16 659 746
Weighted average number of treasury shares	(12 325)	(12 325)	(12 325)
Weighted average number of ordinary shares	**16 647 421**	**16 647 421**	**16 647 421**
Basic earnings per share (€)	**2,87**	**2,87**	**-**

	Group share		
(In € millions)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**47,8**	**47,8**	**-**
Convertible and exchangeable instruments	-	-	-
Diluted net income, Group share	**47,8**	**47,8**	**-**
Weighted average number of ordinary shares	16 647 421	16 647 421	16 647 421
Potentially diluting ordinary shares	316 591	316 591	316 591
Weighted average number of diluted ordinary shares	**16 964 012**	**16 964 012**	**16 964 012**
Diluted earnings per share (in euros)	**2,82**	**2,82**	**-**

Note 10 Other comprehensive income items

Other comprehensive income items primarily represent:

- profits and losses caused by converting into euros transactions outside France settled in a foreign currency;
- the change in the fair value of Darty securities, as well as costs directly attributable to the acquisition of Darty shares;
- items relating to the assessment of employee benefit obligations: revaluation of net liabilities for defined benefit plans. The general rise in interest rates observed in the principal geographic regions, including the eurozone, in the first half of 2015 resulted in an increase in the reference discount rates, which are the rates for top-rated corporate bonds. The Group concordantly conducted a review of its actuarial assumptions. An adjustment to the amount of the net liability was recognized in the interim financial statements. The impact on shareholders' equity is presented in the section Other Items of Comprehensive Income.

The discount rates adopted by the Group to calculate this impact are as follows:

(In € millions)	**As of June 30, 2016**	**As of June 30, 2015**	**As of December 31, 2015**
Discount rate	1.00-1.15%	1.25-2.05%	1.00-2.05%

The amount of these items, before and after related income tax effects and adjustments for reclassification of results are as follows:

As of June 30, 2016

(In € millions)	**Gross**	**Tax**	**Net**
Translation differences	6,1	-	6,1
Items that may be reclassified subsequent to profit or loss	**6,1**	**-**	**6,1**
Change in fair value of shares of Darty plc.	(15,4)	-	(15,4)
Revaluation of net liabilities for defined benefit plans	(8,6)	3,0	(5,6)
Items that may not be reclassified subsequent to profit or loss	**(24,0)**	**3,0**	**(21,0)**
Other items of comprehensive income as of June 30, 2016	**(17,9)**	**3,0**	**(14,9)**

As of June 30, 2015

(In € millions)	**Gross**	**Tax**	**Net**
Translation differences	(1,7)	-	(1,7)
Items that may be reclassified subsequent to profit or loss	**(1,7)**	**-**	**(1,7)**
Revaluation of net liabilities for defined benefit plans	(5,2)	1,8	(3,4)
Items that may not be reclassified subsequent to profit or loss	**(5,2)**	**1,8**	**(3,4)**
Other items of comprehensive income as of June 30, 2015	**(6,9)**	**1,8**	**(5,1)**

As of December 31, 2015

(In € millions)	Gross	Tax	Net
Translation differences	(11,2)	-	(11,2)
Items that may be reclassified subsequent to profit or loss	**(11,2)**	**-**	**(11,2)**
Revaluation of net liabilities for defined benefit plans	(5,6)	1,9	(3,7)
Items that may not be reclassified subsequent to profit or loss	**(5,6)**	**1,9**	**(3,7)**
Other items of comprehensive income as of December 31, 2015	**(16,8)**	**1,9**	**(14,9)**

Note 11 Shareholders' equity

11.1 Share Capital

Share capital as of June 30, 2016 was €19,632,675. It consisted of 19,632,675 fully paid-up shares with a par value of €1 each. In the first half of 2016, the capital increase had created 2,944,901 shares to service the capital increase reserved for Vivendi. This transaction will allow Vivendi to hold approximately 15% of Fnac and the same percentage of voting rights.

At their General Meeting of June 17, 2016, Groupe Franc shareholders approved the capital increase necessary to acquire Darty. This capital increase was subject to the Competition Authority's approval of the acquisition of Darty, and to the conditions imposed by the Authority on that acquisition being met.

11.2 Appropriation of earnings

No dividend was paid in 2016 as a dividend for 2015. The results for fiscal 2015 and 2014 have been allocated to shareholders' equity.

11.3 Treasury shares

In the first half of 2016, Groupe Fnac held an average of 18,641 treasury shares under the liquidity contract entered into on June 19, 2013 with Rothschild & Cie Banque.

At June 30, 2016, Groupe Fnac held 4,509 treasury shares.

Note 12 Cash and cash equivalents

Cash and cash equivalents breakdown as follows:

(In € millions)	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Cash	112,7	131,7	256,0
Cash equivalents	6,0	125,5	288,7
Total	**118,7**	**257,2**	**544,7**

In the first half of 2016, cash equivalents remained within the bounds agreed in the liquidity contract. That contract is designed to promote trading liquidity, and consistency in Groupe Fnac's share price.

In 2015, cash equivalents consisted of SICAVs (open-ended investment funds). The SICAVs also included €6.0 million allocated as part of the liquidity contract.

The items that Groupe Fnac recognizes as "Cash and cash equivalents" meet the strict criteria listed in the AMF position issued in 2008 and updated in 2011. In particular, investments are regularly reviewed in compliance with Groupe Fnac procedures and in strict compliance with the qualification criteria defined under IAS 7 and with AMF recommendations. As of Thursday, June 30, 2016, these assessments did not result in any changes to the accounting classification previously adopted.

Note 13 Financial debt

(In € millions)	As of June 30, 2016	N+1	N+2	N+3	N+4	N+5	Beyond that date	As of June 30, 2015	As of December 31, 2015
Long-term borrowings and financial debt	**0,4**	-	**0,2**	**0,2**	-	-	-	**0,2**	**0,3**
Finance lease liabilities	0,4	-	0,2	0,2	-	-	-	0,2	0,3
Short-term borrowings and financial debt	**50,6**	**50,6**	-	-	-	-	-	**0,2**	**0,3**
Finance lease liabilities	0,3	0,3	-	-	-	-	-	0,2	0,3
Bank overdrafts	-	-	-	-	-	-	-	-	-
Other financial liabilities	50,3	50,3	-	-	-	-	-	-	-
Total	**51,0**	**50,6**	**0,2**	**0,2**	-	-	-	**0,4**	**0,6**
%		99,2%	0,4%	0,4%	-	-	-	-	-

Gross financial debt as of June at the close of the first half of 2016 consists mainly of €50 million drawn on a revolving credit facility.

Note 14 Net cash

Groupe Fnac's net cash position breaks down as follows:

(In € millions)	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Gross financial debt	(51,0)	(0,4)	(0,6)
Cash and cash equivalents	118,7	257,2	544,7
Net cash	**67,7**	**256,8**	**544,1**

Note 15 Cash flow statement

Cash as of Thursday, June 30, 2016 amounted to €118.7 million, in the form of cash and cash equivalents as shown below:

(In € millions)	As of June 30, 2016	As of June 30, 2015	As of December 31, 2015
Balance sheet cash and cash equivalents	118,7	257,2	544,7
Bank overdrafts	-	-	0,1
Cash and cash equivalents in the cash flow statement	**118,7**	**257,2**	**544,6**

The French government's 2012 Budget introduced a tax credit to boost competitiveness and job creation (Crédit d'impôt pour la compétitivité et l'emploi / CICE), payable to companies every 4 years in arrears reflecting their payroll expense for employees earning 2.5 times the national minimum wage (SMIC) or less.

In June 2016, Groupe Fnac reassigned, without compensation, its CICE receivables for fiscal 2013, 2014 and 2015 amounting to €28.4 million.

15.1 Cash flow from operations

The composition of cash flow from operations was as follows:

(In € millions)	June 30, 2016	June 30, 2015	December 31, 2015
Net income from continuing operations	**(75,2)**	**(42,6)**	**48,3**
Current & non-current provisions and reversals on non-current assets and provisions for contingencies and losses	30,9	22,7	43,6
Current proceeds from the disposal of operating assets	0,2	(0,4)	(0,2)
Non-current proceeds from the disposal of operating assets	0,4	-	1,0
Non-current proceeds from financial assets	1,4	-	-
Deferred tax income and expense	(1,6)	2,0	(2,5)
Discounting of provisions for pensions & other similar benefits	0,6	0,6	1,4
Gains and losses on derivatives	10,8	-	0,2
Self-financing capacity	**(32,5)**	**(17,7)**	**91,8**

15.2 Acquisitions and disposals of non-current tangible and intangible assets

Acquisitions of non-current tangible and intangible assets essentially reflect investments in points of sale, retail outlets and logistics platforms, as well as IT investments.

(In € millions)	June 30, 2016	June 30, 2015	December 31, 2015
Acquisition of non-current intangible assets	(10,7)	(5,6)	(22,2)
Acquisition non-current tangible assets excluding non-current assets under finance leases	(12,8)	(9,7)	(36,6)
Change in advances & installment on non-current assets	0,1	-	(0,1)
Change in debt for non-current assets	(11,0)	(5,8)	0,8
Total non-current asset purchases	**(34,4)**	**(21,1)**	**(58,1)**
Disposal of non-current assets	0,2	0,5	0,5
Total purchases and disposals of non-current assets	**(34,2)**	**(20,6)**	**(57,6)**
Acquisition of assets in finance leases	-	-	(0,2)

15.3 Acquisitions and disposals of subsidiaries and other financial assets

(In € millions)	**June 30, 2016**	**June 30, 2015**	**December 31, 2015**
Purchases of subsidiaries net of cash acquired	-	(2,5)	(2,7)
Disposals of subsidiaries net of cash transferred	(1,3)	-	-
Total	**(1,3)**	**(2,5)**	**(2,7)**

In the first half of 2016, acquisitions and disposals of subsidiaries net of cash acquired or transferred resulted in a €1.3 million net cash outflow, as part of the project to sell off its call center business.

Acquisitions of subsidiaries completed in the first half of and throughout 2015 mainly included the payment of the third and final tranche of the €1.8 million acquisition price of Datasport Group, as well as a price supplement connected with the acquisition of Tick & Live.

(In € millions)	**June 30, 2016**	**June 30, 2015**	**December 31, 2015**
Acquisition of other financial assets	(355,6)	(0,4)	(4,2)
Disposal of other financial assets	2,0	-	0,1
Total	**(353,6)**	**(0,4)**	**(4,1)**

In the first half of 2016, €355.6 million in outflows to acquire other financial assets reflect the purchase of 29.7% of Darty share capital in the amount of €353.6 million, of which €14.3 million was to set up forex options to hedge the currency risk inherent in the alternative that was offered to pay Darty shareholders partly in pounds sterling (up to GBP 453.6 million), and the €7.0 million cost of setting up the syndicated credit facility. The first half of 2016 also includes a €2.0 million outflow to acquire 50% of Izneo.

The €2 million proceeds from the disposal of other financial assets refer to the repayment of security deposits and financial guarantees paid as part of lease arrangements.

Outflows to acquire other financial assets in 2015 mainly relate to the €3.3 million payment to set up the Revolving Credit Facility and the Bridge Facility as part of the acquisition of Darty.

15.4 Increase / Decrease in capital and other transactions with shareholders

(In € millions)	**June 30, 2016**	**June 30, 2015**	**December 31, 2015**
Increase / Decrease in capital and other transactions with shareholders	157,1	1,9	(66,0)
Total	**157,1**	**1,9**	**(66,0)**

As of June 30, 2016, the capital increase mainly represented the creation of 2,944,901 new shares to service the capital increase reserved for Vivendi amounting to €157.1 million, after issue costs.

As of June 30, 2015, capital was increased by the creation of 92,164 new shares to service the exercise of the first tranche of options under the performance options plan unwound in equity instruments, which was introduced in 2013.

As of December 31, 2015, the net decrease in equity and other transactions with shareholders in the amount of €66 million reflected, partly, a €67.9 million repayment of perpetual deeply subordinated notes issued in 2013 in the amount of €60 million, plus €7.9 million accrued interest, and partly a capital increase of 92,164 shares representing €1.9 million, issue premium included, to service the exercise of the first tranche of options under the performance share plan settled in shareholders' equity instruments, introduced in 2013.

15.5 Acquisition and sale of treasury shares

In the first half of 2016, Groupe Fnac held an average of 18,641 treasury shares under the liquidity contract entered into on June 19, 2013 with Rothschild & Cie Banque.

As of Tuesday, June 30, 2015, Groupe Fnac held 4,509 treasury shares.

In the first half of 2015, Groupe Fnac held an average of 2,218 treasury shares under the liquidity contract entered into on June 19, 2013 with Rothschild & Cie Banque.

As of June 30, 2015, Groupe Fnac held 17,000 treasury shares.

15.6 Increase / Decrease in other financial debt

Gross financial debt as of June the close of the first half of 2016 had increased by €50 million drawn mainly on the syndicated revolving credit facility.

15.7 Interest and equivalent payments

As of June 30, 2016, net cash outflows representing interest paid and received mainly represented fees on unused lines of credit.

As of June 30, 2015 and in 2015, they included fees on unused lines of credit.

Note 16 Changes to contingent liabilities, unrecognized contractual commitments and contingent risks

Contingent liabilities, unrecognized contractual commitments and contingent losses at December 31, 2015 are disclosed in Section 5, Note 33 of the 2015 Registration Document.

Significant changes in commitments given or received, contractual obligations, pledges and real collateral, versus 2015 are as follows:

- Under the new offer made in April 2016 by Groupe Fnac to Darty shareholders, financial instruments amounting to €865 million (Revolving Credit Facility and a Bridge Facility) negotiated in November 2015 to finance the new Group, have been cancelled and replaced by two new financial instruments (Revolving Credit Facility and Bridge Facility) totalling €1,350 million.
- Under the new offer made in April 2016 by Groupe Fnac to Darty shareholders as part of the takeover bid, the maximum cash contribution option available to Darty shareholders has been increased from GBP 66.7 million to GBP 453.6 million.

Legal actions and litigation

Groupe Fnac's companies and businesses are involved in a certain number of proceedings and litigation cases in the normal course of business, including disputes with tax, social security and customs authorities. A provision has been recorded for any expenses that may arise and are considered probable by those companies and their experts.

According to their experts, none of the disputes in which Groupe Fnac companies or businesses are involved threatens Groupe Fnac's normal and foreseeable course of business or its planned development.

Groupe Fnac is not aware of any litigation involving material risks that could affect its holdings, earnings or financial position for which a provision had to be recorded at year-end. No dispute, considered individually, is material at the level of the Company or Groupe Fnac.

Groupe Fnac is not aware of any other litigation or arbitration proceedings that are likely to have a material impact on the Company or Groupe Fnac's financial position, business or income, or which have had such an impact in the recent past.

Note 17 Related parties

As of Thursday, June 30, 2016, Groupe Artémis held 32.86 % of the capital and 32.86 % of the voting rights in Groupe Fnac.

In the first half 2016, the main transaction between all the consolidated companies of Groupe Fnac and Kering Group, a party related to Artémis Group, was the reinvoicing by Kering Group of IT services amounting to €1.0 million.

In 2015, a previously authorized regulated agreement was entered into with BDGS, a legal firm specializing in market operations, especially cross-border transactions, and in competition law, one of its founding partners being Director Antoine Gosset-Grainville. The firm is tasked with overseeing the Darty acquisition process, including complying with antitrust regulations that require notifying the French and Belgian competition authorities. Fees paid for this service amounted to €2.3 million in the first half of 2016

Note 18 Post-closing events

On July 18, 2016, the French Competition Authority announced that it had decided to authorize Groupe Fnac's purchase of Darty plc ("Darty").
The Authority acknowledged that the physical stores and online sales belonged to a single market.
The combined entity will have to sell five existing sales points and one planned sales point out of the combined networks of Fnac and Darty in France, totalling more than 400 stores. The sales points to be sold are the Darty Belleville, Darty Italie 2, Fnac Beaugrenelle, Darty Saint-Ouen, Darty Vélizy stores, as well as the Darty Cuisine de Wagram sales point which is expected to open soon.
The Authority's authorization is one of the last essential steps in Fnac's merger with Darty.

On July 19, 2016, Fnac announced that all related conditions precedent as described in the Offer Document were satisfied or lifted and that the Offer is therefore unconditional in all respects.
The Offer will be completed and settled within 14 calendar days following the date of the communication to Darty Shareholders whose valid acceptance of the Offer has already been received in accordance with the procedure described in the Offer Document. The completion and settlement of acceptances received after the date of the communication will be within 14 calendar days of the date on which each such acceptance is received.
Fnac New Shares intended for Darty Shareholders who have opted to receive Fnac New Shares are expected to be admitted for trading on Euronext Paris on or very shortly after their date of issue.
As of 11:12 a.m. (London time), July 19, 2016, Fnac had received valid acceptances for 331,902,417 Darty Shares, representing approximately 62.67% of Darty's issued share capital, of which 117,116,649 Darty Shares (approximately 22.11% of Darty's existing share capital) relate to the irrevocable commitments signed by certain Darty Shareholders as part of the Offer (as detailed in the Offer Document). Fnac also holds 157,415,446 Darty Shares, representing approximately 29.73% of its share capital.
Consequently, Fnac holds, or in response to its Offer has received valid acceptances for, a total of 489,317,863 Darty Shares representing approximately 92.40% of its share capital, and those Darty Shares are taken into account when determining whether the condition precedent relating to a minimum threshold of acceptances is satisfied.
For purposes of this Section, the percentage holding is calculated as a percentage of the total Darty Shares issued which is 529,553,216 shares.
If Fnac were to have holdings, or were to have received valid acceptances of its Offer, totalling at least 92.97% of the par value of the Darty Shares and at least 92.97% of the voting rights attached to the Darty Shares targeted in the Offer, Fnac would launch a mandatory squeeze-out procedure to purchase the outstanding Darty Shares, in accordance with Section 3 of Part 28 of the Companies Act 2006, as explained in the Offer Document.
As stated above, Fnac holds, or under its Offer has received valid acceptances for, Shares representing more than 75% of Darty's share capital and the Offer has been declared unconditional in all respects. As indicated in the Offer Document, Fnac announces the start of the 20 Business Days notice period for the removal of Darty Shares from the "Premium" section of the Official List of the UK Listing Authority, and their admittance for listing on the London Stock Exchange's Main Market for listed stocks. This delisting/listing is not expected to take effect before 8:00 a.m. (London time), August 16, 2016.
Darty is also expected to file an application with Euronext Paris for the delisting and listing of its shares on Euronext Paris.
The delisting will significantly reduce the liquidity and tradability of Darty Shares not contributed to the Offer.
As announced by Fnac on July 15, 2016, the Initial Offer and the Partial Share-Based Alternative of the Final Improved Third Offer will be closed to new acceptances from 1:00 p.m. (London time), July 29, 2016. Consequently, from that point on, Darty Shareholders will no longer be able to accept the terms of the Initial Offer, or to accept the Offer and opt to receive Fnac New Shares under the terms of the Partial Share-Based Alternative of the Final Improved Third Offer.
However, the cash component of the Final Improved Third Offer will remain open for acceptance until further notice.
At least 14 days' notice will be given before closing the cash component of the Final Improved Third Offer.

4 REPORT OF THE INDEPENDENT AUDITORS

KPMG Audit
A division of KPMG SA
2, avenue Gambetta
92066 Paris La Défense

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

Groupe Fnac

A French Société Anonyme
9, rue des Bateaux-Lavoirs
ZAC Port d'Ivry
94200 Ivry-sur-Seine

Report of the Independent Auditors on the interim financial information

For the period from January 1 to June 30, 2016

To the Shareholders,

In accordance with the mission entrusted to us by your General Meetings and pursuant to the requirements of Article L.451-1-2 III of the French Monetary and Financial Code, we are hereby reporting to you on:

- the limited review of the interim condensed consolidated financial statements of Groupe Fnac for the period from January 1 to June 30, 2016, as attached to this report;

- the verification of the information contained in the interim management report.

These condensed consolidated interim financial statements have been established under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

I- Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A limited review consists of making interviews with the persons responsible for financial and accounting matters, and applying cost accounting procedures. This work is substantially less extensive in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the assurance that the financial statements, considered as a whole, do not contain material anomalies in a limited review is moderate assurance, lower than that obtained in an audit.

Based on our limited review, we did not identify any material anomalies that could call into question the compliance of the interim condensed consolidated financial statements with IAS 34, the IFRS as adopted by the European Union applicable to interim financial reporting.

II- Specific verification

We also verified the information given in the interim management report on the condensed consolidated interim financial statements covered by our limited review. We have no observations to make concerning their accuracy and consistency with the condensed consolidated interim financial statements.

Paris La Défense and Neuilly-sur-Seine, Wednesday, July 27, 2016

The Independent Auditors

KPMG Audit	Deloitte & Associés
A division of KPMG SA	
Hervé Chopin	Stéphane Rimbeuf

5 DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I certify that, to my knowledge, the interim condensed consolidated financial statements for the last six months were prepared in accordance with applicable accounting standards and give a true and fair view of the holdings, financial position and results of all the companies included in the consolidation, and that the interim management report gives a fair description of material events that have occurred in the first six months of the fiscal year and their impact on the interim financial statements, the main related-party transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Ivry-sur-Seine, Wednesday, July 27, 2016

Alexandre Bompard

Chairman and Chief Executive Officer

Investors Contact

Mail:

Groupe Fnac

Investor Relations

9, rue des Bateaux-Lavoirs

94200 Ivry-sur-Seine

France

Telephone: +33 (0) 1 72 28 17 22

Email: investisseurs@Groupe-fnac.com

Shareholders Contact

Mail:

Groupe Fnac

Shareholder Relations

9, rue des Bateaux-Lavoirs

94200 Ivry-sur-Seine

France

Telephone: +33 (0) 805 650 660 (Toll-free number - no charge for calls from landlines)

Email: actionnaires@Groupe-fnac.com