HALF-YEAR FINANCIAL REPORT FNAC #2014

FINANCIAL STATEMENTS AT JUNE 30

The English language version of this half-year financial report is a free translation from the original,which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However in all matters of interpretation of information, views or opinion expressed therein the original language version of the document in French takes precedence over the translation.

1 GROUPE FNAC IN THE FIRST HALF OF 2014 – KEY FIGURES

Group consolidated key figures

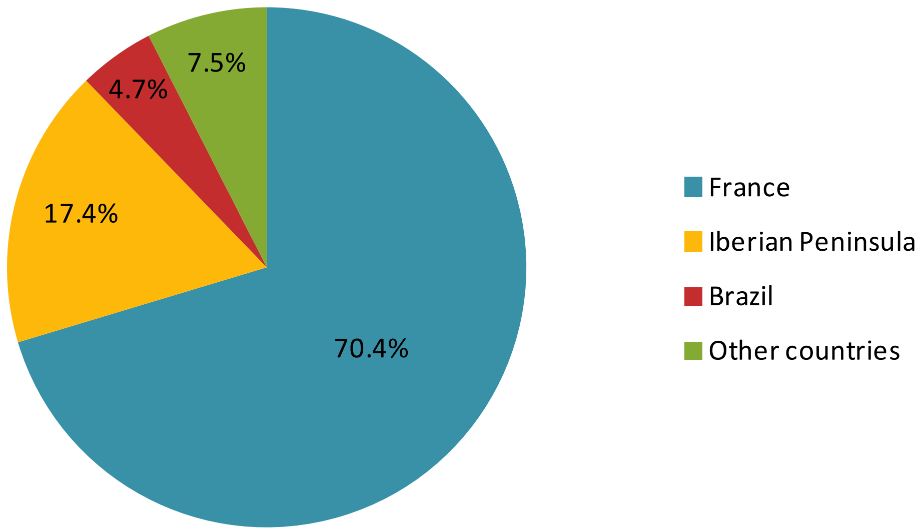
(€ million)	**30 juin 2014**	**30 juin 2013**	**Change**
Revenues	1,639.4	1,669.5	(1.8%)
Gross margin	488.9	507.7	(3.7%)
as % of revenues	29.8%	30.4%	(0.6)pt
EBITDA (1)	16.4	20.6	(20.4%)
as % of revenues	1.0%	1.2%	(0.2)pt
Current operating income	(19.7)	(12.4)	(58.9%)
as % of revenues	(1.2%)	(0.7%)	(0.6)pt
Operating income	(27.3)	(20.2)	(35.1%)
as % of revenues	(1.7%)	(1.2%)	(0.5)pt
Net income, Group share	(37.0)	(31.0)	(19.4%)
Net income from continuing operations, Group share, excluding non-current items	(29.7)	(22.9)	(29.7%)
Net operating investments excluding finance leases	21.5	21.7	(0.9%)
Free cash flow from operations	(272.6)	(291.9)	6.6%
Equity	509.6	490.3	3.9%
of which Group share	502.4	490.3	2.5%
Net financial debt	(196.4)	(127.4)	(54.2%)
Average workforce	12,266	13,005	(5.7%)

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

Data per share (€)	**30 juin 2014**	**30 juin 2013**	**Change**
Net income, Group share	(2.23)	(1.87)	(19.5%)
of which from continuing operations, excluding non-current items	(1.79)	(1.38)	(29.9%)

Change in the distribution of revenues by operating segment

30/06/2014



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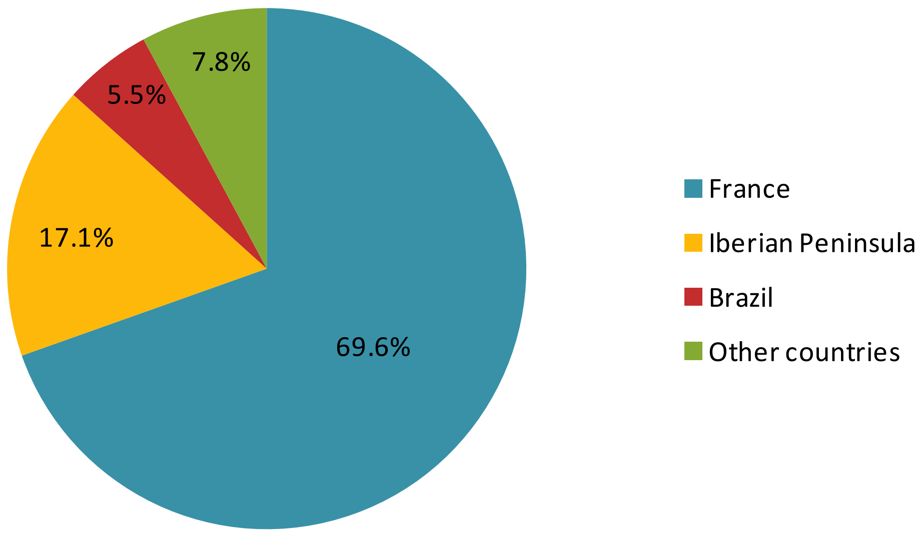
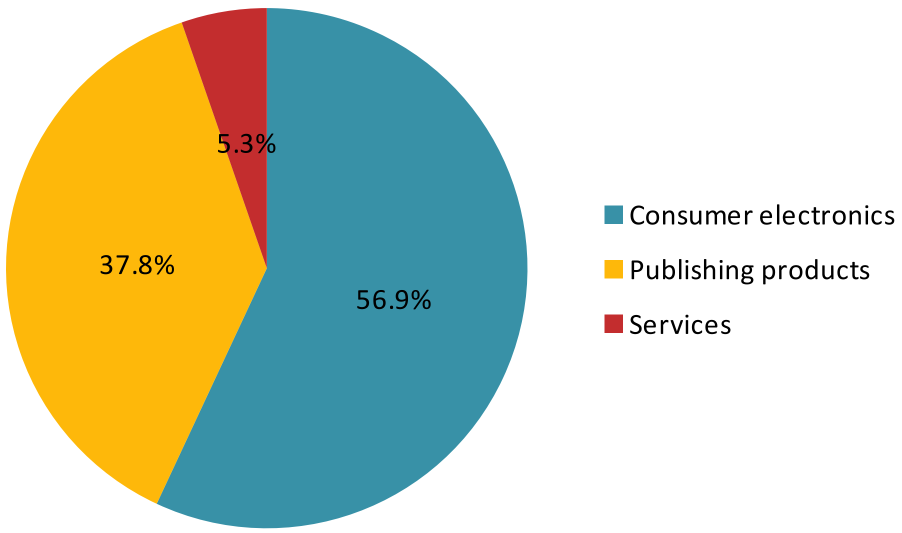


Change in the distribution of revenues by product and service category

30/06/2014



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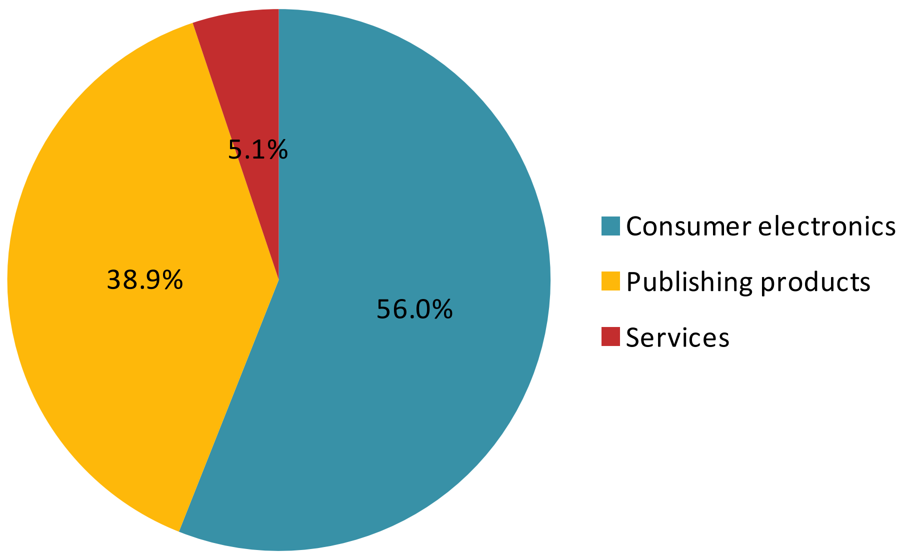

2 ACTIVITY REPORT

1.1 INTRODUCTION – DEFINITIONS

Definition of reported and comparable revenue

The Group's reported revenue (or profit from ordinary activities) corresponds to its published revenue. The Group also uses the concept of comparable data to measure the organic growth of its business activities. The concept of comparable revenue consists of revenue restated for translation differences relating to foreign subsidiaries in 2013 and the adjustment of 2014 revenue for the impact of changes in scope that occurred in 2013 or 2014 through the closing of stores that do not have a full history of operations during the twelve months of 2013.

Definition of current operating income

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

Other non-recurring operating income and expenses consist of unusual items in terms of nature or frequency that could distort the assessment of Group entities' economic performance, as defined by French National Accounting Board (Commission des Normes Comptables – CNC) Recommendation No. 2013-03 of November 7, 2013.

Consequently, Groupe Fnac monitors operating performance using recurring operating income, which is defined as the difference between total operating income and other non-recurring operating income and expenses (see Note 6 to the condensed consolidated half-year financial statements), as the balance for the year.

Recurring operating income is an intermediate line item intended to facilitate the understanding of the entity's operating performance that can be used as a way to estimate recurring performance. This indicator is presented in a manner that is consistent and stable over the long term in order to ensure the continuity and relevance of financial information.

Definition of EBITDA and EBITDAR

In addition to its published results, the Group uses 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 recurring operating income for EBITDA, and rent excluding rental expenses for operating leases relating to assets for EBITDAR. The Group believes investors may find these measures useful when analyzing the performance of the Group. These indicators will also be used in the context of the financial covenants applicable within the syndicated loan. EBITDA and EBITDAR are not indicators specified by IFRS, and they 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 provided for such measures by other companies.

Definition of free cash flow from operations

The Group also uses an intermediate line item, "Free cash flow from operations", to monitor its financial performance. This financial indicator measures net operating cash flow and gross operating investment flow (defined as purchases and sales of tangible and intangible non-current assets).

Definition of net debt

As defined by CNC Recommendation No. 2013-03 of November 7, 2013, net debt comprises gross borrowings, including accrued interest, less net cash.

IFRS 5 – Non-current assets held for sale and discontinued operations

In accordance with IFRS 5 – Non-current assets held for sale and discontinued operations, the Group has presented certain activities as discontinued, sold or held for sale. Net income and losses from these activities are included under a separate income statement heading, "Net income from discontinued operations", and are restated in the statement of cash flows and income statement for all reported periods.

The assets and liabilities relating to operations that are discontinued or held for sale are presented on separate lines in the Group's balance sheet, without restatement for previous periods. Assets and liabilities relating to discontinued operations are not presented on separate lines in the Group's statement of financial position.

Rounding

The following tables include individually rounded data. The arithmetical calculations based on rounded data may present some differences with the aggregates or subtotals reported.

1.2 SIGNIFICANT EVENTS

1.2.1 Change in scope

In October 2013, the Fimilac Group and Groupe Fnac announced their intention to form a partnership to develop ticketing solutions.

The Fimilac Group has taken a 50% stake in Kyro, a subsidiary of France Billet, which offers a ticketing solution for entertainment professionals, venues and producers.

This transaction was approved by the French Competition Authority on April 11, 2014.

1.2.2 Launch of new services

Groupe Fnac launched two new services in the first half of 2014:

- **Fnac Express+: unlimited express delivery service throughout France**

Fnac is enhancing the quality of its Customer Service by offering a new express delivery service as part of the Fnac 2015 strategic plan. This new service means that any product available in stock on Fnac.com (excluding Marketplace products) can be delivered to a customer's home or a Relais Colis pick-up point anywhere in France within one business day, with no minimum purchase required, for an annual subscription fee of €49.

In addition to home or Relais Colis delivery anywhere in France within hours, customers also enjoy multichannel in-store "express" services, such as priority collection via a dedicated checkout terminal and a special after-sales service hotline.

Fnac Express+ is the latest in a range of services that Fnac has developed over the last three years:

- Multichannel delivery services: One-hour in-store pick-up (orders placed on Fnac.com can be collected free of charge at any store within one hour) and free in-store delivery of products (in stock or on the Marketplace platform) ordered in stores via Fnac.com.
- Purchase-related services: multichannel after-sales service, Fnac Occasion ("second-hand Fnac"), Fnac Reprise ("Fnac buy-back"), Immediate 100% Guarantee

- **Pass Location: an exclusive rental service for consumer electronics products**

Fnac is launching a new innovative and exclusive service, “Pass location”, which offers customers the opportunity to rent a consumer electronics product for 24 months before deciding whether to buy it, exchange it or return it.

This new service applies as of now to all Apple Mac, iPhone and iPad products. A second roll-out stage will extend the service to other consumer electronic products families and other brands

This gives Fnac's customers access to the latest technological trends while also giving them the opportunity take the time to test a product before buying it.

"Pass location" reinforces Fnac's customer strategy of offering the greatest innovation, in terms of both service and products.

1.2.3 Growth drivers

Groupe Fnac continues to deploy its strategic plan (Fnac 2015), which was announced on July 19, 2011 and concentrates primarily on the following growth drivers:

- **Telephony: development of partnership with SFR and sales of subscription-free telephones**

At the beginning of 2014, Fnac extended its partnership with SFR to sell SIM-free devices and take advantage of this very dynamic market, which experienced strong growth in 2013.

In February 2014, Fnac introduced a range of hands-free products (mobile phones and smartphones) that includes SFR's no-contract RED package in the “Micro” sections of all its stores. This offer is also available on Fnac.com. Under the terms of this partnership, 24 stores will have an SFR corner.

- **Connected products: Offering a new range of innovative, on-trend products**

On June 30, 2014, Fnac opened a 125 m^2 flagship store on avenue des Champs Elysées that is entirely dedicated to connected devices, smartphones and their accessories.

Designed to provide customers with a unique and fun experience, this new store combines the largest connected device and telephony offer on the market with an innovative retail concept. Customers have the freedom to access self-service products, and demonstration areas allow them to discover their uses as well as the latest innovations.

In fall 2013, Fnac launched a new section devoted to connected devices in all of its stores in France. This new product offer is also available on Fnac.com.

- **Fnac Jukebox: Launch of a consumer streaming service**

In early March 2014, Fnac launched "Fnac Jukebox", a service that offers unlimited music streaming on the web and on mobile devices.

This new service is available via several monthly subscription plans, including an unbeatable offer for €2 per month, without advertising and with no commitment.

"Fnac Jukebox" offers access to a catalog of several million titles with excellent sound quality in which subscribers can create their own music library and playlists and share them with their friends. They will also benefit from the advice and recommendations of "guides", Fnac music stores and professionals from the world of music.

This service also includes the Digicopy offer, which already allows free downloads of the digital version of any CD or disc bought at Fnac.

With "Fnac Jukebox", the company wants to give as many people as possible the chance to discover a new way of listening to music. Fnac will rely on its network of stores to offer customers demonstrations and introduce them to this new way of listening to music.

- **Expanding the network of stores in new formats**

Travel store in Brazil

In Brazil, the Group opened a new travel store in the Guarulhos Airport in São Paulo.

Two new franchisees in France

The Group also continues to open new franchise stores, with two new "proximity" format stores opening in June: Le Puy en Velay (520 m^2) and Boulogne-sur-Mer (900 m^2).

Closure of two stores in France

The Group closed the store in Villiers-en-Bière on May 31, 2014, and the store in Portet-sur-Garonne on June 28, 2014.

Due to local issues, the Villiers-en-Bière store's results have been deteriorating for the last few years, due to the development of a nearby shopping center. As for the Portet-sur-Garonne store, it was especially hard hit by the downturn in its catchment area. The economic outlook in these locations means that a recovery for these stores is not possible.

Fnac must constantly adapt its sales outlet network to its environment in order to consolidate its economic model and maintain its leading positions in its markets.

1.3 COMMENTS ON FIRST HALF OF 2014 ACTIVITY

1.3.1 Analysis of the Group's operational performance

The main financial indicators taken from Groupe Fnac's consolidated financial statements for the first half of 2014 are presented below:

(€ million)	**30 juin 2014**	**30 juin 2013**	**Change**
Revenues	1,639.4	1,669.5	(1.8%)
Gross margin	488.9	507.7	(3.7%)
as % of revenues	29.8%	30.4%	(0.6)pt
EBITDA (1)	16.4	20.6	(20.4%)
as % of revenues	1.0%	1.2%	(0.2)pt
Current operating income	(19.7)	(12.4)	(58.9%)
as % of revenues	(1.2%)	(0.7%)	(0.6)pt
Operating income	(27.3)	(20.2)	(35.1%)
as % of revenues	(1.7%)	(1.2%)	(0.5)pt
Net income, Group share	(37.0)	(31.0)	(19.4%)
Net income from continuing operations, Group share, excluding non-current items	(29.7)	(22.9)	(29.7%)
Net operating investments excluding finance leases	21.5	21.7	(0.9%)
Free cash flow from operations	(272.6)	(291.9)	6.6%
Equity	509.6	490.3	3.9%
of which Group share	502.4	490.3	2.5%
Net financial debt	(196.4)	(127.4)	(54.2%)
Average workforce	12,266	13,005	(5.7%)

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

The Group's first-half performance is traditionally affected by the seasonal nature of its businesses, which generate the bulk of their earnings and free cash flow from operations in the second half of the year.

1.3.1.1 Revenues

Consolidated revenue from continuing operations for the first half of 2014 amounted to €1,639.4 million, down 1.8% from the first half 2013 as reported and 1.0% at constant exchange rates.

On a comparable basis and at constant exchange rates, after neutralizing the activities of Datasport and Jukebox, revenues decreased by 1.1%. On a constant store basis and at constant exchange rates, the decrease in revenue was 0.8%.

(€ million)	**30 juin 2014**	***(as % of the total)***	**30 juin 2013**	***(as % of the total)***	**Change at current exchange rates**	**Variation (constant exchange rates)**	**Change at constant exchange rates and scope**
France	1,152.8	70.4%	1,160.9	69.6%	(0.7%)	(0.7%)	(0.8%)
Iberian Peninsula	285.8	17.4%	285.7	17.1%	0.0%	0.0%	0.0%
Brazil	77.4	4.7%	91.9	5.5%	(15.8%)	(0.6%)	(0.6%)
Other countries	123.4	7.5%	131.0	7.8%	(5.8%)	(6.0%)	(6.0%)
Total	**1,639.4**	**100.0%**	**1,669.5**	**100.0%**	**(1.8%)**	**(1.0%)**	**(1.1%)**

Market conditions remain adverse in all geographic areas where the Group operates.

Activity in France and the Iberian Peninsula confirms the trend toward improvement seen at the end of 2013. In Brazil, activity has slowed with a decline in key macro-economic indicators. In Other Countries, the economic situation remains difficult and is unfavorably impacting consumption and the Group's revenue.

The distribution of revenues by product category is broken down in Note 2 "Operating segment" of the consolidated financial statements of this interim financial report.

At constant exchange rates, revenues from consumer electronics products were up, driven by the sub-category "IT products", which benefited from the very good performance of sales of subscription-free telephones (mainly smartphones), while hardware suffered from a lack of new products on the tablet market. In the sub-category "retail consumer electronics", television sales increased slightly as a result of efforts related to the FIFA World Cup and the arrival of new 4K technology, whereas the Sound and Photo sectors were down slightly.

Revenues from publishing products were down, hurt by declines in the Video and Audio markets, due largely to a historic high in Audio. These two sectors could not be offset by the good results of the gaming sector, which benefitted from the new gaming consoles released in late 2013 and the success of the video games released in the first half of 2014. The book sector also experienced an historic high.

New products (Home & Design, Toys and Games, Stationery, Telephony and Connected Devices) had a share of 9.1% of Group merchandise revenues, an increase of 4.1 points compared to the first half of 2013.

Services revenues were stable, with increases in France and the Iberian Peninsula offsetting the slowdown in Brazil and other countries.

Internet activities accounted for 13.1% of Group sales, an increase of 0.6 points.

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

Membership remains a major factor in the Group's marketing policy. The revenues generated by members increased in the first half of 2014.

New stores continue to open, as was demonstrated by the opening of two new franchise stores in France and one travel store in Brazil.

1.3.1.2 Current operating income

Groupe Fnac reported a current operating loss of €19.7 million as of June 30, 2014, compared to a loss of €12.4 million in the first half of 2013.

The current operating margin was down compared to the end of June 2013. The decrease in the margin due to an unfavorable product mix, and increased competitive pressure was partially offset by the success of the plan to save on expenses.

(€ million)	**30 juin 2014**	***(as % of the total)***	**30 juin 2013**	***(as % of the total)***	**Change**
France	(21.3)	108.1%	(16.1)	129.8%	(32.3%)
Iberian Peninsula	4.7	(23.9%)	7.1	(57.3%)	(33.8%)
Brazil	(2.6)	13.2%	(2.4)	19.4%	(8.3%)
Other countries	(0.5)	2.5%	(1.0)	8.1%	50.0%
Total	**(19.7)**	**100.0%**	**(12.4)**	**100.0%**	**(58.9%)**

1.3.1.3 EBITDA and EBITDAR

(€ million)	**30 juin 2014**	***(as % of revenues)***	**30 juin 2013**	***(as % of revenues)***	**Change**
Current operating income	**(19.7)**	**(1.2%)**	**(12.4)**	**(0.7%)**	**(58.9%)**
Net depreciation and amortization charges (1)	36.0	2.2%	33.0	2.0%	9.1%
EBITDA	**16.4**	**1.0%**	**20.6**	**1.2%**	**(20.4%)**
Rents (2)	64.9	4.0%	69.6	4.2%	(6.8%)
EBITDAR	**81.3**	**5.0%**	**90.2**	**5.4%**	**(9.9%)**

(1) Net depreciation and amortization charges correspond to the net depreciation and amortization charges and provisions on non-current assets recognized in current operating income.

(2) Rents correspond to property rental expense excluding ancillary costs and expense incurred in connection with such operating leases.

EBITDA for the first half of the year was €16.4 million, down €4.2 million compared to the first half of 2013 based on published data.

EBITDAR for the first half of the year was €81.3 million, down €8.9 million compared to the first half of 2013 based on published data.

1.3.1.4 Other non-current operating income and expense

(€ million)	**30 juin 2014**	**30 juin 2013**
Non-current operating expense (net)	**(7.6)**	**(16.4)**
Restructuring costs	(10.1)	(10.3)
Litigation and disputes	2.5	(6.1)
Non-current operating income		**8.6**
Gains on asset disposals		8.6
Total	**(7.6)**	**(7.8)**

The Group's other non-recurring operating income and expenses consist of unusual items that could distort the relevance of the monitoring the Group's economic performance.

As of June 30, 2014, this item represented a net expense of €7.6 million and included €10.1 million in restructuring charges relating to the Fnac 2015 plan, which was partially offset by reversals of provisions for litigation and lapsed or ended disputes amounting to €2.5 million.

As of June 30, 2013, this item represented a €7.8 million net expense and included mainly €10.3 million in restructuring expenses, €6.1 million in litigation charges and a gain of €8.6 million from the disposal of the equity interest in Cyrillus Deutschland GmbH, and the sale of Form@Home.

1.3.1.5 Net financial expenses

As of June 30, 2014, the Group's net financial expenses can be broken down as follows:

(€ million)	**30 juin 2014**	**30 juin 2013**	**Change**
Cost of net financial debt	(0.1)	(0.3)	66.7%
Other financial income and expense	(4.7)	(3.8)	(23.7%)
Total	**(4.8)**	**(4.1)**	**(17.1%)**

In the first half of 2014, the net financial result represents a financial expense of €4.8 million, compared to a €4.1 million financial expense for the same period in the previous year.

For the first six months of 2014, the cost of the Group's net debt was up 66.7% compared to the same period in the previous year due to the increase in the Group's average net cash in the first half of 2014.

As of June 30, 2014, other financial income and expenses consisted primarily of expenses related to the spreading of the issuance cost of a syndicated line of credit and unused line of credit fees totaling €2.9 million, and a consumer credit expense of €1.2 million.

1.3.1.6 Income tax

For the first half of 2014, the Group's income tax expenses break down as follows:

(€ million)	**30 juin 2014**	**30 juin 2013**	**31 décembre 2013**
Pre-tax income	(32.1)	(24.3)	31.4
Non-current items	(7.6)	(7.8)	(28.6)
Income before tax and non-recurring items	**(24.5)**	**(16.5)**	**60.0**
Total tax charge	(4.8)	(6.3)	(15.6)
Tax on non-current items	0.4	0.2	1.0
Current tax charge	**(5.2)**	**(6.5)**	**(16.6)**
Effective tax rate	**(14.95%)**	**(25.96%)**	**49.68%**
Current tax rate	**(21.22%)**	**(39.39%)**	**27.67%**

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

The total income tax expense comprises a €3.9 million expense for corporate value-added tax (CVAE) for the first half of 2014 (€4.5 million for the first half of 2013).

1.3.1.7 Net income from continuing operations, Group share

For the first half of 2014, the Group share of consolidated net income from Groupe Fnac continuing operations amounted to negative €37.0 million; it was negative €30.6 million for the same period of the previous year.

Adjusted for non-recurring items net of tax, attributable net income from continuing operations was negative €29.7 million as of June 30, 2014; it was negative €22.9 million a year earlier.

1.3.1.8 Net income (loss) from discontinued operations, Group share

Discontinued operations include all assets (or groups of assets) accounted for in accordance with IFRS 5 – Non-current assets held for sale and discontinued operations.

As of June 30, 2014, the Group share of net income from discontinued operations was zero.

As of June 30, 2013, the Group share of net expense of €0.4 million for discontinued operations corresponded to the sale of Fnac Italia.

1.3.1.9 Consolidated net income, Group share

The Group share of net income totaled negative €37.0 million as of June 30, 2014, a €6 million decrease from the first half of 2013, when it totaled negative €31.0 million.

1.3.1.10 Net earnings per share

The weighted average number of Groupe Fnac shares used to calculate net earnings per share was 16,570,126.

As of June 30, 2014, Groupe Fnac's net earnings per share amounted to negative €2.23. In the first half of the previous year, it amounted to negative €1.87.

Excluding non-current items, net earnings per share from continuing operations amounted to negative €1.79. In the first half of the previous year, it amounted to negative €1.38.

1.3.2 Analysis of operating performance by operating segment

1.3.2.1 France

(€ million)	30 juin 2014	30 juin 2013	Change
Revenues	1,152.8	1,160.9	(0.7%)
Current operating income	(21.3)	(16.1)	(32.3%)
as % of revenues	(1.8%)	(1.4%)	(0.5)pt
Résultat opérationnel	(28.3)	(21.5)	(31.6%)
as % of revenues	(2.5%)	(1.9%)	(0.6)pt
Net operating investments excluding finance leases	17.9	18.0	(0.6%)
Average workforce	8,066	8,467	(4.7%)

Revenues for France

In France, the Group continued to face declining markets and a challenging retail environment. Revenues for the first half of 2014 amounted to €1,152.8 million compared with €1,160.9 million for the 2013 fiscal year, a decrease of 0.7%.

On a comparable basis, adjusted for the activities of Datasport and Jukebox, business activity was down 0.8%. On a same-store basis, revenues fell by 0.1%.

At the end of May 2014 (June data not yet available), the Group continued to gain market share in France in both consumer electronics and publishing products.

The number of members in France was up significantly at the end of June 2014 in relation to June 2013. The total share of revenues generated by members in France continues to grow.

The distribution of revenues by product category is broken down in Note 2 "Operating segment" of the consolidated financial statements of this interim financial report.

In the first half of the year, revenues from consumer electronics rose mainly due to the increase in the sub-category "IT Products", which is benefiting from the sale of subscription-free telephones and the rollout of connected devices corners in all the stores. The hardware sector suffered from a lack of new products on the tablet market, where sales were down for the period. The sub-category "Retail consumer electronics" also recorded a gain, driven by increased sales of televisions and additional revenue from the Home & Design sector.

Revenue from publishing products was down, partly due to the disc and gaming sub-category, and to a greater extent by the decline in the audio sector. The gaming sector saw growth on the strength of the launch of new versions of some gaming consoles in late 2013 and the success of publishing products. The "Books, Games & Toys and Stationery" sub-category experienced a slight decline. The decrease in book sector revenues, which reached historic highs last year, was compensated by the good performance of the Kids departments that were rolled out in 2013.

Following the introduction of the connected products corners in all stores at the end of 2013, new telephony areas were rolled out in early 2014. In addition, the rollout of stationery in dedicated areas was revived in the first half of the year, with 24 new areas added.

Services revenues increased due to increases in services related to consumer electronics sales, ticketing and gift boxes activities, as well as commissions received on the market place.

Internet activities continued to grow and stood at 15.2% of Group sales in France in the first half of 2014, an increase of 0.7 points.

Current operating income for France

Current operating income for France was negative €21.3 million for the first half of 2014, versus negative €16.1 million in 2013.

The current operating income margin was down from its level at the end of June 2013. The continuation of the cost reduction policy has helped to limit the impact of the decrease in current operating income.

1.3.2.2 Iberian Peninsula

(€ million)	**30 juin 2014**	**30 juin 2013**	**Change**
Revenues	285.8	285.7	0.0%
Current operating income	4.7	7.1	(33.8%)
as % of revenues	1.6%	2.5%	(0.8)pt
Operating income	3.4	6.2	(45.2%)
as % of revenues	1.2%	2.2%	(1.0)pt
Net operating investments excluding finance leases	2.3	2.1	9.5%
Average workforce	2,728	2,952	(7.6%)

Revenues in the Iberian Peninsula

Revenues generated in the Iberian Peninsula in the first half of 2014 remained stable. They stood at €285.8 million versus €285.7 million for the first half of 2013.

On a same store basis (two stores were opened in Portugal in 2013), revenues declined by 1.0 %.

The region was positively impacted by Portugal, which is benefiting from the country's emergence from the crisis. Business in Spain remains difficult after showing some promise in late 2013 and in the first weeks of 2014.

The distribution of revenues by product category is broken down in note 2 "Operating segment" of the consolidated financial statements of this interim financial report.

Revenues from consumer electronics were up. This increase was driven by the "IT Products" sub-category which is benefiting from the introduction of subscription-free telephones. The decline in sales in the "Retail consumer electronics" sub-category was limited by the satisfactory television sales.

The drop in publishing product revenues is mainly due to the to the decline in the disk and gaming sub-category. The increase in the Gaming sector, which benefited from the launch of new versions of some gaming consoles in late 2013 failed to offset the sharp declines in Audio and Video. In the "Books, games & toys and stationery" sub-category, the performance of the kids and stationery areas partially offset the drop in revenues from books, which reached historic highs in 2013 on the strength of local and international bestsellers.

Services revenues increased thanks to services related to consumer electronics sales, ticketing activities and commissions received on the two market places.

Internet activities increased in the first half of 2014 and now account for 8.7% of Group sales in the Iberian Peninsula, an increase of 0.6 points.

The rise of the marketplace is helping to build traffic on e-commerce sites in the Iberian Peninsula.

Current operating income in the Iberian Peninsula

Current operating income for the Iberian Peninsula increased by €4.7 million in the first half of 2014, compared to a gain of €7.1 million in the first half of 2013.

The current operating income margin was down, falling from 2.5% to 1.6%. The decline in the gross margin, partly due to an unfavorable product mix and an increasingly aggressive competitive environment, was only partially offset by continued optimization plans for other current costs.

1.3.2.3 Brazil

(€ million)	**30 juin 2014**	**30 juin 2013**	**Change**
Revenues	77.4	91.9	(15.8%)
Current operating income	(2.6)	(2.4)	(8.3%)
as % of revenues	(3.4%)	(2.6%)	(0.7)pt
Operating income	(0.2)	(2.6)	92.3%
as % of revenues	(0.3%)	(2.8%)	2.6pt
Net operating investments excluding finance leases	0.5	0.5	(0.0%)
Average workforce	765	827	(7.5%)

Revenues in Brazil

In the first half of 2014, revenues in Brazil reached €77.4 million versus €91.9 million in the first six months of 2013, a decline of 15.8%.

Revenues decreased by 0.6% at constant exchange rates. On a same-store basis (one travel store was opened in 2013) and at a constant exchange rate, revenues declined by 0.8%.

The distribution of revenues by product category is broken down in Note 2 "Operating segment" of the consolidated financial statements of this interim financial report.

The growth of sales of consumer electronics was driven by the "IT products" sub-category. The telephony sector recorded a strong increase due to the concentration of its marketing strategy on smartphones (non-subscription telephones). Apple and Samsung products have dedicated spaces in all stores. In the "Retail Consumer Electronics" sub-category, the rollout of the Home & Design spaces has helped boost growth in this sector.

Revenues from publishing products are down sharply across all sectors. In the "discs and gaming" sub-category , the Audio and Video sectors were affected by the lack of new products and weak markets. In the "Books, games & toys and stationery" sub-category, the drop in revenues from books is partially explained by the historic highs reached in 2013 on the strength of international bestsellers.

Services revenue was down due to the reduction of services related to consumer electronics sales, which reflects the lower sales of televisions and computers, compensated in part by the increase in the re-invoicing of shipping costs for internet orders.

Internet activities continued to grow and stood at 18.4 % of Group sales in Brazil in the first half of the year, an increase of 0.9 points.

Current operating income in Brazil

Current operating income in Brazil was negative €2.6 million for the first half of 2014, compared to a loss of €2.4 million for the first half of 2013.

The current operating income margin was down, falling from -2.6% to -3.4%. The decline in the gross margin, partly due to an unfavorable product mix and an increasingly aggressive competitive environment, was only partially offset by continued optimization plans for personnel costs and other current costs.

1.3.2.4 Other countries

(€ million)	30 juin 2014	30 juin 2013	Change
Revenues	123.4	131.0	(5.8%)
Current operating income	(0.5)	(1.0)	50.0%
as % of revenues	(0.4%)	(0.8%)	0.4pt
Operating income	(2.2)	(2.3)	4.3%
as % of revenues	(1.8%)	(1.7%)	(0.1)pt
Net operating investments excluding finance leases	0.8	1.1	(27.3%)
Average workforce	707	759	(6.9%)

Revenues in the Other Countries region

Revenues in other countries (Belgium and Switzerland) totaled €123.4 million in the first half of 2014, versus €131.0 million in the first half of 2013, down 5.8% as reported and 6.0% at a constant exchange rate.

The decline in revenues occurred in an environment of continued economic difficulties in the region.

The distribution of revenues by product category is broken down in Note 2 “Operating segment” of the consolidated financial statements of this interim financial report.

Revenues for consumer electronics were down, impacted by the decline in the "Retail consumer electronics" sub-category due to reduced sales in the TV-Video and Audio sectors, despite the good performance of the new "Home and Design" spaces. In the "IT Products" sub-category the growth in telephony was not enough to compensate for the performance of hardware.

Revenues from publishing products were also down due to the decline in the Books and Stationery sub-category. The recent rollout of the Fnac Kids departments is providing additional revenue. The decline in the sub-category "Discs and gaming" was limited by the good performance of the Gaming sector, which benefited from the launch of new versions of some gaming consoles in late 2013.

Revenue from Services fell due to the drop in services related to the sales of consumer electronics.

Current operating income in the Other Countries region

Current operating income in other countries was negative €0.5 million in the first half of 2014 versus negative €1.0 million in the first six months of 2013.

Current operating profitability improved from -0.8% to -0.4%, with the decrease in sales volume being offset by a reduction in expenses.

1.4 COMMENTS ON THE GROUP'S FINANCIAL POSITION

Groupe Fnac's consolidated financial statements as of June 30 are typically affected by the seasonal nature of the Group's activities:

(€ million)	**30 juin 2014**	**30 juin 2013**	**31 décembre 2013**
Goodwill	332.0	323.5	332.0
Other non-current assets	268.9	294.0	286.9
Net current assets	(177.2)	(146.8)	(439.7)
Provisions	(110.5)	(107.8)	(100.3)
Capital employed	**313.2**	**362.9**	**78.9**
Assets held for sale			
Shareholders' equity, Group share	502.4	490.3	539.8
Equity attributable to minority interests	7.2		
Net financial debt at the end of the period (1)	(196.4)	(127.4)	(460.9)

(1) A negative value corresponds to excess cash and cash equivalents

1.4.1 Capital employed

As of June 30, 2014, capital employed decreased by €52.3 million compared to June 30, 2013. This decrease results mainly from the optimization of the company's working capital requirements.

1.4.2 Goodwill

As of June 30, 2014, goodwill increased by €8.5 million compared to June 30, 2013 and stood at to €332 million. The increase is attributable to the acquisition of Datasport Group in December 2013.

1.4.3 Other non-current assets

(€ million)	30 juin 2014	30 juin 2013	31 décembre 2013
Net intangible non-current assets	65.5	70.9	69.6
Net tangible non-current assets	165.8	182.5	181.3
Net non-current financial assets	6.9	7.4	7.6
Net deferred taxes	30.6	33.1	28.1
Various non-current assets	0.1	0.1	0.3
Other non-current net assets	**268.9**	**294.0**	**286.9**

As of June 30, 2014, other non-current assets declined due mainly to the effect of the depreciation of intangible and tangible assets and of an investment plan that is under control.

Deferred taxes mainly correspond to the deferred tax assets on provisions for pensions and other post-employment benefits in France, as well as the deferred tax assets in Spain and Belgium.

1.4.4 Other current assets and liabilities

As of June 30, 2014, current net assets totaled negative €177.2 million, compared to negative €146.8 million as of June 30, 2013 and negative €439.7 million as of December 31, 2013.

(€ million)	30 juin 2014	30 juin 2013	31 décembre 2013
Inventories	448.6	469.9	472.9
Trade receivables	77.0	77.3	121.5
Trade payables	(491.7)	(401.3)	(692.6)
Tax receivables and payables due	2.3	(3.4)	5.1
Other current assets and liabilities	(213.4)	(289.3)	(346.6)
Other current net assets	**(177.2)**	**(146.8)**	**(439.7)**

As of June 30, 2014, Groupe Fnac's current net assets and liabilities increased €262.5 million compared to the close of the 2013 fiscal year.

Changes in inventory resulted in a cash inflow of €25.7 million in the first half of 2014. This development is due mainly to the seasonal nature of the business. The improvement in inventory levels of €22.7 million compared to June 30, 2013 is the result of the Group's inventory optimization policy.

In the first half of 2014, the decrease in trade receivables generated a cash inflow of €44.5 million. This development is primarily the result of the seasonal nature of the Group's business activity.

In the first half of 2014, the decrease in trade payables generated a cash outflow of €200.9 million. This decrease is related to the strong seasonality of the business.

1.4.5 Provisions

(€ million)	30 juin 2014	30 juin 2013	31 décembre 2013
Provisions for pensions and equivalent benefits	68.1	64.1	58.6
Other provisions	42.4	43.7	41.7
Provisions	**110.5**	**107.8**	**100.3**

The general decline in interest rates observed in the main geographical regions, including the euro zone, in the first half of 2014 resulted in a decrease in discount reference rates, which are the rates of top-rated corporate bonds. An adjustment of the amount of the net liability was recognized in the interim financial statements. The impact on equity is presented in the section Other Items of Comprehensive Income.

As of June 30, 2014, the provisions for pensions and other post-employment benefits amounted to €68.1 million, up €4 million compared to June 30, 2013, due mainly to the updating of the discount rate).

In the first half of 2014, other provisions remained virtually unchanged in comparison with year-end 2013 and the first half of 2013. They comprise mainly provisions for restructuring for the Fnac 2015 plan and other provisions for operating and tax risks.

1.4.6 Shareholders' equity

(€ million)	30 juin 2014	30 juin 2013	31 décembre 2013
Shareholders' equity - Group share	502.4	490.3	539.8
Shareholders' equity - Share attributable to non-controlling interests	7.2		
Equity	**509.6**	**490.3**	**539.8**

As of June 30, 2014, Groupe Fnac's consolidated shareholders' equity decreased compared to the close of the previous fiscal year.

The portion of shareholders' equity attributable to the Group decreased by €37.4 million, mainly as a result of negative net income attributable to the Group of €37.0 million.

The portion of shareholders' equity attributable to non-controlling interests was up €7.2 million as a result of the acquisition of a 50% stake in Kyro by the Fimalac Group.

1.4.7 Net financial debt

The Group's net financial debt is traditionally higher at the end of the first half of the fiscal year than at the end of the year due to the seasonal nature of its business. As of June 30, 2014, Groupe Fnac's net financial debt stood at negative €196.4 million and broke down as follows:

(€ million)	**30 juin 2014**	**30 juin 2013**	**31 décembre 2013**
Gross financial debt	0.6	8.6	0.7
Cash and cash equivalents	(197.0)	(136.0)	(461.6)
Net financial debt at the end of the period (1)	**(196.4)**	**(127.4)**	**(460.9)**

(1) A negative value corresponds to excess cash and cash equivalents

As of 30 June 2014, gross financial debt included finance lease liabilities.

1.4.8 Solvency

The credit facility entered into by Groupe Fnac included two financial covenants as of June 30, 2014, which are defined as follows as of that date:

- the solvency ratio (adjusted net financial debt of five times the property rental costs minus leasing expenses in relation to EBITDAR, calculated on a rolling 12-month basis) must be lower than or equal to 3.35;
- the equity ratio (the amount of the Group’s equity) must be higher than €350.0 million;

As of June 30, 2014, all financial covenants for the half-year were complied with.

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

1.4.9 Liquidity

As of June 30, 2014, Groupe Fnac had cash and cash equivalents of €197.0 million (€461.6 million as at December 31, 2013), as well as confirmed undrawn credit facilities of €250.0 million.

As of June 30, 2014, cash and cash equivalents comprise marketable securities maturing in three months or less.

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

The Group's loan agreements feature standard *pari passu*, cross default and negative pledge clauses.

The Group's debt contracts do not include any rating trigger clauses.

1.4.10 Change in net financial debt

Changes in net financial debt can be broken down as follows:

(€ million)	30 juin 2014	30 juin 2013
Free cash flow from operations	(272.4)	(291.9)
Investment in finance leases		(0.1)
Interest paid net of interest and dividends received	(1.7)	(7.2)
Purchase and disposal of subsidiaries net of cash acquired or transferred		(0.3)
Purchase and disposal of other financial investments (net)	0.6	6.9
Purchase and disposal of treasury shares		(1.1)
Dividends paid		
Capital increases/decreases	8.7	70.0
Issue of TSSDI		60.0
Borrowings related to discontinued operations		(0.4)
Other (1)	0.3	(0.5)
Change in net financial debt (2)	**(264.5)**	**(164.6)**
(1) Mainly includes the impact of translation differences related to borrowings.		
(2) A negative value corresponds to a use of cash		
Net financial debt as of January 1 (3)	**(460.9)**	**(292.0)**
Net financial debt at the end of the period (3)	**(196.4)**	**(127.4)**

(3) A negative value corresponds to excess cash and cash equivalents

1.4.10.1 Free cash flow from operations

In the first half of 2014, free cash flow from operations totaled negative €272.4 million, compared to negative €292.0 million in the first six months of 2013.

(€ million)	30 juin 2014	30 juin 2013
Cash flow from operations before tax, dividends and interest	**8.9**	**(7.9)**
Change in working capital requirement	(257.7)	(259.0)
Income tax paid	(2.1)	(3.3)
Net cash flows from operating activities	**(250.9)**	**(270.2)**
Operating investments net of disposals, excluding finance leases	(21.5)	(21.7)
Free cash flow from operations before investment in finance leases	**(272.4)**	**(291.9)**
Investissements opérationnels en location-financement		(0.1)
Free cash flow from operations after investment in finance leases	**(272.4)**	**(292.0)**

Compared to the first half of 2013 the free cash flow improved by €19.6 million. It breaks down as follows:

- Cash flow from operating activities before tax, dividends and interest increased €16.8 million compared to the first six months of 2013.

- The net outflows from changes in working capital requirements decreased by €1.3 million.

- Net cash outflows relating to income tax decreased by €1.2 million.

- The cash outflows relating to investments improved by €0.3 million.

As of June 30, 2014, net operating investments amounted to €21.5 million. They were virtually unchanged compared to the first six months of 2013, and break down as follows:

(€ million)	**30 juin 2014**	**30 juin 2013**	**31 décembre 2013**
France	(13.9)	(16.4)	(42.9)
Iberian Peninsula	(1.8)	(1.4)	(6.3)
Brazil	(0.3)	(0.4)	(0.9)
Other countries	(0.4)	(1.0)	(2.5)
Purchases of tangible and intangible non-current assets excluding investment in finance leases and excluding changes in payables and receivables relating to non-current assets	**(16.4)**	**(19.2)**	**(52.6)**
Change in debt and receivables relating to non-current assets	(5.1)	(2.5)	4.0
Purchases of tangible and intangible non-current assets excluding finance leases and including changes in receivables and payables relating to assets	**(21.5)**	**(21.7)**	**(48.6)**
Operating investments in finance leases		(0.1)	(0.1)
Purchase of tangible and intangible non-current assets including investments in finance leases and including changes in receivables and payables relating to assets	**(21.5)**	**(21.8)**	**(48.7)**
Disposal of non-current tangible and intangible assets			0.1
Net operating investments	**(21.5)**	**(21.8)**	**(48.6)**
Net operating investments excluding finance leases	**(21.5)**	**(21.7)**	**(48.5)**

The stability of the operating investments reflects a controlled investment policy. Not including franchises, one travel store was opened in the first half of 2014, in the São Paulo airport.

1.4.10.2 Net interest paid and dividends received

As of June 30, 2014, net cash outflows relating to net financial interest paid and dividends received mainly comprised unused line of credit fees. As of June 30, 2013, they mainly included the cash outflows of €6.4 million for the cost of setting up the line of credit.

1.4.10.3 Dividends paid

In the first half of both 2014 and 2013, no dividends were paid out by Groupe Fnac to its shareholders.

1.4.10.4 Subsidiary acquisitions and disposals

No acquisitions or disposals occurred in the first half of 2014. In the first half of 2013, the Group sold its subsidiary Form@Home.

1.4.10.5 Increase/Decrease in equity

As of June 30, 2014, the capital increase represented the share of the capital increase of the company Kyro, underwritten by the Fimalac Group, under the terms of the partnership between Groupe Fnac and the Fimalac Group to develop Ticketing solutions. The Fimalac Group thus acquired a 50% stake in Kyro.

For the first half of 2013, the capital increase and issuance of TSSDI items consist of the capital increase and the issue of undated deeply-subordinated notes for €60 million.

1.5 GROUPE FNAC NET INCOME

The Group share of net income as of June 30, 2014 showed a net loss of €37.0 million, compared with a net loss of €31.0 million as of June 30, 2013.

1.6 RELATED PARTY TRANSACTIONS

As of June 30, 2014, Groupe Artémis owned 38.88% of Groupe Fnac's share capital and voting rights.

In the first half of 2014, there were no transactions between the consolidated companies of Groupe Fnac and the Kering Group, the party related to Groupe Artémis.

The main transactions between the consolidated companies of the Groupe Fnac and the Kering Group, the party related to Groupe Artémis, that took place in fiscal 2013 are detailed in Note 34 "Transactions with related parties" in Chapter 5 on the financial statements of the 2013 Registration Document. Transactions with related parties that took place in the first half of 2013 are described in Note 17 to the interim condensed consolidated financial statements as of June 30, 2013.

1.7 EVENTS AFTER THE BALANCE-SHEET DATE

1.7.1 Restructuring transactions

In the first half of 2014, Groupe Fnac continued its commitment to optimizing its legal organization. As a result, the company Datasport SAS (previously called J.F.C.L) absorbed its two subsidiaries Datasport and Datasport Ouest via a universal contribution of assets. In the second half of 2014, Groupe Fnac will continue this optimization by carrying out the absorption via a universal contribution of assets of the company Datasport SAS into the company KYRO.

1.7.2 Stores

On July 25, 2014, Fnac Spain announced the proposed closure of the Xanadu store on the outskirts of Madrid.

1.7.3 Revolving credit facility

On July 24, with the syndicate of lenders the Group signed an amendment to the revolving credit facility in the amount of €250 million concluded on April 19, 2013.

The principal terms of this amendment, which attest to the Group's improving financial profile, include the duration of the loan and the early repayment clause in case of changes in the stake of Artémis in the capital of Groupe Fnac.

The maturity of the credit facility has been extended to July 24, 2017 (versus April 18, 2016 initially). The early repayment clause in case the stake of Artémis in the equity of Groupe Fnac falls below 38.8% before April 18, 2015 and 25% before April 18, 2016 is maintained in its original form without extension until the new maturity of the credit facility.

As of June 30, 2014, the covenants of the credit facility were complied with.

1.8 MAIN 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 during the normal course of business, including disputes with tax, employment and customs authorities. Provisions have been recorded for any expenses that may arise and are considered likely by those companies and businesses 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 likely to affect its net assets, earnings or financial position for which a provision had to be recorded at year-end. No litigation is material at the Company or Groupe Fnac level, when considered on a stand-alone basis.

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 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 2014 are further described in Section 6.6 of the Registration Document.

1.9 OUTLOOK

The H1 results confirm the gradual improvement of the performance of Group sales initiated in late 2013 and the strengthening of its financial profile.

This performance, achieved in a challenging retail environment, with declining markets and a high level of competition, reflects the solid execution of the Fnac 2015 plan and the continuation of a dynamic marketing offensive.

Market conditions are expected to remain unchanged for the rest of the year. The Group intends to continue to gain market share by stepping up the redesign of its business model, which is mainly based on the continuing deployment of new product categories, ongoing establishment of the omni-channel strategy and accelerated expansion of new formats in France and abroad.

In H2, the Group intends to limit the adverse effects on its margins, notably through the sales action plans initiated in Q2 and a more favorable mix category effect.

It will also continue its cost-saving and organizational efficiency policy. The Group is confident in its ability to exceed its cost-saving objective of €80 million, on a full-year basis, over the financial years 2013 and 2014.

The Group will continue its efforts to maximise cash generation over the course of the financial year.

3 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

CONSOLIDATED PROFIT AND LOSS STATEMENT

AS OF JUNE 30, 2014, JUNE 30, 2013 AND THE YEAR ENDED DECEMBER 31, 2013

(€ million)	Note	June 30 2014	June 30 2013	December 31 2013
CONTINUING OPERATIONS				
Income from ordinary activities		**1,639.4**	**1,669.5**	**3,905.3**
Cost of sales		(1,150.5)	(1,161.8)	(2,740.9)
Gross margin		**488.9**	**507.7**	**1,164.4**
Personnel expenses	5	(267.8)	(270.1)	(558.8)
Other current operating income and expense		(240.8)	(250.0)	(533.9)
Current operating income		**(19.7)**	**(12.4)**	**71.7**
Other non-current operating income and expense	6	(7.6)	(7.8)	(28.6)
Operating income		**(27.3)**	**(20.2)**	**43.1**
Net income from continuing operations for the fiscal year	7	(4.8)	(4.1)	(11.7)
Pre-tax income		**(32.1)**	**(24.3)**	**31.4**
Income tax	8	(4.8)	(6.3)	(15.6)
share of income from affiliates				
Net income from continuing operations		**(36.9)**	**(30.6)**	**15.8**
of which Group share		(37.0)	(30.6)	15.8
of which attributable to non-controlling interests		0.1		
Net income from discontinued operations			**(0.4)**	**(1.1)**
of which Group share			(0.4)	(1.1)
of which attributable to non-controlling interests				
Consolidated net income		**(36.9)**	**(31.0)**	**14.7**
of which Group share		(37.0)	(31.0)	14.7
of which attributable to non-controlling interests		0.1		
Net income, Group share		**(37.0)**	**(31.0)**	**14.7**
Earnings per share (in euros)	9.1	(2.23)	(1.87)	0.89
Diluted earnings per share (in euros)	9.1	(2.22)	(1.87)	0.89
Net income from continuing operations, Group share		**(37.0)**	**(30.6)**	**15.8**
Earnings per share (in euros)	9.1	(2.23)	(1.84)	0.95
Diluted earnings per share (in euros)	9.1	(2.22)	(1.84)	0.95
Net income from continuing operations, Group share, excluding non-current items		**(29.7)**	**(22.9)**	**43.4**
Earnings per share (in euros)	9.2	(1.79)	(1.38)	2.62
Diluted earnings per share (in euros)	9.2	(1.78)	(1.38)	2.62

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(€ million)	**Note**	**June 30 2014**	**June 30 2013**	**December 31 2013**
Net income		**(36.9)**	**(31.0)**	**14.7**
Translation differences		2.4	(1.3)	(5.1)
Items that may be reclassified subsequently to profit or loss		**2.4**	**(1.3)**	**(5.1)**
Revaluation of net liabilities for defined benefit plans (1)		(4.6)		6.4
Items that may not be reclassified subsequently to profit or loss		**(4.6)**		**6.4**
Other comprehensive income items, after tax	**10**	**(2.2)**	**(1.3)**	**1.3**
Total comprehensive income		**(39.1)**	**(32.3)**	**16.0**
of which Group share		(39.2)	(32.3)	16.0
of which attributable to non-controlling interests		0.1		

(1) Net of tax.

CONSOLIDATED STATEMENT OF

FINANCIAL POSITION AS OF JUNE 30, 2014, JUNE 30, 2013 AND THE YEAR ENDED DECEMBER 31, 2013

Assets

(€ million)	Note	June 30 2014	June 30 2013	December 31 2013
Goodwill		332.0	323.5	332.0
Intangible non-current assets		65.5	70.9	69.6
Tangible non-current assets		165.8	182.5	181.3
Non-current financial assets		6.9	7.4	7.6
Deferred tax assets		30.6	33.1	28.1
Other non-current assets		0.1	0.1	0.3
Non-current assets		**600.9**	**617.5**	**618.9**
Inventories		448.6	469.9	472.9
Trade receivables		77.0	77.3	121.5
Tax receivables due		9.0	5.5	21.9
Other current financial assets		4.4	6.4	5.5
Other current assets		128.0	82.1	110.5
Cash and cash equivalents	12	197.0	136.0	461.6
Shareholders' equity		**864.0**	**777.2**	**1,193.9**
Assets held for sale				
Total assets		**1,464.9**	**1,394.7**	**1,812.8**

Liabilities

(€ million)	Note	June 30 2014	June 30 2013	December 31 2013
Share Capital	11.1	16.6	16.6	16.6
Equity-related reserves		494.9	493.8	494.9
Translation reserves		(0.1)	1.3	(2.5)
Other reserves		(9.0)	(21.4)	30.8
Shareholders' equity, group share		**502.4**	**490.3**	**539.8**
Shareholders' equity - share attributable to non-controlling interests		**7.2**		
Equity		**509.6**	**490.3**	**539.8**
Long-term borrowings and financial debt	13	0.4	0.6	0.5
Provisions for pensions and other equivalent benefits		68.1	64.1	58.6
Deferred tax liabilities				
Non-current liabilities		**68.5**	**64.7**	**59.1**
Short-term borrowings and financial debt	13	0.2	8.0	0.2
Other current financial liabilities		5.0	0.7	5.0
Trade payables		491.7	401.3	692.6
Provisions		42.4	43.7	41.7
Tax liabilities payable		6.7	8.9	16.8
Other current liabilities		340.8	377.1	457.6
Current liabilities		**886.8**	**839.7**	**1,213.9**
Liabilities relating to assets held for sale				
Total liabilities		**1,464.9**	**1,394.7**	**1,812.8**

CONSOLIDATED CASH FLOW STATEMENT

AS OF JUNE 30, 2014, JUNE 30, 2013 AND THE YEAR ENDED DECEMBER 31, 2013

(€ million)	Note	June 30 2014	June 30 2013	December 31 2013
Net income from continuing operations		**(36.9)**	**(30.6)**	**15.8**
Income and expense with no impact on cash		37.9	16.3	59.0
Cash flow from operations	15.1	**1.0**	**(14.3)**	**74.8**
Financial interest income and expense		2.9	0.8	3.9
Dividends received				(0.1)
Net tax charge payable		5.0	5.6	12.3
Cash flow from operations before tax, dividends and interest		**8.9**	**(7.9)**	**90.9**
Change in working capital requirement		(257.7)	(259.0)	24.3
Income tax paid		(2.1)	(3.3)	(18.7)
Net cash flows from operating activities		**(250.9)**	**(270.2)**	**96.5**
Purchase of non-current tangible and intangible assets	15.2	(21.5)	(21.7)	(48.6)
Disposal of non-current tangible and intangible assets				0.1
Purchase of subsidiaries net of cash acquired	15.3			(2.5)
Disposal of subsidiaries net of cash transferred	15.3		(0.3)	(0.3)
Purchase of other financial assets		(0.2)	(1.8)	(2.0)
Disposal of other financial assets		0.8	8.7	7.6
Interest and dividends received		0.4	0.4	0.7
Net cash flows from investing activities		**(20.5)**	**(14.7)**	**(45.0)**
Increase/Decrease in equity and other transactions with shareholders	15.4	8.7	130.0	130.1
Purchase and disposal of treasury shares	15.5		(1.1)	
Increase/decrease in other financial debt	15.6	(0.2)	(0.5)	(0.6)
Interest and equivalent payments		(2.1)	(7.6)	(9.9)
Net cash flows from financing activities		**6.4**	**120.8**	**119.6**
Cash flows from discontinued operations			(0.4)	(1.2)
Impact of fluctuations in exchange rates		0.4	(0.5)	(1.6)
Net change in cash		**(264.6)**	**(165.0)**	**168.3**
Cash and cash equivalents at the beginning of the financial year	15	**461.6**	**293.3**	**293.3**
Cash and cash equivalents at the end of the financial year	15	**197.0**	**128.3**	**461.6**

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Before appropriation of net profit)	Number of shares in circulation (1)	Share capital	Equity-related reserves	Treasury shares	Undated deeply subordinated notes (TSSDI)	Translation reserves	Other reserves and net income	Equity		
(€ million)								Group share	Non-controlling interests	Total
As of december 31, 2012	**6,131,671**	**545.7**	**48.4**			**2.6**	**(199.7)**	**397.0**		**397.0**
Total comprehensive income 1st half of 2013						**(1.3)**	**(31.0)**	**(32.3)**		**(32.3)**
Capital increase/(decrease)	10,463,939	(529.1)	446.5				152.6	**70.0**		**70.0**
Issue of TSSDI					60.0			**60.0**		**60.0**
treasury shares				(1.1)				**(1.1)**		**(1.1)**
Valuation of share-based payments							(3.3)	**(3.3)**		**(3.3)**
Dividends paid										
Change in scope										
As of June 30, 2013	**16,595,610**	**16.6**	**494.9**	**(1.1)**	**60.0**	**1.3**	**(81.4)**	**490.3**		**490.3**
Total comprehensive income 2nd half of 2013						**(3.8)**	**52.1**	**48.3**		**48.3**
Capital increase/(decrease)										
Issue of TSSDI										
treasury shares				1.1			0.1	**1.2**		**1.2**
Valuation of share-based payments										
Dividends paid										
As of December 31, 2013	**16,595,610**	**16.6**	**494.9**		**60.0**	**(2.5)**	**(29.2)**	**539.8**		**539.8**
Total comprehensive income 1st half of 2014						**2.4**	**(41.6)**	**(39.2)**	**0.1**	**(39.1)**
Capital increase/(decrease)							1.5	**1.5**	7.1	**8.6**
Issue of TSSDI										
treasury shares							0.1	**0.1**		**0.1**
Valuation of share-based payments							0.2	**0.2**		**0.2**
Dividends paid										
Change in scope										
As of June 30, 2014 (1)/(2)	**16,595,610**	**16.6**	**494.9**		**60.0**	**(0.1)**	**(69.0)**	**502.4**	**7.2**	**509.6**

(1) **Nominal value of shares of 1 euro.**

(2) **Number of shares of capital stock at June 30, 2014: 16,595,610**

Notes to the condensed consolidated financial statements

Note 1 Introduction

1.1. General Information

Groupe Fnac, the Group's parent company, is a Limited Company (Société Anonyme) governed by French law 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 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 at June 30, 2014 reflect the accounting position of Groupe Fnac and its subsidiaries and its interests in associated companies and joint ventures.

On July 30, 2014, The Board of Directors approved the consolidated financial statements as of June 30, 2014 and authorized their publication on July 30, 2014.

1.2. Publication background

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

The admission of Groupe Fnac's securities for trading on a regulated market (NYSE Euronext Paris) that occurred on June 20, 2013, required the drafting of consolidated financial statements according to IFRS. The procedures for drawing up these financial statements are detailed in Note 2 *Accounting principles and policies*.

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

Note 2 Accounting principles and policies

2.1. General principles and statement of compliance

In accordance with European Regulation No. 1606/2002 of July 19, 2002, Groupe Fnac's consolidated financial statements as of June 30, 2014, were prepared in accordance with the international accounting standards published and approved by the European Union and mandatorily applicable at that date, at the closing date for those financial statements.

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

The consolidated financial statements as of June 30, 2014 were prepared in accordance with IAS 34 – *Interim Financial Reporting*, as adopted by the European Union, which allows only selected financial information to be presented.

The financial statements shown do not take into account the draft standards and interpretations that were still only at the exposure draft stage at the end of the period at the IASB (International Accounting Standards Board) and IFRIC, or standards whose application was not mandatory in 2014.

The notes to the financial statements do not include all financial information required for the annual financial statements and must be read with the support of the annual financial statements for the year 2013.

The accounting rules adopted by the European Union can be consulted on the European Commission's website at the following address: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

2.2. IFRS guidelines applied

The consolidated financial statements are prepared in accordance with the accounting standards and interpretations applied by the Group for the consolidated financial statements for the 2013 fiscal year, with the exception of income tax and retirement costs and other employee benefits, which are estimated with a special methodology described in Note 2.3.

Main IFRS standards, amendments and interpretations effective in the European Union and mandatory for annual periods beginning on or after January 1, 2014:

- IFRS 10 – Consolidated financial statements;
- IFRS 11 – Joint arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- IAS 28 Revised – Investments in associates and joint ventures;
- Amendment to IAS 32 – Offsetting financial assets and liabilities;

- Amendment to IAS 36 – Recoverable amount disclosures for non-financial assets;
- Amendment to IAS 39 - Novation of derivatives and maintenance of hedge accounting;
- Amendments to IFRS 10, IFRS 11, IFRS 12 and IAS 27 – Investment entities;

The initial application of the revised IAS 10, IFRS 11 and IFRS 12 has no significant impact on the Group's financial statements.

The other standards do not apply to the Group or do not have significant impacts on the consolidated financial statements as of June 30, 2014.

Other major essential standards, amendments and interpretations issued by the IASB, effective and non-mandatory on January 1, 2014

- IFRIC Interpretation 21: Levies Charged by Public Authorities

This interpretation, which was adopted by the European Union on June 17, 2014, was not applied in advance on January 1, 2014. The impact of this interpretation is being analyzed.

Other major standards, amendments and interpretations issued by the IASB but not yet in force as of June 30, 2014

- IFRS 9: Financial instruments
- IFRS 15: Revenue from contracts with customers

2.3. Features specific to the preparation of the consolidated financial statements

2.3.1. Income tax

The tax charge for the period (current and deferred) is determined according to the estimated effective tax rate for the full year for each entity and tax subgroup. It is then adjusted for any specific operation relative to the current half-year.

2.3.2. Post-employment and other long-term employee benefits

The expense for the first half of the year relative to post-employment and other long-term employee benefits equals half of 2014 net expenses.

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.

2.3.3. Seasonal nature of business activity

Revenues, gross operating profit and the key financial 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 June 30, 2014 are not necessarily representative of those expected for a full-year basis for 2014.

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 appropriateness 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 the 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, primarily in relation to inventory, as well as the assumptions used for the calculation of the obligations relating to employee benefits, share-based payments, deferred tax, 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.

In addition, Groupe Fnac Management has estimated the impact on accounts of certain transactions that are not considered by the IFRS standards or any other standards in effect that do not encompass these transactions.

Note 3 Significant events

Changes in scope of consolidation

In October 2013, the Fimilac Group and Groupe Fnac announced their intent to form a partnership to develop ticketing solutions.

The FIMALAC Group has taken a 50% stake in Kyro, a subsidiary of France Billet, which offers a ticketing solution for entertainment professionals, venues and producers.

This transaction was approved by the French Competition Authority on April 11, 2014.

In the first half of 2014, Groupe Fnac continued its commitment to optimizing its legal organization. As a result, the company Datasport SAS (previously called J.F.C.L) absorbed its two subsidiaries Datasport and Datasport Ouest via a universal contribution of assets.

Note 4 Operating segments

The information relating to the operating segments shown follows the same accounting rules as those used for the consolidated financial statements and set out in the notes to the consolidated financial statements.

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

Non-cash income and expenses mainly include current and non-current provisions and reversals of amortizations and provisions for non-current assets, and provisions for contingencies and expenses.

Acquisitions of gross 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 on a finance-lease agreement.

Non-current segment assets consist of goodwill and other intangible and tangible non-current assets and of 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.

The Corporate Head Office costs are included in the France operating segment.

Operating segment data

(€ million)	**France**	**Iberian Peninsula**	**Brazil**	**Other countries**	**Total**
June 30, 2014					
Income from ordinary activities	**1,152.8**	**285.8**	**77.4**	**123.4**	**1,639.4**
- Consumer electronics	638.0	173.0	55.7	66.7	**933.4**
- Publishing products	441.1	105.2	19.8	53.1	**619.2**
- Services	73.7	7.6	1.9	3.6	**86.8**
Operating income	**(28.3)**	**3.4**	**(0.2)**	**(2.2)**	**(27.3)**
Income and expense with no impact on cash (1)	32.5	5.9	(2.7)	2.2	**37.9**
Purchase of tangible and intangible non-current assets (2)	17.9	2.3	0.5	0.8	**21.5**
Segment assets	**955.2**	**143.5**	**52.8**	**65.5**	**1,217.0**
Segment liabilities	**639.2**	**139.4**	**8.7**	**45.4**	**832.7**

(€ million)	France	Iberian Peninsula	Brazil	Other countries	Total
June 30, 2013					
Income from ordinary activities	**1,160.9**	**285.7**	**91.9**	**131.0**	**1,669.5**
- Consumer electronics	630.8	170.7	62.1	71.5	**935.1**
- Publishing products	458.3	107.5	27.4	55.5	**648.7**
- Services	71.8	7.5	2.4	4.0	**85.7**
Operating income	**(21.5)**	**6.2**	**(2.6)**	**(2.3)**	**(20.2)**
Income and expense with no impact on cash (1)	7.3	7.3	0.2	1.5	**16.3**
Purchase of tangible and intangible non-current assets (2)	18.0	2.1	0.5	1.1	**21.7**
Segment assets	**925.8**	**142.6**	**70.8**	**67.1**	**1,206.3**
Segment liabilities	**553.6**	**134.1**	**34.5**	**56.9**	**779.1**

(€ million)	France	Iberian Peninsula	Brazil	Other countries	Total
December 31, 2013					
Income from ordinary activities	**2,761.9**	**654.3**	**197.2**	**291.9**	**3,905.3**
- Consumer electronics	1,473.9	390.4	132.1	153.7	**2,150.1**
- Publishing products	1,125.5	247.8	60.0	129.8	**1,563.1**
- Services	162.5	16.1	5.1	8.4	**192.1**
Operating income	**13.2**	**20.3**	**4.4**	**5.2**	**43.1**
Income and expense with no impact on cash (1)	42.6	17.3	(4.0)	3.1	**59.0**
Purchase of tangible and intangible non-current assets (2)	39.6	5.3	0.8	2.9	**48.6**
Segment assets	**988.2**	**159.7**	**65.8**	**74.4**	**1,288.1**
Segment liabilities	**842.3**	**214.2**	**27.2**	**66.5**	**1,150.2**

(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 & non-current provisions for contingencies and losses and reversals
- provisions, reversals and discounting of provisions for pensions & other equivalent benefits
- non-disbursable income & expense related to stock options and equivalent items
- proceeds from disposal of operating & financial assets
- deferred tax charges and reversals
(2) Purchase of tangible and intangible non-current assets excluding finance leases and including changes in receivables and payables relating to assets

Note 5 Payroll expenses

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

- ✓ an increase in equity for plans settled in equity instruments;
- ✓ 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 relates to value unit plans and performance option plans.

Based on the assumptions described in the 2013 financial statements, this expense for the period amounts to €7.6 million and includes the update of the liability to personnel for cash-settled plans in the light of changes in the price of the Fnac share.

Note 6 Other non-current operating income and expenses

(€ million)	**30 juin 2014**	**30 juin 2013**	**31 décembre 2013**
Non-current operating expense (net)	**(7.6)**	**(16.4)**	**(36.1)**
Restructuring costs	(10.1)	(10.3)	(29.4)
Litigation and disputes	2.5	(6.1)	(4.7)
Other risks			(2.0)
Non-current operating income		**8.6**	**7.5**
Gains on asset disposals		8.6	7.5
Total	**(7.6)**	**(7.8)**	**(28.6)**

Groupe Fnac's other non-current operating income and expenses, which include unusual items that may disrupt the monitoring of economic performance, amounted to negative €7.6 million as of June 30, 2014, and included the following items:

- restructuring costs of €10.1 million relating mainly to the Fnac 2015 relaunch plan;
- disputes with third parties amounting to €2.5 million relating to reversals of provisions for lapsed or ended risks;

As of June 30, 2013, this item represented a €7.8 million net expense and included €10.3 million in restructuring expenses, €6.1 million in litigation expenses and expenses for other operational risks and a gain on the disposal of the equity interest in Cyrillus Deutschland GmbH, and the sale of Form@Home.

Note 7 (Net) financial expenses

Net financial expenses break down as follows:

(€ million)	30 juin 2014	30 juin 2013	31 décembre 2013
Cost of net financial debt	**(0.1)**	**(0.3)**	**(0.3)**
Income from cash and cash equivalents	0.4	0.4	0.5
Financial expense at amortized cost	(0.5)	(0.7)	(0.8)
Other financial income and expense	**(4.7)**	**(3.8)**	**(11.4)**
Origination and unused line of credit fees	(2.9)	(0.5)	(3.6)
Impact of discounting net debt related to defined benefit plans	(0.9)	(0.8)	(1.7)
Cost of consumer credit	(1.2)	(2.7)	(6.2)
Other net financial expense	0.3	0.2	0.1
Total	**(4.8)**	**(4.1)**	**(11.7)**

The cost of net financial debt was €0.1 million as of June 30, 2014, versus €0.3 million as of June 30, 2013.

For the first half of 2014, it was mainly composed of financial investment products and financial charges on bank funding operations in Brazil. In the first half of 2013, it was composed of the net cost of funding by the Kering Finance Group of €0.7 million, as well as other financial investment products.

Other financial income and expenses amounted to negative €4.7 million as of June 30, 2014 (compared to negative €3.8 million as of June 30, 2013) and included mainly:

- The spread over three years of the issue cost of a line of credit of €250 million and fees for an unused line of credit (negative €2.9 million as of June 30, 2014 and negative €0.5 as of June 30, 2013).

- The effect of discounting assets and liabilities for the Group's post-employment benefits for a total expense of €0.9 million as of June 30, 2014, versus an expense of €0.8 million as of June 30, 2013.

- Expenses for the cost of consumer credit (negative €1.2 million as of June 30, 2014, and negative €2.7 million as of June 30, 2013).

Note 8 Tax

Analysis of the income tax expense from continuing operations

(€ million)	30 juin 2014	30 juin 2013	31 décembre 2013
Pre-tax income	(32.1)	(24.3)	31.4
Non-current items	(7.6)	(7.8)	(28.6)
Income before tax and non-recurring items	**(24.5)**	**(16.5)**	**60.0**
Total tax charge	(4.8)	(6.3)	(15.6)
Tax on non-current items	0.4	0.2	1.0
Current tax charge	**(5.2)**	**(6.5)**	**(16.6)**
Effective tax rate	**(14.95%)**	**(25.96%)**	**49.68%**
Current tax rate	**(21.22%)**	**(39.39%)**	**27.67%**

As of January 1, 2013, Groupe Fnac had obtained from the French fiscal authorities the status of a consolidated tax group for its French subsidiaries.

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

The total income tax expense comprises a €3.9 million expense for CVAE for the first half of 2014 (€4.5 million for the first half of 2013).

Note 9 Earnings per share

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

In the first half of 2014, Groupe Fnac held an average of 25,484 treasury shares as part of the liquidity contract entered into on June 19, 2013 with Rothschild & Cie Banque.

As of June 30, 2014, Groupe Fnac had liquidated its position and holds no treasury shares.

Net diluted earnings per share take into account the weighted average number of shares defined above, plus the weighted average number of dilutive potential ordinary shares. Dilutive potential shares correspond to the shares granted to employees as part of transactions for which payment is based on shares settled with equity instruments.

For the first half of 2014, instruments issued by Groupe Fnac had a dilutive effect of 117,572 shares.

The number of shares that could potentially become dilutive during a subsequent fiscal year was 276,360.

9.1. Earnings per share

Earnings per share as of June 30, 2014

(€ million)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(37.0)**	**(37.0)**	
Weighted average number of ordinary shares issued	16,595,610	16,595,610	16,595,610
Weighted average number of treasury shares	(25,484)	(25,484)	(25,484)
Weighted average number of ordinary shares	**16,570,126**	**16,570,126**	**16,570,126**
Basic earnings per share (in euros)	**(2.23)**	**(2.23)**	

(€ million)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(37.0)**	**(37.0)**	
Convertible and exchangeable instruments			
Diluted net income, Group share	**(37.0)**	**(37.0)**	
Weighted average number of ordinary shares	16,570,126	16,570,126	16,570,126
Potentially dilutive ordinary shares	117,572	117,572	117,572
Weighted average number of diluted ordinary shares	**16,687,698**	**16,687,698**	**16,687,698**
Diluted earnings per share (in euros)	**(2.22)**	**(2.22)**	

Earnings per share as of June 30, 2013

(€ million)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(31.0)**	**(30.6)**	**(0.4)**
Weighted average number of ordinary shares issued	16,595,610	16,595,610	16,595,610
Weighted average number of treasury shares	(2,058)	(2,058)	(2,058)
Weighted average number of ordinary shares	**16,593,552**	**16,593,552**	**16,593,552**
Basic earnings per share (in euros)	**(1.87)**	**(1.84)**	**(0.02)**

(€ million)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(31.0)**	**(30.6)**	**(0.4)**
Convertible and exchangeable instruments			
Diluted net income, Group share	**(31.0)**	**(30.6)**	**(0.4)**
Weighted average number of ordinary shares	16,593,552	16,593,552	16,593,552
Potentially dilutive ordinary shares			
Weighted average number of diluted ordinary shares	**16,593,552**	**16,593,552**	**16,593,552**
Diluted earnings per share (in euros)	**(1.87)**	**(1.84)**	**(0.02)**

Earnings per share as of December 31, 2013

(€ million)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**14.7**	**15.8**	**(1.1)**
Weighted average number of ordinary shares issued	16,595,610	16,595,610	16,595,610
Weighted average number of treasury shares	(12,662)	(12,662)	(12,662)
Weighted average number of ordinary shares	**16,582,948**	**16,582,948**	**16,582,948**
Basic earnings per share (in euros)	**0.89**	**0.95**	**(0.07)**

(€ million)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**14.7**	**15.8**	**(1.1)**
Convertible and exchangeable instruments			
Diluted net income, Group share	**14.7**	**15.8**	**(1.1)**
Weighted average number of ordinary shares	16,582,948	16,582,948	16,582,948
Potentially dilutive ordinary shares			
Weighted average number of diluted ordinary shares	**16,582,948**	**16,582,948**	**16,582,948**
Diluted earnings per share (in euros)	**0.89**	**0.95**	**(0.07)**

9.2. Earnings per share from continuing operations excluding non-current items

Non-current items involve the amount net of tax and non-controlling interests shown in the "Other non-current operating income and expenses" line in the profit and loss statement.

(€ million)	**30 juin 2014**	**30 juin 2013**	**31 décembre 2013**
Net income from contributing operations attributable to ordinary shareholders	**(37.0)**	**(30.6)**	**15.8**
Other non-current operating income and expense	(7.6)	(7.8)	(28.6)
Taxes on other non-current operating income and expense	0.4	0.2	1.0
Non-controlling interests in other products and non-current expense	(0.1)		
Net income excluding non-current items	**(29.7)**	**(22.9)**	**43.4**
Nombre moyen pondéré d'actions ordinaires émises	16,595,610	16,595,610	16,595,610
Nombre moyen pondéré d'actions autodétenues	(25,484)	(2,058)	(12,662)
Nombre moyen pondéré d'actions ordinaires	**16,570,126**	**16,593,552**	**16,582,948**
Basic earnings per share excluding non-current items (in euros)	**(1.79)**	**(1.38)**	**2.62**
Net income excluding non-current items	**(29.7)**	**(22.9)**	**43.4**
Instruments convertibles et échangeables			
Diluted net income, Group share	**(29.7)**	**(22.9)**	**43.4**
Nombre moyen pondéré d'actions ordinaires	16,570,126	16,593,552	16,582,948
Actions ordinaires potentielles dilutives	117,572		
Nombre moyen pondéré d'actions ordinaires diluées	**16,687,698**	**16,593,552**	**16,582,948**
Basic earnings per share excluding non-current items (in euros)	**(1.78)**	**(1.38)**	**2.62**

Note 10 Other comprehensive income items

Other comprehensive income items mainly comprise:

- profits and losses from the conversion of the financial statements for operations outside France;
- items relating to the assessment of employee benefit obligations: re-evaluation of net liabilities for defined benefit plans. The general decline in interest rates observed in the main geographical regions, including the euro zone, in the first half of 2014 resulted in a decrease in reference discount rates, which are the rates of top-rated corporate bonds. An adjustment of the amount of the net liability was recognized in the interim financial statements. The impact on equity is presented in the section Other Items of Comprehensive Income.

  The discount rates used by the Group for the calculation of this impact are:

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

Au 30 juin 2014

(€ million)	Gross	Tax	Net
Translation differences	2.4		2.4
Items that may be reclassified subsequently to profit or loss	**2.4**		**2.4**
Revaluation of net liabilities for defined benefit plans	(6.9)	2.3	(4.6)
Items that may not be reclassified subsequently to profit or loss	**(6.9)**	**2.3**	**(4.6)**
Other items of comprehensive income as of June 30, 2014	**(4.5)**	**2.3**	**(2.2)**

Au 30 juin 2013

(€ million)	Gross	Tax	Net
Translation differences	(1.3)		(1.3)
Items that may be reclassified subsequently to profit or loss	**(1.3)**		**(1.3)**
Revaluation of net liabilities for defined benefit plans			
Items that may not be reclassified subsequently to profit or loss			
Other items of comprehensive income as of June 30, 2013	**(1.3)**		**(1.3)**

Au 31 décembre 2013

(€ million)	Gross	Tax	Net
Translation differences	(5.1)		(5.1)
Items that may be reclassified subsequently to profit or loss	**(5.1)**		**(5.1)**
Revaluation of net liabilities for defined benefit plans	8.8	(2.4)	6.4
Items that may not be reclassified subsequently to profit or loss	**8.8**	**(2.4)**	**6.4**
Other items of comprehensive income as of December 31, 2013	**3.7**	**(2.4)**	**1.3**

Note 11 Shareholders' equity

11.1. Share capital

As of June 30, 2014, share capital amounted to €16,595,610. It consists of 16,595,610 fully paid-up shares with a par value of €1.

There were no financial commitments involving Groupe Fnac's consolidated shareholders' equity as of June 30, 2014.

11.2. Appropriation of earnings

No dividend was paid in 2014 in respect of the 2013 fiscal year. The results of the 2013 and 2012 fiscal years were allocated to shareholders' equity.

11.3. Undated deeply subordinated notes (TSSDI)

On April 24, 2013, Groupe Fnac issued 60 undated deeply subordinated notes (TSSDI) with a nominal value of €1 million each, for a total nominal amount of €60 million. These notes are subordinated to all senior creditors and bear an 8% annual fixed-rate coupon. In accordance with IAS 32 and in light of its characteristics (no reimbursement clauses, no obligation to pay a coupon except in the limited cases set forth in the agreement and at the issuer's initiative), this instrument is recognized in shareholders' equity.

11.4. Treasury shares

In the first half of 2014, Groupe Fnac held an average of 25,484 treasury shares as part of the liquidity contract entered into on June 19, 2013, with Rothschild & Cie Banque.

As of June 30, 2014, Groupe Fnac did not hold any treasury shares.

Note 12 Cash and cash equivalents

Cash and cash equivalents broke down as follows:

(€ million)	**30 juin 2014**	**30 juin 2013**	**31 décembre 2013**
Cash	52.4	89.3	117.1
Cash equivalents	144.6	46.7	344.5
Total	**197.0**	**136.0**	**461.6**

In 2013 and 2014, cash equivalents comprised SICAVs (open-ended investment funds) and an interest-paying current account. The SICAVs also included €6.0 million allocated as part of the establishment of the liquidity contract. That contract is designed to promote transaction liquidity and consistency of Groupe Fnac' s share listing.

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. These assessments did not result in any changes to the accounting classification previously adopted as of June 30, 2014

Note 13 Financial debt

(€ million)	30 juin 2014	N+1	N+2	N+3	N+4	N+5	Beyond that date	30 juin 2013	31 décembre 2013
Long-term borrowings and financial debt	**0.4**		**0.2**	**0.1**	**0.1**			**0.6**	**0.5**
Finance lease agreement liabilities	0.4		0.2	0.1	0.1			0.6	0.5
Short-term borrowings and financial debt	**0.2**	**0.2**						**8.0**	**0.2**
Finance lease agreement liabilities	0.2	0.2						0.3	0.2
Bank overdrafts								7.7	
Other financial liabilities									
Total	**0.6**	**0.2**	**0.2**	**0.1**	**0.1**			**8.6**	**0.7**
%		**33.3%**	**33.3%**	**16.7%**	**16.7%**				

As of June 30, 2014, Groupe Fnac's financial debt was composed primarily of debts on finance-lease agreements.

Note 14 Net financial debt

Groupe Fnac's net financial debt breaks down as follows:

(€ million)	30 juin 2014	30 juin 2013	31 décembre 2013
Gross financial debt	0.6	8.6	0.7
Cash and cash equivalents	(197.0)	(136.0)	(461.6)
Net financial debt	**(196.4)**	**(127.4)**	**(460.9)**

Note 15 Cash flow statement

Cash amounted to €197.0 million as of June 30, 2014, and corresponds to the cash and cash equivalents amount shown below:

(€ million)	30 juin 2014	30 juin 2013	31 décembre 2013
Balance sheet cash and cash equivalents	197.0	136.0	461.6
Bank overdrafts		7.7	
Cash and cash equivalents in the cash flow statement	**197.0**	**128.3**	**461.6**

15.1. Cash flow from operations

The composition of cash flow from operations was as follows:

(€ million)	**30 juin 2014**	**30 juin 2013**	**31 décembre 2013**
Net income from continuing operations	**(36.9)**	**(30.6)**	**15.8**
Current & non-current provisions and reversals on non-current assets and provisions for contingencies and losses	37.1	26.1	63.5
Non-disbursable income/expense related to stock options and equivalent items		(3.3)	(3.3)
Current proceeds from the disposal of operating assets	0.2	0.4	2.4
Non-current proceeds from the disposal of operating assets		0.2	(0.8)
Non-current proceeds from the disposal of financial assets		(8.6)	(7.6)
Deferred tax income and expense	(0.2)	0.7	3.3
Discounting of provisions for pensions & other equivalent benefits	0.9	0.8	1.7
Other items without impact on cash	(0.1)		(0.2)
Cash flow from operations	**1.0**	**(14.3)**	**74.8**

15.2. Purchase and disposal of non-current tangible and intangible assets

Purchases of non-current tangible and intangible assets mainly involved investments in retail outlets and logistics platforms, as well as IT investments.

(€ million)	**30 juin 2014**	**30 juin 2013**	**31 décembre 2013**
Purchase of non-current intangible assets	(6.5)	(7.6)	(19.7)
Purchase of non-current tangible assets excluding non-current assets under finance leases	(9.8)	(11.5)	(32.7)
Change in advances & down payments for non-current assets	(0.1)	(0.2)	(0.2)
Change in debt relating to non-current assets	(5.1)	(2.4)	4.0
Total non-current asset purchases	**(21.5)**	**(21.7)**	**(48.6)**
Disposal of non-current assets			0.1
Total purchases and disposals of non-current assets	**(21.5)**	**(21.7)**	**(48.5)**
Acquisition of non-current assets under finance-leases		(0.1)	(0.1)

15.3. Acquisitions and disposals of subsidiaries

(€ million)	**30 juin 2014**	**30 juin 2013**	**31 décembre 2013**
Purchase of subsidiaries net of cash acquired			(2.5)
Disposal of subsidiaries net of cash transferred		(0.3)	(0.3)
Total		**(0.3)**	**(2.8)**

In the first half of 2014, the Group did not acquire or dispose of any subsidiaries.

The Group sold Form@Home to Solution 30 in 2013.

For the 2013 fiscal year, acquisitions of subsidiaries net of cash acquired include the acquisition of the Datasport Group.

15.4. Increase / Decrease in capital and other transactions with shareholders

In the first half of 2014, Kyro conducted a capital increase of €8.7 million subscribed by the Fimalac Group.

This transaction enabled the Fimalac Group to gain a 50% stake directly in the capital of Kyro directly and gain a 50% stake indirectly in Datasport SAS. This also generated a dilution surplus of €1.5 million, which was recorded in the shareholders' equity of the Group.

Groupe Fnac carried out a share capital increase of €70 million in 2013. Groupe Fnac also issued sixty undated deeply subordinated notes (TSSDIs) with a nominal value of €1 million each, for a total nominal amount of €60 million.

15.5. Acquisition and disposal of treasury shares

In the first half of 2013, Groupe Fnac bought 65,000 treasury shares under the terms of the liquidity agreement signed on June 19, 2013, with Rothschild & Cie Banque, at a weighted average cost of €17.69 per share.

In the first half of 2014, Groupe Fnac held an average of 25,484 treasury shares as part of the liquidity agreement signed on June 19, 2013, with Rothschild & Cie Banque.

The position was liquidated on December 31, 2013 and June 30, 2014.

15.6. Increase / Decrease in other financial debt

In the first half of 2014 and for 2013, no significant variance occurred on financial debt.

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

Other commitments given and received with respect to contractual obligations have not changed significantly compared to those detailed in Chapter 5, Note 33 of the consolidated financial statements of December 31, 2013.

Proceedings and litigation

Groupe Fnac’s companies and businesses are involved in a certain number of proceedings and litigation cases during the normal course of business, including disputes with tax, employment and customs authorities. A provision has been recorded for any expenses that may arise and are considered likely by those companies and businesses 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 likely to affect its net assets, earnings or financial position for which a provision had to be recorded at year-end. No litigation is material at the Company or Groupe Fnac level, when considered on a stand-alone basis.

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 have had such an impact in the recent past.

Note 17 Related parties

As of June 30, 2014, Groupe Artémis owned 38.88% of Groupe Fnac's share capital and voting rights.

In the first half of 2014, there were no transactions between the consolidated companies of Groupe Fnac and the Kering Group, the party related to Artemis Group.

The main transactions between the consolidated companies of Groupe Fnac and the Kering Group, the party related to the Artemis Group, which took place in fiscal 2013 are detailed in Note 34 "Transactions with related parties" in Chapter 5 of the financial statements of the 2013 Registration Document.

Note 18 Events after the balance-sheet date

Restructuring transactions

In the first half of 2014, Groupe Fnac continued its commitment to optimizing its legal organization. Thus, the company Datasport SAS (previously called J.F.C.L) absorbed its two subsidiaries Datasport and Datasport Ouest via a universal contribution of assets. In the second half of 2014, Groupe Fnac will continue this optimization by carrying out the absorption via a universal contribution of assets of the company Datasport SAS into the company KYRO.

Stores

On July 25, 2014, Fnac Spain announced the proposed closure of the Xanadu store on the outskirts of Madrid.

Revolving credit facility

On July 24, with the syndicate of lenders the Group signed an amendment to the revolving credit facility in the amount of €250 million concluded on April 19, 2013.

The principal terms of this amendment, which attest to the Group's improving financial profile, include the term of the loan and the early repayment clause in case of changes in the stake of Artémis in the capital of Groupe Fnac.

The maturity of the credit facility was extended to July 24, 2017 (versus April 18, 2016 initially). The early repayment clause if the stake of Artémis in the equity of Groupe Fnac should fall below 38.8% before April 18, 2015 and 25% before April 18, 2016 is maintained in its original form without extension until the new maturity of the credit facility.

As of June 30, 2014, the covenants of the credit facility were complied with.

4 STATUTORY AUDITORS' REPORT

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Statutory Auditors' report on the interim financial information

For the period from January 1 to June 30, 2014

To the Shareholders,

In compliance with the mission entrusted to us by your Shareholders' Meetings and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report 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, 2014, as attached to this report;
- the verification of the information contained in the interim management report.

These condensed consolidated interim financial statements are 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 inquiries with the persons responsible for financial and accounting matters, and applying analytical and other review procedures. This work is substantially less broad 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 any material anomalies within a limited review is od moderate assurance, lower than that obtained in an audit.

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

II- Specific verification

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

Paris La Défense and Neuilly-sur-Seine, July 30, 2014

The Statutory Auditors

KPMG Audit
A department of KPMG SA

Hervé Chopin

Deloitte & Associés

Stéphane Rimbeuf

5 STATEMENT BY THE PERSON RESPONSIBLE FOR THE SEMI-ANNUAL FINANCIAL REPORT

I certify that, to my knowledge, the interim condensed consolidated financial statements for the six months ended June 30, 2014, were prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in consolidation, and that the interim management report gives a fair description of material events occurred in the first six months of the financial year and their impact on the interim financial statements as well as a description of the principal risks and uncertainties for the remaining six months of the year, along with the principal transactions with related parties.

Ivry sur Seine, July 30, 2014

Alexandre Bompard

Chairman and Chief Executive Officer

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