#MADE TOLAST

· 2018 HALF YEAR FINANCIAL REPORT ·

CONTENTS

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2018

1.1. Key figures

(in million euros)			Q2 2018 vs. Q2 2017					H1 2018 vs. H1 2017		
	Q2 2017 (restated for IFRS15)	**Q2 2018**	As reported	Constant currency basis	Comparative basis	H1 2017 (restated for IFRS15)	**H1 2018**	As reported	Constant currency basis	Comparative basis
Group										
Net Sales	**599.0**	**543.9**	**-9.2%**	**-3.1%**	**-2.3%**	**1,072.3**	**959.3**	**-10.5%**	**-3.1%**	**-1.9%**
Gross Profit	310.5	283.9	-	-	-	560.5	507.4	-	-	-
Normalized Income From Operations (NIFO)	137.1	118.7	-13.4%	-	-	218.2	188.2	-13.7%	-	-
Normalized IFO margin	***22.9%***	***21.8%***	-	-	-	***20.3%***	***19.6%***	-	-	-
Income From Operations (IFO)	119.6	50.0	-58.2%	-	-	193.6	119.5	-38.3%		
IFO margin	*20.0%*	*9.2%*	-	-	-	*18.1%*	*12.5%*	-	-	-
Net Income Group Share	79.2	22.2	-72.0%	-	-	128.7	70.8	-45.0%	-	-
Net Income Group Share excluding Cello Goodwill Impairment	**79.2**	**90.9**	**+14.8%**	**-**	**-**	**128.7**	**139.5**	**+8.4%**	**-**	**-**
Normalized Earnings Per Share Group Share *(in euros)*	**2.04**	**1.99**	**-2.5%**	**-**	**-**	**3.21**	**3.05**	**-5.0%**	**-**	**-**
Earnings Per Share Group Share (in euros)	1.70	0.49	-71.2%	-	-	2.76	1.55	-43.8%	-	-
Stationery										
Net Sales	**267.8**	**249.5**	**-6.8%**	**-1.7%**	**-1.4%**	**433.4**	**401.3**	**-7.4%**	**-1.1%**	**-0.1%**
Normalized IFO	41.6	37.4	-	-	-	47.6	47.0	-	-	-
Normalized IFO margin	***15.5%***	***15.0%***	**-**	**-**	**-**	*11.0%*	***11.7%***	**-**	**-**	**-**
IFO	35.5	(31.3)	-	-	-	36.0	(21.8)	-	-	-
IFO margin	*13.2%*	*-12.6%*	-	-	-	*8.3%*	*-5.4%*	-	-	-
Lighters										
Net Sales	**186.4**	**165.0**	**-11.5%**	**-4.5%**	**-4.5%**	**358.6**	**317.7**	**-11.4%**	**-2.7%**	**-2.6%**
Normalized IFO	77.0	63.3	-	-	-	141.0	117.7	-	-	-
Normalized IFO margin	***41.3%***	***38.4%***	**-**	**-**	**-**	***39.3%***	***37.1%***	**-**	**-**	**-**
IFO	77.0	63.3	-	-	-	140.8	117.7	-	-	-
IFO margin	*41.3%*	*38.4%*	-	-	-	*39.3%*	*37.1%*	-	-	-
Shavers										
Net Sales	**123.4**	**113.5**	**-8.0%**	**-0.3%**	**-0.3%**	**238.7**	**210.5**	**-11.8%**	**-3.1%**	**-3.1%**
Normalized IFO	17.2	16.9				31.4	24.6			
Normalized IFO margin	***14.0%***	***14.9%***	**-**	**-**	**-**	***13.1%***	***11.7%***	**-**	**-**	**-**
IFO	17.2	16.9	-	-	-	31.2	24.6	-	-	-
IFO margin	*13.9%*	*14.9%*	-	-	-	*13.1%*	*11.7%*	-	-	-
Other products										
Net Sales	**21.5**	**15.9**	**-25.8%**	**-24.2%**	**-6.9%**	**41.6**	**29.8**	**-28.5%**	**-26.8%**	**-10.4%**
Normalized IFO	**1.2**	**1.2**	**-**	**-**	**-**	**(1.8)**	**(1.0)**	**-**	**-**	**-**
IFO	(10.1)	1.2	-	-	-	(14.4)	(1.0)	-	-	-

1.2. H1 2018 Highlights

NET SALES

- **Stationery:** 401.3 million euros (-0.1% on a comparative basis)
- **Lighters:** 317.7 million euros (-2.6% on a comparative basis)
- **Shavers:** 210.5 million euros (-3.1% on a constant currency basis)

RESULTS

- **Normalized Income From Operations (IFO):** 188.2 million euros (-13.7% as reported)
  - **Normalized IFO margin:** 19.6% compared to 20.3% in H1 2017
- **Reported Income From Operations (IFO):** 119.5 million euros (-38.3% as reported)
- **Earnings Per Share (Group share):** 1.55 euros (-43.8% as reported)
- **Normalized Earnings Per Share (Group share):** 3.05 euros (-5.0% as reported)
- **Net cash position as of June 30, 2018:** 55.1 million euros

1.3. H1 2018 Group operational trends

NET SALES

H1 2018 Net Sales totaled 959.3 million euros, down 10.5% as reported and down 1.9% on a comparative basis. The unfavorable impact of currency fluctuations (-7.4%) was mainly due to the depreciation of the U.S. dollar and Brazilian real against the euro. Europe grew by 0.8% on a comparative basis. North America and Developing Markets declined by 0.5% and by 6.3%, respectively.

INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS

H1 2018 Gross Profit margin was 52.9%, compared to 52.3% in H1 2017.

H1 2018 Normalized IFO was 188.2 million euros compared to 218.2 million euros in H1 2017, with Normalized IFO margin of 19.6% vs. 20.3% in H1 2017.

KEY COMPONENTS OF THE CHANGE IN NORMALIZED IFO MARGIN

(in points)	H1 2017 vs. H1 2016[(a)]	**Q1 2018 vs. Q1 2017**	Q2 2018 vs. Q2 2017	**H1 2018 vs. H1 2017**
• Change in cost of production[(b)]	+0.3	+1.6	+0.5	+1.0
• Total Brand Support[(c)]	(0.1)	(0.2)	+0.2	(0.1)
• *Of which, promotions and investments related to consumer and business development support accounted for in Gross Profit Margin*	*(0.3)*	*(0.6)*	*(0.1)*	*(0.4)*
• *Of which, advertising, consumer and trade support*	*+0.2*	*+0.4*	*+0.3*	*+0.3*
• OPEX and other expenses	(1.2)	(1.8)	(1.8)	(1.6)
Total change in Normalized IFO margin excluding the special employee bonus	**(1.0)**	**(0.4)**	**(1.1)**	**(0.7)**
Special employee bonus	**+0.9**	**-**	**-**	**-**
• *Of which, impact on Gross Profit*	*+0.5*	-	-	-
• *Of which, impact on OPEX*	*+0.4*	-	-	-
Total change in Normalized IFO margin	**(0.1)**	**(0.4)**	**(1.1)**	**(0.7)**

(a) Before 2017 IFRS15 restatement as 2016 was not restated.

(b) Gross Profit margin excluding promotions and investments related to consumer and business development support.

(c) Total Brand Support: consumer and business development support + advertising, consumer and trade support.

NON-RECURRING ITEMS

(in million euros)	Q1		Q2		H1	
	2017 (restated for IFRS 15)	**2018**	2017 (restated for IFRS 15)	**2018**	2017 (restated for IFRS 15)	**2018**
Income From Operations	**74.1**	**69.6**	**119.6**	**50.0**	**193.6**	**119.5**
As % of Net Sales	**15.7%**	**16.7%**	**20.0%**	**9.2%**	**18.1%**	**12.5%**
Restructuring costs related primarily to BIC Graphic	7.0	-	17.5	-	24.6	-
Cello goodwill impairment	-	-	-	68.7	-	68.7
Normalized IFO	**81.1**	**69.6**	**137.1**	**118.7**	**218.2**	**188.2**
As % of Net Sales	**17.1%**	**16.7%**	**22.9%**	**21.8%**	**20.3%**	**19.6%**

Cello goodwill impairment is explained by lower growth perspectives in both domestic and export sales.

NET INCOME AND EPS

Income before tax was at 125.3 million euros, compared to 193.6 million euros in H1 2017. Net finance revenue was 5.8 million euros compared to nil in H1 2017. H1 2018 was positively impacted, particularly in Q2, by fair value adjustments to financial assets denominated in USD when compared to December 2017.

H1 2018 Net income Group Share was 70.8 million euros, a 45.0% drop as reported (139.5 million euros, increasing 8.4%, before the Cello goodwill impairment). The effective tax rate was 43.5% and 28.1% excluding the impact of Cello goodwill impairment. Q2 2018 Net Income Group Share was 22.2 million euros and would have been 90.9 million euros excluding Cello goodwill impairment.

EPS Group share was 1.55 euros, compared to 2.76 euros in H1 2017, i.e., down 43.8%. Normalized H1 EPS Group share decreased 5.0% to 3.05 euros, compared to 3.21 euros in H1 2017. EPS Group Share in Q2 2018 was 0.49 euros compared to 1.70 euros in Q2 2017, down 71.2%. Normalized Q2 2018 EPS Group share decreased 2.5% to 1.99 euros, compared to 2.04 euros in Q2 2017.

NET CASH POSITION

At the end of June 2018, the Group's net cash position stood at 55.1 million euros.

CHANGE IN NET CASH POSITION

(in million euros)	2017 (restated for IFRS 15)	2018
Net Cash position (beginning of period - December)	222.2	204.9
• Net cash from operating activities	+77.0	+83.1
• *Of which operating cash flow*	*+196.9*	*+197.7*
• *Of which change in working capital and others*	*(119.9)*	*(114.6)*
• CAPEX	(74.7)	(51.6)
• Dividend payment	(161.0)	(157.8)
• Share buyback program	(18.0)	(23.9)
• Net cash from the exercise of stock options and the liquidity contract	+0.6	+1.4
• Proceeds from sale of BIC Graphic North America and Asian Sourcing[a]	+55.7	+9.2
• Others	(14.6)	(10.2)
Net Cash position (end of period - June)	**87.2**	**55.1**

(a) 2017 Net Cash Position excluded 8.8 million euros of subordinated loan.

Net cash from operating activities was +83.1 million euros, including +197.7 million euros in operating cash flow. The negative 114.6 million euros change in working capital, and others was mainly driven by accounts receivables and inventory increased when compared to December 2017 mainly due to seasonality. Net cash was also negatively impacted by investments in CAPEX as well as the dividend payments and share buybacks.

SHAREHOLDERS' REMUNERATION

- Ordinary dividend of 3.45 euros per share paid in May 2018.
- 23.8 million euros in share buy-backs by Société BIC at the end of June 2018 (296,932 shares purchased at an average price of 80.04 euros). BIC Corporation had share buy-backs for 0.1 million euros.

1.4. H1 2018 operational trends by category

Stationery

Stationery H1 2018 Net Sales decreased by 7.4% as reported and by 0.1% on a comparative basis. Second quarter 2018 Net Sales were down 6.8% as reported and down 1.4% on a comparative basis.

- **In Europe,** while the market declined 2.2% in value[(1)]. Net Sales were flat with continued solid performance in Southern Europe (Spain and Turkey) partially offset by negative back-to-school phasing in France (shipment to customers postponed from June to July, versus last year).
- **In North America**, Net Sales increased mid-single digit with a strong performance in e-commerce, the on-going success of our BIC® Gelocity Quick Dry pen, as well as positive back-to-school phasing. Year-to-date June 2018, BIC outperformed the declining U.S. Stationery market (-0.9%), gaining 0.5 points market share in value[(2)].
- **In Latin America,** Net Sales decreased low-single digit, negatively impacted by the 10-day transportation strike in May in Brazil, combined with on-going inventory adjustments by customers, as well as a negative back-to-school phasing in Mexico.
- **Cello Pens Domestic Sales in India** were flat on a comparative basis as Cello continues its product trade-up strategy and portfolio streamlining.

H1 2018 Normalized IFO margin for Stationery was 11.7%, compared to 11.0% in H1 2017 with favorable Sales Mix and cost efficiency, offsetting increasing Raw Material costs. **Q2 2018 Normalized IFO margin** was 15.0%, compared to 15.5% in Q2 2017.

Lighters

H1 2018 Net Sales of Lighters decreased by 11.4% as reported and by 2.6% on a comparative basis. Second quarter 2018 Net Sales were down 11.5% as reported and down 4.5% on a comparative basis.

- **Europe** Net Sales were flat in H1. In Western Europe, in spite of unchanged market conditions and distribution channels for BIC, performance was impacted by the decision to adjust a part of our route-to-market in traditional networks. In Eastern Europe, we continued to grow market share.
- **North American** Net Sales decreased slightly in H1. Following pre-buys from retailers in Q1 ahead of the April 1st price increase, Q2 performance was soft, as expected. The non-refillable pocket lighter market in the US declined by 0.3%[(3)].
- **In Latin America,** Net Sales decreased high-single digit, due to on-going inventory adjustments by customers in Brazil. In addition to this, Brazil's performance was impacted by the 10-day transportation strike in May. Mexico performed well with a positive trend in Q2, driven by enlarged distribution in traditional stores.

H1 2018 Normalized IFO margin for Lighters was 37.1%, compared to 39.3% in H1 2017, reflecting an increase in Raw Materials and Brand Support as well as unfavorable fixed cost absorption. **Q2 2018 Normalized IFO margin** was 38.4%, compared to 41.3% in Q2 2017.

(1) Source: GFK - YTD May 2018 – Europe 7 (France, UK, Germany, Italy, Spain, Belgium, Greece).

(2) Source: NPD - YTD July 2018.

(3) Source: IRI CMULO - YTD 1-JUL-2018.

Shavers

H1 2018 Net Sales of Shaver's decreased by 11.8% as reported, and by 3.1% on a constant currency basis. Second quarter 2018 Net Sales decreased by 8.0% as reported and by 0.3% on a constant currency basis.

- The performance was solid **in Europe** with Net Sales increasing mid-single digit. This was mainly due to continued growth in Eastern Europe, notably in Russia with a market share increase driven by BIC® Flex 3 Hybrid and new distribution gains. Western Europe Net Sales were flat in spite of a declining market (down 1.1% in value, YTD May 2018[1]) for the one-piece segment.
- **In North America,** Net Sales decreased mid-single digit, negatively impacted by the on-going market disruption including competitive pressure. BIC underperformed the U.S. one-piece market (down 3.9% in value), losing 0.5 points resulting with 26.4% market share in value (YTD June 2018[2]), in spite of the continued success of our new products BIC® Soleil® Balance, N°1 new product on the female one-piece market, BIC® Flex 3 Hybrid and BIC® Soleil® Bella Click.
- **In Latin America,** net sales were flat. In Brazil, the impact of the 10-day transportation strike was more than offset by our distribution expansion and market share momentum, while market declined 2.7% in value (YTD May 2018[3]). BIC gained 2.5 points to reach 21.2% market share in value (YTD May), driven by BIC® 3 and our latest launches such as BIC® Flex 3 and BIC® Soleil Sensitive.
- **In the Middle-East and Africa,** Net Sales decreased double-digit with performance negatively impacted by a decrease in promotional activities and current unfavorable importation legislation in North Africa.

H1 2018 Normalized IFO margin for Shaver's was 11.7% compared to 13.1% in H1 2017, driven by low volumes, unfavorable product mix increase in Raw Material costs partially offset by lower Brand Support compared to last year.

Q2 2018 Normalized IFO margin was 14.9%, compared to 14.0% in Q2 2017.

Other Products

H1 2018 Net Sales of Other Products decreased by 28.5% as reported and by 10.4% on a comparative basis. Second quarter 2018 Net Sales decreased by 25.8% as reported and by 6.9% on a comparative basis.

BIC Sport posted a low double-digit decrease in its Net Sales on a comparative basis.

H1 2018 Normalized IFO for Other Products was a negative 1.0 million euros, compared to a negative 1.8 million euros in H1 2017. **Q2 2018 Normalized IFO** for Other Products was 1.2 million euros, flat vs. last year.

1.5. BIC Group Net Sales by geography

(in million euros)	Q2 2018 vs. Q2 2017				H1 2018 vs. H1 2017			
	Q2 2017 (Restated for IFRS 15)	Q2 2018	As reported	Comparative basis	H1 2017 (Restated for IFRS 15)	H1 2018	As reported	Comparative basis
Group								
Net Sales	599.0	543.9	-9.2%	-2.3%	1,072.3	959.3	-10.5%	-1.9%
Europe								
Net Sales	181.2	176.1	-2.8%	+1.7%	312.8	300.3	-4.0%	+0.8%
North America								
Net Sales	241.9	224.9	-7.0%	-0.7%	420.4	379.8	-9.7%	-0.5%
Developing markets								
Net Sales	175.9	142.9	-18.7%	-8.5%	339.1	279.1	-17.7%	-6.3%

(1) *Source: MAT Nielsen - May 2018.*

(2) *Source: IRI total market YTD ending 01-JULY-2018.*

(3) *Source: Retail Index, YTD May 2018.*

1.6. Impact of changes in perimeter and currency fluctuations on Net Sales

(in %)	Q2 2017	**Q2 2018**	H1 2017	**H1 2018**
Perimeter	**-0.3%**	**-0.8%**	**-0.2%**	**-1.2%**
Currencies	**+2.0%**	**-6.1%**	**+2.9%**	**-7.4%**
Of which USD	*+0.8%*	*-2.6%*	*+1.1%*	*-3.6%*
Of which BRL	*+0.8%*	*-1.2%*	*+1.4%*	*-1.3%*
Of which ARS	*-0.1%*	*-0.4%*	*-0.1%*	*-0.6%*
Of which INR	*+0.2%*	*-0.3%*	*+0.2%*	*-0.4%*
Of which MXN	*+0.0%*	*-0.7%*	*-0.2%*	*-0.5%*
Of which RUB and UAH	*+0.2%*	*-0.3%*	*+0.2%*	*-0.3%*

1.7. Reconciliation with alternative performance measures

NORMALIZED IFO RECONCILIATION

(in million euros)	H1 2017 (restated for IFRS 15)	FY 2017 (restated for IFRS 15)	**H1 2018**
Income From Operations	**193.6**	**374.9**	**119.5**
Restructuring costs related primarily to BIC Graphic	+24.6	+24.7	-
Cello goodwill impairment	-	-	+68.7
Normalized IFO	**218.2**	**399.6**	**188.2**

NORMALIZED EPS RECONCILIATION

(in euros)	H1 2017 (restated for IFRS15)	2017 (restated for IFRS15)	**H1 2018**
EPS	**2.76**	**6.18**	**1.55**
Net loss from divestiture of BIC Graphic North America and Asian Sourcing	+0.09	+0.09	-
Normalized EPS excluding impairment recognized for BIC Graphic North America and Asia Sourcing	**2.85**	**6.27**	**1.55**
Restructuring costs related primarily to BIC Graphic	+0.36	+0.38	-
Cello goodwill impairment	-	-	+1.50
Normalized EPS	**3.21**	**6.65**	**3.05**

NET CASH RECONCILIATION

(in million euros – rounded figures)	December 31, 2017	June 30, 2018
Cash and cash equivalents (1)	188.6	170.5
Other current financial assets (2)[(a)]	21.4	25.1
Current borrowings (3)[(a)]	(4.9)	(140.5)
Non-current borrowings (4)	(0.2)	-
NET CASH POSITION (1) + (2) - (3) - (4)	**204.9**	**55.1**

(a) In the balance sheet at December 31, 2017 and at June 30, 2018, the line "Other current financial assets and derivative instruments" also includes respectively 23.6 million euros and 9.3 million euros worth of derivative instruments. . In the balance sheet at December 31, 2017 and at June 30, 2018, the line "Current borrowings" includes also respectively 1.7 million euros and 36.7 million euros worth of bank overdrafts and 3.1 million euros and 103.7 million euros worth of current borrowings.

1.8. Share repurchase program – cancelled shares

SOCIÉTÉ BIC obtained at the Annual Shareholders' Meeting on May 16, 2018 to renew its shares repurchase program.

During the first half of 2018:

- SOCIÉTÉ BIC repurchased 296,932 shares under the share repurchase programs authorized by the Annual Shareholders' Meeting held on May 16, 2018, excluding shares acquired under the liquidity agreement;
- SOCIÉTÉ BIC repurchased, under the liquidity agreement with Natixis, 314,097 shares for a total value of 26.62 million euros and sold 312,216 shares for a total value of 26.50 million euros;
- 15,526 options were exercised in the period for 0.99 million euros, of which 0.11 million euros had not been received at the end of June 2018;
- SOCIÉTÉ BIC received 0.69 million euros in early 2018, related to stock options exercised at the end of 2017.

SHARE BUY-BACK PROGRAM - SOCIÉTÉ BIC

	Number of shares acquired	Average weighted price *(in euros)*	Amount *(in million euros)*
February 2018	100,009	83.37	8.3
March 2018	165,000	78.07	12.9
April 2018	-	-	-
May 2018	-	-	-
June 2018	31,923	79.74	2.6
TOTAL	**296,932**	**80.04**	**23.8**

The number of free, performance-based shares transferred to beneficiaries is 120,133 during the first half 2018, of which 118,427 shares transferred by SOCIÉTÉ BIC and 1,706 shares transferred by BIC CORPORATION. The number of free, non-performance-based shares transferred to beneficiaries by SOCIÉTÉ BIC was 14,100.

Moreover, SOCIÉTÉ BIC carried out 170,720 free, performance-based share grants and 30,500 free, non-performance-based share grants.

1.9. Related-party transactions

This paragraph is aimed at ensuring transparency in the relationship between the Group and its Shareholders (and their representatives), as well as in the links between the Group and related companies that the Group does not exclusively control (*i.e.* joint ventures or investments in associates).

Significant related-party transactions are described in the Note 25 – Related parties on page 225 of the Group BIC 2017 registration document filed with the Paris Strock Exchange Athority "*Autorité des Marchés Financiers* (AMF)" on March 21, 2018. During the First Half of 2018, no other significant related-party transactions were identified.

1.10. Capital evolution

N/A

1.11. Material events that occurred in H1 2018

N/A

1.12. Material events that occurred after June 30, 2018

N/A

1.13. Description of the principal risks and uncertainties for H2 2018

BIC pursues an active and dynamic approach to risk management. The purpose of this approach is to enhance the Group's capacity in identifying, managing and monitoring major risks that could affect:

- its personnel, assets, environment, customers, Shareholders or reputation;
- the Group's ability to reach its objectives and abide by its values, ethics or laws and regulations.

The approach is based on identification and analysis of the main risks to which the Group is exposed, particularly those related to the following areas: financial markets, legal, industry and environment, strategy and operations and including products safety.

A description of the main risks identified by the BIC Group is available in the section entitled "Risks factors" of the 2017 registration document (page 24) filed with the *Autorité des Marchés Financiers* (AMF) on March 21, 2018 and which is available online, at the following:

http://www.bicworld.com/en/finance/publications/.

No additional significant risk or uncertainties have been identified for the second half of 2018.

1.14. Full-Year 2018 Outlook

We expect 2018 Group Net Sales **to increase between +1 and +3% on a comparative basis**, with all categories contributing to the growth. Major factors affecting sales performance could include continued competitive pressures in Shavers, further inventory reductions from retailers, and continued softness in the Brazilian economy.

Gross Profit will be impacted by an increase in raw material costs, higher depreciation, while we will continue to invest in targeted Brand Support and Operating Expenses.

2018 Normalized Income from Operations will also be impacted by sales performance. Based on these factors, we expect **Normalized Income from Operations margin to be between 17% and 18%**.

1.15. Glossary

- **Constant currency basis:** constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.
- **Organic growth or Comparative basis:** at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, until their anniversary date. All Net Sales category comments are made on a comparative basis.
- **Gross profit:** is the margin that the Group realizes after deducting its manufacturing costs.
- **Normalized IFO:** normalized means excluding non-recurring items as detailed on page 3.
- **Normalized IFO margin:** Normalized IFO as a percentage of Net Sales.
- **Net cash from operating activities:** principal revenue-generating activities of the entity and other activities that are not investing or financing activities.
- **Net cash position:** Cash and cash equivalents + Other current financial assets - Current borrowings - Non-current borrowings (except financial liabilities following IFRS 16 implementation).

CONSOLIDATED FINANCIAL STATEMENTS

2.1. Consolidated income statement

(Condensed financial statements)

(in thousand euros)	Notes	June 30, 2017*	June 30, 2018
Net sales	2-2	1,072,255	959,294
Cost of goods	4	(511,725)	(451,864)
Gross profit [(a)]		**560,530**	**507,430**
Distribution costs	4	(148,696)	(138,969)
Administrative expenses	4	(110,767)	(105,156)
Other operating expenses	4	(83,752)	(73,435)
Other income	5	2,328	1,424
Other expenses	5	(26,003)	(71,754)
Income from operations		**193,640**	**119,540**
Income from cash and cash equivalents	6	3,842	3,348
Net finance income/(Net finance costs)	6	(3,884)	2,426
Income before tax		**193,598**	**125,314**
Income tax expense	7	(58,145)	(54,520)
Net income from consolidated entities		**135,453**	**70,794**
Net income from continuing operations	8	135,453	70,794
Net income from discontinued operations		(6,776)	-
Consolidated income of which:		**128,677**	**70,794**
Non-controlling interests		-	-
Net income Group share	**8**	**128,677**	**70,794**
Earnings per share Group share *(in euros)*		2.76	1.55
Continuing operations	8	2.90	1.55
Discontinued operations		(0.14)	-
Diluted earnings per share Group share *(in euros)* [(b)]		2.73	1.54
Continuing operations	8	2.88	1.54
Discontinued operations		(0.15)	-
Average number of shares outstanding net of treasury shares over the period	8	46,683,913	45,755,483

(a) Gross profit is the margin that the Group realizes after deducting its manufacturing costs.

(b) The dilutive elements taken into account are stock options.

* *Restated for IFRS 15 "Revenue from Contracts with Customers".*

2.2. Consolidated statement of comprehensive income

(Condensed financial statements)

(in thousand euros)	Notes	June 30, 2017*	June 30, 2018
GROUP NET INCOME*	**A**	**128,677**	**70,794**
OTHER COMPREHENSIVE INCOME			
Actuarial differences on post-employment benefits not recyclable to the income statement [a]		1,944	21,942
Deferred tax on actuarial differences on post-employment benefits	7-2	(670)	(4,911)
Total actuarial differences not recyclable to the income statement - Net of tax	**B**	**1,274**	**17,031**
Gain/(Loss) on cash flow hedge		26,608	(17,254)
Exchange differences arising on translation of overseas operations* [b]		(65,125)	(31,564)
Equity instruments at fair value		3	(3)
Deferred tax and current tax recognized on other comprehensive income	7-2	(6,155)	7,221
Other comprehensive income recyclable to the income statement - Net of tax	**C**	**(44,669)**	**(41,600)**
TOTAL COMPREHENSIVE INCOME	**D = A + B + C**	**85,282**	**46,225**
Attributable to:			
• BIC Group		85,282	46,225
• Non-controlling interests		-	-
TOTAL		**85,282**	**46,225**

(a) The impact of actuarial differences is mainly due to U.S. plans.

(b) The main items impacting the translation reserve variance for the period, by currency, are as follows: Brazilian real -24.6 million euros, U.S. dollar +10.4 million euros, Indian rupee -8.8 million euros, Argentinian peso -6.4 million euros and Mexican peso +3.5 million euros.

* *Restated for IFRS 15 "Revenue from Contracts with Customers".*

2.3. Consolidated statement of financial position

(Condensed financial statements)

ASSETS

(in thousand euros)	Notes	December 31, 2017*	January 1, 2018**	June 30, 2018
Property, plant and equipment	9-1, 9-2	631,083	684,559	676,923
Investment properties		1,788	1,788	1,772
Goodwill	10	276,851	276,851	206,528
Intangible assets		73,780	73,780	72,101
Other non-current assets	11	44,840	44,840	45,537
Deferred tax assets		140,637	140,637	105,016
Derivative instruments	19	38	38	136
Non-current assets		**1,169,017**	**1,222,493**	**1,108,013**
Inventories	12	428,977	428,977	470,175
Income tax advance payments		32,254	32,254	11,687
Trade and other receivables	12	477,080	473,499	573,974
Other current assets		12,763	12,763	18,744
Derivative instruments	19	23,620	23,620	9,343
Other current financial assets	19, CF	21,395	21,395	25,093
Cash and cash equivalents	21, CF	188,626	188,626	170,473
Current assets		**1,184,715**	**1,181,134**	**1,279,489**
TOTAL ASSETS		**2,353,732**	**2,403,627**	**2,387,502**

* *Restated for IFRS 15 "Revenue from contracts with customers".*
** *Opening balance sheet - First-time application of IFRS 9 "Financial Assets depreciation" and IFRS 16 "Leases".*
CF: see consolidated cash flow statement.

EQUITY AND LIABILITIES

(in thousand euros)	Notes	December 31, 2017*	January 1, 2018**	June 30, 2018
Share capital	13-1	175,141	175,141	174,565
Accumulated profits		1,527,029	1,523,446	1,395,051
Shareholders' equity Group share		**1,702,170**	**1,698,587**	**1,569,616**
Non-controlling interests		-	-	
Shareholders' equity	**SHEQ**	**1,702,170**	**1,698,587**	**1 569 616**
Non-current borrowings	14, 19	215	51,643	35,300
Other non-current liabilities		1,112	1,112	1,098
Employee benefits obligation		174,139	174,139	166,146
Provisions	15	42,171	42,692	43,555
Deferred tax liabilities		48,176	48,176	5,237
Derivative instruments	19	104	104	216
Non-current liabilities		**265,917**	**317,866**	**251,552**
Trade and other payables	12	125,539	125,539	130,709
Current borrowings	14	4,866	6,396	153,974
Current tax due		10,774	10,774	17,492
Other current liabilities	16	242,245	242,245	258,147
Derivative instruments	19	2,220	2,220	6,012
Current liabilities		**385,645**	**387,174**	**566,334**
TOTAL EQUITY AND LIABILITIES		**2,353,732**	**2,403,627**	**2,387,502**

** Restated for IFRS 15 "Revenue from Contracts with Customers".*

*** Opening balance sheet - First-time application of IFRS 9 "Financial assets depreciation" and IFRS 16 "Leases".*

SHEQ: See consolidated statement of changes in equity.

2.4. Consolidated statement of changes in equity

(in thousand euros)	Notes	Share capital	Accumulated profits	Actuarial differences recognized in equity	Translation reserve	Cash flow hedge derivatives	Cost of hedging through OCI	Share-holders' equity Group share	Non-controlling interests	Share-holders' equity
At January 1, 2017 reported		**178,333**	**1,644,117**	**(83,085)**	**62,182**	**(8,933)**	**-**	**1,792,615**	**-**	**1,792,615**
IFRS 15 adjustment		-	(934)	-	-	-	-	-	-	(934)
At January 1, 2017 restated		**178,333**	**1,643,182**	**(83,085)**	**62,182**	**(8,933)**	**-**	**1,791,681**	**-**	**1,791,681**
Dividends paid	*CF, 17*	*-*	*(161,045)*	*-*	*-*	*-*	*-*	*(161,045)*	*-*	*(161,045)*
Decrease in share capital		*(3,804)*	*(93,334)*	*-*	*-*	*-*	*-*	*(97,138)*	*-*	*(97,138)*
Increase in share capital		*281*	*3,634*	*-*	*-*	*-*	*-*	*3,915*	*-*	*3,915*
Treasury shares		*331*	*391*	*-*	*-*	*-*	*-*	*722*	*-*	*722*
Recognition of share-based payments	*CF, 18*	*-*	*7,851*	*-*	*-*	*-*	*-*	*7,851*	*-*	*7,851*
Other movements		*-*	*(111)*	*-*	*-*	*-*	*-*	*(111)*	*-*	*(111)*
Total transactions with Shareholders		***(3,193)***	***(242,615)***	*-*	*-*	*-*	*-*	***(245,807)***	*-*	***(245,807)***
Net income for the period*		-	287,341	-	-	-	-	287,341	-	287,341
Other comprehensive income		-	11,245	(16,302)	(147,879)	21,892		(131,044)	-	(131,044)
IFRS 9 "Hedge accounting" restatement**		-	2,136	-	-	-	(2,136)	-	-	-
Total comprehensive income		**-**	***300,722***	***(16,302)***	***(147,879)***	***21,892***	***(2,136)***	***156,297***	*-*	***156,297***
At January 1, 2018		**175,141**	**1,701,290**	**(99,387)**	**(85,697)**	**12,959**	**(2,136)**	**1,702,170**	**-**	**1,702,170**
IFRS 9 adjustment "Financial assets depreciation"		-	(3,583)	-	-	-	-	(3,583)	-	(3,583)
At January 1, 2018 restated		**175,141**	**1,697,707**	**(99,387)**	**(85,697)**	**12,959**	**(2,136)**	**1,698,587**	**-**	**1,698,587**
Dividends paid	*CF, 17*	*-*	*(157,762)*		*-*	*-*		*(157,762)*	*-*	*(157,762)*
Decrease in share capital [(a)]		*-*	*-*		*-*	*-*		*-*	*-*	*-*
Increase in share capital [(b)]		*59*	*930*		*-*	*-*		*989*	*-*	*989*
Treasury shares		*(635)*	*(23,403)*		*-*	*-*		*(24,038)*	*-*	*(24,038)*
Recognition of share-based payments	*CF, 18*	*-*	*5,614*		*-*	*-*		*5,614*	*-*	*5,614*
Other		*-*	*1*		*-*	*-*		*1*	*-*	*1*
Total transactions with Shareholders		***(576)***	***(174,620)***		**-**	**-**		***(175,196)***	**-**	***(175,196)***
Net income for the period			70,794					70,794	-	70,794
Other comprehensive income			1,240	17,031	(31,564)	(9,382)	(1,894)	(24,569)	-	(24,569)
Total comprehensive income		**-**	***72,034***	***17,031***	***(31,564)***	***(9,382)***	***(1,894)***	***46,225***	*-*	***46,225***
At June 30, 2018		**174,565**	**1,595,121**	**(82,356)**	**(117,261)**	**3,577**	**(4,030)**	**1,569,616**	-	**1,569,616**

(a) No shares were cancelled during the first half of 2018.

(b) Following the exercise of stock options, the share capital was increased by 15,526 shares.

CF: see consolidated cash flow statement.

* *Restated for IFRS 15 "Revenue from Contracts with Customers".*

** *Restated for IFRS 9 for the time value of options and forward contracts.*

2.5. Consolidated cash flow statement

Notes to the consolidated financial statements for the first Hear ended June 30, 2018

(in thousand euros)	Notes	June 30, 2017*	June 30, 2018
Operating activities			
Net income Group share	IS	128,677	70,794
Net income from discontinued operations		(6,776)	-
Net income from continuing operations		135,454	70,794
Income and expense without cash impact:			
Non-controlling interests	IS	-	-
Depreciation and amortization of intangible and tangible assets and investment properties	2,9	46,921	53,001
Impairment loss	2, 5, 9-2	(81)	(47)
Goodwill impairment	10, (a)	-	68,709
Provision for employee benefits		10,704	8,953
Other provisions (excluding provisions on current assets)	15	4,232	790
Unrealized foreign currency (gain)/loss	(b)	2,425	(4,938)
Hedging and derivative instruments	19	(5,147)	929
Option premium expense	19	1,402	560
Recognition of share-based payments	18, SHEQ	8,602	5,614
Deferred tax variation	7-1	(11,032)	(6,631)
(Gain)/loss from disposal of fixed assets	5, (c)	10,171	(50)
Cash flow from operations		**196,874**	**197,684**
(Increase)/decrease in net working capital	12, (d)	(123,820)	(134,405)
Payments related to employee benefits	(e)	(10,321)	(6,843)
Financial expense/(income)	6	(2,711)	(1,244)
Interest (paid)/received		2,553	1,365
Income tax expense	7-1	62,036	61,151
Income tax paid		(47,591)	(34,592)
• Net cash from operating activities from continuing operations		70,939	83,116
• Net cash from operating activities from discontinued operations		6,081	-
NET CASH FROM OPERATING ACTIVITIES		**77,020**	**83,116**
Investing activities			
Disposal of fixed assets	(c)	854	603
Purchases of property, plant and equipment	9-1, (g)	(71,501)	(48,324)
Purchases of intangible assets	(g)	(3,240)	(3,281)
(Increase)/Decrease in other investments		(472)	73
Sale of other current financial assets	(h)	24,734	5,021
Divestiture of BIC Graphic North America and Asian Sourcing	(i)	55,749	-
• Net cash from operating activities from continuing operations		9,484	(45,908)
• Net cash from operating activities from discontinued operations		(3,360)	-
NET CASH FROM INVESTING ACTIVITIES		**6,124**	**(45,908)**
Financing activities			
Dividends paid	SHEQ, 17, (j)	(161,045)	(157,762)
Borrowings/(Repayments)	14, (k)	130,592	100,929
Payments of obligations under finance leases		(1,145)	(7,292)
Purchase of financial instruments	19	(1,525)	(659)
Increase in treasury shares	(l)	(19,455)	(23,919)
Exercise of stock options	(l)	2,040	1,444
• Net cash from financing activities from continuing operations		(48,235)	(87,259)
• Net cash from financing activities from discontinued operations		(2,302)	-
NET CASH FROM FINANCING ACTIVITIES		**(50,539)**	**(87,259)**
Net cash variation		**32,604**	**(50,051)**
Opening cash and cash equivalents net of bank overdrafts	BS, 14	217,430	186,969
Exchange difference		(14,774)	(3,189)
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	**BS, 14**	**235,260**	**133,729**

IS: See consolidated income statement.

SHEQ: See consolidated statement of changes in equity.

BS: See consolidated balance sheet.

** Restated for IFRS 15 "Revenue from Contracts with Customers".*

As of June 30, 2018, cash and cash equivalents amounted to 170.5 million euros and bank overdrafts to 36.7 million euros.

Net cash from operating activities

H1 2018 net cash from operating activities amounted to 83.1 million euros and included 1.9 million euros in payments related to restructuring (5.4 million euros during the first half 2017).

During the first half 2018, a partial impairment of Cello goodwill was booked for 68.7 million euros (see note 10) [(a)].

The Group recorded foreign exchange (gains)/ losses with no cash impact in financial income and restated these in the consolidated cash flow statement [(b)].

During the first half 2018, there was no gain on disposal of individually significant fixed assets [(c)].

During the first half 2017, the loss on disposal before tax corresponded to BIC Graphic North America and Asian Sourcing operations and amounted to 10.0 million euros [(c)].

During the first half 2017, there was no other disposal of individually significant fixed assets [(c)].

The working capital (see note 12 for the definition) increase amounted to 134.4 million euros, compared to an increase during the first half 2017 of 123.8 million euros (including 117.8 million euros related to continuing operations). The 2018 variance is mainly explained by a strong increase in trade receivables [(d)].

The payments related to employee benefits were mainly driven by the U.S. [(e)].

NET CASH FROM INVESTING ACTIVITIES

In the first half of 2018, cash from investing activities amount to 45.9 million euros compared to 6.1 million euros during the first half 2017.

During the first half of 2018 and 2017, there was no disposal of individually significant fixed assets [(c)].

During the first half of 2018, the BIC Group purchased 51.6 million euros of property, plant and equipement and intangible assets (out of which 0.3 millions euros were cashed out for 2017 investments)[(g)].

Purchases of property, plant and equipment do not include finance leases booked as a counterpart to a financial debt, as these transactions do not have any impact on cash [(g)].

The amount of financial assets classified under "Other current financial assets" refers to investments not eligible for classification as Cash & cash equivalents under IAS 7. As of June 30, 2018, these investments consisted of units of UCITS and negotiable debt securities, all of which are liquid within 5 days [(h)].

During the first half of 2017, the BIC Group disposed of BIC Graphic North America and Asian Sourcing operations. The net disposal price amounted to 55.7 million euros (63.6 million U.S. dollars) [(i)].

Net cash from financing activities

In the first half of 2018, cash from financing activities amounted to -87.3 million euros compared to -50.5 million euros during the first half 2017.

The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see Note 17) [(j)].

As of June 30, 2018, new borrowings amounted to 100.9 million euros compared to 130.6 million euros during the first half 2017. They are short-term financing to ensure the ad hoc liquidity needs of SOCIÉTÉ BIC [(k)].

During the first half 2018, 296,932 shares were repurchased by SOCIÉTÉ BIC for 23.8 million euros and 1,706 shares were repurchased by BIC Corporation for an amount of 0.2 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 314,097 shares for 26.6 million euros and sold 312,216 shares for 26.5 million euros. In addition, 15,526 options were exercised in the period for 1.0 million euros, including 0.1 million euros which have not yet been received at end of June 2018. Moreover, in early 2018, SOCIÉTÉ BIC received 0.7 million euros related to stock options exercised at the end of 2017 [(l)].

During the first half 2017, 160,577 shares were repurchased by SOCIÉTÉ BIC for 18.0 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 256,666 shares for 29.6 million euros and sold 243,506 shares for 28.3 million euros. In addition, 30,270 options were exercised in the period for 1.7 million euros, including 0.2 million euros which have not yet been received at end of June 2017. Moreover, in early 2017, SOCIÉTÉ BIC received 0.6 million euros related to stock options exercised at the end of 2016 [(l)].

2.6. Notes to the consolidated financial statements

NOTE 1 MAIN RULES AND ACCOUNTING POLICIES

1-1 Accounting policies

1-1-1 General

Pursuant to European regulation no. 1606/2002 of July 19, 2002 concerning international accounting standards, the consolidated financial statements of the BIC Group have been prepared in accordance with accounting principles as defined by the International Accounting Standards Board (IASB) as adopted by the European Union. International Financial Reporting Standards are available on the European Union website at http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The condensed consolidated financial statements as of June 30, 2017 and June 30, 2018 have been prepared in compliance with IAS 34 "Interim Financial Reporting". The financial statements have been prepared on the historical cost basis, except for the valuation of certain financial instruments.

IAS 34 allows presentation of a selection of notes to the condensed consolidated financial statements that should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017.

The measurement procedures used for the condensed consolidated financial statements are as follows:

- income tax expense for the period results from the estimated annual Group effective income tax rate applied to the pre-tax result of the period excluding unusual material items. The income tax charge related to any unusual item in the period is accrued using its actual tax expense;
- regarding the main pension plans and other employee benefits (United States, Canada, France, Great Britain), actuarial valuations are performed every six months. Amounts recognized in the interim statement of financial position are based on estimates made at the end of the previous year and on the discount rates as of June 30.

Regarding share-based payments and other benefits plans, expenses are recognized in the period *pro rata* to the estimated costs for the year.

The principal accounting policies remain unchanged compared to last year except for adoption of the following standards, effective since January 1st, 2018.

1-1-2 Adoption of new and revised International Financial Reporting Standards, interpretations and amendments

New standards, amendments and interpretations of mandatory application for financial years beginning on or after January 1, 2018

The following standards and amendments are effective since January 1, 2017 and have been applied to the consolidated financial statements as of June 30, 2018:

- IFRS 9 – Financial Instruments.

  The implementation of this standard has the following main impacts on the financial statements:

  - Impairment of financial assets (particularly trade receivables) is based on expected credit losses (instead of observed), starting as from initial recognition.

  To determine the expected credit losses for the portfolio, the Group uses a provision matrix based on its historical observed default rates over the expected remaining life of the trade receivables, which is adjusted for forward-looking estimates.

  The additional amount of provision to be recorded is booked through Shareholders' equity at the transition date. It amounts to 3.6 million euros;

  - BIC applies IFRS 9 for hedge accounting. Therefore, for option and forward contracts documented in hedge accounting, the fair value change in:
    - the time value component of options, and
    - the forward points is recorded through OCI. These amounts will be recycled in financial income when the hedged item is recorded.

  The impact of the restatement as of January 1, 2018 amounts to 73 thousand euros for the time value of the options and 3.4 million euros for forward exchange contracts (2.1 million euros after tax);

- IFRS 15 – Revenue from Contracts with Customers and Amendments to IFRS 15 – Clarification.

In May 2014, the IASB released IFRS 15 with the FASB (Financial Accounting Standards Board). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes the following revenue Standards and Interpretations as of January 1, 2018: IAS 18 – Revenue; IAS 11 – Construction Contracts; IFRIC 13 – Customer Loyalty Programmes; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfers of Assets from Customers; and SIC 31 – Revenue – Barter Transactions Involving Advertising Services.

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is presented in a five-step model framework:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognize revenue when (or as) the entity satisfies a performance obligation.

The effects on the consolidated financial statements are limited and concern certain contractual clauses in the sales agreements.

The main impact is related to business development funds that consist of general brand promotions or advertising services (that the Group could have also acquired from a third-party advertising supplier) and is accounted for as an operating expense instead of net sales amounting 11.6 million euros as of June 30, 2017.

The Income from operations is not affected significantly, but this new accounting treatment mainly results in a reclassification between net sales and expenses. The Group has decided to apply the standard retrospectively to the prior reporting period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration.

New standards, interpretations and amendments that may be applied early for financial years beginning on or after January 1, 2018

- As of June 30, 2018, the Group did not elect to early apply any standard, interpretation or amendment, except for IFRS 16 - Leases:

  Upon its initial implementation, IFRS 16 affects the accounting of leases by lessees:

  - as of January 1, 2018, the lessees will have to recognize in the assets of the balance sheet in the form of a right of use with a counterpart of a rent liability, all leases of whatever nature, either operating leases or finance leases;
  - in addition to the effect on the statement of financial position, the income statement is also affected: instead of the current operating expense, lessees recognize a depreciation charge and an interest expense;
  - regarding the statement of cash flows, only the interest expenses continue to affect the operating cash flows, while the financing cash flows are impacted by the repayment of the debt.

  Financial reporting is subject to a significant amount of judgement when applying the new accounting standard, notably:

  - the definition of a lease;
  - the estimation of the remaining duration of each lease;
  - the determination of the discount rate.

  The Group has chosen the modified retrospective transition method.
- Amendments to IAS 19 – Plan Amendments, Curtailments and Settlements.

New standards, interpretations and amendments that may not be applied early for financial years beginning on or after January 1, 2018

- IFRIC 23 – Uncertainty over Income Tax Treatments;

Analysis on the practical consequences of these new regulations is in progress.

1-2 Change in Group structure

At June 30, 2018, there is no significant change in Group structure.

1-3 Subsequent events

No subsequent event occurred between July 1, 2018 and the reporting date.

NOTE 2 OPERATING SEGMENTS

2-1 General information

BIC Group operating segments have been determined based on the reports regularly provided to the management and used to make strategic decisions.

The management considers the business from a product category perspective, knowing that each category can be reviewed for a specific geographic area if necessary.

On February 7, 2017, the BIC Group confirmed the strategic alternatives review for BIC Graphic North America and the Asia Sourcing operations. Consequently, since the first half 2017, BIC Graphic is no longer considered as a separate category or *reporting* segment. The activities of BIC Graphic Europe and Developing Markets are now accounted and presented in the Stationery and Other Products categories.

The categories are as follows: Stationery, Lighters, Shavers, Other Products.

These operating segments receive their revenues from the production and distribution of each product category.

2-2 Information on the income statement and assets by activity

All indicators are determined according to IFRS, except for:

- normalized income from operations, which is the income from operations restated for non-recurring items (in particular real estate gains, the gain or loss on the sale of businesses and restructuring costs). It constitutes the key financial metrics used within the Group;
- capital additions, which are the purchases and internal generation of property, plant and equipment and intangible fixed assets for the period.

(in million euros)					June 30, 2017*					June 30, 2018
	Stationery	Lighters	Shavers	Other Products	Total	Stationery	Lighters	Shavers	Other Products	Total
Income Statement										
• Net sales	433	359	239	42	**1,072**	401	318	210	30	**959**
• Depreciation and amortization	(11)	(10)	(13)	(7)	**(42)**	(16)	(11)	(15)	(11)	**(53)**
• Impairment loss	-	-	-	-	-	(69)	-	-	-	**(69)**
• Income from operations	36	141	31	(14)	**194**	(22)	118	24	(1)	**119**
Restatements made to obtain the normalized income from operations										
• Restructuring costs related to continuing BIC Graphic operations	-	-	-	-	**24**	-	-	-	-	**-**
• Assets impairment: Cello Goodwill	-	-	-	-	**-**	69	-	-	-	**69**
• Normalized income from operations	48	141	31	(2)	**218**	47	118	24	(1)	**188**

* *Restated for IFRS15 "Revenue from Contract with Customers"*

As of June 30, 2018, the BIC Group had not identified any major customers with which it realized more than 10% of its net sales over the period.

(in million euros)					December 31, 2017					June 30, 2018
	Stationery	Lighters	Shavers	Other Products	Total	Stationery	Lighters	Shavers	Other Products	Total
Capital additions[(a)]	69	39	51	25	**184**	11	19	13	9	**51**
Net inventories	195	119	99	16	**429**	216	132	106	17	**470**

(a) Excluding capital additions of discontinued operations (2 million euros in 2017)

2-3 Information by geography

Since 2010, the geographies identified by the management are: France, Europe (excluding France), North America and Developing Markets.

(in million euros)	June 30, 2017*					June 30, 2018				
	France	Europe excluding France	North America	Developing Markets	Total	France	Europe excluding France	North America	Developing Markets	Total
Net sales	111	202	420	339	**1,072**	109	191	380	279	**959**

** Restated for IFRS15 "Revenue from Contract with Customers"*

(in million euros)	December 31, 2017					June 30, 2018				
	France	Europe excluding France	North America	Developing markets	Total	France	Europe excluding France	North America	Developing markets	Total
Non-current assets[(a)]	252	193	214	360	**1,018**	262	203	231	297	**993**

(a) Other than financial instruments (0.14 million euros in 2018 and 0.03 million euros in 2017), deferred tax assets (105.8 million euros in 2018 and 140.6 million euros in 2017).

NOTE 3 EXCHANGE RATES OF FOREIGN CURRENCIES

The following table shows foreign currency equivalents of one euro (for instance: at average 2018 rate 1 euro = 1.13 U.S. dollars).

Foreign currencies	Average 2017	Average 2018	June 30, 2017	June 30, 2018
	Euro	Euro	Euro	Euro
U.S. dollar - USD	1.08	1.21	1.14	1.17
Australian dollar - AUD	1.44	1.57	1.49	1.58
Canadian dollar - CAD	1.45	1.55	1.48	1.54
Swiss franc - CHF	1.08	1.17	1.09	1.16
Chinese renminbi - CNY	7.45	7.70	7.74	7.72
British pound - GBP	0.86	0.88	0.88	0.89
Hong Kong dollar - HKD	8.43	9.48	8.91	9.15
Indian rupee - INR	71.16	79.53	73.74	79.81
Japanese yen - JPY	121.81	131.46	127.75	129.04
Korean won - KRW	1,235.84	1,302.30	1,304.56	1,297.00
Malaysian ringgit - MYR	4.75	4.77	4.90	4.71
New Zealand dollar - NZD	1.53	1.69	1.56	1.72
Philippine peso - PHP	54.13	62.97	57.58	62.17
Polish zloty - PLN	4.27	4.22	4.23	4.37
Swedish krona - SEK	9.60	10.16	9.64	10.45
South African rand - ZAR	14.30	14.89	14.92	16.05
Argentinian peso - ARS	17.05	26.26	18.93	34.43
Brazilian real - BRL	3.45	4.15	3.76	4.49
Mexican peso - MXN	20.99	23.09	20.58	22.88
Ukrainian hryvnia - UAH	29.01	32.33	29.77	30.70
Rouble russe - RUB	62.80	71.96	67.54	73.16

NOTE 4 OPERATING EXPENSES

(in thousand euros)	June 30, 2017*	June 30, 2018
Raw materials, consumables used and change in inventory	275,964	228,455
Staff costs	274,922	262,838
Depreciation and amortization expenses	41,813	53,001
Other operating expenses*	262,242	225,130
TOTAL	**854,940**	**769,424**

* *Restated for IFRS15 "Revenue from Contracts with Customers"*

Other income and expenses are not included in the total amount and are disclosed in Note 5.

Other operating expenses mainly include outside services.

Research and development costs expensed for the first half of 2018 amount to 15.3 million euros, *versus* 18.0 million euros for the first half of 2017.

They include the French research tax credit for 1.4 million euros, *versus* 1.3 million euros for 2017.

The tax credit for competitiveness and employment (CICE) amounts to 1.1 million euros for the first half of 2018, *versus* 1.3 million euros for the first half of 2017.

NOTE 5 OTHER INCOME AND EXPENSES

(in thousand euros)	June 30, 2017	June 30, 2018
Royalties income	3	5
Gain on disposal of fixed assets	89	50
Other	2,237	1,369
Other income	**2,328**	**1,424**
Impairment loss	81	(68,661)
Restructuring costs related to retained BIC Graphic operations	(23,742)	-
Cost reduction plans - other	(796)	-
Other	(1,546)	(3,093)
Other expenses	**(26,003)**	**(71,754)**
TOTAL	**(23,675)**	**(70,330)**

Other income and expenses incurred in the first half 2018 mainly include the partial Cello goodwill impairment amounting to 68.7 million euros (see note 10).

Other income and expenses incurred in the first half 2017 mainly included restructuring costs for -24.5 million euros related essentially to Graphic Europe reorganization costs (redundancy costs and inventory write down).

NOTE 6 FINANCIAL INCOME

(in thousand euros)	June 30, 2017	**June 30, 2018**
Interest income from cash and cash equivalents	1,440	1,872
Interest on bank deposits	2,402	1,476
Income from cash and cash equivalents	**3,842**	**3,348**
Interest expense	(1,142)	(1,376)
Cost of net financial debt - IFRS 16	-	(728)
Hedging instruments revaluation	146	-
Net financial foreign exchange difference	(2,888)	4,530
Net finance income / (Net finance costs)	**(3,884)**	**2,426**
FINANCE (COSTS)/REVENUE	**(42)**	**5,774**

The increase in financial income during the first half of 2018 compared to the first half of 2017 comes from several factors:

- In the first half of 2018, the appreciation of the U.S. dollar against the euro and the Brazilian real generated a favorable impact on the valuation of financial assets denominated in U.S. dollars, whereas in the first half of 2017, the appreciation of the euro against the U.S. dollar had a negative impact.
- Income from cash and cash equivalents decreased compared to the previous period due to lower interest rates.-

NOTE 7 INCOME TAX

7-1 Income tax expense

(in thousand euros)	June 30, 2017*	**June 30, 2018**
Income before tax	193,598	125,314
Tax charge	58,145	54,520
TAX RATE	**30.0%**	**43.51%**

* *Restated for IFRS15 "Revenue from Contracts with Customers".*

At the end of June 2018, the Group effective tax rate is determined on an annual basis. The Tax charge is calculated by applying the estimated average rate for the 2018 full year to income before tax (excluding unusual material items), taking into account any tax rate changes voted by June 30, 2018 and effective after June 30, 2018.

The income tax charge related to any unusual items in the period is accrued using the actual tax expense.

As of June 30,2018, the Cello goodwill was partially impaired for an amount of 68.7 million euros and generated an increase in the Group effective tax rate.

7-2 Deferred and current tax recognized in other comprehensive income

Deferred and current taxes recognized in other comprehensive income result from the following items:

At June 30, 2018

(in thousand euros)	**Other comprehensive income**	**Deferred taxes**
Actuarial differences on post-employment benefits **(1)**	21,942	(4,911)
Cash flow hedge	*(17,254)*	*5,974*
Foreign exchange impact	*(31,564)*	*558*
Other	*(3)*	*689*
Total other comprehensive income **(2)**	(48,821)	7,221
TOTAL (1) + (2)	**(26,879)**	**2,310**

At June 30, 2017

(in thousand euros)	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits **(1)**	1,944	(670)
Cash flow hedge	*26,608*	*(9,043)*
Foreign exchange impact	*(65,172)*	*2,893*
Other	*3*	*(5)*
Total other comprehensive income **(2)**	(38,561)	(6,155)
TOTAL (1) + (2)	**(36,617)**	**(6,825)**

NOTE 8 EARNINGS PER SHARE GROUP SHARE

Earnings per share (Group share) and diluted earnings per share (Group share) correspond to the Group net income divided by the relevant number of shares.

The number of shares used to calculate the earnings per share (Group share) is the weighted average number of ordinary shares outstanding during the period less the weighted average number of shares held in treasury stock by SOCIÉTÉ BIC during the period and presented as a reduction to equity.

The number of shares used to calculate the diluted earnings per share (Group share) is the weighted average number of shares potentially in circulation during the period, which corresponds to the number of shares used for basic earnings per share Group share, adjusted for the dilutive effect of stock options.

As of June 30, 2018, there are no shares with relutive impact and the maximum dilutive effect from stock options not exercised is around 0.1% of the share capital.

	June 30, 2017*	June 30, 2018
Numerator *(in thousand euros)*		
Net income Group share from continuing operations	135,453	70,794
Denominator *(in number of shares)*		
Weighted average number of shares in circulation	46,683,913	45,755,483
Dilutive effect of stock options	406,725	278,408
Diluted weighted average number of shares in circulation	47,090,638	46,033,891
Earnings per share Group share from continuing operations *(in euros)*		
Earnings per share Group share from continuing operations	2.90	1.55
Diluted earnings per share Group share from continuing operations	2.88	1.54

* *Restated for IFRS 15 "Revenue from Contracts with Customers".*

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

9-1 Property, plant and equipment - Gross value

(in thousand euros)	Land& buildings	Machinery & equipment	Construction in progress	Other fixed assets	Land& buildings - Right of use	Machinery & equipment - Right of use	Vehicle - Right of use	Other fixed assets - Right of use	Total
At January 1, 2018	**417,908**	**1,185,453**	**171,181**	**26,254**	**1,793**	**65**	**667**	**79**	**1,803,402**
IFRS 16 - First-time application	-	-	-	-	39,061	4,691	8,811	917	53,480
Acquisitions	7,388	12,101	28,415	84	1,169	-	1,211	12	50,379
Disposals/Write-offs	(281)	(3,529)	(832)	(858)	-	(25)	(25)	(14)	(5,563)
Other transfers	16,070	22,284	(39,138)	785	-	-	-	-	-
Exchange differences	(3,567)	(5,580)	(1,635)	(677)	82	5	(139)	(19)	(11,532)
At June 30, 2018	**437,518**	**1,210,729**	**157,991**	**25,587**	**42,105**	**4,736**	**10,525**	**975**	**1,890,166**

9-2 Property, plant and equipment - Depreciation and impairment loss

(in thousand euros)	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Land & buildings - Right of use	Machinery & equipment - Right of use	Vehicule leases	Other fixed assets - Right of use	Total
At January 1, 2018	**235,319**	**917,425**	**616**	**18,622**	**38**	**2**	**229**	**66**	**1,172,318**
Depreciation for the period	7,542	34,100	-	914	5,122	703	1,748	137	50,264
Impairment loss	-	(72)	-	-	-	-	-	-	(72)
Disposals/Write-offs	(140)	(3,384)	-	(728)	-	(3)	(13)	(12)	(4,280)
Exchange differences	(971)	(3,545)	-	(452)	(5)	6	(21)	1	(4,987)
At June 30, 2018	**241,750**	**944,524**	**616**	**18,356**	**5,155**	**708**	**1,943**	**191**	**1,213,243**
NET VALUE									
At June 30, 2018	**195,768**	**266,206**	**157,375**	**7,232**	**36,950**	**4,028**	**8,582**	**783**	**676,923**
At December 31, 2017	**182,589**	**268,028**	**170,565**	**7,632**	**1,755**	**63**	**438**	**13**	**631,083**

NOTE 10 GOODWILL

(in thousand euros)	Notes	Gross value	Impairment loss	Net value
At January 1, 2017		**314,345**	**(17,041)**	**297,304**
Liquidation of Hungarian subsidiary		(3,057)	3,057	-
Exchange differences		(20,897)	444	(20,453)
At January 1, 2018		**290,391**	**(13,540)**	**276,851**
Impairment loss - Cello		-	(68,709)	(68,709)
Exchange differences		(2,099)	485	(1,614)
At June 30, 2018		**288,292**	**(81,764)**	**206,528**

The balance, as of June 30, 2018, includes the following principal net Goodwill:

(in thousand euros)	At December 31, 2017	June 30, 2018
BIC CORPORATION	110,166	112,767
Cello Pens	95,908	23,894
BIC Violex	49,174	49,174
PIMACO[(a)]	6,084	5,386
Others[(a)]	15,519	15,307
TOTAL	**276,851**	**206,528**

(a) These Goodwill amounts are linked to cash-generating units represented by distribution subsidiaries

To perform the impairment tests, the Group used the following discount and perpetual growth rates:

	Weighted average cost of capital (WACC) before tax		Perpetual growth rate	
	2017	2018	2017	2018
BIC CORPORATION	10.6%	9.6%	1.5%	1.5%
Cello Pens	14.1%	14.9%	8.6%	4.8%
BIC Violex	14.1%	14.3%	2.9%	1.9%
PIMACO	20.3%	18.2%	0%	-1.5%

Each Goodwill item has been allocated to a cash-generating unit ("CGU") representing the lowest level at which Goodwill is monitored by the Group.

The Goodwill on BIC CORPORATION is thus mainly allocated to cash-generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The Goodwill on Cello Pens is allocated to the cash-generating units linked to the production and distribution of stationery products by Cello.

The remaining Goodwill on BIC Violex is allocated to the cash-generating unit linked to shavers developed and/or produced by BIC Violex and sold all over the world. This cash-generating unit also includes the portion of BIC CORPORATION Goodwill allocated to shavers.

As every year, as of June 30, 2018, the Group performed impairment tests on these Goodwill amounts.

The Goodwill impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash-generating units and the corresponding assets' net book value (including Goodwill).

Such recoverable amounts correspond to the value in use and are determined using discounted future cash flow projections over a maximum of five years and a terminal value using the perpetual annuity method, including notably the following:

- the discount rate before taxes used is the weighted average cost of capital. Particular attention has been paid to the analysis of the main market items used for the calculation of the discount rate;
- the perpetual growth rates were determined based on external (inflation rate) and internal (business growth) sources. Perpetual growth rates above 2% take into account market specifics.

Regarding the Cello Pens impairment test performed as of June 30, 2018, the recoverable amount of the cash-generating unit calculated on the value in use is below the net book value. Cello goodwill has accordingly been partially impaired as of June 30, 2018 for an amount of 68.7 million euros.

This impairment is explained by less favorable conditions than initially anticipated on the Stationery products development in India and export markets.

The sensitivity of the other impairment tests to changes in the key assumptions indicates that no reasonably likely change would lead to impairment, taking into account the observed headroom on tests conducted.

NOTE 11 OTHER NON-CURRENT ASSETS

(in thousand euros)	Notes	December 31, 2017	June 30, 2018
Other investments		30	27
Guarantee deposits		4,932	4,657
Deferred pensions		9,813	18,520
Subordinated loan	21	8,338	-
Other non-current assets		21,727	22,332
TOTAL		**44,840**	**45,537**

The subordinated loan has been classified in current asset as of June 30,2018 and is thus included in other current financial assets as the loan will be reimbursed during the second half 2018.

NOTE 12 CHANGE IN NET WORKING CAPITAL

(in thousand euros)	December 31, 2017*	Cash flows impact	Foreign exchange and others**	June 30, 2018
Net inventory	428,977	44,225	(3,027)	470,175
• *Inventory - Gross value*	*444,694*	*44,240*	*(3,025)*	*485,909*
• *Inventory - Impairment*	*(15,717)*	*(15)*	*(2)*	*(15,734)*
Trade and other receivables*,**	477,080	107,445	(10,551)	573,974
Trade and other payables	(125,539)	(5,242)	73	(130,709)
Other assets and liabilities*	(200,552)	(12,023)	(5,588)	(218,164)
NET WORKING CAPITAL	**579,965**	**134,405**	**(19,093)**	**695,277**

* *Restated for IFRS 15 "Revenue from Contracts with Customers".*
** *Restated for IFRS 9 adjustment "Financial assets depreciation".*

The working capital is used to finance the Group's operating cycle. Details of the elements used in the calculation are presented above.

NOTE 13 SHARE CAPITAL

13-1 Share capital

(in thousand euros)	December 31, 2017	June 30, 2018
Authorized, issued and fully paid-up share capital	178,126	178,186
Repurchase of shares of the Company	(2,985)	(3,621)
SHARE CAPITAL	**175,141**	**174,565**

As of June 30, 2018, the registered share capital of SOCIÉTÉ BIC was 178,185,554.06 euros divided into 46,645,433 shares of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC holds 947,781 treasury shares, acquired at an average price of 86.07 euros in accordance with Article L. 225-209 of the French Commercial Code, which represent 2.03% of the share capital.

13.2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of June 30, 2018

Purpose of the repurchase	Number of shares	Average acquisition price *(in euros)*	% of the share capital
Liquidity agreement[(a)]	13,169	79.29	0.03%
Free share grants[(a)]	934,612	86.17	2.00%
TOTAL	**947,781**	**86.07**	**2.03%**

(a) Article L. 225-209 of the French Commercial Code.

In accordance with the liquidity agreement transferred by Natixis to ODDO on June 27, 2018 in respect of SOCIÉTÉ BIC shares, as of June 30, 2018, the liquidity account contained the following:

- 13,169 BIC shares;
- 2,390,514.77 euros.

At initial set-up, the liquidity account contained the following:

- 2,312 BIC shares;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization from the Annual Shareholders' Meeting on May 16, 2018, to renew its share repurchase program.

Number of shares purchased in 2018[(b)]	
• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 10, 2017	265,009
• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 16, 2018	31,923
Average share repurchase price for the purchases during the first half of 2018 *(in euros)*	80.04

(b) Excluding shares repurchased under the liquidity contract.

During the first half of 2018, SOCIÉTÉ BIC did not cancel any shares.

To the best of the Company's knowledge, as of June 30, 2018, Shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	At June 30, 2018	
	% of shares (approx.)	**% of voting rights (approx.)**
SOCIÉTÉ M.B.D.	27.24%	37.34%
Bich family	16.87%	22.97%

NOTE 14 BORROWINGS AND FINANCIAL LIABILITIES

(in thousand euros)	Bank overdrafts	Current borrowings and financial liabilities	Non-current borrowings and financial liabilities	Current lease liability	Non-current lease liability	Total
At January 1, 2018	**1,657**	**3,044**	**3**	**165**	**212**	**5,081**
Cash Flows	35,087	100,929	-	(7,291)	1	128,726
"Non-cash" variations	-	(262)	-	20,645	35,083	55,466
• Variations in obligations under leases – IFRS 16 First-time application	-	-	-	1,530	51,429	52,959
• Variations in obligations under leases	-	-	-	19,089	(16,762)	2,327
• Exchange difference	-	(262)	-	25	416	179
At June 30, 2018	**36,744**	**103,711**	**3**	**13,519**	**35,297**	**189,274**

Bank overdrafts are due within one year.

Bank loans and financial liabilities have the following maturities:

(in thousand euros)	December 31, 2017	**June 30, 2018**
On demand or within one year	3,044	103,711
In the 2nd year	3	3
TOTAL	**3,047**	**103,714**

Main bank loans/credit lines and financial liabilities are as follows:

Borrowing country	**Currency**	**Euro equivalents**	
(in thousand euros)		December 31, 2017	**June 30, 2018**
• France	EUR	-	100,000
• Turkey	TRY	1,799	2,483
• South Korea	KRW	1,173	1,157
• Other	Misc.	75	74
TOTAL		**3,047**	**103,714**

Information on interest rates

As of June 30, 2018, outstanding loans and credit lines were contracted with floating rates ranging between 0% and 21%.

Relative exposure, deemed not significant, has not been hedged.

Information on covenants:

None of the loans contain any covenants that could trigger early repayment of the debt.

NOTE 15 PROVISIONS

(in thousand euros)	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
At January 1, 2018	**27,052**	**10,129**	**1,151**	**3,837**	**42,170**
Additional provisions	715	2,767	132	359	3,973
Reversals of provisions utilized	(760)	(493)	(560)	(529)	(2,342)
Reversals of provisions not utilized	(97)	(453)	-	(290)	(841)
IFRS 16 implementation	-	-	-	521	521
Exchange differences	(177)	(100)	14	(412)	(674)
Reclassification	(10)	-	-	760	750
At June 30, 2018	**26,723**	**11,849**	**738**	**4,244**	**43,555**

As of June 30, 2018, it was not deemed necessary to book provisions for the risks described in the Part 1 "Group Presentation" that could affect:

- the Company's personnel, assets, environment or reputation;
- the Group's ability to reach its objectives and abide by its values, ethics or the laws and regulations.

Tax and social risks and litigation

Provisions for tax and social risks and litigation relate mainly to:

- tax risks;
- U.S. workers' compensation.

Tax audits are carried out regularly by local tax authorities which may dispute positions taken by Group subsidiaries. In accordance with the Group's accounting policies, it may be decided to record provisions when tax-related risks are considered likely to generate a payment to local tax authorities

The Group reviews the evaluation of all its tax positions on a regular basis, using external counsels and considers that its tax positions are adequately provided for. However, the Group cannot predict the ultimate outcome of future audits.

Litigation

As of June 30, 2018, the litigation provision mainly represents distributor and commercial agent risks for 1.7 million euros (1.9 million euros at December 31, 2017).

Product liability

Product liability mainly relates to the U.S.

NOTE 16 OTHER CURRENT LIABILITIES

(in thousand euros)	December 31, 2017*	June 30, 2018
Social liabilities	96,470	89,224
Other tax liabilities	10,893	23,663
Other current liabilities*	134,883	145,261
Other current liabilities	**242,245**	**258,147**

* *Restated for IFRS 15 "Revenue from Contracts with Customers"*

NOTE 17 DIVIDENDS

For the 2017 fiscal year, an ordinary dividend of 3.45 euros per share was distributed to Shareholders on May 30, 2018.

For the 2016 fiscal year, an ordinary dividend of 3.45 euros per share was distributed to Shareholders on May 24, 2017.

NOTE 18 SHARE BASED PAYMENTS

As of June 30, 2018, the fair value of options and shares granted amounts to 5.6 million euros and is booked in staff costs.

The Board of Directors of May 16, 2018 decided to grant 170,720 free shares to 499 beneficiaries, subject to performance conditions, and 30,500 free shares to 244 beneficiaries without performance conditions. The plans' unit fair value is 76.78 euros.

NOTE 19 FINANCIAL INSTRUMENTS

19-1 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of June 30, 2018

The following amounts have been booked as the fair value of derivatives as of June 30, 2018 (in thousand euros):

Derivative instruments and revaluation	Hedge income qualification/ hedged risk	Net financial Income/ (expense) before tax[(a)] - Note 6	Income from operations - Note 4	Other comprehensive income before tax[(a)]	Current assets[(b)]	Non-Current assets	Current Liabilities	Non-Current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/ Foreign exchange risk	99	(940)	(15,583)	9,247	136	(4,357)	(216)
Dividends	Net investment/ Foreign exchange risk	-	-	(1,399)	-	-	(1,397)	-
Subtotal (1)		**99**	**(940)**	**(17,251)**	**9,247**	**136**	**(5,754)**	**(216)**
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/ Foreign exchange risk	-	-	-	-	-	-	-
Subtotal (2)		**13**	**-**	**-**	**97**	**-**	**(258)**	**-**
TOTAL 1+2		**112**	**(940)**	**(17 251)**	**9 343**	**136**	**(6 012)**	**(216)**

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at June 30, 2018, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2017.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 800 thousand euros.

19-2 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2017

The following amounts have been booked as the fair value of derivatives as of December 2017 (in thousand euros):

Derivative instruments and revaluation	Hedge qualification/ hedged risk	Net financial Income/ (expense) before tax[a] - Note 6	Income from operations - Note 4	Other comprehensive income before tax[a]	Current assets[b]	Non-Current assets	Current Liabilities	Non-Current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/ Foreign exchange risk	396	5,584	30,361	23,488	38	(1,915)	(104)
Dividends	Net investment/Foreign exchange risk	-	-	2,892	2	-	-	-
Subtotal (1)		**396**	**5,584**	**33,253**	**23,490**	**38**	**(1,915)**	**(104)**
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value throughP&L/Foreign exchangerisk	-	-	-	-	-	-	-
Subtotal (2)		**192**	**-**	**-**	**131**	**-**	**(305)**	**-**
TOTAL 1+2		**588**	**5,584**	**33,253**	**23,621**	**38**	**(2,220)**	**(104)**

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2017, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2016.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 701 thousand euros.

NOTE 20 CONTINGENT LIABILITIES

As of June 30, 2018, neither SOCIÉTÉ BIC nor its subsidiaries had any pending litigation, claims or disputes which, in the opinion of management, after consultation with their advisors, would have a material adverse impact on the consolidated financial statements.

NOTE 21 EXPOSURE TO MARKET RISKS

21-1 Credit risk

(in thousand euros)	Note	December 31, 2017*	June 30, 2018**
Gross trade receivables			
Not yet due or past due for less than 60 days		425,796	527,216
Past due for 60 to 90 days		5,609	6,208
Past due for 90 to 120 days		6,086	6,076
Past due for more than 120 days		8,162	16,431
Total gross trade receivables		**445,654**	**555,930**
Doubtful receivables		12,447	11,761
TOTAL BEFORE ALLOWANCE		**458,100**	**567,691**
Not yet due or past due for less than 60 days		-	(4,818)
Past due for 60 to 90 days		-	(685)
Past due for 90 to 120 days		-	(767)
Past due for more than 120 days		-	(17,447)
Allowance on specific trade receivables		(15,809)	(17,309)
Allowance on statistically calculated trade receivables		(3,226)	(6,408)
Other receivables		38,015	29,985
TRADE AND OTHER RECEIVABLES - NET	**14**	**477,080**	**573,959**

* *Restated for IFRS 15 "Revenue from Contracts with Customers".*

** *See note 1 IFRS 9 Application - impairment of financial assets*

21-2 Fair value of financial assets and liabilities

Accounting categories and fair value of financial instruments

Balance sheet items		June 30, 2018		Breakdown by category of instruments				
(in thousand euros)	Note	Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Receivables at amortized cost	Debts at amortized cost	At fair value through equity
Financial assets		**779,033**	**779,033**	**96,348**	**9,479**	**673,206**	**-**	**-**
Non-current								
• Derivatives financial instruments	19	136	136	-	136	-	-	-
• Other investments		27	27	27	-	-	-	-
Current								
• Trade and other receivables	12	573,959	573,959	12,720	-	561,239	-	-
• Derivative financial instruments	19	9,343	9,343	-	9,343	-	-	-
• Other current financial assets		15,915	15,915	15,915	-	-	-	-
• Subordinated loan	11	9,178	9,178	-	-	9,178	-	-
• Cash and cash equivalents		170,473	170,473	67,685	-	102,789	-	-
Financial liabilities		**326,211**	**326,211**	**-**	**6,228**	**-**	**319,983**	**-**
Non-current								
• Borrowings	14	35,301	35,301	-	-	-	35,301	-
• Derivative instruments	19	216	216	-	216	-	-	-
Current								
• Borrowings	14	153,974	153,974	-	-	-	15,3974	-
• Derivative instruments	19	6,012	6,012	-	6,012	-	-	-
• Trade and other payables	12	130,709	130,709	-	-	-	130,709	-

Balance sheet items		December 31, 2017*		Breakdown by category of instruments						
(in thousand euros)	Note	Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Held-to-maturity investments	Loans and receivables (including cash)	Available -for-sale assets	Debts at amortized cost	At fair value through equity
Financial assets		**719,127**	**719,127**	**73,314**	**23,658**	**-**	**622,125**	**30**	**-**	**-**
Non-current										
• Derivatives financial instruments	19	38	38	-	38	-	-	-	-	-
• Subordinated loan	11	8,338	8,338				8,338	-	-	-
• Other investments		30	30	-	-	-	-	30	-	-
Current										
• Trade and other receivables *	12	477,080	477,080	-	-	-	477,080	-	-	-
• Derivative financial instruments	19	23,620	23,620	-	23,620	-	-	-	-	-
• Other current financial assets		21 395	21,395	21,395	-		-	-	-	-
• Cash and cash equivalents		188,626	188,626	51,919	-	-	13,6707	-	-	-
Financial liabilities		**132,944**	**132,944**	**-**	**2,324**	**-**	**-**	**-**	**130,620**	**-**
Non-current										
• Borrowings	14	215	215	-	-	-	-	-	215	-
• Derivative instruments	19	104	104	-	104	-	-	-	-	-
Current										
• Borrowings	14	4,866	4,866	-	-	-	-	-	4,866	-
• Derivative instruments	19	2,220	2,220	-	2,220	-	-	-	-	-
• Trade and other payables	12	125,539	125,539	-	-	-	-	-	125,539	-

* *Restated for IFRS15 "Revenue from Contract with Customers"*

The valuation methods adopted for financial instruments are as follows:

- Financial instruments other than derivatives recorded in the balance sheet:

The book values used are reasonable estimates of their market value except for marketable securities whose carrying values used are determined based on the last known net asset values as of June 30, 2018.

- Derivative financial instruments:

Market values were calculated internally on the basis of last-known closing prices as of June 30, 2018. They are consistent with valuation reports provided by financial institutions.

Fair value valuation6method

The tables be low set out the fair value method for valuing financial instruments, using the following three levels:

- level 1 (quoted prices in active markets): money market UCITS and other current financial assets;
- level 2 (observable inputs): derivatives - hedge accounting;
- level 3 (non-observable inputs): no such instruments are held as of June 30, 2018.

Category of instruments	**June 30, 2018**			
(in thousand euros)	**June 30, 2018**	**Level 1**	**Level 2**	**Level 3**
At fair value through the income statement - Assets	96,348	96,348	-	-
Derivative hedges - Assets	9,479	-	9,479	-
Derivative hedges - Liabilities	6,228	-	6,228	-

AUDITOR'S REPORT

For the period from January 1 to June 30, 2018

This is a free translation into English of the statutory auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting 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 review of the accompanying condensed half-year consolidated financial statements of SOCIÉTÉ BIC, for the period from January 1 to June 30, 2018;
- the verification of the information presented in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying the above conclusion, we draw your attention to Note 1-1-2 to the condensed half-year consolidated financial statements, "Adoption of newly published and revised IFRS, interpretations and amendments", setting out the impacts of the application as of January 1, 2018 of IFRS 9, *Financial Instruments*, IFRS 15, *Revenue from Contracts with Customers*, and IFRS 16, *Leases*.

II - Specific verification

We have also verified the information presented in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, August 1, 2018

The Statutory Auditors

French original signed by

Grant Thornton French member of Grant Thornton International Vianney Martin	Deloitte & Associés François Buzy

STATEMENT ON THE HALF-YEARLY REPORT 2018

NAME AND FUNCTION

Gonzalve Bich

Chief Executive Officer

DECLARATION BY RESPONSIBLE PERSON OF THE HALF-YEAR REPORT

"I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the half-year ended June 30, 2018 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and the profit of the Company and the entities included in the scope of consolidation of the Group and that the First Half Management Report includes a faithful representation of the major events which occurred during the first six months of the financial year, their impact on the financial statements, of the main related-party transactions, as well as a description of the major risks and uncertainties for the remaining six months of the year. "

On July 31, 2018

Gonzalve Bich

Chief Executive Officer

Designed & published by LABRADOR +33 (0)1 53 06 30 80

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