YMAGIS

A French limited company (*société anonyme*) with a capital of €1,786,267.75
Registered office: 106-108, rue La Boétie - 75008 Paris
No. 499 619 864 on the Paris Trade and Companies Register

Half-Year Report

Half-year ended June 30, 2014

(L 451-1-2 III of the French Monetary and Financial Code,
Article 222-4 *et seq.* of the AMF's General Regulations)

This half-year report covers the six-month period ended on June 30, 2014. It was prepared in accordance with the provisions of Articles L. 451-1-2 III of the French Monetary and Financial Code and 222-4 *et seq.* of the General Regulations of the French financial markets regulatory authority (AMF).

The Report was disseminated in accordance with Article 221-3 of the AMF's General Regulations and is available from our corporate website, www.ymagis.com.

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I. Attestation by the person responsible for the Half-Year Report

I certify that, to the best of my knowledge, the Condensed Consolidated Financial Statements for the first half of 2014 were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial situation and results of the Company and all consolidated entities, and that the Half-Year Report on Operations appearing on page 3 provides a fair review of the main events occurring in the first six months of the year, their impact on the financial statements, the main transactions with related parties and a description of the main risks and uncertainties for the second half of 2014.

August 29, 2014

Jean Mizrahi
Chairman and Chief Executive Officer

II. Half-year Report on Operations

1. Half-year financial highlights- Description of the Group's financial position

The YMAGIS Group's consolidated revenue for the first half of 2014 was €30.1m, an increase of 50.2% compared with €20.0m in the same period of the previous year, and is analysed below by business segment.

Table 1: breakdown of consolidated revenue by business segment as at June 30, 2014

In €m	H1 2014 6 months	H1 2013 6 months	CHANGE	% CHANGE
VPF	**14.9**	**12.8**	**2.1**	**17.3%**
Services	**15.2**	**7.3**	**7.9**	**108.2%**
Sales/installation	*9.2*	*3.5*	*5.7*	*162.1%*
Laboratory	*3.9*	*2.2*	*1.7*	*77.4%*
Remote facilities management / maintenance	*1.9*	*1.6*	*0.3*	*21.3%*
Others	*0.1*	*0.0*	*0.1*	*N/A*
TOTAL	**30.1**	**20.0**	**10.1**	**50.3%**

This increase of 50.3% should be viewed in the context of the end of the roll-out of VPF screens, which had specific base effects. These were as follows:

- The 2014 first-quarter revenue of €18.1m (+101.5%) included €7.4m from the sale of equipment associated with the end of the roll-out of VPF screens in Spain and Germany. Excluding this element, first-quarter revenue rose by 24.1%;
- Consolidated revenue in the second quarter of 2014 totalled €12.1m, an increase of 8.0% on the same period of 2013, during which equipment sales related to the roll-out of VPF screens amounted to €1.1m. Excluding this element, second-quarter revenue rose by 19.0%.

Excluding the sale of equipment associated with the end of the roll-out of VPF screens, first-half revenue grew by 21.4% year on year.

This rise was attributable partly to **growth at the VPF division**, where first-half revenue increased by 17.3% year on year to €14.9m. This growth was due to the full-year effect associated with the sharp rise (+24.6%, see Table 2 below) in the average number of VPF screens deployed by the Group during 2013. This aspect was mitigated slightly by the drop of 9.0% in June 2014, caused partly by the World Cup effect, in the turnover rate of new films per VPF screen, which was 16.2 on an annual basis as at June 30, 2014, compared with 17.8 a year earlier. The average VPF rose by 2.3% to €626 as at June 30, 2014.

Table 2: Average number of VPF screens by country

Average number of VPF screens - total	06/30/14	06/30/13	Change	% change
France	1,116	1,116	0	0.0%
Germany	608	563	45	8.1%
Spain	854	350	504	143.9%
Benelux	203	202	0	0.0%
Europe	**2,781**	**2,232**	**549**	**24.6%**

As at the end of the period, the total number of VPF screens by country was as follows:

Table 3: Statement of VPF screens by country at period-end

Number of VPF screens - total	06/30/14	06/30/13	Change	% change
France	1,114	1,116	-2	-0.2%
Germany	612	573	39	6.8%
Spain	854	394	460	116.8%
Benelux	200	203	-3	-1.5%
Europe	**2,780**	**2,286**	**494**	**21.6%**

The increase in Group revenue was also attributable to **growth at the Services division**, where all segments spiked during the period, notably the Laboratories business:

Sales and installation revenue increased by 162.1% during the first half of 2014 compared with the corresponding period of the previous year. However, excluding sales associated with the end of the roll-out of VPF screens, this segment declined by 13.1% and is expected to shrink even more during the second half of 2014 owing to the end of the roll-out of VPF screens and the digital transition of cinemas starting in December 2013.

The **Laboratories** business (post-production and delivery of digital content) posted total revenue of €3.9m in the first half of 2014, up by 77.4%. During the first half of 2014, this business benefited in particular from:

- the contribution of SMARTJOG YMAGIS Logistics, which was consolidated fully in the YMAGIS financial statements as of December 1, 2013;
- the contribution of the Arqiva network of cinemas, which YMAGIS acquired and integrated into its consolidated financial statements in April;
- the growth, in terms of both post-production and delivery of digital content, of the digital laboratory in Barcelona, which opened in July 2013.

In total, YMAGIS delivered nearly 32,300 feature-length DCPs and more than 154,600 short DCPs (trailers and commercials) across Europe in the first half of 2014, representing respective year-on-year growth of 90% and 223%.

Following the April 2014 acquisition of Arqiva's network, the European network of cinemas connected by SMARTJOG YMAGIS Logistics expanded to more than 2,500 as at June 30, 2014:

Table 4: Breakdown of SYL-connected cinemas by country

Country	06/30/14	06/30/13	Change	% change
France	1,208	1,199	9	0.8%
UK and Ireland	378	0	378	N/A
Germany	267	237	30	12.7%
Spain	287	236	51	21.6%
Italy	137	0	137	N/A
Austria	83	79	4	5.1%
Belgium	55	55	0	0.0%
Netherlands	49	49	0	0.0%
Portugal	46	45	1	2.2%
Switzerland	15	15	0	0.0%
Luxembourg	11	10	1	10.0%
Total	**2,536**	**1,925**	**611**	**31.7%**

The **Remote facilities management and maintenance** business generated revenue of €1.9m in the first half of 2014, an increase of 21.3%. This rise was due essentially to the increase in the number of VPF screens deployed (see Table 2 above).

In total, the **Services division** saw its revenue climb by 108.2% during the first half of 2014 and by 31.6% excluding the sale of equipment associated with the end of the roll-out of VPF screens.

The breakdown of revenue for all segments by country is as follows:

Table 5: Geographical breakdown of revenue

	30 June 2014		30 June 2013		Change	
EUR thousands	Amount	%	Amount	%	Amount	%
France	10 702	35,5%	11 143	55,6%	-441	-4,0%
Spain	11 754	39,0%	2 275	11,4%	9 479	416,7%
Germany	5 041	16,7%	5 049	25,2%	-8	-0,2%
Benelux	1 765	5,9%	1 536	7,7%	229	14,9%
Others	860	2,9%	39	0,2%	821	2105,1%
TOTAL	**30 124**	**100%**	**20 042**	**100%**	**10 080**	**50%**

The fall in revenue in France was due to a decline in the sale and installation of digital projection equipment as a result of the digitisation of the country's cinemas becoming almost complete in the last two years.

The particularly sharp growth in Spain was due partly to around €7.0m of revenue from the Sales & Installation business associated with the end of the digital roll-out at the end of the second half of 2013 and the start of 2014, partly to the automatic growth in VPF revenue arising from the increase in the number of screens under a VPF agreement (see Table 2 above), and finally to the increase of €0.8m in the Laboratories business (post-production and delivery of DCPs) owing to the opening in July 2013 of the Group's second digital laboratory in Barcelona.

The stability of revenue in Germany was due to the drop in Sales & Installation revenue being offset by growth in the VPF business owing to an increase in the number of screens under a VPF agreement.

In Belgium, the rise in revenue was attributable to the growth in Laboratories revenue (duplication) following the SMARTJOG YMAGIS Logistics merger.

The sharp growth in revenue from other regions primarily concerns the UK and Ireland, where the Group has established a presence thanks to the acquisition of the Arqiva cinema network.

The primary issues relating to **income statement expenses** are as follows:

Consumables purchased increased by €5.9m to €8.4m in the first half of 2014. This sharp rise reflects the growth in Sales & Installation revenue described above.

The increase of €2.9m (+38.3%) in **Other purchases and external charges** was due mainly to:

- the €0.8m (+17.3%) rise in fees paid to exhibitors as a result of the increase in the number of VPF screens deployed during 2013 under the Third-Party Collector Model (see Tables 6 and 7 below);
- satellite expenses now incurred by the Group as part of the integration, as of December 1, 2013, of the digital content electronic transportation business of SmartJog into our subsidiary SMARTJOG YMAGIS Logistics. The satellite links leased by SmartJog thus represent €1.2m for the first six months of 2014;
- lastly, new expenses incurred as of April 1, 2014 relating to the acquisition of Arqiva's network of cinemas: leasing of an additional satellite transponder (to take effect at the end of October 2014) and related services totalling €0.5m, of which €0.3m relates to the satellite.

Table 6: Breakdown by country of VPF screens deployed under the Third-Party Collector Model - as at end of period

Number of VPF screens - Third-Party Collector	06/30/14	06/30/13	Change	% change
France	506	506	0	0.0%
Germany	536	500	36	7.2%
Spain	383	254	129	50.8%
Benelux	48	53	-5	-9.4%
Europe	**1,473**	**1,313**	**160**	**12.2%**

Table 7: Average number of screens deployed by country under the Third-Party Collector Model

Number of VPF screens - Third-Party Collector	06/30/14	06/30/13	Change	% change
France	506	503	4	0.7%
Germany	536	499	37	7.3%
Spain	383	211	172	81.5%
Benelux	49	52	-3	-4.9%
Europe	**1,474**	**1,264**	**210**	**16.6%**

Employee expenses were €4.5m, compared with €3.4m in the same period of 2013. This rise of 31.0% was due in particular to the Delivery business, where the workforce expanded from 10 to 35 between June 30, 2013 and June 30, 2014. The Group's total workforce increased from 116 people as at June 30, 2013 to 150 a year later, as shown in detail in the tables below.

Table 8: Breakdown of period-end workforce (by country)

Figures are month-end FTE

Country	30 June 2014	30 June 2013	Change	% change	As at December 31, 2013
France	111	87	24	28%	100
Germany	25	18	6	35%	25
Spain	14	11	3	27%	13
Total workforce	**150**	**116**	**34**	**29%**	**138**

The period-end breakdown of employees by segment is as follows:

Table 9: Breakdown of period-end Group workforce (by segment)

Segment	30 June 2014	30 June 2013	Change	% change	As at December 31, 2013
VPF	8	9	-1	-9%	8
Laboratory	45	25	20	78%	37
Sales and installation	23	22	1	5%	25
Remote facilities management and maintenance	18	16	2	13%	17
Operational TOTAL	**94**	**72**	**22**	**30%**	**87**
R&D & IT	26	18	8	44%	23
Other support functions	30	26	4	15%	28
Total workforce	**150**	**116**	**34**	**29%**	**138**

The average workforce, by country and segment, is as follows:

Table 10: Breakdown of average workforce (by country)

Figures are month-end FTE

Country	Average June 30, 2014	Average June 30, 2013	Change	% change	Average as at December 31, 2013
France	109	83	26	32%	86
Germany	24	15	9	60%	19
Spain	14	10	5	47%	11
Total workforce	**147**	**107**	**40**	**37%**	**115**

Table 11: Breakdown of average workforce (by segment)

Segment	Average June 30, 2014	Average June 30, 2013	Change	% change	Average as at December 31, 2013
VPF	9	8	0	4%	8
Laboratory	43	24	19	79%	26
Sales and installation	24	19	5	24%	22
Remote facilities management and maintenai	18	15	3	20%	16
Operational TOTAL	**93**	**66**	**27**	**41%**	**71**
R&D & IT	26	18	8	42%	19
Other support functions	29	23	6	25%	25
Total workforce	**147**	**107**	**40**	**37%**	**115**

Net depreciation and amortisation charges and provisions increased by €1.8m (+48.5%) during the period, rising from €3.8m as at June 30, 2013 to €5.6m as at June 30, 2014. This increase was due mainly to the digital content delivery business, owing to the depreciation and amortisation of the assets included in the SMARTJOG YMAGIS Logistics transaction and of those included in the acquisition of Arqiva's electronic delivery network, totalling €0.9m. The depreciation of non-current projection equipment assets under the Third-Party Investor VPF Model also increased, by €1.0m (+32.1%), owing to the growth in the number of VPF screens deployed under this model in 2013, as shown in detail in Tables 12 and 13 below:

Table 12: Number of screens deployed under a VPF agreement under the Third-Party Investor Model, by country at period-end

Number of VPF screens - Third-Party Investor	06/30/14	06/30/13	Change	% change
France	608	610	-2	-0.3%
Germany	76	73	3	4.1%
Spain	471	140	331	236.4%
Benelux	152	150	2	1.3%
Europe	**1,307**	**973**	**334**	**34.3%**

Table 13: Average number of screens deployed under a VPF agreement under the Third-Party Investor Model, by country

Number of VPF screens - Third-Party Investor	06/30/2014	06/30/2013	Change	% change
France	609	613	-4	-0.7%
Germany	76.5	59	17.5	29.7%
Spain	471	138.5	332.5	240.1%
Benelux	152.5	149.5	3	2.0%
Europe	**1,309**	**960**	**349**	**36.4%**

Taking these various elements into account, the Group's **operating income before non-recurring items** fell from €2.9m to €1.5m. This reduction was due essentially to the fact that in the Delivery business, most expenses are already fixed and now in place to spread throughout Europe, whereas revenue is just beginning to grow.

Following a variation of €158k in net financial income/(expense), **profit before tax** dropped from €1,638k in the first half of 2013 to €73k in the first half of 2014.

Taking into account a regulatory **tax expense** of €30k, the **net profit for the period** fell from €978k to €43k. The **Group share of net profit**, after taking into account the share of minority interests in our subsidiaries 3 Delux and SMARTJOG YMAGIS Logistics, fell from €955k to €612k.

Group net debt increased by €2.5m from €36.4m as at December 31, 2013 to €38.9m as at June 30, 2014. This takes into account gross debt associated with the overall financing, through finance leases or borrowing, of the VPF business, which rose from €41.4m to €44.0m over the same period.

During the course of the first half of 2014, **Group net debt** was affected mainly by a combination of the following factors:

- €7.5m of financing for projection equipment obtained from various leasing organisations under the Third-Party Investor VPF Model;
- A total of €4.1m of financing obtained from leasing organisations for the acquisition of Arqiva assets and for various other satellite antennae and servers for the Delivery business;
- €4.6m of repayments to leasing organisations of financing granted under the Third-Party Investor Model;
- €0.5m of repayments by SMARTJOG YMAGIS Logistics relating to the short-term credit line obtained in November 2013 as part of the spin-offs;
- €0.3m of repayments on other bank loans;
- an increase in short-term loans obtained as part of the assignment of trade receivables, adding €0.9m to the Group's financial debt;
- lastly, the capital increase in the amount of €4.8m (net of expenses), which the Company carried out via a private placement in January 2014.

The Group's **cash balance** of €16.6m as at June 30, 2014, compared with €12.0m as at December 31, 2013, means it comfortably has enough resources to fulfil its ambitions. This rise of €4.6m in the Group's consolidated cash balance derived essentially from the January 2014 capital increase described above, with cash flows from operations (€5.1m after better management of working capital requirements, which saw a change of -€2.1m compared with -€3.0m as at June 30, 2013) enabling YMAGIS to repay €5.5m of loans during the period and to pay €1.4m of interest expense.

This solid financial situation gives YMAGIS ample room to finance its own organic growth and to prepare confidently for the implementation of its external growth strategy.

2. Major events and transactions during the period

The following events and transactions took place in the half-year ended June 30, 2014:

2.1. Capital increase via private placement in January 2014

YMAGIS SA successfully completed a €4.9m capital increase via private placement with institutional investors on January 24.

A total of 649,540 new shares, representing 9.1% of the post-increase share capital, were created at the April 2013 IPO unit price of €7.65, of which the par value was €0.25 and the issue premium was €7.40, for a total amount of €4,968,981.After taking into account the post-tax expenses of €0.1m associated with the capital increase and charged to the issue premium, this capital increase therefore strengthened the Group's equity capital by €4.8m, providing it with the necessary resources to strengthen via external growth by acquiring assets or companies, particularly in the digital content delivery segment.

2.2. Acquisition of the Arqiva network of cinemas - strengthening of SYL

At the start of April 2014, YMAGIS completed the acquisition from UK company Arqiva of its digital content satellite transmission assets, including its network of 726 connected cinemas (776 including cinemas still to be rolled out as at the transaction date), for €3.6m, including a bonus of €0.2m linked to Arqiva performing certain services for YMAGIS.

3. Main transactions with related parties - Remuneration of the management team

The relationships between the Group and its related parties during the first half of 2014 were comparable with those of 2013. There was no significant or unusual transaction, in terms of nature or size, during the first half of 2014.

In addition, there were no significant changes to the principles of the remuneration of the management team, or to the remuneration itself.

4. Outlook, uncertainties and risks for the remaining six months of the year

Risks

The risks to which the business is subjected are described in detail in paragraph 4 of the presentation of the Group in the *Document de Base* published in April 2012. Management's assessment of the nature and scale of these risks did not change during the first half of 2014.

Despite the caution warranted by the general economic climate, YMAGIS is confident that in the second half of 2014 it will still be able to ensure revenue growth and to make its operations more profitable.

Agreement with a view to acquiring Belgian company dcinex

Pursuant to an agreement announced at the end of July, of which the main terms and conditions are summarised below, the end of 2014 will also see the completion of the acquisition of our competitor dcinex, enabling YMAGIS to create the European leader in digital technologies for the motion-picture industry, with a presence in 16 countries.

dcinex's activities are identical to those of YMAGIS but perfectly complementary in geographical terms. Indeed, with the exception of Germany, where they compete in the Sales & Installation and Laboratories businesses, the two groups operate in different countries.

dcinex is Europe's leading installer of digital cinemas (projection rooms and sound) and a major rival in the delivery of digital copies by satellite through its minority stake in Dsat, a joint venture with Eutelsat. The acquisition of dcinex will enable the Group to rebalance its VPF and Services activities and thus to better prepare for the scheduled phase-out of VPFs.

The dcinex group currently employs around 200 people across 16 countries in Europe. In 2013, it generated consolidated revenue of €92m (€47m for YMAGIS), of which more than half came from services provided to exhibitors and distributors, and EBITDA of €31m (€15m for YMAGIS). Its consolidated net debt totalled €92m as at December 31, 2013 (versus €36m for YMAGIS), essentially comprising loans associated with the roll-out of VPF screens (more than 3,000 VPF screens under contract with dcinex at the end of 2013, versus 2,785 for YMAGIS).

The newly merged entity will be the pan-European leader in the provision of digital equipment and services to the motion-picture industry, with a presence in 16 countries, 2013 pro forma revenue of €139.0m, EBITDA of €46.8m, profit before tax of €7.0m, and respective pro forma consolidated equity capital and net debt as at December 31, 2013 of €38.3m and €149.0m, including €132.3m of debt linked to VPF contracts.

This acquisition will be paid for partly in cash, in the amount of around €5m, and partly in YMAGIS shares and bonds with share subscription warrants (OBSAs) via the issue to dcinex shareholders of 699,379 new YMAGIS shares, diluting the share capital by 8.9%, at a unit price of €8.15, for a total of €5.7m, and via the issue to dcinex shareholders of YMAGIS OBSAs for a total nominal amount of €15.4m.

These OBSAs will have a maximum maturity of five years. Their redemption in cash will begin 15 months after their issue, it being specified that YMAGIS may redeem them in full or in part at any time and without penalty, with unredeemed securities converted by their holders into YMAGIS shares, based on a unit price of €8.15, during a 15-day window at the end of the aforementioned 15-month period. The OBSAs will bear interest at 3.5% for 15 months, and subsequently at 7.5%. The OBSAs and the warrants attached to them will not be listed for trading on a regulated or harmonised market.

In addition, on the transaction date, dcinex will repay around €12.9m of the subordinated loans from its current shareholders, with the balance of €1.2m repaid at a later date during the following year.

The money needed to make this repayment will come partly from YMAGIS's equity capital and partly from dcinex's cash balance.

This transaction is subject to approval from the general meeting of YMAGIS shareholders, and a prospectus will be prepared pursuant to Article 212-34 of the AMF's General Regulations.

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III. Condensed Consolidated Half-Year Financial Statements as at June 30, 2014

YMAGIS

French limited company (société anonyme) with a capital of €1,786,268.75

Paris Trade and Companies Register no. B 499 619 864

106, rue La Boétie, 75008 Paris

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

as at June 30, 2014

I. STATEMENT OF FINANCIAL POSITION

EUR thousands	Notes	**06/30/2014**	**12/31/2013**
Non-current intangible assets	6.1	10 583	11 204
Property, plant and equipment	6.2	56 114	53 781
Non-current financial assets		1 849	1 598
Deferred tax assets		1 279	926
Non-current assets		**69 825**	**67 508**
Inventories		901	832
Trade receivables	6.3	19 240	16 874
Other current assets	6.3	8 213	10 188
Current financial assets		-	-
Cash and cash equivalents	6.4	16 631	12 043
Current assets		**44 985**	**39 937**
Total assets		**114 810**	**107 447**
Share capital	6.5	1 786	1 624
Issue premiums		19 829	15 148
Reserves and retained earnings		8 770	6 391
Net profit/(loss)		612	2 381
Group share of equity		**30 997**	**25 544**
Minority interests		4 481	5 049
Consolidated equity		**35 479**	**30 593**
Provisions (non-current portion)	6.6	792	690
Borrowings and financial liabilities (non-current portion)	6.7	40 196	35 916
Financial instruments		49	-
Employee benefits		201	142
Deferred tax liabilities		61	42
Other non-current liabilities	6.8	1 912	1 868
Non-current liabilities		**43 211**	**38 658**
Provisions (current portion)	6.6	-	-
Financial debt and borrowings (current portion)	6.7	15 334	12 553
Trade payables	6.9	5 215	6 000
Corporation tax payables		226	187
Other current liabilities	6.9	15 347	19 457
Current liabilities		**36 122**	**38 196**
Total liabilities and equity		**114 810**	**107 447**

II. CONSOLIDATED INCOME STATEMENT

EUR thousands	Notes	**06/30/2014**	**12/31/2013**
Revenue		**30 124**	**20 042**
Goods purchased		(8 359)	(2 499)
Other purchases and external charges	6.11	(10 296)	(7 445)
Taxes and duties		(174)	(113)
Employee expenses	6.12	(4 452)	(3 404)
Other current operating income		225	185
Other current operating expense		(16)	(134)
Net depreciation and amortisation charges and provisions	6.13	(5 592)	(3 765)
Operating income before non-recurring items		**1 460**	**2 869**
Other income		-	-
Other expense		-	-
Operating profit		**1 460**	**2 869**
Cost of gross financial debt		(1 378)	(1 282)
Income from cash and cash equivalents		-	-
Cost of net financial debt		**(1 378)**	**(1 282)**
Other financial income		7	54
Other financial expense		(18)	(3)
Net financial income/(expense)	6.14	**(1 389)**	**(1 231)**
Profit before tax		**73**	**1 638**
Income tax	6.15	(30)	(660)
Net profit for the period		**43**	**978**
Share attributable to minority interests		568	(23)
Net profit for the period - Share attributable to YMAGIS shareholders		**612**	**955**
Earnings per share	6.5	0,09 €	0,20 €
Diluted earnings per share	6.5	0,09 €	0,17 €

III. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousands	**06/30/2014**	**06/30/2013**
Group share of consolidated net profit	**612**	**955**
Minority interests	(568)	23
Net profit for the period	**43**	**978**
Actuarial gains/(losses) on employee benefits	-	-
Tax effect	-	-
Items that cannot be reclassified to the income statement	**-**	**-**
Financial instruments	(49)	
Tax effect	17	
Items that can be reclassified to the income statement	**(32)**	**-**
Consolidated comprehensive income	**11**	**978**
of which Group share	580	955
of which share of minority interests	(568)	23

IV. STATEMENT OF CHANGES IN EQUITY

EUR thousands	Share capital	Issue premiums	Reserves and earnings	Financial instruments	Treasury shares	Employee benefits	Total Group share	Minority interests	Consolidated equity
December 31, 2012	**986**	**2 914**	**4 053**	**-**	**-**	**(17)**	**7 937**	**(23)**	**7 914**
Capital increase	260	11 150	162				11 572		11 572
Conversion of bonds redeemable for share	378	2 352	(2 730)				-		-
Issue costs net of taxes		(1 144)					(1 144)		(1 144)
Net profit/(loss)			955				955	23	978
Treasury share transactions					(190)		(190)		(190)
Share-based payment			143				143		143
Other changes			(2)				(2)		(2)
June 30, 2013	**1 624**	**15 272**	**2 581**	**-**	**(190)**	**(17)**	**19 270**	**-**	**19 270**
December 31, 2013	**1 624**	**15 148**	**9 009**	**-**	**(220)**	**(17)**	**25 544**	**5 049**	**30 593**
Capital increase	162	4 807					4 969		4 969
Issue costs net of taxes		(126)					(126)		(126)
Net profit/(loss)			612				612	(568)	43
Treasury share transactions			55		(51)		4		4
Share-based payment			27				27		27
Financial instruments				(32)			(32)		(32)
Reclassifications			10			(10)	-		-
June 30, 2014	**1 786**	**19 829**	**9 713**	**(32)**	**(271)**	**(27)**	**30 997**	**4 481**	**35 479**

V. STATEMENT OF CASH FLOWS

EUR thousands	Note	06/30/2014	06/30/2013	
Net profit for the period		43	978	
Depreciation, amortisation and provisions		5 848	3 764	
Capital (gains)/losses on disposals		(25)	88	
Other operating income and expense with no effect on cash flows		52	(15)	
Tax expense (included deferred taxes) recognised		30	660	
Income and expense related to BSPCE warrants		27	143	
Change in interest on convertible bonds		-	235	
Other financial expense		(35)	(111)	
Interest expense		1 339	1 145	
Gross self-financing margin		7 280	6 887	
Change in working capital requirements		(2 106)	(3 017)	
Change in non-current financial assets linked to operations		(253)	(279)	
Taxes paid		215	(295)	
Operational cash flows		**5 137**	**3 297**	
Acquisition of subsidiaries		-	-	
Acquisition of non-current intangible assets		(43)	(95)	
Acquisition of property, plant and equipment		498	(2 306)	
Sale of non-current assets		31	31	
Net change in financial assets		(2)	142	
Cash flows related to investments		**484**	**(2 229)**	
Capital increase and reduction	6.5	4 969	11 572	
Capital increase and issue charges		(126)	(1 145)	(1)
Dividends paid		-	-	
Net change in other current financial debt		917	680	
Finance lease repayments		(4 714)	(3 423)	
Sale/(purchase) of treasury shares		4	(190)	
Inflows from new long-term loans		0	1 426	
Repayments of long-term loans		(743)	(178)	
Repayment of interest on convertible bonds		-	(2 399)	
Interest expense		(1 339)	(1 145)	
Cash flows related to financing activities		**(1 033)**	**5 199**	
Net cash flows for the period		**4 588**	**6 269**	
Cash and cash equivalents at the start of the period	6.4	12 043	5 162	
Cash and cash equivalents at the end of the period	6.4	16 631	11 431	
Change in cash and cash equivalents		**4 588**	**6 269**	

(1) In order to improve comparability in the statement of cash flows and to present the items net of taxes, €572k was restated in the consolidated accounts as at June 30, 2013 from "taxes on issue expenses" to "issue and capital increase expenses".

In accordance with IAS 7, paragraph 44, capital expenditure financed by finance leases, restated in the statement of financial position at €2,386k and €11,354k at June 30, 2013 and June 30, 2014 respectively, is disclosed neither in the cash flows generated by (used in) investing activities nor in the cash flows generated by (used in) financing activities.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Presentation of the Group and its business

YMAGIS is a company domiciled in France with its registered office at 106, Rue de la Boétie, Paris.

YMAGIS has become a major force in the expansion of digital cinema in Europe, by developing a comprehensive range of services for movie theatres (finance, sales, installation, maintenance and remote management of projection equipment) and offering film distributors and producers high-added-value services (duplication and physical or electronic delivery of digital content, post-production).

The Group currently comprises 11 companies. It has a presence in four countries (France, Spain, Germany and the UK) and operates in 12 European countries, as well as in Morocco.

Financing of the digital projection equipment installed in cinemas under VPF agreements with the YMAGIS Group is organized in accordance with the following two models:

- Under the Third-Party Investor Model, YMAGIS purchases the equipment using either internal (borrowed capital or available cash) or external (through a finance lease) sources of finance, before leasing (or subleasing in the case of a finance lease) this equipment to the exhibitor. In the case of a finance lease, the commitment entered into vis-à-vis the lessor is recognised as a financial liability and the equipment is recognised as an asset within property, plant and equipment and depreciated over eight years. The amounts billed in respect of the VPF and the lease or sublease payments are recognised in revenue. As regards the finance lease charges billed by the bank, the interest portion is recognised as financial expense and the capital portion is recognised as a deduction from net financial debt.

- Under the Third-Party Collector Model, the exhibitor is responsible for purchasing the digital projection equipment and financing said purchase as it sees fit, and transfers to YMAGIS the right to receive the VPF in exchange for a significant contribution to the financing of the equipment over its life. Given the obligations of the exhibitor, particularly the obligation to provide the data necessary to enable YMAGIS to receive the VPF and the obligation to enter into a 10-year remote facilities management agreement with YMAGIS, the corresponding contractual commitment is presented as an off-balance-sheet commitment, YMAGIS's contribution to the financing is recognised within operating expenses and the billing of the VPF is recognised within revenue.

These two financing models, which are presented very differently in the income statement and statement of financial position, have no impact in terms of receipt and recognition in revenue of the corresponding VPFs or of cash flows.

Note 2. Main events during the half-year

The events described below took place in the half-year ended June 30, 2014.

On January 24, 2014, the Company carried out a capital increase of €4,968,981 via private placement with institutional investors, in order to strengthen its equity capital and cash balance with a view to future acquisitions. A total of 649,540 ordinary shares were issued at the April 2013 IPO unit price of €7.65, of which the par value was €0.25 and the issue premium was €7.40.

In April 2014, through its subsidiary SMARTJOG YMAGIS Logistics, in which it has a 60% stake, the Company acquired the network of cinemas and the electronic delivery of film and advertising content business of UK firm Arqiva.

The agreement meant YMAGIS could acquire all of Arqiva's connected cinema network assets, enabling the electronic delivery of digital copies and live content management for exhibitors. As at the acquisition date, the assets acquired from Arqiva included:

- a network of 774 existing or future cinemas, deployed mainly in the UK, Ireland and Italy, and connected by satellite;
- contracts with equipment providers, exhibitors and distributors in the regions where the network is present;
- the platform for managing digital cinema packages (DCPs) and sending them to the connected cinemas.

Note 3. Basis of preparation of the consolidated financial statements

The YMAGIS Group's condensed consolidated half-year financial statements were prepared in accordance with IFRS as endorsed by the European Union, including IAS 34 - "Interim Financial Reporting".

These international accounting standards are available from: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

These condensed consolidated half-year financial statements should be read in conjunction with the Group's IFRS-compliant 2013 consolidated annual financial statements.

The accounting methods applied by the Group are the same as those adopted for the preparation of the Group's IFRS-compliant consolidated annual financial statements for the year ended

December 31, 2013, and are described in Note 3 to the 2013 consolidated annual financial statements, with the exception of standards, amendments and interpretations that must be applied as of January 1, 2014.

The Board of Directors approved the consolidated financial statements as at June 30, 2014 at its meeting on August 29, 2014.

These consolidated financial statements include the consolidated financial statements of YMAGIS SA and its subsidiaries ("the YMAGIS Group") and are rounded off to the nearest thousand euros, the euro being the functional currency of YMAGIS SA, the parent company of the Group, and of all its subsidiaries (with the exception of activities invoiced in the UK in GBP as part of the content delivery business acquired from Arqiva), as well as the YMAGIS Group's reporting currency.

They are prepared on a historical-cost basis, except for the following assets and liabilities that are measured at fair value through profit or loss: trade receivables with a maturity of more than 12 months and marketable securities.

3.1. New standards and interpretations adopted by the IASB

New standards, amendments and interpretations that must be applied as of January 1, 2014:

- IFRS 10 - "Consolidated Financial Statements"
- IFRS 11 - "Joint Arrangements"
- IFRS 12 - "Disclosure of Interests in Other Entities"
- Amendments to IFRS 10, IFRS 11 and IFRS 12 - "Transition Guidance"
- Amendments to IFRS 10, IFRS 12 and IFRS 27 - "Investment Entities"
- IAS 27R - "Separate Financial Statements"
- IAS 28R - "Investments in Associates and Joint Ventures"
- Amendments to IAS 32 - "Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities"
- Amendments to IAS 36 - "Recoverable Amount Disclosures for Non-Financial Assets"
- Amendments to IAS 39 - "Novation of Derivatives and Continuation of Hedge Accounting"

These standards, amendments and interpretations published and applicable as at January 1, 2014 have no effect on the condensed consolidated financial statements as at June 30, 2014.

The Group did not opt for early application of the standards and interpretations adopted or awaiting adoption by the European Commission whose application as at June 30, 2014 was not mandatory. These regulatory changes are not expected to have any material effect on the Group's consolidated financial statements.

3.2. Use of estimates

Preparation of the financial statements necessitates, on the part of management, the use of estimates and assumptions that are deemed to be reasonable and that are likely to have an impact on the amounts at which the assets, liabilities, equity, income and expenses are stated in the financial statements as well as on the information disclosed in the notes to the financial statements on the contingent assets and contingent liabilities. Such estimates are based on the assumption that the Group will remain a going concern and are prepared in accordance with information available at the time they are prepared.

The main estimates concern the depreciation and amortisation schedules of:

- projection equipment recognised under "Property, plant and equipment" and the usage rights pertaining to software and the database included under the "Non-current intangible assets" of SMARTJOG YMAGIS Logistics following the spin-offs carried out on November 30, 2013;
- the network of connected cinemas and the electronic delivery of film and advertising content business acquired from UK company Arqiva during the period.

The estimate of the change in employee benefits was projected on the basis of information correct as at December 31, 2013.

Tax expense is determined using the estimated effective tax rate as at the end of December.

Actual amounts could differ from these estimates.

These estimates may be revised if the circumstances on which they were based change or as a result of additional information becoming available.

Note 4. Information about the consolidation scope

YMAGIS, the Group's parent company, is a French limited company (*société anonyme* - SA) registered and domiciled in France. Its registered office is at 106, Rue La Boétie, 75008 Paris.

The following companies are included in the YMAGIS Group's consolidation scope as at June 30, 2014:

Name of entity	Country	Business	% stake
Fully consolidated subsidiaries			
YMAGIS SA (parent company)	France	(1)	
3 Delux SAS	France	(3)	51%
SMARTJOG YMAGIS Logistics SAS	France	(2)	60%
YMAGIS Engineering Services SAS (YES)	France	(4)	100%
YMAGIS UGC France SARL	France	(1)	100%
YMAGIS UGC Espagne SARL	France	(1)	100%
YMAGIS UGC Belgique SARL	France	(1)	100%
YMAGIS UGC Italie SARL	France	(1)	100%
YMAGIS Deutschland GmbH	Germany	(1) and (2)	100%
YMAGIS Systemhaus GmbH	Germany	(4)	100%
YMAGIS Spain SLU	Spain	(1) and (2)	100%
Proportionally consolidated joint ventures			
None			
Companies consolidated at equity			
None			

Following the acquisition of the Arqiva business, the Group now has a presence in the UK.

Information about the Group's activities:

(1) Assistance with and financing of the digital transition for cinema operators; post-production services.

(2) Physical or electronic delivery of digital content.

(3) Sale and rental of 3D glasses.

(4) Sale, installation, maintenance, servicing and remote management of digital projection equipment for cinemas.

Note 5. Segment information

In accordance with IFRS 8 - "Operating Segments", the segment information disclosed is prepared on the basis of internal management data supplied to the Chairman of YMAGIS SA's Board of Directors, the Group's chief operating decision maker. The operating segments are monitored individually in terms of internal reporting, using common indicators.

The Group's business segments break down into:

- Virtual Print Fee (VPF): financing and managing VPFs for cinemas under VPF agreements with YMAGIS.
- Services: sale, installation and management of projection equipment for exhibitors, duplication and delivery to movie theatres of content copies.

The breakdown of certain consolidated income statement aggregates by business segment is as follows:

	06/30/2014			06/30/13 (*)		
EUR thousands	**Virtual Print Fee**	**Services**	**Total**	**Virtual Print Fee**	**Services**	**Total**
Revenue	**14 959**	**15 165**	**30 124**	**12 756**	**7 284**	**20 042**
Direct costs	(5 435)	(13 040)	(18 475)	(4 773)	(4 543)	(9 315)
Margin on direct costs	**9 524**	**2 125**	**11 648**	**7 984**	**2 742**	**10 725**
Indirect costs	(2 387)	(2 419)	(4 806)	(2 638)	(1 507)	(4 145)
Other current operating income and expense	83	126	209	32	18	51
Net depreciation and amortisation charges and operating provisions	(4 080)	(1 511)	(5 592)	(3 368)	(397)	(3 765)
Operating income before non-recurring items	**3 140**	**(1 680)**	**1 460**	**2 009**	**857**	**2 869**
Other income and expense	-	-	-	-	-	-
Operating profit	**3 140**	**(1 680)**	**1 460**	**2 009**	**857**	**2 869**
Net financial income/(expense)	(1 356)	(32)	(1 389)	(1 171)	(60)	(1 231)
Profit before tax	**1 784**	**(1 712)**	**73**	**838**	**797**	**1 638**
Income tax			(30)	-	-	(660)
Consolidated net profit/(loss)			**43**			**978**
Minority interests			568	-	-	(23)
Group share of net profit/(loss)			**612**	**-**	**-**	**955**

(*) In order to enable a better comparison with the data as at June 30, 2014, the presentation of the data as at June 30, 2013 has been modified.

The margin on direct costs corresponds to the margin generated after deducting the costs allocated to each of the activities including, in particular, external charges and purchases and employee expenses.

The following table provides a geographical breakdown of revenue:

	06/30/2014		06/30/13 (*)		Change	
EUR thousands	Amount	%	Amount	%	Amount	%
		(1)		*(1)*		*(2)*
France	10 702	36%	11 143	56%	(441)	-4%
Spain	11 754	39%	2 275	8%	9 479	417%
Germany	5 041	17%	5 049	25%	(8)	0%
Benelux	1 765	6%	1 536	11%	229	15%
Others	860	3%	39	0%	821	2105%
Revenue	30 124	100%	20 042	100%	10 082	50%

(1) Weight of country in consolidated revenue.
(2) Percentage change in revenue.
(*) In order to enable a better comparison with the data as at June 30, 2014, the presentation of the data as at June 30, 2013 has been modified.

The fall in revenue in France was due to a decline in the sale and installation of digital projection equipment as a result of the digitisation of the country's cinemas becoming almost complete in the last two years.

The particularly sharp growth in Spain was due partly to around €6.6m of revenue from the Sales & Installation business associated with the end of the digital roll-out at the end of the second half of 2013 and over the first half of 2014, partly to the automatic growth in VPF revenue arising from the increase in the number of screens under a VPF agreement with the Group, and finally to the sharp increase of €0.8m in the Laboratories business (post-production and delivery of DCPs) owing to the opening in July 2013 of the Group's second digital laboratory in Barcelona.

The stability of revenue in Germany was due to the drop in Sales & Installation revenue being offset by growth in the VPF business owing to an increase in the number of screens under a VPF agreement.

Lastly, in Belgium, the rise in revenue was attributable to the growth in Laboratories revenue (duplication) following the SMARTJOG YMAGIS Logistics merger.

Note 6. Presentation of the financial statements

1. Intangible assets

	06/30/2014			12/31/2013		
EUR thousands	Concessions, patents and licences	Other intangible assets	**Total**	Concessions, patents and licences	Other intangible assets	**Total**
Gross value						
Opening balance	12 089	343	12 432	1 144	4	**1 148**
Increases	43	-	**43**	309	339	**649**
Change in consolidation scope	-	-	**-**	10 718	-	**10 718**
Reductions	-	-	**-**	(81)	-	**(81)**
Reclassification	-	-	**-**			
Closing balance	12 132	343	**12 475**	12 089	343	**12 432**
Amortisation and impairment						
Opening balance	(1 140)	(89)	(1 228)	(887)	(1)	**(888)**
Amortisation charges	(607)	(57)	**(664)**	(305)	(0)	**(305)**
Reclassification	-	-	**-**		(86)	**(86)**
Change in consolidation scope	-	-	**-**	-	-	**0**
Impairment	-	-	**-**		-	**0**
Reductions	-	-	**-**	49	(0)	**49**
Closing balance	(1 747)	(145)	**(1 892)**	(1 140)	(89)	**(1 228)**
Net value						
Opening balance	10 949	255	**11 204**	257	2	**260**
Closing balance	10 385	198	**10 583**	10 949	255	**11 204**

The item "Concessions, patents and licences" includes €10,718k relating to software and usage rights for the identified data base and software transferred by the TDF Group to SMARTJOG YMAGIS Logistics as part of the spin-off carried out in November 2013. This intangible asset is amortised over 10 years. The resulting effect in the Group's financial statements amounted to €667k as at June 30, 2014.

There was no indication of impairment as at the reporting date.

2. Property, plant and equipment

	06/30/2014					12/31/2013				
EUR thousands	Specific installations	Other property, plant and equipment (1)	Assets held under finance lease (2)	Assets under construction	**Total**	Specific installations	Other property, plant and equipment (1)	Assets held under finance lease (2)	Assets under construction	**Total**
Gross value										
Opening balance	736	17 141	53 969	10	**71 856**	223	6 172	45 763	276	**52 433**
Increases	26	2 857	4 554	1	**7 439**	513	10 856	6 865	10	**18 243** (4)
Reclassification	176	(6 966)	6 801	(10)	**0**	-	(1 068)	1 343	(276)	**(0)** (3)
Change in consolidation scope	-	-	-	-	**-**	-	1 869	-	-	**1 869**
Reductions	-	(131)	-	-	**(131)**	-	(687)	-	-	**(687)**
Closing balance	**937**	**12 902**	**65 324**	**1**	**79 164**	736	17 141	53 969	10	**71 856**
Depreciation and impairment										
Opening balance	(135)	(2 802)	(15 138)	-	**(18 074)**	(92)	(1 576)	(9 015)	-	**(10 683)**
Depreciation charges	(46)	(1 030)	(4 024)	-	**(5 100)**	(43)	(1 325)	(6 123)		**(7 491)**
Change in consolidation scope	-	-	-	-	**-**	-	-	-		**-**
Reclassification	(168)	-	168	-	**-**	-	-	-		**-**
Impairment	-	-	-	-	**-**			-		**-**
Reductions	-	124	-	-	**124**	-	99	-		**99**
Closing balance	**(349)**	**(3 706)**	**(18 995)**	**-**	**(23 050)**	(135)	(2 802)	(15 138)	-	**(18 074)**
Net value										
Opening balance	600	14 340	38 831	10	**53 781**	131	4 596	36 747	276	**41 749**
Closing balance	588	9 196	46 329	1	**56 114**	600	14 340	38 831	10	**53 781**

(1) Other property, plant and equipment consisted mainly of exhibitor projection equipment financed through equity, audio and video equipment, fixtures and fittings and 3D kits.

(2) Of the assets held under finance leases, €42,439k corresponded to the digital projection equipment funded by a finance lease under the Third-Party Investor VPF Model (see Note 1 above), and around €3,890k corresponded to the satellite antennae and servers deployed in cinemas by the Group as part of SMARTJOG YMAGIS Logistics' digital copy delivery business, most of which relates to the April 2014 acquisition of Arqiva's network of cinemas.

(3) Reclassifications mainly comprise €6,966k of switches between other property, plant and equipment and assets acquired under finance leases, corresponding to 145 pieces of digital projection equipment financed through Group equity at the end of 2013 and then refinanced under leases in the first half of 2014.

(4) The €7,439k increase in property, plant and equipment was due mainly to:

a. the acquisition, as described in Note 2, of Arqiva's electronic film and advertising content delivery network, in the amount of €3,623k (corresponding to the assets identified in accordance with IFRS 3R);
b. the activation of 462 satellite antennae and servers acquired and partially deployed during the period, in the amount of €1,012k;
c. the activation of various elements associated with the end of the VPF roll-out in Europe (particularly in Spain), in the amount of €2,392k.

3. Trade receivables and other current assets

EUR thousands	**06/30/2014**	**12/31/2013**
Customers	**19 240**	**16 874**
Social security receivables	48	58
Tax receivables	4 878	6 750
Miscellaneous debtors	528	224
Advances and prepaid expenses	2 759	3 157
Other current assets	**8 213**	**10 188**

As at June 30, 2014, the Group has one factoring line (France and Export) and one Dailly line. Under the terms of these agreements, the gross amount of receivables assigned to the factor totalled €3,862k at June 30, 2014 and €2,945k at December 31, 2013. The Group retains most of the risks and rewards associated with the trade receivables assigned. The receivables are therefore recognised as assets. Tax receivables correspond to VAT, in the respective amounts of €5,737k and €4,419k as at December 31, 2013 and June 30, 2014.

4. Cash and cash equivalents

EUR thousands	**06/30/2014**	**12/31/2013**
Cash and cash equivalents	16 631	12 044
Bank overdrafts	(1)	(1)
Cash and cash equivalents in the statement of cash flows	**16 631**	**12 043**

Of the cash balances at June 30, 2014 and December 31, 2013, €516k and €677k respectively represented amounts relating to receipts of VPF net of rental charges paid to lessors under the terms of a finance lease. These amounts are pledged by way of guarantee to the financing bodies concerned (the "Cash Reserve").

Moreover, the Company has undertaken not to pay dividends until the Cash Reserve reaches €4,130k. However, as a result of the IPO, and subject to compliance with certain criteria, YMAGIS has obtained from the banks in question a formal authorisation to pay a dividend even if the Cash Reserve does not reach said amount.

5. Composition of the share capital and earnings per share

a. Changes in the share capital

	06/30/2014	12/31/2013
Number of shares	7 145 071	6 495 531
Par value	0,25	0,25
Share capital in euros	1 786 268	1 623 883

The Company's share capital now comprises 7,145,071 shares. As at June 30, 2014, 3,942,872 of these shares held for more than two years entitle YMAGIS's long-standing shareholders to double voting rights.

Moreover, as at June 30, 2014, the Company has 31,799 treasury shares as part of a liquidity agreement entered into with Oddo & Cie upon the IPO of April 2013.

During the period, the number of shares making up the Company's share capital evolved as follows

	In issue	After dilutive instruments	
Number of shares as at January 1, 2014	6 465 172	6 478 500	(*)
Impact of BSPCE warrant issue on March 25, 2013		10 989	(**)
Capital increase via private placement on January 24, 2014	649 540	649 540	
Change in treasury shares held via liquidity agreement	(1 440)	(1 440)	
Number of shares as at June 30, 2014	7 113 272	7 137 589	(*)
Average number of shares during the first half of 2014	7 005 015	7 018 343	

(*) Excluding treasury shares

(**) The issue of BSPCE warrants has a dilutive effect where they result in the issuance of ordinary shares at a price below the average market price of ordinary shares during the period. The 10,989 shares taken into account for the purpose of this calculation correspond to the number of notional shares issued without a counterparty.

As indicated in Note 2 above, Main events during the half-year, on January 24, 2014, the Company carried out a capital increase of €4,968,981 by issuing 649,540 ordinary shares in a private placement with institutional investors.

b. Earnings per share

In EUR	06/30/2014	06/30/2013
Basic earnings per share	**0,09**	**0,20**
Earnings figure used to calculate basic earnings per share	611 538	954 885
Weighted average number of shares	7 005 015	4 789 275
Diluted earnings per share	**0,09**	**0,17**
Earnings figure used to calculate basic earnings per share	611 538	954 885
Interest expense net of tax on convertible bonds	-	68 194
Earnings figure used to calculate diluted earnings per share	611 538	1 023 079
Weighted average number of shares used to calculate diluted earnings per share	7 018 343	5 978 781

c. Allotment of special equity warrants for founders' shares (BSPCE warrants)

The Extraordinary General Meeting of March 25, 2013 authorised the distribution of 74,750 BSPCE warrants entitling the beneficiaries to 299,000 ordinary shares of YMAGIS SA, whereby the exercise of each warrant entitles the holder to subscribe to four ordinary shares of the Company.

These BSPCE warrants were awarded by the Board of Directors on March 25, 2013 by virtue of an authorisation from the shareholders. A total of 74,750 BSPCE warrants were awarded. Corporate officer beneficiaries have received 35,000 BSPCE warrants, entitling them to subscribe to 140,000 shares. The 10 employees with the largest holdings have received 20,000 BSPCE warrants between them, entitling them to subscribe to 80,000 shares.

There were no performance-related conditions associated with the awarding of the BSPCE warrants. For beneficiaries who have been at the Company since before March 25, 2011, the warrants vest by one quarter every year starting from March 25, 2013; for all other beneficiaries, the warrants vest by one quarter every year starting from their two-year anniversary at the Company.

These BSPCE warrants can be exercised within six years of their award date (i.e. up to March 25, 2019) at a fixed price of €19.12, which is €4.78 per share subscribed upon exercise of each warrant. In the event of the beneficiary leaving the Company, the BSPCE warrants that have vested as at that date may be exercised in full or in part under certain conditions.

In addition, shares subscribed through the exercise of BSPCE warrants may not be transferred until March 25, 2015.

No BSPCE warrants had been exercised as at June 30, 2014.

Following the departure of beneficiaries and the transfer of some employees to SMARTJOG YMAGIS Logistics as part of the spin-offs in November 2013, 65,150 BSPCE warrants remained active as at June 30, 2014, representing a maximum of 260,600 shares potentially issuable.

The expense of €27k recognised as at June 30, 2014 corresponded to the acquisition by beneficiaries, on account of their seniority, of a potential 38,025 new shares during the first half of 2014, taking into account the impact of expired BSPCE warrants.

6. Provisions

EUR thousands	Provisions for guarantees given	Other provisions	**Total**
31 décembre 2013	**609**	**81**	**690**
Allocations	84	-	**84**
Utilisations	-	-	**-**
Reversals	-	-	**-**
Reclassification	-	-	**-**
Effect of discounting/modifying the rate	18	-	**18**
Impact on profit/loss for the period	**102**	**-**	**102**
30 juin 2014	**710**	**81**	**792**

Allocations to provisions during the half-year relate to warranty extensions (from five to 10 years) on certain equipment.

7. Borrowings and financial liabilities

EUR thousands		**06/30/2014**	**12/31/2013**
Interest on other financial debt		497	442
Bank loans	(1)	5 253	5 730
Credit lines	(1)	822	822
Debt arising from finance leases (VPF)	(3)	30 067	28 340
Debt arising from finance leases (Delivery)	(3)	3 051	-
Debt arising from finance leases (Others)		158	232
Miscellaneous financial debt and borrowings	(1)	350	350
Financial debt and borrowings (non-current portion)		**40 196**	**35 916**
Interest on convertible bonds		-	-
Bank loans	(1)	885	1 240
Debt arising from finance leases (VPF)	(3)	9 125	7 975
Debt arising from finance leases (Delivery)	(3)	1 028	-
Debt arising from finance leases (Others)		185	250
Mobilisation of receivables	(2)	3 612	2 695
Miscellaneous financial debt and borrowings	(1)	-	-
Non-Group current accounts	(4)	472	366
Short-term bank credit facilities		1	1
Bank credit facilities (accrued interest not due)		26	26
Financial debt and borrowings (current portion)		**15 334**	**12 553**
Total		**55 530**	**48 469**

As at June 30, 2014, total financing (through finance leases and borrowing) of the VPF business stood at €44,145k, compared with €41,443k as at December 31, 2013.

During the first half of 2014, gross financial debt changed essentially as a result of the following combined factors:

- €7,510k of equipment finance obtained from leasing organisations under the terms of the Third-Party Investor Model.
- A total of €4,078k of financing obtained from leasing organisations for the acquisition of Arqiva assets and for various other satellite antennae and servers.
- €4,633k of repayments to leasing organisations under the Third-Party Investor Model.
- €509k of repayments by SMARTJOG YMAGIS Logistics relating to the short-term credit line obtained in November 2013 as part of the spin-offs.
- €322k of repayments on other bank loans.
- The increase in short-term finance obtained in connection with the assignment of trade receivables. The effect on the Group's financial debt was €917k at June 30, 2014.

(1) The terms and conditions of the outstanding borrowings, excluding finance leases, are as follows:

EUR thousands	interest rate	Year of maturity	Initial value	Book value at June 30, 2014	Amount available	
Bank loans	1-month Euribor + 4% p.a.	2015	550	206		(a)
	Change in average government bond yields (base 08/12) + 4.67% p.a.	2018	150	135		(*)
	Change in average government bond yields (base 08/12) + 5.37% p.a.	2019	1 250	1 250		(*)
	Change in average government bond yields (base 08/12) + 4.33% p.a.	2020	1 500	1 500		(*)
	CIRR + 1.2% p.a.	2019	2 226	2 093		(*)
	CIRR + 1.15% p.a.	2018	1 059	953		(**)
	3-month Euribor + 3% p.a.	2014	509			
Total			**7 244**	**6 138**		
Miscellaneous financial debt and borrowings	4% p.a. (capitalised interest)	2019	350	350		
Credit lines	16.5% p.a. (capitalised interest)	2019	4 300	822	989	(b)
Total borrowings			**11 894**	**7 310**	**989**	

(*) TME: average monthly yield on government bonds

(**) TICR: benchmark commercial interest rate

(a) This borrowing is subject to an interest rate guarantee, which protects the Company if 1-month Euribor rises above 2%, for which it pays a premium of €10k.

(b) The credit lines are capped at the amount of the trade receivables, not discounted, included in non-current financial assets.

(2) Existence of Dailly and factoring agreements with a €6,500k cap subject to the existence of receivables. At June 30, 2014 and December 31, 2013, use of these lines totalled €3,612k and €2,695k respectively, i.e. most of the portfolio of assignable receivables.

(3) Net present value of the finance-lease debt for the VPF and Delivery businesses

EUR thousands	Less than 1 year	1-5 years	More than 5 years	**Total**
June 30, 2014				
Lease payments	12 333	36 173	-	**48 506**
Financial expense	(2 181)	(3 055)	(0)	**(5 236)**
Net present value of the finance lease debt	10 153	33 117	(0)	**43 270**
December 31, 2013				
Lease payments	9 929	31 406	32	**41 366**
Financial expense	(1 954)	(3 097)	(0)	**(5 051)**
Net present value of the finance lease debt	7 975	28 309	31	**36 315**

(4) This item corresponds to the creditor current accounts of 3 Delux and SMARTJOG YMAGIS Logistics with minority shareholders. SMARTJOG YMAGIS Logistics' current account of €400k is intended to cover the company's working capital requirement.

8. Other non-current liabilities

Other non-current liabilities, which relate to deferred income, include, as at June 30, 2014 and December 31, 2013 respectively, deferred income totalling €1,912k and €1,868k in respect of the portion of the sale and lease back transactions that exceed cost. This deferred income is amortised over the corresponding equipment's depreciation period, i.e. eight years.

9. Trade payables and other current liabilities

EUR thousands	**06/30/2014**	**06/30/2013**
Trade payables	**5 215**	**6 000**
Tax and social security payables (1)	7 292	8 103
Deferred income	3 726	3 627
Other payables (2)	4 329	7 728
Other current liabilities	**15 347**	**19 457**

(1) Tax payables include VAT of €5,930k at June 30, 2014 and €6,693k at December 31, 2013.

(2) Other payables include credit notes to be issued to customers in the amount of €1,218k at June 30, 2014 and €1,449k at December 31, 2013. The sharp decline in this item as at June 30, 2014 was due to a change of €3,568k in payables to suppliers of non-current assets at the Spanish subsidiary.

10. Purchases consumed

EUR thousands	**06/30/2014**	**06/30/2013**
Goods purchased	(8 426)	(1 937)
Purchase of raw materials and other supplies	(2)	(4)
Change in inventories (materials and other supplies)	(5)	-
Change in inventories (goods)	74	(557)
Total	**(8 359)**	**(2 499)**

Purchases consumed increased by €5,860k from €2,499k as at June 30, 2013 to €8,359k as at June 30, 2014. This rise of 234% was due to the increase in Sales & Installation revenue.

11. Other purchases and external charges

EUR thousands	**06/30/2014**	**06/30/2013**
Contribution to financing - Third-Party Collector M	(5 215)	(4 447)
Subcontracting purchases	(1 074)	(677)
Purchase of supplies that are not part of inventor	(265)	(350)
Leasing and lease charges	(357)	(306)
Other external services	(3 385)	(1 665)
Total	**(10 296)**	**(7 445)**

The increase in "Other purchases and external charges" was due essentially to higher fees paid to exhibitors under VPF agreements as a result of the sharp rise in 2013 in the number of VPF screens deployed under the Third-Party Collector Model, and also to the increase of €1,720k in "other external services", relating to:

- €1,223k of satellite expenses incurred as part of the new SMARTJOG YMAGIS Logistics business;
- €480k of usage fees for the Arqiva transponder and related services as part of the acquisition of Arqiva's network of connected cinemas.

12. Employee expenses

EUR thousands	**06/30/2014**	**06/30/2013**
Employee expenses	(3 304)	(2 601)
Social security expense	(1 148)	(803)
Employee profit sharing	-	-
Total	**(4 452)**	**(3 404)**
Workforce at end of period	**150**	**116**

Employee expenses increased by €1,048k from €3,404k as at June 30, 2013 to €4,452k as at June 30, 2014. This increase of 31% was due mainly to a general expansion of the Group's business and to the strengthening of its workforce, which grew from 116 as at June 30, 2013 to 150 as at June 30, 2014. A significant part of the expansion came in the "Digital content delivery" business, where the workforce grew from 10 as at June 30, 2013 to 35 a year later.

13. Net depreciation and amortisation charges and provisions

EUR thousands	**06/30/2014**	**06/30/2013**
Depreciation and amortisation of non-current assets	(5 754)	(3 639)
Inventories	(1)	(11)
Trade receivables	247	11
Risks and charges	(84)	(125)
Total	**(5 592)**	**(3 765)**

Net depreciation and amortisation charges and provisions increased by €1,827k from €3,765k as at June 30, 2013 to €5,592k as at June 30, 2014. This increase of 49% was due mainly to:

- depreciation and amortisation of €929k in the Delivery business relating to assets assigned as part of the SMARTJOG YMAGIS Logistics transaction and the acquisition of Arqiva's electronic delivery network;
- an increase of €1,005k in the depreciation of non-current projection equipment under the Third-Party Investor Model following the significant growth of the network of VPF screens deployed under this model in 2013.

14. Net financial income/(expense)

EUR thousands	**06/30/2014**	**06/30/2013**
(-) Cost of gross financial debt	(1 378)	(1 282)
Interest included in cost of assets		
Income from cash and cash equivalents	-	
Cost of net financial debt	**(1 378)**	**(1 282)**
(-) Other financial expense	(18)	(3)
Other financial income	7	54
Total financial income and expense	**(1 389)**	**(1 231)**

The increase in the cost of borrowing was due to a combination of the following:

- higher financial expense on the financing obtained from leasing organisations, in the amount of €31k;
- higher financial expense on loans, in the amount of €180k;
- lower financial expense following the conversion of bonds in 2013, in the amount of €114k.

15. Income tax

Breakdown of income tax

As at June 30, 2014, income tax expense was calculated using the estimated effective tax rate at the end of December 2014, i.e. unchanged from the rate of 40.6% as at December 31, 2013. Income tax expense for the first half was thus €30k and breaks down as follows:

EUR thousands	**06/30/2014**	**06/30/2013**
Current taxes	(347)	(772)
Deferred taxes	317	112
Total income tax	**(30)**	**(660)**

It should be noted that the research tax credit, which totalled an estimated €55k at June 30, 2014 and €126k at June 30, 2013 (including €66k settling the amount for 2012), has been reclassified as a deduction from employee expenses and that the estimated CVAE (tax on business value added) charge, which totalled €160k at June 30, 2014 and €200k in 2013, has been reclassified from "Taxes and duties" to "Current taxes".

The tax credit encouraging competitiveness and employment, amounting to €64k as at June 30, 2014 and €32k as at June 30, 2013, is also recorded as a deduction against employee expenses.

16. Share attributable to minority interests

The loss attributable to minority interests was €568k as at June 30, 2014. This portion essentially concerns SMARTJOG YMAGIS Logistics, which posted a total loss of €1,414k during the period, of which €566k was attributable to minority interests.

Note 7. Information on the fair value of financial assets and liabilities

The main methods and assumptions used to estimate the fair value of financial instruments are described below:

Loans and receivables

YMAGIS considers the carrying amount of cash, trade receivables and security deposits to be a good estimation of the market value, due to the high degree of liquidity of these items.

Trade receivables that mature in over 12 months and are not interest-bearing are recognised as assets in the statement of financial position at their fair value through profit or loss.

Assets at fair value

The Group has only marketable securities. These are recognised as assets in the statement of financial position at their fair value through profit or loss.

Financial liabilities at amortised cost

The Group also considers the carrying amount to be a good estimation of the market value of trade payables, due to their high degree of liquidity.

On initial recognition, financial liabilities are measured at their fair value net of transaction expenses directly attributable to their issuance.

At each reporting date, these financial liabilities are subsequently measured at their amortised cost in accordance with the effective interest rate method.

The fair value of financial liabilities at amortised cost is calculated by reference to the financing rate applicable at the period end. At June 30, 2014, the rates applied were 3.2% for long-term liabilities (versus 3.3% as at December 31, 2013) and 4.3% for finance leases (versus 3.99% as at December 31, 2013).

EUR thousands	classification pursuant to IAS 39			06/30/2014				
	Loans and receivables	Assets at fair value through profit or loss	Liabilities at amortised cost	Book value	Estimated fair value	Level 1 (*)	Level 2 (**)	Level 3 (***)
Non-current financial assets	✓			**1 849**	**1 849**			
Trade receivables	✓			19 240	19 240			
Other current assets	✓			8 213	8 213			
Current financial assets	✓			-	-			
Cash and cash equivalents		✓		16 631	16 631	16 631		
Current assets				**44 084**	**44 084**			
Total assets				**45 934**	**45 934**			
Interest outstanding on bonds			✓	-	-			
Credit lines			✓	1 266	2 465			
Other bank loans			✓	10 179	10 179			
Finance leases			✓	43 613	44 956			
Shareholder current accounts			✓	472	472			
Trade payables			✓	5 215	5 215			
Corporation tax payables			✓	226	226			
Other current liabilities			✓	11 621	11 621			
PCA								
Total liabilities				**72 592**	**75 133**	**-**	**-**	**-**

EUR thousands	classification pursuant to IAS 39			12/31/2013				
	Loans and receivables	Assets at fair value through profit or loss	Liabilities at amortised cost	Book value	Estimated fair value	Level 1 (*)	Level 2 (**)	Level 3 (***)
Non-current financial assets	✓			**1 598**	**1 598**			
Trade receivables	✓			16 874	16 874			
Other current assets	✓			10 188	10 188			
Current financial assets	✓			-	-			
Cash and cash equivalents		✓		12 043	12 043	12 043		
Current assets				**39 105**	**39 105**			
Total assets				**40 703**	**40 703**			
Interest outstanding on bonds			✓	-	-			
Credit lines			✓	1 177	2 433			
Other bank loans			✓	10 128	10 128			
Finance leases			✓	40 081	41 765			
Shareholder current accounts			✓	366	366			
Trade payables			✓	6 000	6 000			
Corporation tax payables			✓	187	187			
Other current liabilities			✓	15 831	15 831			
PCA								
Total liabilities				**73 770**	**76 710**	**-**	**-**	**-**

Note 8. Additional information

1. Risk management

There was no material change in the Group's exposure to major risks during the first half of 2014. These risks are described in Note 8 to the 2013 consolidated financial statements.

2. Financial commitments and contingent liabilities

There was no material change in the Group's financial commitments during the half-year, except for the following:

Commitments given and received in relation to equipment financing

The net commitment in relation to equipment financing is the balance of commitments made to exhibitors under the Third-Party Collector Model where these exhibitors purchase the equipment directly and transfer the VPF entitlement to YMAGIS in exchange for a contribution to their financing (commitments given), and the lease payments invoiced to exhibitors under the Third-Party Investor Model as part of their contribution to financing provided by YMAGIS (commitments received).

- Outstanding conditional payments to exhibitors (Third-Party Collector Model)

EUR thousands	Less than 1 year	1-5 years	More than 5 years	**Total**
June 30, 2014	10 241	32 467	4 086	**46 794**
December 31, 2013	10 421	35 924	6 384	**52 728**

Contribution payments recorded under expenses amounted to €5,215k as at June 30, 2014, €4,447k as at June 30, 2013 and €9,680k as at December 31, 2013.

- Outstanding contributions from exhibitors (Third-Party Investor Model)

EUR thousands	Less than 1 year	1-5 years	More than 5 years	**Total**
June 30, 2014	256	524	4 526	**5 307**
December 31, 2013	265	581	4 546	**5 392**

In addition, as indicated in Note 6.7, lease payments (capital and interest) outstanding to leasing organisations (for the VPF and Delivery businesses), of which the capital portion is recognised in financial debt, are as follows:

EUR thousands	Less than 1 year	1-5 years	More than 5 years	**Total**
June 30, 2014	12 333	36 173	-	**48 506**
December 31, 2013	9 929	31 406	32	**41 366**

Given their pooled nature and on the assumption of a 10-year VPF collection period, since the Company is currently unable to estimate when VPF will no longer be received for certain distributors in relation to the cost recoupment date, VPF income should be sufficient to cover commitments given to exhibitors and to financial lessors.

Commitments received in relation to remote facilities management

The exhibitors who operate under a VPF agreement with YMAGIS have entered into remote facilities management agreements with the Group, in the following amounts:

EUR thousands	Less than 1 year	1-5 years	More than 5 years	**Total**
June 30, 2014	3 522	14 676	9 331	**27 530**
December 31, 2013	3 516	14 791	11 677	**29 984**

Commitments given and received as part of the shareholders' agreement entered into with SmartJog

Obligation to sell SMARTJOG YMAGIS Logistics shares at the initiative of SmartJog

The shareholders' agreement entered into by the Company and SmartJog on November 30, 2013 states that, as of November 30, 2016, SmartJog may offer to buy all of YMAGIS's shares in SMARTJOG YMAGIS Logistics.

In the event that:

(i) YMAGIS refuses this offer, and
(ii) in the six months following said refusal, a third party makes a firm bid to buy the entire share capital of SMARTJOG YMAGIS Logistics,

YMAGIS shall be forced to sell its 60% stake in the company at the same price and payment terms offered by the third party, provided the offered price per share is equal to or greater than the price initially offered by SmartJog.

Obligation to sell SMARTJOG YMAGIS Logistics shares at the initiative of YMAGIS

If, subject to certain conditions, YMAGIS wishes to accept a bid from a third party for the entire share capital and voting rights of SMARTJOG YMAGIS Logistics, SmartJog shall be obliged to accept said offer.

Should SmartJog be unable to sell its stake, it must either:

(i) buy all the shares held by YMAGIS at the same terms as those proposed by the third-party bidder,
(ii) or accept that YMAGIS will sell all its shares to the third-party bidder, thereby terminating the shareholders' agreement.

Promise to sell given by SmartJog

SmartJog has given YMAGIS a firm, irrevocable and unconditional commitment to sell, relating to:

(i) a number of shares corresponding to 15% of the capital of SMARTJOG YMAGIS Logistics,
(ii) or, should SmartJog hold less than 15% of the capital of SMARTJOG YMAGIS Logistics when the option is exercised, all shares held by SmartJog.
(iii) a price per share of €579.91 plus an annual interest rate of 5%, calculated between November 30, 2013 and the date on which YMAGIS exercised the option.

This option may be exercised in full or in part, on one or more occasions, up to November 30, 2018.

The derivative associated with this call option has not been calculated for the half-year.

3. Transactions with related parties

The relationships between the Group and its related parties during the first half of 2014 were comparable with those of 2013. There was no significant or unusual transaction, in terms of nature or size, during the first half of 2014. In addition, there were no significant changes to the principles of the remuneration of the management team.

4. Events after the reporting date

After the reporting date, the Company and the majority shareholders of dcinex, the Belgian rival of the Group with a presence in several European countries, announced an agreement for the acquisition by YMAGIS of the entire share capital of dcinex.

dcinex's activities are identical to those of YMAGIS but complementary in geographical terms. Indeed, with the exception of Germany, where they compete in the Sales & Installation and Laboratories businesses, the two groups essentially operate in different countries.

The transaction, which is still subject to a certain number of conditions precedent, including registration of a prospectus by the AMF and approval from the general meeting of YMAGIS shareholders, will take place through a contribution in kind by dcinex shareholders of all their shares, remunerated partly (€5.0m) in cash, partly in 699,379 newly issued YMAGIS shares giving dcinex shareholders approximately 9% of the Company's share capital, and for the remainder through a vendor loan of €15.4m in the form of bonds with share subscription warrants with a maximum duration of five years.

This transaction will give the Group access to more suppliers, more products and better prices, a commercial presence in foreign markets and therefore the chance to attract new clients for the products it is developing, particularly Theatre Management System software and projection room automation products.

In addition, the acquisition of dcinex, which is Europe's leading installer of digital cinemas (projection rooms and sound) and a major rival in the delivery of digital content by hard disk and satellite through its minority (49.8%) stake in Dsat, a joint venture with Eutelsat, will enable the Group, while accelerating its growth in these businesses, to rebalance its VPF and Services revenue and thus to better prepare for the scheduled phase-out of VPFs.

The dcinex group currently employs around 200 people across around 15 countries in Europe. In 2013, it generated consolidated revenue of €92m, of which more than half came from services provided to exhibitors and distributors, and EBITDA of €31m. As at December 31, 2013, it had consolidated net debt of €92m, essentially comprising loans associated with the roll-out of VPF screens (more than 3,000 VPF screens under contract with dcinex at the end of 2013).

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YMAGIS SA

106, rue La Boétie

75008 Paris

Share capital: €1,786,268.75

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STATUTORY AUDITORS' REPORT

ON THE INTERIM FINANCIAL

REPORTING FOR 2014

PERIOD FROM JANUARY 1, 2014 TO JUNE 30, 2014

- :- :- :- :- :

Dear shareholders,

In accordance with the mandate awarded to us by your shareholders' meeting and with Article L. 451-1-2 III of the French Monetary and Financial Code, we have carried out:

- a limited audit of the condensed consolidated half-year financial statements of **YMAGIS SA**, relating to the period January 1 - June 30, 2014, as attached to this report;
- checks on the information provided in the Half-Year Report on Operations.

GRANT THORNTON **VACHON ET ASSOCIES**

These condensed consolidated half-year financial statements were prepared under the responsibility of the Board of Directors. Our role is to present our findings on these financial statements, based on our limited audit.

1. FINDINGS ON THE FINANCIAL STATEMENTS

We conducted our limited audit in accordance with the professional standards applicable in France. A limited audit essentially consists of meeting with the managers responsible for accounting and financial issues and implementing analytical procedures. This work is less extensive than the work required for a standard audit in accordance with the professional standards applicable in France. As a result, the assurance from a limited audit that the financial statements as a whole are free from material misstatement is only moderate and is weaker than the assurance provided with a standard audit.

Based on our limited audit, we uncovered no material misstatements liable to call into question the compliance of the condensed consolidated half-year financial statements with IAS 34 - part of the IFRS framework adopted in the European Union relating to interim financial reporting.

1. SPECIFIC CHECKS

We also performed checks on the information provided in the Half-Year Report on Operations commenting on the condensed consolidated half-year financial statements on which we conducted our limited audit.

We have no comment to make as to the fair presentation of this information or its consistency with the condensed consolidated half-year financial statements.

Paris, August 29, 2014

The Statutory Auditors

GRANT THORNTON	**VACHON ET ASSOCIES**
French member of	
GRANT THORNTON INTERNATIONAL	
Represented by	Represented by
Laurent **Bouby**	Bertrand **Vachon**
Partner	Managing Partner