

FIRST-HALF FINANCIAL REPORT 2016/17



WE ARE OLYMPIQUE LYONNAIS 

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Management report on the first half of 2016/17

1-1 Revenue

Revenue totalled €111.8 million in the first half of 2016/17, up €4.0 million, or 4%, from €107.8 million in H1 2015/16.

Revenue excluding player trading totalled €110.3 million, up €28.7 million, or 35%, from €81.7 million in H1 2015/16. It was boosted by the operation of OL Park (Gerland in H1 2015/16).

Revenue from the sale of player registrations totalled €1.5 million (€26.2 million in the year-earlier period), as the Board of Directors turned down bids on certain players during the summer of 2016 in view of the club's participation in the group stage of the 2016/17 Champions League.

Breakdown of revenue (1 July to 31 December)

In € m (1 July to 31 December)	H1 2016/17	H1 2015/16	Chg. € m	% change
Ticketing	21.6	7.6	+14.0	+184%
<i>of which French Ligue 1</i>	14.2	4.9	+9.3	
<i>of which European play</i>	6.7	2.5	+4.2	
<i>of which other matches</i>	0.7	0.2	+0.4	
Sponsoring – Advertising	13.8	11.1	+2.7	+25%
Media and marketing rights	62.5	54.6	+7.9	+14%
<i>of which LFP-FFF</i>	24.3	17.6	+6.7	
<i>of which UEFA</i>	38.2	37.0	+1.2	
Events	3.9	-	+3.9	NA
Brand-related revenue	8.6	8.4	+0.2	+2%
Revenue excluding player trading	110.3	81.7	+28.7	+35%
Proceeds from sale of player registrations	1.5	26.2	-24.7	-94%
Total revenue	111.8	107.8	+4.0	+4%

Ticketing revenue up sharply, by €14.0 million or 184%

(H1 2016/17: €21.6 million, H1 2015/16: €7.6 million)

Ticketing receipts were boosted by the operation of OL Park in H1 2016/17 (Gerland in 2015/16), advancing €14.0 million to €21.6 million, vs €7.6 million in H1 2015/16.

Ticketing revenue from French Ligue 1 matches increased by €9.3 million to €14.2 million, vs €4.9 million in H1 2015/16. Average attendance per Ligue 1 match was 40,618, vs 31,620 in H1 2015/16, an increase

of 28%. Including other non-Ligue 1 matches (Coupe de la Ligue round of 16), domestic ticketing revenue increased by €9.7 million to a total of €14.9 million vs €5.1 million in H1 2015/16.

Ticketing revenue for European matches, with an equal number of Champions League matches as in the previous year, also benefited from an OL Park effect and totalled €6.7 million, vs €2.5 million in H1 2015/16 (i.e. an increase of €4.2 million).

Average matchday revenue for all competitions combined, including general public and VIP (with services) as well as merchandising revenue on matchdays, catering commissions and parking, more than doubled to €1.7 million in H1 2016/17 (€0.8 million in H1 2015/16 in Gerland), generating a gross margin of 54%. Average matchday revenue per spectator for all competitions combined totalled €44 during the period, increasing 63% from H1 2015/16 (€27). It was boosted by the new, wider range of prices the Group now offers.

Revenue from sponsoring and advertising up €2.7 million or 25%

(H1 2016/17: €13.8 million; H1 2015/16: €11.1 million)

Revenue from sponsoring and advertising was €13.8 million, vs €11.1 million in H1 2015/16, up €2.7 million or +25%, owing primarily to (i) growth in marketing partnerships and hospitality services, (ii) the contribution from the "365" boxes and (iii) the new contractual terms with sports marketing company Lagardère Sports, in effect since OL Park entered service (see Note 4.1 to the consolidated financial statements).

The new mixed-sex training centre opened in July 2016 and was officially inaugurated on 10 October 2016 as the "Groupama OL Training Center".

The "Groupama OL Academy", the new mixed-sex training academy located in Meyzieu near OL Park also bears the Groupama name. It opened in September 2016 and was officially inaugurated on 27 October 2016.

Media and marketing rights up €7.9 million or 14%

(H1 2016/17: €62.5 million; H1 2015/16: €54.6 million)

Media and marketing rights totalled €62.5 million, vs €54.6 million in H1 2015/16, up 14%.

Domestic media rights (LFP, FFF) stood at €24.3 million, vs €17.6 million in H1 2015/16 (up €6.7 million, or 38%). They were boosted by OL's preliminary, mid-season ranking in the French Ligue 1 (4th place as of 31 December 2016 versus 9th place as of 31 December 2015) as well as by the overall increase in distributable media rights over the new 2016/17 – 2019/20 period. Gross revenue distributable to Ligue 1 and Ligue 2 clubs for the 2016/17 season will total €801 million, vs €648 million in the 2015/16 season (up 24%).

On the international level (UEFA), the club played in the group stage of the Champions League this season, as it did in the previous year. UEFA media rights totalled €38.2 million in H1 2016/17, vs €37.0 million in H1 2015/16, representing an increase of €1.2 million and deriving in particular from better performance in the group stage and residual revenue from the 2015/16 Champions League received in the first quarter of 2016/17.

Events: €3.9 million, new product line

(H1 2016/17: €3.9 million; H1 2015/16: €0 million)

Several key events were held in OL Park during the first half of 2016/17, including the Euro 2016 semi-final match (six matches altogether played at OL Park between June and July), the Rihanna concert on 19 July 2016 and the Magnus League ice hockey "winter game" on 30 December 2016.

In the second half, OL Park will host the final of the Coupe de la Ligue on 1 April 2017, a Coldplay concert on 8 June 2017 and Monster Jam on 24 June 2017. Other events are already scheduled for the next financial year: a Celine Dion concert on 12 July 2017 and the 2018 Europa League final.

New additional businesses, developed since OL Park entered service, continued to grow. They included conventions, B-to-B seminars & corporate events (150 seminars in the first half, or more than 16,200 people) and stadium tours (20,385 visitors since the start of the season).

Brand-related revenue up slightly (2%)

(H1 2016/17: €8.6 million; H1 2015/16: €8.4 million)

Brand-related revenue totalled €8.6 million, increasing 2% from €8.4 million in the first half of 2015/16. The main drivers were the new sales venues at OL Park (Megastore) and in the centre of Lyon, as well as a continued increase in e-commerce (up 18%).

Revenue from the sale of player registrations

(H1 2016/17: €1.5 million; H1 2015/16: €26.2 million)

In light of the Group's participation in the group stage of the Champions League, the Board of Directors decided to safeguard the club's professional roster, and so turned down several significant transfer offers during the summer of 2016.

As a result, revenue from the sale of player registrations totalled €1.5 million, corresponding to the transfer of Lindsay Rose to FC Lorient in July 2016. In H1 2015/16, revenue from the sale of player registrations totalled €26.2 million.

As of 31 December 2016, the men's professional team was composed of 35 players, of whom 31 were internationals and 21 were trained at the OL Academy.

1-2 Components of net profit

Simplified, consolidated 1st-half income statement (from 1 July to 31 December)

In € m (1 July to 31 December)	H1 2016/17	H1 2015/16	Chg. € m
Revenue	111.8	107.8	+4.0
Personnel costs	-55.8	-46.6	-9.2
External purchases and expenses	-40.2	-18.8	-21.4
Taxes other than income taxes	-2.8	-1.7	-1.1
Residual value of player registrations	-1.0	0.0	-1.0
EBITDA	12.1	40.7	-28.6
<i>of which EBITDA excl. player trading</i>	<i>11.6</i>	<i>14.6</i>	<i>-3.0</i>
<i>of which EBITDA from player trading</i>	<i>0.5</i>	<i>26.2</i>	<i>-25.6</i>
Net amortisation & provisions, player registrations	-5.8	-6.9	+1.1
Depr., amort, & prov., excl. player registrations	-9.3	-2.2	-7.0
Other ordinary income and expenses	+11.0	-0.7	+11.8
Profit from ordinary activities	8.1	30.8	-22.7
<i>Profit from ordinary activities, excl. player trading</i>	<i>13.3</i>	<i>11.6</i>	<i>+1.8</i>
<i>Profit/loss from ordinary activities, player trading</i>	<i>-5.2</i>	<i>19.2</i>	<i>-24.5</i>
Net financial expense	-10.7	-0.8	-9.9
Pre-tax profit/loss	-2.6	30.0	-32.6
Net profit/loss (Group share)	-2.3	19.7	-22.0

EBITDA (H1 2016/17: €12.1 million; H1 2015/16: €40.7 million)

EBITDA remained very positive at €12.1 million in H1 2016/17 (vs €40.7 million in H1 2015/16, a period during which many player registrations were sold).

Excluding player training, EBITDA was €11.6 million in the first half, vs €14.6 million in the year-earlier period.

This slight decrease came about principally because the payroll increased (up €9.2 million vs H1 2015/16), reflecting players recruited in the summer of 2016, and because the professional squad was kept well-fortified with the objective of taking part in the group stage of the Champions League. The payroll/revenue ratio stood at 50% in H1 2016/17, in line with the Group's objectives.

External purchases and expenses increased (up €21.4 million vs H1 2015/16) because OL Park came into service on 9 January 2016 giving rise in particular to (i) new OL Park operating expenses, (ii) expenses related to new activities developed in OL Park, (iii) higher match organisation expenses due to the greater stadium capacity and (iv) application of the new contractual terms with sports marketing company Lagardère Sports since OL Park entered service.

EBITDA on player trading totalled €0.5 million and reflected a capital gain on the transfer of Lindsay Rose to FC Lorient in July 2016. In H1 2015/16, it totalled €26.2 million, reflecting active trading in the summer

of 2015. The players transferred out had all been trained at the OL Academy and therefore generated capital gains equal to 100% of the proceeds from their transfer.

The market value of the men's professional team is still high, at €208.3 million as of 31 December 2016, vs €178.2 million as of 31 December 2015 (OL valuation based on Transfermarkt). This valuation implies potential gains of €170.4 million as of 31 December 2016, up 26% over year-end 2015 and related primarily to players trained at the OL Academy (86% of total potential capital gains).

Profit from ordinary activities (H1 2016/17: €8.1 million; H1 2015/16: €30.8 million)

Profit from ordinary activities in H1 2016/17 was €8.1 million (vs €30.8 million in H1 2015/16). In particular, profit from ordinary activities excluding player trading totalled €13.3 million, vs €11.6 million in H1 2015/16, up €1.8 million. Regarding overall profit from ordinary activities compared to the year-earlier period, is important to recognise that there was virtually no player trading during H1 2016/17.

Net amortisation and provisions on player registrations edged down €1.1 million compared with H1 2015/16 (€5.8 million vs €6.9 million). Other net depreciation/amortisation and provisions totalled €9.3 million, vs €2.2 million in H1 2015 16. The €7.1 million rise derived principally from OL Park-related depreciation (0 in H1 2015/16).

Other ordinary income and expenses totalled a positive €11.0 million (vs €-0.7 million in H1 2015/16) and derived principally from capital gains on the December 2016 sale of certain assets – Tola Vologe (the Group's former head office, academy building and training grounds in Gerland), Megastore SCI (the Gerland boutique), hotel building rights at the OL Park site – and from an insurance payment.

Net financial expense (H1 2016/17: €10.7 million; H1 2015/16: €0.8 million)

Net financial expense for the half-year period totalled €10.7 million (vs €0.8 million in H1 2015/16). This year, it included €9 million in interest expense on OL Park financing (particularly the bank loan and bond issue). Since OL Park entered service, these amounts have ceased to be capitalised.

Net profit/loss (Group share) (H1 2016/17: €-2.3 million; H1 2015/16: €19.7 million)

Net loss, Group share, was €2.3 million in H1 2016/17, vs a profit of €19.7 million in the year-earlier period. This was a direct result of the near absence of player trading during H1 2016/17.

1-3 Balance sheet

Simplified, consolidated half-year balance sheet

Equity strengthened and gross cash & cash equivalents increased

ASSETS (in € m)	31/12/2016	30/06/2016	Chg. € m
Intangible assets	40.6	34.4	6.2
<i>of which player registrations</i>	37.9	31.7	+6.3
Property, plant & equipment	418.6	420.8	-2.1
Other non-current assets	13.1	17.1	-4.0
<i>of which player registration receivables (> 1 year)</i>	0.4	4.9	-4.5
Non-current assets	472.3	472.2	+0.0
Current assets excl. cash & cash equivalents	96.5	99.7	-3.2
<i>of which trade receivables</i>	54.8	48.8	+6.0
<i>of which player registration receivables (< 1 year)</i>	3.4	34.0	-30.6
Cash & cash equivalents	57.2	32.5	+24.8
Current assets	153.8	132.1	+21.6
TOTAL ASSETS	626.0	604.4	+21.6

EQUITY & LIABILITIES (in € m)	31/12/2016	30/06/2016	Chg. € m
Equity	172.7	145.0	+27.7
<i>of which non-controlling interests</i>	3.0	2.8	+0.2
Non-current liabilities	294.0	331.2	-37.2
<i>of which long-term loans</i>	264.7	299.3	-34.5
<i>of which player registration payables (> 1 year)</i>	3.9	6.5	-2.6
Current liabilities	159.3	128.1	+31.2
<i>of which financial debt (< 1 year)</i>	44.7	4.2	+40.5
<i>of which player registration payables (< 1 year)</i>	11.3	14.9	-3.7
<i>of which trade accounts payable</i>	29.1	28.1	+1.0
<i>of which tax and social security liabilities</i>	48.4	45.7	+2.7
TOTAL EQUITY AND LIABILITIES	626.0	604.4	+21.6

As of 31 December 2016, the balance sheet total stood at €626.0 million, vs €604.4 million as of 30 June 2016.

On the assets side, the net book value of player registrations was €37.9 million as of 31 December 2015, vs €31.7 million as of 30 June 2016. This figure included the following registrations acquired at the start of the 2016/17 financial year: Emmanuel Mamana from the Argentinean club River Plate (five-year contract, i.e. until 30 June 2021, IFRS value: €8.5 million) and Jean-Philippe Mateta from FC Berrichonne Football (five-year contract i.e. until 30 June 2021, IFRS value: €4.1 million).

Property plant & equipment, composed essentially of OL Park assets (stadium, store, Groupama OL Training Center and Groupama OL Academy) totalled €418.6 million as of 31 December 2016, vs €420.8 million as of 30 June 2016.

On 23 December 2016, IDG European Sports Investment Ltd subscribed to the first tranche of new shares and OSRANEs (Subordinated Bonds Redeemable in New or Existing Shares) for a gross amount of around €30 million, a significant event that strengthened the Group's equity. The term sheet signed on 10 November 2016 calls for IDG European Sports Investment Ltd to invest a total of €100 million in the form of new shares and OSRANEs, representing 20% of the capital of OL Groupe on a fully diluted basis (i.e. after issuance of the new shares and new OSRANEs).

Shareholders' equity as of 31 December 2016 was €172.7 million (including non-controlling interests), vs €145.0 million as of 30 June 2016.

At the same time, cash & cash equivalents increased to €57.2 million as of 31 December 2016, vs €32.5 million as of 30 June 2016.

Financial debt (excl. player registration receivables) totalled €309.4 million as of 31 December 2016 (€303.5 million as of 30 June 2016). On 14 December 2016, the Group's banks unanimously agreed to maintain the €34 million ceiling for the syndicated operating line of credit until its 30 September 2017 maturity date (according to the initial terms, the ceiling was to decline to €25 million on 9 January 2017).

1-4 First-half highlights

The first half of the 2016/17 financial year was characterised by several significant events.

IDG acquires a stake in OL Groupe

On 12 August 2016, OL Groupe announced it had signed a term sheet with Chinese group IDG Capital Partners to enable IDG to acquire a 20% equity stake in OL Groupe (on a fully-diluted basis) for approximately €100 million. This investment will be made based on a valuation of OL Groupe (including OSRANEs) of €400 million pre-investment and €500 million post-investment, via the issuance of new shares subscribed to at a price of €3.3429 per new share and new OSRANEs at a price of €305.3404 per new OSRANE, representing premiums of 18.54% and 60.71% respectively compared to market prices immediately prior to the announcement, with a 2-year lock-up commitment. The term sheet also provides for a commercial joint venture between OL Groupe (45%) and the IDG group (55%) to be created for the purpose of developing OL Groupe's businesses, making Olympique Lyonnais more well-known, increasing its brand value and exploiting its know-how (particularly in player training) in the People's Republic of China, Hong Kong, Macao and Taiwan. A significant portion of the proceeds of the investment is expected to be applied to reduce OL Groupe's indebtedness, resulting in a corresponding decrease in financial expense and enabling OL Groupe to envisage the overall refinancing of its remaining indebtedness.

Subsequent to this term sheet, a definitive contract was signed on 10 November 2016.

On 23 November 2016, the prospectus for admission to trading on the Euronext Paris regulated market of the shares and OSRANEs reserved for IDG European Sports Investment Ltd, approved by the AMF, was made available.

On 9 December 2016, the definitive number of shares and OSRANEs reserved for IDG European Sports Investment Ltd was published (11,627,153 shares and 200,208 OSRANEs).

On 23 December 2016, IDG European Sports Investment Ltd subscribed to the first tranche of new shares and new bonds, totalling approximately €30 million. As part of this first tranche, 3,488,146 new reserved shares were subscribed to for around €11.7 million (including issue premium), and 60,063 OSRANes were subscribed to for around €18.3 million (including issue premium). These new shares and bonds were admitted to trading on Euronext Paris on 29 December 2016 and were assimilated with the existing shares (ISIN code: FR0010428771) and the existing OSRANes (ISIN code: FR0011544444).

European cup play

The club participated in the group stage of the Champions League, finishing in 3rd place of group H with two victories, two draws and two defeats, thus qualifying for the Europa League round of 32 (February 2017). During the first half of 2015/16, the club was eliminated from European cup play after having finished in 4th place of its group during the group stage of the Champions League.

Player trading

Following the departure of Henri Bedimo, Steed Malbranque, Arnold Mvuemba and Mour Paye, whose contracts expired as of 30 June 2016, OL SAS carried out the following transfers in the first half of 2016/17:

Acquisitions of player registrations (IFRS value):

- Maciej Rybus on 01/07/16, free agent, 3-year contract
- Nicolas Nkoulou on 01/07/16, free agent, 4-year contract
- Emanuel Mammana on 04/07/16 from River Plate for €8.5 million, 5-year contract
- Jean-Philippe Mateta on 15/09/16 from FC Berrichonne Football for €4.1 million, 5-year contract

First professional contracts from 1 July 2016:

- Maxime D'Arpino, 3-year contract until 30 June 2019
- Romain Del Castillo, 3-year contract until 30 June 2019
- Gaëtan Perrin, 3-year contract until 30 June 2019
- Fahd Moufi, 3-year contract until 30 June 2019
- Dylan Mboumbouni, 3-year contract until 30 June 2019
- Myziane Maolida, 3-year contract until 30 June 2019
- Isaac Hemans Arday, 1-year contract until 30 June 2017
- Dorian Grange, 1-year contract until 30 June 2017
- Houssem Aouar, 3-year contract until 30 June 2019

Contract extensions:

- Maxwell Cornet, for two years until 30 June 2021
- Houssem Aouar, for one year to 30 June 2020

Sale of player registrations (IFRS values):

- Lindsay Rose to FC Lorient (01/07/2016) (€1.5 million)

Temporary transfers (departures):

- Louis Nganioni to Brest for one season, i.e until 30 June 2017
- Romain Del Castillo, to Bourg Peronnas for one season, i.e until 30 June 2017
- Fahd Moufi, to Sedan until 30 June 2017

Contract termination:

- Zakarie Labidi (26/07/16)

Academy

The OL Academy performed well once again at both domestic and European levels.

Domestically, the OL Academy has held onto first place for the last four years, and ranks ahead of PSG and Toulouse (source: French Football Collective Bargaining Agreement Commission, June 2016, on proposal made by the National Technical Director.)

At the European level, it was the leading French training academy and was in fourth place overall, behind Real Madrid, FC Barcelona and Manchester United (source: CIES Observatory, November 2016).

OL was ranked top of the "Licence club" 2016/17 ranking, ahead of Bordeaux and Marseille. (Ranking established according to the criteria of stadium player and spectator areas, stadium media area, approved training academy, employee structure.)

New mixed-sex professional training ground and training academy.

The new mixed-sex training centre (Décines), named the "Groupama OL Training Center", opened in July 2016 and was officially inaugurated on 10 October 2016.

The new mixed-sex training academy located in Meyzieu near Décines, opened in September 2016 and was officially inaugurated on 27 October 2016 as the "Groupama OL Academy".

The total investment relating to the construction of these two facilities was approx. €28 million.

Disposals of property assets

The Tola Vologe (Gerland) assets and property rights were sold to the Auvergne-Rhône-Alpes football league on 9 November 2016 for €8.5 million.

The Megastore SCI (Gerland store) assets and property rights were sold to GL Events on 9 December 2016 for €3.1 million excl. VAT. On 18 January 2017, a new multisports store, Gones Store, for supporters of Lyon-based clubs, opened its doors on the site. It sells products from Greater Lyon's top four clubs: OL, LOU, ASVEL and LHC. Floor space of around 100 square meters is dedicated to Olympique Lyonnais.

On 19 December 2016, an area adjacent to the new stadium, was sold to Vinci Immobilier for €3.1 million excluding VAT, enabling the launch of construction of other facilities related to OL Park, in particular a hotel and an office building.

Changes in principal contracts (since the beginning of the year)

SPONSORSHIP AGREEMENT WITH HYUNDAI MOTOR FRANCE

A new, premium partnership contract has been signed for the 2016/17 and 2017/18 seasons, with services that have been adjusted compared to the previous contract.

SPONSORSHIP AGREEMENT WITH VEOLIA ENVIRONNEMENT

On 3 August 2016, the partnership with Veolia was renewed for three additional seasons (2016/17 to 2018/19), with services similar to those of the previous contract. The club has an exit option it can exercise at the end of each contractual season in the event it receives a higher overall offer.

SPONSORSHIP AGREEMENT WITH INTERMARCHÉ

On 2 June 2016, a new contract was signed for two additional seasons (2016/17 and 2017/18). The Intermarché logo now appears on the men's team's shorts for home and away Ligue 1 matches. Intermarché also benefits from visibility and public relations events connected with OL professional team matches.

SPONSORSHIP AGREEMENT WITH FRANCE TELECOM SA, ORANGE FRANCE

A new official partnership was signed for three seasons, i.e. until 30 June 2018. Orange has been granted "Official Partnership" status, benefiting from electronic advertising services and public relations operations.

SPONSORSHIP AGREEMENT WITH beIN

The agreement was not renewed for the 2016/17 season.

SPONSORSHIP AGREEMENT WITH CEGID

For the 2016/17 season, a new partnership agreement has been signed giving the brand benefits including visibility on the men's team's shirtsleeves, electronic advertising services and hospitality.

SPONSORSHIP AGREEMENT WITH 24OPTION

Following the decision of the French Financial Markets Authority (AMF) to prohibit 24Option from providing services to new or existing customers in France, with effect from 1 August 2016, Olympique Lyonnais cancelled the partnership agreement it had with 24Option.

SPONSORSHIP AGREEMENT WITH GROUPAMA

Olympique Lyonnais has exercised the naming option on the training centre. The training academy has been named "Groupama OL Academy", effective from the beginning of the 2016/17 season.

SPONSORSHIP AGREEMENT WITH ALILA PROMOTION

Olympique Lyonnais has signed an agreement with Alila Promotion for two seasons (2016/17 and 2017/18). The Alila Promotion brand will be visible on the back of the men's first team shirts during French Ligue 1 home and away matches.

SPONSORSHIP AGREEMENT WITH FDJ

A new official partnership with Société Française des Jeux (FDJ) was signed for two seasons, i.e. until 30 June 2018. FDJ enjoys media visibility and FDJ functionality has been integrated into the OL Park application.

1-5 Principal transactions with related parties

The principal transactions with related parties are shown in Note 11.1 to the condensed consolidated first-half 2016/17 financial statements, found on page 59 of this report.

1-6 Approval of the consolidated financial statements

The condensed consolidated first half 2016/17 financial statements were approved by the Board of Directors on 21 February 2017.

1-7 Football results as of 31 December 2016

▪ Men's team:

- French Ligue 1: 4th place
- UEFA Champions League: group stage – 3rd place in group H (qualified for the Europa League round of 32)
- Coupe de la Ligue: Round of 16 against Guingamp

▪ Women's team:

- French Division 1: 2nd place with a match in hand
- UEFA Women's Champions League: qualified for the quarter-finals against Wolfsburg (March 2017)

1-8 Events since 1 January 2017

- **OL Park developments**

Following the sale of building rights in December 2016 to Vinci Immobilier, Lavorel Hotels launched construction of a three-star, 140-room hotel in OL Park in January 2017. The hotel is expected to be delivered in the third quarter of 2018.

- **Changes in the professional squad**

Acquisition of a player registration (IFRS value):

- Memphis Depay, Dutch international striker, from Manchester United (4.5-year contract, i.e. until 30 June 2021, for €19.1 million plus up to €9.3 million in incentives).

Loans out:

- Aldo Kalulu (09/01/17) to Rennes until 30 June 2017
- Olivier Kemen (09/01/17) to Gazelec Ajaccio until 30 June 2017
- Clément Grenier (27/01/17) to AS Roma until 30 June 2017, with a purchase option of €3.5 million.

Contract extension:

- Houssem Aouar (02/01/17) for 1 year, until 30 June 2020

As of 2 February 2017, the professional team was composed of 34 players (excluding loans), including 30 internationals and 20 trained at the OL Academy.

On 18 January 2017, Gueïda Fofana was declared unfit to play football.

Awards

OL was awarded the "Hyundai Stadium Spectator Experience" at the "Think Football! 2017" day organised by News Tank and held on Tuesday 10 January 2017 at Paris-Dauphine University. The day focused on discussions, ideas and workshops about innovation. During the event, topics as varied as governance, licensing, playing surfaces, eSport, ticketing, the rise of women's football and the business models of European clubs were discussed in the presence of hundreds of executives from the entire sports sector. This trophy recognises football industry participants whose innovations in 2016 improved the spectator experience and was awarded to OL for its OL Park application.

1-9 Risk factors

Risks related to the outlook for revenue and profitability of Olympique Lyonnais Park

The main sources of additional revenue deriving from operation of the new stadium during the first half of the 2016/17 financial year were as follows:

(i) Average matchday revenue for all competitions combined, including general public and VIP (with services) as well as merchandising revenue on matchdays, catering commissions and parking, increased 117% to €1.7 million in H1 2016/17 (OL Park) vs. €0.8 million in H1 2015/16 (Gerland).

(ii) Additional sponsorship revenue from marketing visibility inside the new stadium and from the “365” boxes.

(iii) New sources of revenue from activities that took place in the stadium on non-matchdays, including the Euro 2016 semi-final, a Rihanna concert, a Magnus League ice hockey winter game and more than 150 B-to-B conventions, seminars and corporate events.

The uncertainty of sport and a less favourable overall business performance could have a negative impact on some of these new revenue sources. This could in turn have a significant unfavourable impact on the Group's earnings and financial condition, as the Company has to pay maintenance costs on the new stadium as well as make cash disbursements to repay the debt linked to it.

Managing risks related to the outlook for revenue and profitability of Olympique Lyonnais Park

The Company's revenue diversification strategy for OL Park, via the development of new resources independent of OL events, should reduce the impact that sporting uncertainty could otherwise have on the Group's earnings.

Other risks

In general, the other risk factors detailed in the 2015/16 Registration Document (pages 13-22) and in the *note d'opération* of 23 November relating to IDG European Sports Investment Ltd's investment (pages 29-32), did not change during the first half of the financial year. These are described on the Company's web site (www.olweb.fr).

1-10 Football results as of 21 February 2017

- **Men's team:**

- French Ligue 1: 4th place with a match in hand (43 points)
- UEFA Champions League: Group stage – 3rd place in group H (and entered into Europa League round of 32)
- UEFA Europa League: victory in the first leg of round of 32 against AZ Alkmaar (1-4); second leg on 23 February 2017 at OL Park
- Coupe de la Ligue: eliminated in the round of 16 against Guingamp
- Coupe de France: eliminated in the round of 32 against OM

- **Women's team:**

- French Ligue 1: 1st place (39 points)
- UEFA Women's Champions League: qualified for the quarter-finals against Wolfsburg (matches scheduled for 23 and 29 March 2017)
- Coupe de France: qualified for the quarter-finals (match on 12 March 2017)

1-11 Short- and medium-term outlook

- **Subscription to the last tranche of new shares and new OSRANEs reserved for IDG European Sports Investment Ltd and creation of the joint venture**

After the contract relating to IDG European Sports Investment Ltd's purchase of a 20% stake in OL Groupe (on a fully diluted basis) was signed on 10 November 2016, IDG European Sports Investment Ltd subscribed to the first tranche of its investment at the end of 2016 in the amount of ca. €30 million (in shares and OSRANEs).

The second tranche, in an amount of ca. €70 million is to be subscribed to no later than 28 February 2017.

The agreement signed with IDG calls for the creation of a joint venture in China with the objective of promoting OL Groupe and its brand and using OL's expertise in the People's Republic of China, Taiwan, Hong Kong and Macau.

The joint venture is currently being formed and will be called Beijing OL FC Ltd. It will aim to (i) establish partnerships with local companies, (ii) create and develop football schools or training centres, (iii) promote the sale of OL match tickets to Chinese tourists and (iv) offer hospitality services related to OL matches and the new stadium. It will be 55%-held by Beijing Xing Zhi Sports Ltd (a company tied to IDG Capital Partners) and 45%-held by OL Groupe. Beijing Xing Zhi Sports will have two seats on its Board of Directors and OL Groupe will have one seat.

- **Debt reduction and refinancing of remaining debt**

A substantial portion of the funds raised from IDG European Sports Investment Ltd's investment in OL Groupe is to be applied to reduce the Group's indebtedness, so as to obtain a corresponding reduction in financial expense and plan an overall refinancing of the remaining debt.

The group is already exploring ideas and has initiated contact with a certain number of French and foreign financial institutions with the intention of implementing an overall debt refinancing during the course of 2017.

- **Naming of OL Park**

Negotiations are ongoing with major French and international groups for the naming of the stadium; the objective is to finalise an agreement during the second half of the 2016/17 financial year.

- **OL Park developments**

Following the sale of hotel complex building rights in December 2016 to Vinci Immobilier, Lavorel Hotels launched construction of a three-star, 140-room hotel in January 2017. The hotel is expected to be delivered in the third quarter of 2018.

Sale of the last portion of the building rights on the OL Park site is expected to be finalised in 2017, enabling the construction of other facilities to begin (leisure & entertainment complex, medical centre, office buildings, etc.).

- **Continued development of new OL Park activities**

More major events have already been scheduled in OL Park, including the final of the Coupe de la Ligue on 1 April 2017, a Coldplay concert on 8 June 2017, Monster Jam on 24 June 2017, a Celine Dion concert on 12 July 2017, the 2018 Europa League final and the opening and final matches of the 2019 Women's World Cup.

As of 21 February 2017, there was no dispute involving OL Groupe that could seriously jeopardise the business or the objectives the Group has set for the 2016/17 financial year.

Condensed consolidated first-half 2016/17 financial statements

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The consolidated financial statements comprise the financial statements of the Company, Olympique Lyonnais Groupe SA (10 avenue Simone Veil, 69150 Décines-Charpieu, France), and those of its subsidiaries. The Group's main business is centred on its professional football team. Subsidiaries have been created in real estate, media, merchandising and travel as extensions of the main business.

The consolidated financial statements were approved by the Board of Directors on 21 February 2017.

Highlights

The principal events of H1 2016/17 were:

- **Subscription to the first tranche of new shares and new bonds reserved for IDG European Sports Investment Limited**

On 23 November 2016, the AMF assigned approval number 16-543 to the prospectus related to:

- admission to trading on the Euronext Paris regulated market of 11,627,153 new shares issued as part of a capital increase without shareholders' preferential subscription rights, reserved for IDG European Sports Investment Limited; and
- admission to trading on Euronext Paris of 200,208 subordinated bonds redeemable in new or existing ordinary shares ("OSRANES") issued without shareholders' preferential subscription rights, reserved for IDG European Sports Investment Limited.

These issues will be carried out in two tranches, and the second tranche may be divided into a maximum of four sub-tranches.

The first tranche of New Reserved Shares and New Reserved Bonds, totalling €30,000,183.72, was subscribed to by IDG European Sports Investment Limited on 23 December 2016. The number of New Reserved Shares subscribed to as part of the first tranche was 3,488,146, amounting to €11,660,523.27 including an issue premium. The number of New Reserved Bonds subscribed to in the first tranche was 60,063, totalling €18,339,660.45 including an issue premium.

These New Reserved Shares and Bonds were admitted to trading on the Euronext Paris regulated market on 29 December 2016, assimilated with the existing OSRANES (Note 11).

- **Sale of the Tola Vologe property rights**

On 9 November 2016, OL Groupe sold its Tola Vologe assets and property rights, located in Gerland, to the Auvergne-Rhône-Alpes football league for €8.5 million.

- **Sale of the building lease and the Megastore SCI buildings**

On 9 December 2016, the Group sold its building lease and the buildings used for Olympique Lyonnais' ticket windows, offices and promotional space built by Megastore SCI) for €3.1 million.

- **Sale of building rights**

On 19 December 2016, OL Groupe sold building rights on the OL Park site for €3.1 million, enabling the construction of other facilities to begin (hotel, office buildings, etc.).

- **Ceiling of the syndicated operating line of credit maintained**

OL Groupe has a €34 million syndicated operating line of credit, entered into on 27 June 2014. On 14 December 2016, the Group obtained unanimous approval from its banks to maintain the line's ceiling at €34 million until the final maturity date on 30 September 2017. Under the original terms of the agreement, the ceiling was to decline to €25 million on 9 January 2017.

Presentation of the financial statements

The consolidated first-half financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These first-half consolidated financial statements should be read in conjunction with the consolidated financial statements for the financial year ended 30 June 2016. Unless otherwise indicated, the Group's financial statements and notes are presented in thousands of euros (€000).

In the absence of an impact of mandatory standards, amendments and interpretations for the financial year, the accounting principles and procedures applied are identical to those used for closing the consolidated financial statements for the year ended 30 June 2016. These are detailed in Registration Document no. D.15-0983. In certain cases, these rules have been adapted to specific requirements of interim financial statements, in accordance with IAS 34.

The principal standards, amendments and interpretations effective from 1 July 2016, i.e.:

- The annual improvement cycles 2012-12 and 2012-14;
- The IAS 1 amendment "Disclosure initiative".

have not had a significant impact on the Group's financial statements, or are not applicable.

Furthermore, the Group has not elected for early adoption of the standards, amendments and interpretations adopted by the European Commission (or for which early adoption was possible) and which came into effect after the closing date. This concerns in particular amendments to IAS 12 "Recognition of deferred tax assets for unrealised losses", and to IAS 7 "Disclosure initiative", IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers".

The Company has not yet analysed the impact of IFRS 9 and IFRS 15, which were voted by the IASB and will become effective for financial years beginning on or after 1 January 2018 and adopted by the European Commission in November and October 2016, respectively.

Based on the analysis underway, the Group does not anticipate, for other cases, a significant impact on its financial statements in the forthcoming years.

There are no accounting principles contrary to IFRS that are mandatory for financial years beginning on or after 1 July 2016 and not yet adopted at the European level, which would have had a material impact on the financial statements for the financial year under review.

The Company has not yet analysed the impact of IFRS 16 "Leases", which was voted by the IASB and will become effective for financial years beginning on or after 1 January 2019. It is expected that the European Commission will adopt IFRS 16 at the end of 2017.

The information disclosed in the notes to the first-half financial statements relate to the significant items, transactions and events needed to understand the changes in the financial condition and performance of the Group.

The first-half statements of OL Groupe include the financial year's initial sales of player registrations (the summer transfer window between 1 July and 31 August 2016) and receipts relating to the group stage of the UEFA Champions League.

The results of the first half of the year are not representative of those that can be expected for all of the 2016/17 financial year.

Income statement

(in € 000)	Notes	H1 2016/17	% of rev.	H1 2015/16	% of rev.
Revenue	4.1	111,842	100%	107,825	100%
Revenue (excl. player trading)	4.1	110,342	99%	81,661	76%
Purchases used during the period		-23,317	-21%	-8,172	-8%
External costs		-16,838	-15%	-10,627	-10%
Taxes other than income taxes		-2,818	-3%	-1,731	-2%
Personnel costs	6.2	-55,773	-50%	-46,565	-43%
EBITDA (excl. player trading)		11,597	10%	14,567	-14%
Net depreciation, amortisation and provisions	8.3	-9,277	-8%	-2,248	-2%
Other ordinary income and expenses	4.6	11,027	10%	-745	-1%
Profit/loss from ordinary activities, excl. player trading		13,346	12%	11,574	11%
Proceeds from the sale of player registrations	5.1	1,500	1%	26,163	24%
Residual value of player registrations	5.1	-978	-1%	0	
Gross profit (EBITDA) on player trading	5.1	522	0%	26,163	24%
Net depreciation, amortisation and provisions	5.3	-5,769	-5%	-6,915	-6%
Loss from ordinary activities (player trading)		-5,246	-5%	19,249	18%
EBITDA		12,119	11%	40,730	38%
Profit from ordinary activities		8,100	7%	30,823	29%
Other non-recurring operating income and expense					
Operating profit		8,100	7%	30,823	29%
Net financial expense	9.6	-10,670	-10%	-806	-1%
Pre-tax profit/loss		-2,570	-2%	30,017	28%
Income tax expense	10.1	466	0%	-10,384	-10%
Net profit/loss for the period		-2,104	-2%	19,633	18%
Net profit/loss attributable to equity holders of the parent		-2,330	-2%	19,709	18%
Net profit/loss attributable to non-controlling interests		226		-76	
Net profit/loss per share (in €)		-0.05		0.43	
Diluted net profit/loss per share (in €)		-0.02		0.20	
Statement of comprehensive income (in € 000)					
Actuarial differences on pension obligations	6.4	0		0	
Items not recyclable into net income		0		0	
Fair value of new stadium hedging instruments		804		-794	
Corresponding deferred taxes		-277		273	
Items recyclable into net income	12.6	527		-521	
Comprehensive profit/loss		-1,577		19,112	
Comprehensive profit/loss attributable to equity holders of the parent		-1,803		19,188	
Comprehensive profit/loss attributable to non-controlling interests		226		-76	

Consolidated statement of net financial position

Balance sheet – Assets

Net amounts (in € 000)	Notes	31/12/16	30/06/16
Intangible assets			
Goodwill	7.1	1,866	1,866
Player registrations	5.3	37,943	31,692
Other intangible assets	7.1	773	827
Property, plant & equipment	7.2	418,619	420,753
Other financial assets	9.1	2,735	2,400
Receivables on sale of player registrations (portion > 1 year)	5.2 & 9.4	380	4,904
Deferred taxes	10.2	9,953	9,807
Non-current assets		472,269	472,249
Inventories	4.3	2,890	2,060
Trade receivables	4.2	54,762	48,772
Receivables on sale of player registrations (portion < 1 year)	5.2 & 9.4	3,400	33,972
Other current financial assets		0	0
Other current assets, prepayments and accrued income	4.4 & 9.4	35,461	14,874
Cash and cash equivalents	9.2 & 9.4	57,245	32,469
Current assets		153,758	132,148
TOTAL ASSETS		626,027	604,397

Balance sheet – Equity and Liabilities

Net amounts (in € 000)	Notes	31/12/16	30/06/16
Share capital	11.1	75,995	70,466
Share premiums	11.1	109,256	103,350
Reserves	11.1	-109,208	-119,354
Other equity	11.1	96,024	77,956
Net profit/loss attributable to equity holders of the parent		-2,330	9,804
Equity attributable to equity holders of the parent		169,737	142,222
Non-controlling interests		2,994	2,810
Total equity		172,731	145,032
New stadium bonds	9.3 & 9.4	119,589	122,904
"Mini-perm" loan for the new stadium	9.4 & 9.5	122,102	126,364
Borrowings and financial liabilities (portion > 1 year)	9.5	23,034	49,991
Liabilities on acquisition of player registrations (portion > 1 year)	5.4 & 9.4 & 9.5	3,908	6,506
Other non-current liabilities	9.3	23,764	24,021
Deferred taxes	10.2	0	0
Provision for pension obligations	6.4	1,613	1,454
Non-current liabilities		294,010	331,240
Provisions (portion < 1 year)	8.1	789	774
Financial liabilities (portion < 1 year)			
Bank overdrafts	9.3 & 9.4 & 9.5	618	224
New stadium bonds	9.3 & 9.4 & 9.5	7,316	
"Mini-perm" loan for the new stadium	9.3 & 9.4 & 9.5	4,880	
Other borrowings and financial liabilities	9.3 & 9.4 & 9.5	31,927	4,025
Trade accounts payable & related accounts	4.5 & 9.4	29,102	28,135
Tax and social security liabilities	4.5	48,350	45,686
Liabilities on acquisition of player registrations (portion < 1 year)	5.4 & 9.4 & 9.5	11,272	14,938
Other current liabilities, deferred income and accruals	9.4 & 9.5	25,031	34,342
Current liabilities		159,285	128,125
TOTAL EQUITY AND LIABILITIES		626,027	604,397

Cash flow statement

(in € 000)	31/12/16	31/12/15
Net profit/loss	-2,104	19,633
Share in net profit of associates	0	0
Depreciation, amortisation & provisions (1)	14,992	9,154
Other non-cash income and expenses (2)	2,301	-872
Capital gains on sale of player registrations	-522	-26,163
Capital gains on sale of other non-current assets	-7,488	-16
Income tax expense (3)	-466	10,384
Pre-tax cash flow	6,712	12,120
Dividends received from associates	0	0
Income tax paid	-3,524	-140
Gross cost of financial debt	9,273	277
Change in trade and other receivables	-32,308	-15,682
Change in trade and other payables	5,314	1,492
Change in working capital requirement	-26,994	-14,190
Net cash from operating activities	-14,532	-1,933
Acquisition of player registrations net of change in liabilities	-19,338	-18,457
Acquisition of other intangible assets	-70	-101
Acquisition of property, plant & equipment - construction of new stadium (4)	-12,234	-77,651
Acquisition of property, plant & equipment - excl. new stadium (4)	-1,327	-6,377
Acquisition of non-current financial assets	95	-234
Sale of player registrations net of change in receivables	36,596	14,755
Disposal or reduction in other non-current assets	14,787	337
Net cash from investing activities	18,508	-87,728
Capital increase and issue premium net of costs (5)	11,435	0
Capital transaction: issuance of OSRANes net of issuance fees (5)	18,068	0
Dividends paid to equity holders of the parent		
Repayment of OCEANE bonds	0	-3,994
Dividends paid to non-controlling interests		
New borrowings (6)	29,574	1,050
Debt issuance fees	0	-322
New stadium bonds (6)		
Mini-perm loan for the new stadium (6)	-2,073	66,610
CNDS subsidy received	0	4,000
Interest paid	-3,685	-277
Changes in other equity		
Repayment of borrowings (6)	-32,370	-365
Pledged bank accounts and marketable securities		6,794
Share repurchases	-571	
Shares held in treasury	27	300
Net cash from financing activities	20,406	73,796
Opening cash balance	32,245	38,740
Change in cash	24,382	-15,865
Closing cash balance	56,627	22,875

(in € 000)	31/12/16	31/12/2015
Marketable securities	-	19,526
Cash	57,245	3,765
Bank overdrafts	-618	(416)
Closing cash balance	56,627	22,875

(1) See Note 8.3 / (2) Other non-cash income and expenses primarily included the impact of recognising financial instruments at fair value, the effect of discounting on non-current assets, and accrued interest on financial debt (syndicated loan) / (3) See Note 10 / (4) See Note 7.2 / (5) See Note 11.1 / (6) See Note 9.3

Detail of cash flows related to the acquisition of player registrations

(in € 000)	31/12/16	31/12/2015
Acquisition of player registrations	-13,073	-41,126
Player registration payables as of 31/12/2016	15,179	
Player registration payables as of 30/06/16	-21,444	
Player registration payables as of 31/12/15		24,800
Player registration payables as of 30/06/15		-2,131
Acquisition of player registrations net of change in liabilities	-19,338	-18,457

Detail of cash flows related to the sale of player registrations

(in € 000)	31/12/16	31/12/2015
Proceeds from the sale of player registrations	1,500	26,163
Player registration receivables as of 31/12/2016	-5,580	
Player registration receivables as of 30/06/16	40,676	
Player registration receivables as of 31/12/15		-17,089
Player registration receivables as of 30/06/15		5,681
Sales of player registrations net of change in receivables	36,596	14,755

Change in working capital requirement

Change in trade and other receivables

(in € 000)	30/06/16	Changes during the period	31/12/16
Trade receivables	49,573	-6,039	55,612
Provision for bad debts	-801	49	-850
Deferred income and accruals	-27,198	-6,717	-20,480
Trade receivables	21,575	-12,707	34,282
Other receivables	12,624	-18,771	31,396
Inventories	2,222	-835	3,057
Provisions on inventory	-162	5	-167
Inventories	2,060	-830	2,890
Change in trade and other receivables		-32,308	

Change in trade and other payables

(in € 000)	30/06/16	Changes during the period	31/12/16
Suppliers	-28,135	967	-29,102
Prepayments and accrued income	2,113	110	2,003
Trade accounts payable	-26,022	1,077	-27,099
Other current liabilities	-52,830	71	-52,901
Corporate income tax liabilities	1,923	1,923	0
Liability on Foncière du Montout property acquisition	4,468	2,499	1,969
Other non-current liabilities	-24,021	-257	-23,764
Other liabilities	-70,460	4,236	-74,696
Change in trade and other payables		5,314	

Statement of changes in equity

(in € 000)	Equity attributable to equity holders of the parent						Total Group share	non-controlling interests	Total equity
	Share capital	Share premiums	Treasury shares	Reserves and retained earnings	Other equity	Profit/loss recognised directly in equity			
Equity as of 30/06/15	70,444	103,338	-3,285	-113,602	80,020	-3,328	133,587	2,841	136,427
Net profit/loss for the period				19,709			19,709	-76	19,633
Fair value of financial instruments ⁽¹⁾						-521	-521		-521
Revised IAS 19									
Comprehensive profit/loss				19,709		-521	19,188	-76	19,112
Dividends									
Capital increase	22	12			-13		21		21
Change in OSRANes				2,051	-2,051		0		0
Change in OSRANes									
Treasury shares			300			-325	-25		-25
Other						-1	-1	19	18
Equity as of 31/12/15	70,466	103,350	-2,985	-91,842	77,956	-4,175	152,770	2,785	155,555
Equity as of 30/06/16	70,466	103,350	-3,243	-101,747	77,956	-4,561	142,222	2,810	145,031
Net profit/loss for the period				-2,330			-2,330	226	-2,104
Fair value of financial instruments ⁽¹⁾						527	527		527
Revised IAS 19									
Comprehensive profit/loss				-2,330		527	-1,803	226	-1,577
Dividends								-42	-42
Capital increase ⁽²⁾	5,529	5,906		84			11,519		11,519
Change in OSRANes					18,068		18,068		18,068
Treasury shares			2,409			20	2,429		2,429
Share-based payments						-2,697	-2,697		-2,697
Other									
Equity as of 31/12/16	75,995	109,256	-834	-103,993	96,024	-6,711	169,737	2,994	172,731

(1) This amount corresponds to the fair value, net of taxes, of the hedging instruments put in place as part of the new stadium loan agreement (see Note 12.6). The cumulative amount at 31 December 2016 was €2,067 thousand (€1,959 thousand at 31 December 2015).

(2) See Note 11.1

Notes to the consolidated financial statements

Note 1: Scope of consolidation

There were no changes in the scope of consolidation during the financial year under review. Below is the table of companies included in the scope of consolidation.

Company	Head office Company no.	Revenue	Number of months consolidated	% Control 31/12/16	% Interest 31/12/16	% Control 30/06/16	% Interest 30/06/16	
Olympique Lyonnais Groupe SA	Lyon 421577495	Holding company	6					--
COMPANIES OWNED BY OLYMPIQUE LYONNAIS GROUPE								
Olympique Lyonnais SAS	Lyon 385071881	Sports club	6	100.00	100.00	100.00	100.00	FC
OL Voyages SA (1)	Lyon 431703057	Travel agency	6	50.00	50.00	50.00	50.00	FC
Megastore SCI	Lyon 444248314	Property	6	100.00	100.00	100.00	100.00	FC
OL Organisation SAS	Lyon 477659551	Security and reception	6	100.00	100.00	100.00	100.00	FC
Foncière du Montout SAS	Lyon 498659762	Property	6	100.00	100.00	100.00	100.00	FC
AMFL SAS	Lyon 788746212	Medical centre	6	51.00	51.00	51.00	51.00	FC
SPECIAL-PURPOSE ENTITIES ⁽²⁾								
OL Association	Lyon 779845569	Association	6					FC
OL SCI	Lyon 401930300	Property	6					FC

FC: Full consolidation

(1) OL Voyages, which is 50%-owned, is fully consolidated as its executive officers are appointed by OL Groupe.

(2) Entities controlled by the Group by virtue of a contract, agreement or clause in the entity's articles of association are fully consolidated, even if the Group does not own any of the entity's share capital (special-purpose entities).

Closing dates

All Group companies close their accounts on 30 June each year except for OL SCI (31 December). Financial statements for OL SCI have been prepared for the period from 1 July to 30 June.

Note 2: Use of estimates

In preparing financial statements that comply with the IFRS conceptual framework, management is required to make estimates and assumptions that affect the amounts shown in the financial statements. The key items affected by estimates and assumptions are impairment tests of intangible assets of a definite or indefinite life, deferred taxes, and provisions. These estimates are based on an assumption of continuity of operations and are calculated using available information. Estimates may be revised if the circumstances on which they were based should change or if new information becomes available. Actual results may differ from these estimates.

For the half-year financial statements, valuations have been established as if the interim period were a stand-alone period. The notes presented below reiterate the principles for determining certain balance sheet and income statement line items.

Note 3: Operating segments

Pursuant to IFRS 8, “Operating Segments”, an operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses and satisfies the following conditions:

- its operating results are reviewed regularly by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance;
- discrete financial information is available for the segment.

The Group has not identified any material, distinct business segments within the meaning of this standard. To this end, the Group presents information in Note 4.1 breaking down revenue by nature and activity and detailing sales of player registrations.

Foncière du Montout's operation of Olympique Lyonnais Park is not considered a distinct business segment since it cannot be separated from the sporting activities developed around the professional football team, owing in particular to the size of its facilities, the attractiveness of the venue and the sources and amounts of revenue.

Reporting by geographical segment is not relevant to the Group in view of its business as a football club.

Note 4: Operating activities excluding player trading

Note 4.1: Revenue

Revenue recognition

In accordance with IAS 18, revenue primarily includes the following operational activities. It is measured at the fair value of the consideration to be received, net of any discounts and rebates and excluding VAT and other taxes.

Revenue is measured and recognised as follows:

- Sponsoring:

The terms of sponsoring contracts indicate the amounts to be recognised for each half-year period.

- Media and marketing rights are paid to the club in relation to its involvement in various competitions (French Ligue 1, UEFA Champions League, etc.).

Receipts from the French Professional League (LFP) are broken down into a fixed component recognised in proportion to the number of matches played, on a pro rata basis, and a variable component composed of a prestige premium based on the number of televised matches in which the club appears and a ranking premium allocated on the basis of the number of matches played.

Receipts from the Champions League are recognised on the basis of the revenue earned at the date of the first-half closing.

In accordance with the CNCC (French professional accounting body) instruction of 28 March 2007, and in compliance with IFRS, the options retained by the Group for the first-half closing are as follows:

Fixed rights are recognised proportionately to the matches played as of the date of the first-half closing.

Variable rights and sponsorship receipts are recognised using an estimate of the Ligue 1 position at the end of the season (as of 31 December 2016, the Company estimated a fourth-place finish), on a pro rata basis.

- Other revenue includes revenue related to the sale of merchandising products, use of licences and infrastructure, as well as signing fees. Signing fees are recognised as soon as they are definitely and irrevocably earned.
- Revenues from ticketing are tied into the football season and are recognised when the games are played. Season tickets sold for the coming season are recorded as unearned revenue.
- Events revenue derives from new additional businesses developed since OL Park entered service. It includes concerts, non-football sporting events, conventions, B-to-B seminars and corporate events, stadium tours, etc.
- For other Group activities, revenue is recognised when services are provided or the goods are delivered.

Comparability of financial years

The Group has outsourced part of its marketing rights (sponsoring and advertising) to Lagardère Sports, a sports marketing company. Lagardère is also responsible for marketing hospitality spaces for non-OL-related events.

In consideration for these services, Lagardère receives a variable commission depending on the type of rights sold based on a percentage of the revenue generated with a minimum annual payment.

A new agreement with Lagardère Sports came into force when the new stadium was opened. The terms of the agreement were revised.

Now that the Group owns its stadium, which was not the case at Gerland, it has created internal teams to perform certain services that had previously been outsourced.

Accordingly, revenue from sponsorship and ticketing (hospitality spaces) is recognised at their gross amounts from the date the new stadium opened, while fees are recognised as operating expenses (when the Group used the Gerland stadium, revenue was recognised net of fees).

Breakdown of revenue

Breakdown of revenue by category

Revenue broke down as follows:

(in € 000)	H1 2016/17	H1 2015/16
Media and marketing rights (LFP-FFF)	24,284	17,633
Media and marketing rights (UEFA)	38,184	36,956
Ticketing	21,559	7,578
Sponsoring - Advertising	13,793	11,069
Brand-related revenue ⁽¹⁾	8,584	8,426
Events	3,939	
Revenue (excl. player trading)	110,342	81,662

(1) *Brand-related revenue*

(in € 000)	H1 2016/17	H1 2015/16
Derivative products	5,138	4,755
Image-related revenue	773	1,304
Other	2,673	2,367
Brand-related revenue	8,584	8,426

Breakdown of revenue by company

(in € 000)	H1 2016/17	H1 2015/16
Olympique Lyonnais Groupe and other	126	953
Olympique Lyonnais SASU	101,610	78,397
Foncière du Montout	5,622	591
OL Voyages	1,141	1,329
OL Organisation	30	42
Association Olympique Lyonnais	1,807	332
AMFL	0	0
Megastore SCI	0	18
OL SCI	7	
Revenue (excl. player trading)	110,342	81,662

Note 4.2: Trade receivables

Trade receivables

Receivables are initially measured at fair value, which is usually their face value. These receivables are discounted if their due date is more than six months hence. The discount rate used is the Euribor and/or BTAN rate for the maturity of the receivable.

An impairment loss is recognised when the expected recoverable amount estimated at the closing date is lower than the carrying amount. The risk analysis takes into account criteria such as the age of the receivable, whether it is in dispute and the debtor's financial position.

As part of the syndicated credit facility put in place in May 2011 certain receivables maintained on the consolidated balance sheet are transferred under the French "Dailly" law and pledged as collateral for amounts used (as guarantees or

drawdowns) under the syndicated credit facility. Information regarding these receivables is included in the off-balance-sheet disclosures (see Note 9.7).

The principal customers (Revenue > 10% of consolidated total) are the LFP (French professional football league), UEFA (Union of European Football Associations) and the sports marketing company Lagardère Sports.

Trade receivables (excluding player trading) broke down as follows:

(in € 000)	31/12/16	30/06/16
Trade receivables (1)	55,612	49,573
Provision for bad debts	-850	-801
Net trade receivables	54,762	48,772

Following implementation of the syndicated loan and of the Company's obligation to secure 50% of outstandings under the facility by transferring invoices under the "Daily" law, OL SAS invoiced part of its media and marketing rights in advance as well as certain sponsorship agreements related to the 2016/17 season, for a total of €20.7 million including VAT (vs. €21.3 million in 2015/16), with a view towards discounting them as guarantees. The pre-VAT amount of these advance invoices (i.e. €5.9 million) was offset by unearned revenue recognised on the liabilities side of the balance sheet under "Other current liabilities, deferred income and accruals".

Note 4.3: Inventories

Under IAS 2, "Inventories", the acquisition cost of inventories includes the purchase price, transport and handling costs, and other costs directly attributable to the acquisition of the finished goods, less any price reductions, rebates or financial discounts.

Inventories of goods held for resale are valued at their weighted average unit cost. This value is compared to the net realisable value (estimated sale price of the products). The inventory is valued at the lower of the two values. An impairment loss may be taken against obsolete, defective or slow-moving goods.

OL Groupe inventories are related to the Merchandising business unit. These inventories comprise only goods held for resale.

(in € 000)	31/12/16	30/06/16
Inventories	3,057	2,222
Provisions on inventory	-167	-162
Net inventories	2,890	2,060

Note 4.4: Other current assets

Other current assets, prepayments and accrued income broke down as follows:

(in € 000)	31/12/16	30/06/16
Tax on total revenue receivable	13,301	8,972
Income tax receivable	1,824	138
Other tax receivables	318	1,358
Social security receivables	37	12
Other current assets (1)	17,978	2,280
Prepaid expenses	2,003	2,113
Total other current assets	35,461	14,874
Provisions on other assets		
Net other assets	35,461	14,874

(1) *As of 31 December 2016, other current assets were primarily composed of €7.6 million in receivables due from the club's participation in European competitions.*

Note 4.5: Other current liabilities

(in € 000)	31/12/16	30/06/16
Suppliers	29,102	28,135
Tax and social security liabilities	48,350	45,686
<i>of which: Tax liabilities due in less than 1 year</i>	18,781	17,816
<i>of which: Social security liabilities</i>	29,569	27,870
Other current liabilities, deferred income and accruals	25,031	34,342
<i>of which: Liabilities on non-current assets and other liabilities (1)</i>	4,551	7,144
<i>of which: Unearned revenue (2)</i>	20,480	27,198
Total current liabilities	102,483	108,163

(1) Including €2 million on construction work-in-progress (vs. €4.5 million at 30 June 2016).

(2) Deferred income and accruals principally included the amounts related to sponsorship agreements and marketing and media rights invoiced in advance with a view towards transferring the invoices as collateral under the syndicated loan agreement in accordance with the French "Daily" law. These amounts totalled €5.9 million as of 31 December 2016 and €17.7 million as of 30 June 2016.

The remaining balance was comprised of unearned revenue, which primarily derived from season ticket receipts for sporting events scheduled for the second half of the financial year (€3.5 million), as well as the portion of French and European media licenses relating to the second half of the financial year (€7.8 million).

Note 4.6: Other ordinary income and expenses

This line item comprises the gains on disposals (recognised as of 31 December 2016 as part of the Group's property transactions) as well as insurance claim payments.

Note 5: Operating activities related to player trading

Note 5.1: EBITDA (player trading)

Proceeds from the sale of player registrations

Proceeds from the sale of player registrations are recognised as of the date the transfer contract is approved by the League. In the event such approval does not apply, the date at which the League was informed of the signature of the transfer contract prevails. Earn-outs and other contingent fees are recognised when the condition precedent is met. So long as the condition precedent is not met, the contingent fee is recognised as an off-balance-sheet item.

(in € 000)	31/12/16	31/12/15
Lindsay Rose	1,500	
Yassine Benzia		1,000
Anthony Martial		8,732
Clinton Njie		13,064
Mohamed Yattara		1,920
Mehdi Zeffane		1,000
Other		447
Proceeds from the sale of player registrations	1,500	26,163

Residual value of player registrations

(in € 000)	31/12/16	31/12/15
Decreases in player registration assets	-978	0
Player registrations held for sale	0	0
Residual value of player registrations	-978	0

(1) The reduction in player registration assets relates to the transfer of L. Rose (transferred to Lorient in July 2016).

Note 5.2: Player registration receivables

Player registration receivables

Receivables are initially measured at fair value, which is usually their face value. These receivables are discounted if their due date is more than six months hence. The discount rate used is the Euribor and/or BTAN rate for the maturity of the receivable.

An impairment loss is recognised when the expected recoverable amount estimated at the closing date is lower than the carrying amount. The risk analysis takes into account criteria such as the age of the receivable, whether it is in dispute and the debtor's financial position. Undiscounted amounts are shown in Note 12.

As part of the syndicated credit facility put in place in May 2011 certain receivables maintained on the consolidated balance sheet are transferred under the French "Daily" law and pledged as collateral for amounts used (as guarantees or drawdowns) under the syndicated credit facility. Information regarding these receivables is included in the off-balance-sheet disclosures (see Note 9.7).

(in € 000)	31/12/16	30/06/16
Player registration receivables	5,580	40,676
Provisions on player registration receivables	-1,800	-1,800
Net player registration receivables	3,780	38,876
portion < 1 year	3,400	33,972
portion > 1 year	380	4,904

Net player registration receivables broke down as follows:

(in € 000)	31/12/16		30/06/16	
	current	non-current	current	non-current
Receivables on registrations sold in 2013/14	0	0	33	0
Receivables on registrations sold in 2014/15	0	0	2,100	0
Receivables on registrations sold in 2015/16	2,500	380	31,839	4,904
Receivables on registrations sold in 2016/17	900	0		
Player registration receivables (gross)	3,400	380	33,972	4,904
	3,780		38,876	

Receivables on player registrations primarily included the sale of player registrations that took place in 2015/16:

- C. Beauvue for €2.4 million

The impact of discounting player registration receivables was not material as of 31 December 2016 and 30 June 2016.

Note 5.3: Intangible assets - player registrations

Player registrations meet the definition of an intangible asset. They are capitalised at their acquisition cost, which is discounted if the payment is deferred over more than six months (the acquisition cost is equal to the purchase price plus costs incidental to and directly related to the transaction). The discount rate used is the Euribor and/or BTAN rate for the maturity of the receivable.

The registration is recognised as an asset from the date on which the Group deems the transfer of ownership and risk to be effective. These conditions are deemed to be met on the date the transfer agreement is approved by the League, or on the date of the transfer agreement if such approval is not applicable.

Player registrations are amortised on a straight-line basis over the term of the initial contract (typically 3 to 5 years). If a contract is extended, the related external costs are included in the value of the registration and the amortisation charge is recalculated on the basis of the new residual term.

In most cases, additional fees provided for in transfer deals require the fulfilment of certain conditions. These fees are capitalised if there is a strong probability that the conditions for payment will be met. Otherwise, they are disclosed as contingent liabilities and capitalised when the conditions are met.

Special features of certain transfer agreements

Certain transfer agreements may provide for retrocession of part of the fee of a future transfer. This retrocession fee may be paid to the transferred player, his agent or the player's original club. At the time of the transfer, if these retrocession fees are paid to the player they are recorded as personnel expenses; if they are paid to the agent or to the club they are offset against the proceeds from the sale of player registrations.

Existing transfer agreements that provide for a fixed retrocession fee are disclosed as off-balance-sheet commitments at the financial year-end. If this amount is calculated as a percentage of the transfer fee or the capital gain realised, then no calculation can be made.

Impairment of non-financial assets related to player registrations

Assets with a finite lifetime, such as player registrations, are tested for impairment whenever there is an indication that their value may be impaired. A further write-down (in addition to scheduled amortisation) is then recognised if the book value exceeds the recoverable amount.

Impairment tests are performed using the following methods:

- For player registrations held with the intent to sell, the estimated or known sale price, net of selling fees, is compared to the contract's carrying value, and a write-down may be recognised where necessary;
- If an event occurs that could have an impact on the useful life of the contract (early termination of the contract by the player, irreversible disability, etc.), it may be amortised ahead of schedule;
- Indications of an impairment loss are determined on two levels:
 - At the team level, an overall assessment of value in use is made by comparing the club's discounted cash flows to the cumulative carrying value of all player registrations.
 - At the individual player level, potential impairment loss is evaluated using various criteria including the player's appearance on match sheets.
- The cash flows used for these tests on players are consistent with those used to calculate deferred tax assets (see Note 10.2). Management has created several scenarios, taking into account the assumptions that the club will participate in European competitions, rank near the top of the Ligue 1 table and that the player registration sales strategy will continue. No scenario is considered reasonably likely to give rise to an impairment loss.

Player registrations: movements during the financial year under review

Movements during the financial year were as follows:

(in € 000)	30/06/16	Increases	Sale	31/12/16
Player registrations	49,942	13,073	-8,012	55,003
Amort. of player registrations (1)	-17,821	-5,769	6,959	-16,630
Impairment of player registrations (2)	-429			-429
Player registrations	31,692	7,304	-1,053	37,944

(1) An analysis of player registrations as of 31 December 2016 did not lead to a change in their useful life.

(2) The impairment tests on player registrations did not reveal a loss in value in respect of H1 2016/17.

Player registration expiration schedule

The player registration expiration schedule (in terms of net carrying value) is as follows:

(in € 000)	Net value as of 31/12/16	Net value as of 30/06/16
Contracts expiring in 2018	3,724	6,032
Contracts expiring in 2019	2,997	3,820
Contracts expiring in 2020	19,091	21,841
Contracts expiring in 2021	12,132	
Total player registrations	37,944	31,692

Note 5.4: Maturity schedule of financial liabilities related to player registrations

Non-current financial liabilities to selling clubs, relating to player registrations, include non-interest-bearing debt, discounted when due in more than 12 months. The discount rate used in all cases is the Euribor and/or BTAN rate for the maturity of the liability.

(in € 000)	31/12/16	One year or less	One to five years	More than five years	30/06/16
Player registration payables	15,179	11,271	3,908	-	21,444

(1) Player registration payables are discounted. The impact as of 31 December 2016 and as of 30 June 2016 was not material.

These liabilities are listed below.

(in € 000)	31/12/16		30/06/16	
	current	non-current	current	non-current
Payables on acquisitions in 2013/14		-	82	
Payables on acquisitions in 2014/15	110		165	110
Payables on acquisitions in 2015/16	6,573	720	14,691	6,396
Payables on acquisitions in 2016/17	4,588	3,188		
Total player registration payables	11,271	3,908	14,938	6,506
	15,179		21,444	

Note 5.5: Off-balance-sheet commitments, player related

Player-related commitments received

(in € 000)	Less than 1 year	Between 1 and 5 years	More than 5 years	31/12/16	30/06/16
Commitments related to the sale of player registrations with conditions precedent ⁽¹⁾	400	5,600		6,000	5,750
Total	400	5,600	0	6,000	5,750

(1) Commitments related to the sale of player registrations, totalling €6.0 million, included commitments made as part of transfer contracts providing for contingent payments to the club after the transfer in the event certain performances are achieved.

Player-related commitments given

(in € 000)	Less than 1 year	Between 1 and 5 years	More than 5 years	31/12/16	30/06/16
Conditional commitments to clubs related to the acquisition of player registrations (1)	3,319	1,700		5,019	2,719
Conditional commitments to agents related to player registrations (2)	2,462	448		2,910	4,783
Conditional commitments to players and staff as part of players' contracts (3)	5,727	11,051		16,778	18,528
Total	11,508	13,199	0	24,707	26,030

(1) Commitments made to clubs as part of the sale of player registrations. These corresponded mainly to additional transfer payments to be made in future. They are typically contingent on the player remaining with the club and specific sporting performance objectives being achieved.

(2) Commitments made to agents as part of the sale of player registrations are typically contingent on the player remaining with the club and only concern those agents of players not presented as balance sheet assets.

(3) Commitments made as part of staff and players' employment contracts, totalling €16.8 million, are typically contingent on the player remaining with the club and specific sporting performance objectives being achieved. They correspond to the maximum amount committed, based on the assumption that all the related conditions are met.

Other commitments

In connection with the acquisition of certain players, commitments have been made to pay a percentage of the amount of a future transfer to certain clubs or players (see Note 5.3).

Note 5.6: Bank guarantees

As of 31 December 2016, there were no payables on player registrations secured by bank guarantees.

Note 6: Expenses and employee benefits

Note 6.1: Employee numbers

The average number of employees in the Group, broken down by company, was as follows:

	H1 2016/17	H1 2015/16
Olympique Lyonnais Groupe	67	49
Olympique Lyonnais SAS	115	100
OL Voyages	8	8
OL Association	102	98
OL Organisation	60	31
Foncière du Montout	8	3
Total	360	290

Note 6.2: Personnel costs

(in € 000)	H1 2016/17	H1 2015/16
Payroll	-41,916	-34,305
Social security costs	-13,857	-12,260
Total	-55,773	-46,565

Note 6.3: Senior management remuneration

Remuneration paid to senior management totalled €743 thousand in the first half of 2016/17. This sum broke down as follows:

- Short-term benefits (excluding employer's share):
 - o In the first half of 2016/17, the six members of the senior management team received €743 thousand (€510 thousand fixed, €222 thousand variable, and €11 thousand in benefits-in-kind, i.e. the use of vehicles).
 - o Remuneration paid to senior management totalled €528 thousand in the first half of 2015/16.
- Share-based payments in relation to the bonus share plan: €942 thousand. This amount was zero in H1 2015/16.

The Chairman and CEO receives no remuneration from OL Groupe apart from directors' fees.

The Chairman and CEO of OL Groupe receives remuneration for his professional activities at ICMI, an investment and management holding company.

Note 6.4: Pension obligations

(in € 000)	31/12/16	30/06/16
Present value of opening commitments	1,454	1,075
Changes in the scope of consolidation	0	0
Financial costs	15	21
Cost of services provided during the financial year	144	98
Benefits paid		-57
Amortisation of unearned past service costs		
Projected present value of closing commitments	1,613	1,137
Actuarial variance for the financial year		318
Present value of closing commitments	1,613	1,454

Changes were recognised by extrapolating the commitment from 30 June to 31 December 2016, holding actuarial parameters constant.

Note 6.5: Share-based payments

On 15 December 2015, the Group implemented a bonus share plan. Beneficiaries under the plan receive shares of the Company provided they meet service and performance conditions.

This plan falls within the scope of IFRS 2.

In accordance with IFRS 2 "Share-based payment", the Company recognises an expense for benefits granted to employees of the Company under the bonus share plan.

The fair value of the benefit granted was frozen at the grant date. It was recognised in personnel expenses during the vesting period, with the offsetting entries being posted to a special reserve account.

The expense was recalculated at each closing date based on whether or not objectives have been met and whether the beneficiaries are still employed, so as to recognise an amount corresponding to the fair value of the shares expected to vest.

At the end of the vesting period the cumulative total of the benefits recognised was held in reserves, whether or not the options are subsequently exercised.

The plan has the following characteristics:

Plan characteristics	
Grant date	15/12/2015
Vesting date	14/12/2016
Share price on grant date	€2.00
Maximum number of shares that can be granted	515,000
Vesting period	1 year
Vesting conditions	Service condition
Performance condition	Performance of consolidated revenue excluding player trading

Since it is an equity-settled plan, the shares granted were measured at their fair value as of the grant date. In the absence of share price performance conditions, the fair value of shares granted is the value of OL Groupe shares as of the grant date, minus expected, discounted dividends.

Total costs and allocation thereof

The total expense of the plan is presented below, based on the fair value per share and the number of bonus shares granted in December 2016, and assuming performance criteria are achieved:

Fair value per share	€2.00
Number of shares granted	468,650
Percentage achievement of performance condition	91%
Total expense	€937 thousand
Total employer contributions (1)	€281 thousand
Expense as of 31 December 2016	€608 thousand

(1) Bonus shares granted from 16 October 2007 are subject to an employer contribution. The rate of the employer contribution is 20% for bonus share grants made after 7 August 2015.

Note 7: Property, plant & equipment and intangible assets

Note 7.1: Goodwill and other intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, held with a view to its use, from which future economic benefits are expected to flow to the entity.

a) Goodwill

Business combinations are accounted for using the purchase method in accordance with IFRS 3. The amended version of IFRS 3 "Business Combinations" is applied to all acquisitions carried out on or after 1 July 2009.

On first-time consolidation of a company, the company's assets and liabilities are measured at their fair value.

Any difference between the purchase cost of the shares and the overall fair value of identified assets and liabilities as of the acquisition date is accounted for as goodwill.

The fair values and goodwill may be adjusted during a period of one year after acquisition. If the purchase cost is less than the fair value of identified assets and liabilities, the difference is recognised immediately in the income statement.

As required by IFRS 3, "Business combinations", and IAS 36 as amended, goodwill is not amortised. As goodwill is an intangible asset with an indefinite lifetime, it is subject to an annual impairment test in accordance with IAS 36, as amended (see below for a description of the procedures for implementing impairment tests).

b) Player registrations

Player registrations are covered in Note 5.3.

c) Future media rights

Future TV rights are initially measured at fair value and are not amortised. They are tested for impairment at the close of each subsequent financial year.

d) Purchased software

Purchased software is amortised over three to five years.

e) Impairment of non-financial assets

According to IAS 36 "Impairment of Assets", the recoverable value of property, plant & equipment and intangible assets must be tested as soon as indications of impairment appear.

- Intangible assets with an indefinite life (goodwill and future media rights), which are not amortised, are tested for impairment at least once a year. Losses in the value of goodwill are irreversible. The goodwill recognised in the balance sheet is not material.

An impairment loss is recognised when the carrying amount of an asset is higher than its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

- The value in use of assets is determined on the basis of future cash flows calculated according to the discounted cash flow method. This estimation covers a five-year period.

The discount rate used for calculations is an after-tax rate, applied to cash flows after tax.

- Assets with a finite lifetime are tested for impairment whenever there is an indication that their value may be impaired. A further write-down (in addition to scheduled amortisation) is then recognised if the book value exceeds the recoverable amount.

Goodwill

Movements during the period were as follows:

(in € 000)	30/06/16	Increases	Decreases	31/12/16
Olympique Lyonnais SASU	1,866	0	0	1,866
TOTAL	1,866	0	0	1,866

Other intangible assets excluding player registrations

Movements during the period were as follows:

(in € 000)	30/06/16	Increases	Transfers out	31/12/16
Concessions, patents and media rights	1,459	70	-66	1,464
Amortisation of concessions and patents	-632	-63	5	-690
Other intangible assets	827	7	-61	773

Note 7.2: Property, plant & equipment

a) Property, plant & equipment

Property, plant & equipment are measured at cost (purchase price, transaction costs and directly attributable expenses). They have not been revalued.

As required by IAS 16, buildings are accounted for using the component approach.

The Group does not use the fair value of its non-financial assets to determine their recoverable amount, apart from assets held for sale.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as estimated by the Company:

• Buildings (including long-term leases)	25 to 50 years
• Building improvements	3 to 10 years
• Computer equipment	3 and 4 years
• Office equipment	5 years
• Office furniture	8 years
• Machinery and equipment	5 years
• Vehicles	3 to 5 years

Residual values are considered to be either not material or not reliably determinable.

In accordance with IAS 23, borrowing costs directly attributable to their construction are included in the cost of the fixed assets.

Investment grants, in particular the €20 million attributed during the 2011/12 financial year as part of the new stadium financing, have been recognised as unearned revenue. These amounts will be brought into the income statement in accordance with the depreciation schedule of the asset financed, starting on the date the asset is delivered.

The costs relating to the construction of the Groupama OL Academy and Groupama OL Training Center were recognised in construction work-in-progress until September 2016 and July 2016 respectively.

b) Leases

In accordance with IAS 17, a finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Criteria used to assess whether a contract should be classified as a finance lease include:

- the lease transfers ownership of the asset to the lessee by the end of the lease term,
- the lessee has the option to purchase the asset at a price substantially less than the fair value,
- the lease term is for the economic life of the asset,
- the current value of future rental payments is greater than or equal to substantially all of the fair value,
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications,
- in case of cancellation, the associated losses are borne by the lessee,
- gains or losses from the fluctuation in the fair value of the residual value are borne by the lessee,
- the lessee has the option to renew the lease for a secondary period at a rent that is substantially lower than market rent.

All finance leases with a material value at inception are restated from French GAAP to IFRS.

Restatement involves:

- recognising the assets financed by the lease and the corresponding debt in the balance sheet;
- recognising the corresponding depreciation of the assets and the financial expense related to the debt, instead of the lease payments and rental expenses. The depreciation term is the same as that used for other, similar assets that the Company has acquired.

Any leases not specified as finance leases are operating leases and as such are not recognised on the balance sheet. Rental payments are booked as operating expenses on a straight-line basis over the term of the lease.

Movements during the period were as follows:

(in € 000)	30/06/16	Increases	Decreases	31/12/16
Buildings and improvements ⁽¹⁾	408,366	29,762	-19,680	418,448
Work-in-progress: New stadium / OL Park ⁽²⁾	10,042	0	-2,108	7,934
Work-in-progress: Groupama OL Training Center (3)	13,781	63	-13,844	0
Work-in-progress: Groupama OL Academy (3)	2,589	0	-2,589	0
Equipment and facilities (4)	11,249	1,264	-261	12,252
Gross amounts	446,027	31,089	-38,481	438,635
Depreciation & amortisation (5)	-25,274	-9,248	14,507	-20,015
Net amounts	420,752	21,841	-23,974	418,619

(1) Buildings

The Groupama OL Training Center and Groupama OL Academy entered into service in July 2016 and September 2016 respectively.

On this date, the total of buildings and improvements broke down as follows:

(in € 000)	30/06/16	Increases	Decreases	31/12/16
Infrastructure	350,803	400		351,203
Loan structuring costs	0			
Restated finance lease agreements (1.1)	11,345			11,345
Financial expenses (1.2)	17,872			17,872
New stadium	380,021	400	0	380,420
Infrastructure		15,396		15,396
Groupama OL Training Center		15,396	0	15,396
Infrastructure		7,338		7,338
Restated finance lease agreements (1.1)		3,594		3,594
Groupama OL Academy		10,931	0	10,931
Other non-current assets	28,345	3,035	-19,680	11,700
Buildings and improvements	408,366	29,762	-19,680	418,448

(1.1) *Primarily:*

- Orange Business Service new stadium infrastructure: new stadium IT system, networks and telecommunications (€8.4 million).
- Other new stadium infrastructure (€2.9 million)
- Groupama OL Academy modular infrastructure: €3.6 million

(in € 000)	31/12/16
Orange Business Service	8,427
Enodis kitchen	1,422
Kitchen equipment - CMCIC	1,081
Mobile bars - CMCIC	416
Total restated finance lease agreements - New stadium	11,345
Training grounds component	1,873
Competitions component	1,721
Total restated finance lease agreements - Groupama OL Academy	3,594

Capitalisation of interest expense:

The cumulative total of capitalised interest was included in the cost of the asset entering into service and amounted to €17,872 thousand.

This interest expense was calculated using the average interest rate for non-specific borrowings until 31 August 2013 (a period during which there was no specific financing for the new stadium), and the average outstandings during the period. For the period after implementation of specific financing arrangements in summer 2013, interest expense was based on the actual amounts paid until the date the stadium entered into service in January 2016.

(2) Work-in-progress: New stadium

The work-in-progress relating to the new stadium corresponded primarily to unsold building rights (€7.9 million as of 31 December 2016 vs. €9.7 million as of 30 June 2016).

(3) Work-in-progress on Groupama OL Academy and Groupama OL Training Center

The costs relating to the construction of the Groupama OL Training Center and Groupama OL Academy were recognised in construction work-in-progress until July 2016 and September 2016 respectively, the dates they entered into service.

As of 31 December 2016, all of these costs were recognised on the infrastructure lines of buildings and improvements.

(4) Equipment and facilities

"Equipment and Facilities" was affected by acquisitions relating to specific improvements at the new stadium, the Groupama OL Academy and the Groupama OL Training Center.

The balance at the closing date included €4.2 million in finance lease agreements restated in accordance with IAS 17 (of which €3.1 million specifically for the new stadium).

(5) Depreciation: includes depreciation of €4 million relating to the finance lease agreements restated in accordance with IAS 17.

Note 7.3: Off-balance-sheet commitments (operating activities)

7.3.1: Player-related commitments

Off-balance-sheet commitments related to players are reported in Note 5.4.

7.3.2: Commitments related to Olympique Lyonnais Park

Commitments received pertaining to the construction of Olympique Lyonnais Park

(in € 000)	Less than 1 year	Between 1 and 5 years	More than 5 years	31/12/16	30/06/16
Commitments received pertaining to the construction of OL Park ⁽¹⁾	67,716			67,716	66,611

(1) These commitments include €14.8 million in performance bonds given by banks, a guarantee replacing the collateral reserve of €18.6 million, and a joint and several guarantee for €34.3 million related to the design-build contract. These guarantees can still be activated in the year following the delivery of the stadium.

(i) **Commitments related to the financing of Olympique Lyonnais Park**

As part of the new stadium financing, the following off-balance-sheet commitments will be made progressively over the new stadium construction period:

Commitments received pertaining to the financing of the new stadium

VINCI has received another commitment related to the VINCI bond issue in the form of guarantees provided by the Rhône département (€40 million) and Pathé (€97 million) for an amount up to €137 million. The bond issue had been fully subscribed, in the amount of €80 million, as of 30 June 2016.

Following Pathé's repurchase of VINCI bonds during the financial year 2015/16, these guarantees were no longer exercisable as of 31 December 2016.

From a legal perspective, these commitments were not formally lifted as of 31 December 2016 (legal formalities are expected to be completed during the first half of 2017).

Commitments given pertaining to the financing of the new stadium

As part of the new stadium financing, the following off-balance-sheet commitments will be made progressively over the new stadium construction period:

- Commitments given by certain members of the Group, represented by collateral with a maximum total value of €277 million, corresponding to the full amount of borrowings;
- Commitments given by certain Group members, represented by signature guarantees with a maximum total value of €277 million (can replace but not supplement the above collateral).

These commitments became active when the related borrowings were drawn down during the construction period (bonds, then mini-perm bank loan). As previously indicated, as of 31 December 2016, the mini-perm loan was drawn down by €134.4 million, and Foncière du Montout had fully issued the €112 million in bonds, of which €80 million were subscribed by VINCI (and repurchased by Pathé during the 2015/16 financial year) and €32 million by CDC.

In May and June 2014, the Company signed unilateral sale commitments on land earmarked for related activities. These commitments were amended during the 2014/15 and 2015/16 financial years and the land pertaining to one of these commitments (earmarked for the construction of a hotel) was sold in December 2016.

Foncière du Montout covenants

Foncière du Montout must maintain the following financial ratios:

1. Historical annual debt service coverage ratio (above 1.75): operating cash flow generated during the period, before payment of interest, divided by interest expense on the mini-perm loan due during the period (after accounting for interest-rate swaps). Calculated on 31 December and 30 June of every financial year.
2. Forward annual debt service coverage ratio (above 1.90): operating cash flow projected during the period, before payment of interest, divided by projected interest expense on the mini-perm loan due during the period (after accounting for interest-rate swaps). Calculated on 31 December and 30 June of every financial year.
3. Long Life Coverage Ratio (above 1.50): the sum of (i) the discounted value of projected operating cash flows during the test period, and (ii) the balance of the debt service reserve account divided by the sum of outstandings under the mini-perm loan and accrued and past-due interest as of the test date. Calculated 18 months before the mini-perm loan repayment date, i.e. 29 April 2019.
4. Debt paydown: residual outstandings under the mini-perm loan may not exceed the following thresholds at the test dates:
 - 31/03/2017: €133,117,326
 - 30/09/2017: €130,871,495
 - 31/03/2018: €128,538,053
 - 30/09/2018: €126,115,496

- 31/03/2019: €122,347,832
- 30/09/2019: €119,523,860
- 31/03/2020: €116,435,261

Commitments related to the financing of the new professional training centre and the new training academy at Olympique Lyonnais Park

The following commitments were given as part of the construction of (i) the mixed-sex professional training ground at Décines and (ii) the training academy at Meyzieu:

- An expanded sponsorship agreement with Groupama Rhône-Alpes Auvergne, signed on 15 June 2015 for 3.5 years, i.e., until 31 December 2018. The two facilities will be named *Groupama OL Training Center* and *Groupama OL Academy* respectively.
- OL Groupe and OL Association signed a credit agreement on 12 June 2015 in the amount of €14 million with Groupama Banque. The 10-year credit facility was used to partially finance the new training centre and OL Academy, which represented a total investment of €28 million.
- This €28 million was financed by (i) the Groupama bank loan, (ii) two finance lease agreements totalling €3.6 million and (iii) a €1.8 million subsidy (Rhône-Alpes region). The remainder was financed with OL Groupe equity.

Furthermore, the Group has entered into the following commitment as part of the construction of the training centre and Academy:

- Transfer of Groupama naming and OLA partnership receivables: the committed amount as of 31 December 2016 was €4.6 million.

7.3.3: Other commitments

Other commitments received

(in € 000)	Less than 1 year	Between 1 and 5 years	More than 5 years	31/12/16	30/06/16
Other joint and several guarantees	582			582	3,292

Other commitments given

(in € 000)	Less than 1 year	Between 1 and 5 years	More than 5 years	31/12/16	30/06/16
Leases and services payable ⁽¹⁾	11,405	42,207	92,353	145,965	78,046
Other commitments given ⁽²⁾	2,131	2,718	1,028	5,878	13,251
Total	13,536	44,925	93,381	151,843	91,297

Commitments given comprise:

(1) Rent payable on lease maintenance contracts and outside services of €146 million;

(2) Other guarantees totalling €5.9 million. These correspond to guarantees made as part of service contracts.

Note 8: Other provisions and contingent liabilities

In accordance with IAS 37, provisions are made according to a case-by-case analysis of the probable risk and expense. A provision is made when management becomes aware of an obligation (legal or implied) arising from past events, the settlement of which is expected to result in an outflow of resources without equivalent compensation. Provisions are classified as non-current or current depending on the expected timing of the risk or expense. Non-current provisions are discounted if the impact is material.

These are primarily provisions for disputes. Provisions, in particular those relating to labour disputes, are determined using Management's best estimate based on the expected risk and following consultation with the Group's lawyers.

Note 8.1: Provisions for risks

Other risk provisions (portion < one year)

(in € 000)	30/06/16	Increases	Decreases		31/12/16
			Used	Unused	
Provisions for disputes and litigation	766	85	-71		781
Provisions for other risks	8				8
Total	774	85	-71	0	789

Note 8.2: Other financial liabilities

As of 31 December 2016, the Group had not identified any contingent liabilities.

Note 8.3: Net depreciation, amortisation and provisions

(in € 000)	1st half 2016/17	H1 2015/16
Depreciation, amortisation and provisions on intangible assets and PP&E (2)	-9,065	-820
Amortisation/provisions on non-current financial assets		
Net provisions for retirement bonuses	-144	-122
Other risk provisions, net	-14	-1,274
Net provisions on current assets	-54	-32
TOTAL EXCLUDING PLAYER REGISTRATIONS	-9,277	-2,248
Amortisation of non-current assets: player registrations ⁽¹⁾	-5,769	-6,915
Net provisions on player registration receivables		
Provisions on player registrations	0	
Provisions on player registration receivables		
TOTAL PLAYER REGISTRATIONS	-5,769	-6,915

(1) Includes €517 thousand in accelerated amortisation, following a change in useful life as of 31 December 2015.

(2) The difference is due to the new stadium entering into service in January 2016.

Note 9: Financing and financial instruments

Note 9.1: Non-current financial assets

The Group classifies its non-current financial assets into the following categories: Equity investments and related receivables, Other financial assets (mostly pledged mutual funds, investment grants, deposits, guarantees and holdbacks), Receivables on sale of player registrations and Income tax receivables (portion > 1 year).

Movements during the period were as follows:

(in € 000)	30/06/16	Increases	Decreases	31/12/16
Other non-current financial assets	2,407	253	83	2,743
Gross amounts	2,407	253	83	2,743
Write-downs	-7			-7
Net amounts	2,400	253	83	2,735

This line item is primarily comprised of investments relating to construction efforts.

Note 9.2: Cash and cash equivalents

Detail of cash and cash equivalents

Cash and cash equivalents include cash on hand and in bank current accounts.

Marketable securities are measured and recognised at fair value based on the last quoted price of the financial year. Marketable securities comprise entirely investments in euro-denominated money-market or capital-guaranteed mutual funds.

In the case of pledged mutual fund units, these securities are reclassified as other financial assets (current or non-current). Changes in fair value are recognised as financial income or expense.

(in € 000)	31/12/16	30/06/16
Marketable securities ⁽¹⁾	-	559
Cash	53,658	28,335
DSRA (2)	3,587	3,576
Total	57,245	32,469

- (1) *Investments only in euro-denominated, money-market mutual funds or capital-guaranteed, fixed-income investments. Historical cost is equal to market value, as the shares were sold then repurchased on the closing date. Investments that are subject to restrictions and/or have been pledged as collateral were reclassified to "Other current financial assets".*

Given market conditions and the continuing downward trend in interest rates during the period, returns on money-market mutual funds turned negative. Investment in these financial vehicles was suspended until profitability improves.

- (2) *Corresponds to a debt service reserve account (DSRA) related to the mini-perm loan. An amount equivalent to six months of interest on the mini-perm loan must be maintained in this account.*

Note 9.3: Current and non-current financial debt

a) Non-current financial debt

Loans are classified as non-current liabilities except when their due date is less than 12 months hence, in which case they are classified as current liabilities. All contracts are interest-bearing.

Bank borrowings are measured at amortised cost using the effective interest rate method.

b) OSRANE bonds

Equity financing for Olympique Lyonnais Park was carried out by Olympique Lyonnais Groupe on 27 August 2013, via the issuance of subordinated bonds redeemable in new or existing shares (OSRANEs). The issuance comprised 802,502 bonds with a total par value of €80,250,200 or €100 per bond, maturing on 1 July 2023. ICMI and Pathé, the Company's principal shareholders, subscribed to 328,053 bonds and 421,782 bonds, respectively. Proceeds from the bond issue totalled approximately €78.1 million net of issuance costs and can be found in the "Other equity" line item in the consolidated balance sheet.

The bonds will amortise normally and fully on 1 July 2023 and will be redeemed in OL Groupe shares. Each bond, with a par value of €100, will be redeemed for 45 new or existing OL Groupe shares. Early redemption terms, at the request of the Company and/or of the bondholders, also exist.

Interest on the bonds will be paid exclusively in the form of OL Groupe shares. The amount will vary depending on the redemption date, and will be equal to two OL Groupe shares per year, or a maximum of 20 shares if paid until maturity. Interest will be paid in full at the redemption date.

Proceeds of the OSRANE issue have been fully recognised in equity, as they will be redeemed (principal and interest) only through the issuance (or exceptionally through allocation) of a specific number of shares. This number will depend on the date the subscribers request redemption, which they can do at any time while the OSRANEs are outstanding.

Interest payments, which will be made only in the form of shares (the number of which will depend on the redemption date, as detailed above) will have no impact on equity after issuance of the OSRANEs. (This is because the interest payments will give rise only to a higher number of shares, which will not affect consolidated share capital.)

The bonds will amortise normally and fully on 1 July 2023 and will be redeemed in OL Groupe shares. Owing to the capital increase in 2015 and changes in the conversion ratio, each bond, with a par value of €100, will be redeemed for 63.231 new or existing OL Groupe shares. Early redemption terms, at the request of the Company and/or of the bondholders, also exist.

The bonds will be remunerated at maturity via the granting of 28.103 new or existing OL Groupe shares. Early remuneration terms, at the request of the Company and/or of the bondholders, also exist.

At the Combined Shareholders' Meeting of 15 December 2016, it was decided that 200,208 OSRANEs (subordinated bonds redeemable in new or existing shares) would be issued without preferential subscription rights, reserved for IDG European Sports Investment Limited.

This issue will be carried out in two tranches, and the second tranche may be divided into a maximum of four sub-tranches.

As part of the first tranche, on 23 December 2016 IDG European Sports Investment Limited subscribed to 60,063 new reserved bonds totalling €18.3 million (including an issue premium). Proceeds from the bond issue totalled approximately €18 million net of issuance costs and can be found in the "Other equity" line item in the consolidated balance sheet.

Detail of financial debt and other non-current liabilities

Current and non-current financial debt and other non-current liabilities broke down as follows:

(in € 000)	31/12/16	30/06/16
Current financial debt	44,741	4,249
<i>excl. new stadium financing</i>	29,480	1,473
<i>related to new stadium financing</i>	15,261	2,776
Non-current debt	288,488	323,280
Financial liabilities excl. new stadium financing	13,833	39,373
Financial liabilities related to new stadium financing	250,890	259,885
<i>of which mini-perm loan</i>	122,102	126,364
<i>of which new stadium bonds</i>	119,589	122,904
<i>of which other</i>	9,198	10,617
Other non-current liabilities	23,764	24,022
<i>of which unearned revenue, CNDS subsidy</i>	18,696	18,942
<i>of which mini-perm swap</i>	3,391	4,249
<i>of which tax payables of more than 1 year</i>		831
Total	333,230	327,529

Breakdown of liabilities by maturity

(in € 000)	31/12/16	One year or less	One to five years	More than five years	30/06/16
Financial liabilities excl. new stadium financing	43,313	29,480	8,635	5,198	40,848
Financial liabilities related to new stadium financing	266,152	15,261	138,891	112,000	262,661
Other non-current liabilities	23,764	-	6,281	17,483	24,021
Total (1)	333,230	44,741	153,807	134,681	327,529
Total (2)	333,230	44,741	288,488		327,529

As of 31 December 2016, financial debt of up to one year primarily comprised:

- The debt component of the finance lease agreements restated in accordance with IAS 17, totalling €3.3 million (vs. €2.7 million as of 30 June 2016),
- The current portion of the loan contracted by OL Groupe from BPI during the 2013/14 financial year, in the amount of €0.8 million (vs. €0.8 million as of 30 June 2016). The loan has a face value of €3 million and a maturity of seven years.
- Credit facilities granted to Olympique Lyonnais SAS in the amount of €27 million (or €26.8 million net of set-up costs) at interest rates based on Euribor plus a negotiated margin.
- Interest expense relating to the bonds issued to VINCI and CDC (see below) in the amount of €7.3 million,
- The portion under 1 year of the “mini-perm” bank loan, in the amount of €4.8 million.

Financial debt of between 1 and 5 years primarily consisted of:

- The portion of the “mini-perm” bank loan, amounting to €122 million.
- The debt component of the finance lease agreements restated in accordance with IAS 17, totalling €11.4 million,
- Interest expense relating to the bonds issued to VINCI and CDC in the amount of €7.6 million,
- The portion of the loan relating to the construction of the Groupama OL Academy, in the amount of €1.4 million and the Groupama OL Training Center, in the amount of €3.2 million, net of set-up costs.

Financial debt of more than 5 years included:

- Drawdowns on the bond financing from VINCI (€80 million) and CDC (€32 million), less structuring costs, which are amortised using the effective interest rate method. VINCI's portion of the bonds was repurchased by Pathé during the previous financial year (14 December 2015 and 16 May 2016).

- The portion of the loan relating to the construction of the Groupama OL Academy, in the amount of €1.4 million and the Groupama OL Training Center, in the amount of €3.1 million, net of set-up costs.

Non-current liabilities primarily comprise:

- The CNDS investment subsidy, recognised as long-term unearned revenue, totalling €18.7 million as of 31 December 2016 (€18.9 million as of 30 June 2016).

As a reminder: Investment grants, in particular the €20 million attributed during the 2011/12 financial year as part of the new stadium financing, have been recognised as unearned revenue. These amounts are brought into the income statement in accordance with the depreciation schedule of the asset financed, starting on the date the asset is delivered.

- The recognition at fair value of interest rate hedging instruments for the new stadium mini-perm loan in the amount of €3.4 million (gross) vs. €4.2 million as of 30 June 2016.

As of 31 December 2016, financial debt on the balance sheet bearing interest at variable rates totalled €163.7 million vs €164.1 million as of 30 June 2016 (mainly drawdowns on the syndicated loan and the new stadium mini-perm loan, variable-rate borrowings and overdrafts), while debt bearing interest at fixed rates totalled €145.8 million, vs €139.4 million as of 30 June 2016.

Bank guarantees

As of 31 December 2016, there were no bank guarantees that were not related to player registrations.

Restatement of lease agreements

The maturity schedule for liabilities related to the restatement of leases in accordance with IAS 17 (excl. unaccrued interest) is as follows:

(in € 000)	31/12/16	One year or less	One to five years	More than five years	30/06/16
Obligations under finance leases	15,373	3,310	11,399	664	13,326
Total	15,373	3,310	11,399	664	13,326

These leases relate to:

- Orange Business Services telecommunications infrastructure: €7.1 million at 31 December 2016,
- Other new stadium improvements: €4.8 million at 31 December 2016,
- Groupama OL Academy improvements: €3.4 million as of 31 December 2016

Non-discounted financial liabilities

Non-discounted financial liabilities including unaccrued interest at fixed rates (in expected cash flows, i.e. without distinguishing principal), if any, included financial debt and broke down as follows:

(in €000) 31/12/16	One year or less	One to five years	More than five years
New stadium bonds	8,720	38,426	127,798
Mini-perm loan for the new stadium ⁽¹⁾	3,556	130,871	
Long-term line of credit and bank borrowings	2,371	6,437	4,534
Credit line (1)	27,000		
Total	41,647	175,734	132,332

(1) Outstandings do not include interest, as these outstandings are at variable rates.

Note 9.4: Fair value of financial instruments

Hedging instruments

In order to reduce its exposure to interest rate risks on the principal bank loan that Foncière du Montout took out for Olympique Lyonnais Park, the Group set up a hedging programme that involves over-the-counter interest-rate swap agreements with top-tier banks. The first part of this programme was implemented during the previous financial year.

As these instruments are considered to fully hedge future cash flows, the changes in fair value are recognised at the end of the financial period in other comprehensive income, and recycled into the income statement at the same rate as the cash flows from the hedging transaction.

Fair value of financial instruments

OL Groupe only has financial assets (marketable securities) and liabilities classified as level 2, i.e. fair value based on observable data. The Group had no level 1 financial instruments (whose prices are listed on an active market) and level 3 instruments (fair value based on unobservable data) during the financial years presented in this report.

The IFRS 13 analysis did not reveal the need to recognise adjustments for counterparty risk (risk of non-payment of financial assets) or for own credit risk (risk on financial liabilities).

The breakdown of financial assets and liabilities according to the special IAS 39 categories and the comparison between book values and fair values are given in the table below (excluding social security and tax receivables & liabilities).

(in € 000)	Fair value hierarchy	Assets at fair value through profit or loss	Cash flow hedge	Receivables and liabilities, loans at amortised cost	Net value as of 31/12/16	Fair value as of 31/12/16
Player registration receivables				3,780	3,780	3,780
Player registrations held for sale			-	-	-	-
Other non-current financial assets				-	-	-
Trade accounts receivable				54,762	54,762	54,762
Other current financial assets		-			-	-
Other current assets				17,978	17,978	17,978
Marketable securities		-			-	-
Cash and DSRA	2	57,245			57,245	57,245
Financial assets		57,245	-	76,520	133,765	133,765
New stadium bonds				119,589	119,589	119,589
New stadium mini-perm loan				122,102	122,102	122,102
Other financial liabilities				67,775	67,775	67,775
Player registration payables				15,179	15,179	15,179
Suppliers				29,102	29,102	29,102
Other non-current liabilities (1)	2		3,391		3,391	3,391
Other current liabilities ⁽²⁾				4,551	4,551	4,551
Financial liabilities		-	3,391	358,298	361,690	361,690

(1) This amount corresponds to the mark-to-market fair value of the hedging instruments put in place during the last financial year as part of the “mini-perm” bank loan for Olympique Lyonnais Park (see Note 12).

(2) Excluding social security/tax receivables and payables, and unearned revenue.

Note 9.5: Debt net of cash

Debt net of cash (or cash net of debt) represents the balance of financial liabilities, cash and cash equivalents and player registration payables and receivables. Net debt totalled €263,620 thousand as of 31 December 2016 (€253,606 thousand as of 30 June 2016).

Below is a breakdown of the Group's debt net of cash, with a distinction made between the financial assets and liabilities related to the Group's operations and those related to the new stadium project (borne by Foncière du Montout).

Also presented below is the Group's cash net of debt excluding the new stadium project and excluding any pledged marketable securities, in line with the definition used to calculate compliance under the covenants of the syndicated loan agreement (details on how the covenants are calculated is given in Note 9.7).

(in € 000)	31/12/16			30/06/16		
	OL Groupe excl. OL Park	OL Park financing	Consolidated total	OL Groupe excl. OL Park	OL Park financing	Consolidated total
Marketable securities	0	0	0	559		559
Cash and DSRA	38,467	18,778	57,245	18,852	13,058	31,910
Bank overdrafts	-345	-274	-618	-158	-67	-225
Closing cash balance (cash flow statement)	38,122	18,505	56,627	19,253	12,992	32,245
Pledged marketable securities			0			
Total cash and cash equivalents	38,122	18,505	56,627	19,253	12,992	32,245
New stadium bonds		-119,589	-119,589		-122,904	-122,904
New stadium mini-perm loan		-122,102	-122,102		-126,364	-126,364
Non-current financial debt	-1,806	-21,227	-23,033	-28,520	-21,470	-49,990
Current financial debt	-28	-16,184	-44,124	-1,316	-2,709	-4,025
Debt net of cash	8,376	-260,598	-252,221	-10,583	-260,455	-271,038
Player registration receivables (current)	3,400		3,400	33,972		33,972
Player registration receivables (non-current)	380		380	4,904		4,904
Player registration payables (current)	-11,271		-11,271	-14,938		-14,938
Player registration payables (non-current)	-3,908		-3,908	-6,506		-6,506
Debt net of cash, including player registration receivables/payables	-3,023	-260,598	-263,620	6,849	-260,455	-253,606

Note 9.6: Net financial expense

(in € 000)	H1 2016/17	H1 2015/16
Revenue from cash and cash equivalents		10
Interest on credit facilities	-9,076	-397
Interest expense on OCEANE bonds		-244
Discounting of player registration payables		
Income from the discounting of the tax-loss carryback receivable	5	
Net cost of financial debt	-9,070	-631
Financial provisions net of reversals		
Other financial income and expense	-1,600	-175
Other financial income and expense	-1,600	-175
Net financial expense	-10,670	-806

Capitalisation of the interest expense pertaining to the construction of the new stadium caused the related financial expense to be cancelled until the new stadium entered into service. As of 31 December 2015, €7,178 thousand in loan interest had been capitalised.

Since the stadium entered into operation, loan interest has been directly recognised as an expense (in the amount of €8,262

thousand in H1 2016/17 (see Note 7.2).

The OSRANE bonds do not generate any financial expense, as the coupons are paid in OL Groupe shares that will be delivered when the bonds are redeemed.

Note 9.7: Commitments pertaining to financing the Group's operations

Bank facilities, guarantees and covenants

€34 million syndicated line of credit

OL Groupe has financing available to it through a syndicated loan agreement concluded with its banking partners on 27 June 2014.

This agreement covers an overall amount of €34 million at a rate corresponding to Euribor of the maturity of the drawdown arrangement plus a negotiated margin, and includes guarantees customary for this type of agreement, accelerated maturity clauses and covenants, including the following:

(in € 000)	Less than 1 year	Between 1 and 5 years	More than 5 years	31/12/16	30/06/16
Bank agreements, amount available	34,000			34,000	34,000
Of which used via drawdowns	27,000			27,000	26,000

To help finance its business, on 21 June 2016 Foncière du Montout signed a new credit line agreement with five banks (LCL, Crédit Agricole, CIC, Banque Populaire and Caisse d'Épargne Rhône-Alpes). The credit line, in the amount of €4 million, has been granted for one year and is renewable every year thereafter, subject to the banks' approval, until the mini-perm loan matures in 2020. As of 31 December 2016, there were no drawdowns.

(in € 000)	Less than 1 year	Between 1 and 5 years	More than 5 years	31/12/16	30/06/16
Transfer of invoices under the French Dailly law to serve as collateral under the syndicated loan agreement (1)	20,744			20,744	24,084
Total	20,744	0	0	20,744	24,084

- (1) Transfer of invoices under the French Dailly law to serve as collateral: under the syndicated loan agreement signed on 27 June 2014, OL SAS must secure outstandings under the facility (drawdowns or bank guarantees) by transferring receivables under the French Dailly law representing 50% of such outstandings. To this end, the Group transferred as of 31 December 2016 a total of €20.7 million in receivables (€24.1 million as of 30 June 2016). The detail of how this amount was used is presented below. As of 31 December 2016, a balance of €7.2 million (€11.1 million as of 30 June 2016) in transferred receivables was unused, either for drawdowns or for player guarantees.

(in € 000)	Amount of receivables transferred	Utilisation (drawdowns/ guarantees)
Amount of Dailly receivables transferred as of 31/12/16	20,744	
Draw down and guarantee rights opened		41,488
Transferred receivables used for draw down s	13,500	27,000
Transferred receivables used for guarantees	-	
Transferred receivables not used	7,244	

Covenants

- The Group must maintain the following financial ratios:

- Adjusted net debt (excluding financial assets and liabilities of the Foncière du Montout subsidiary) to equity less than 1;
- Net consolidated debt (see Note 9.5) to EBITDA (excluding EBITDA contributed by Foncière du Montout) less than 2.5.

The covenants were adhered to as of the closing dates.

- The Group must notify the bank of any event that might have a material adverse effect on the business, assets or economic and financial position of OL Groupe and its subsidiaries.

There are no other guarantee commitments. All guarantees given in connection with the purchase of player registrations have been grouped under the syndicated loan agreement.

Other commitments given in connection with the Group's financing

€3 million bank loan

As part of the financing of its businesses, OL Groupe took out a loan with BPI, a specialised financial institution, during the 2013/14 financial year. The loan has a face value of €3 million and a maturity of seven years. The first repayment fell due on 1 July 2016. The loan has a retention clause of €150 thousand.

Borrowings secured by mortgages

(in € 000)	Less than 1 year	Between 1 and 5 years	More than 5 years	31/12/16	30/06/16
Liabilities secured by mortgages ⁽¹⁾	994	4,825	4,724	10,544	5,492

Borrowings secured by mortgages related to the construction of OL Store, the Groupama OL Academy and Groupama OL Training Center, totalling €11 million. These mortgages have been granted to Crédit Lyonnais, Banque Rhône-Alpes and Groupama.

Sale-discounting of the tax-loss carryback receivable for €25 million

On 27 March 2012 Olympique Lyonnais Groupe transferred the carryback receivable to a bank by means of a discounted non-recourse facility. Substantially all of the risks and rewards associated with this receivable (including the risk of non-recovery or of late payment) were transferred to the assignee through this transaction.

As of 30 June 2015, a collateral reserve of €2.6 million was held by the assignee and appeared under the line item "Other current assets" on OL Groupe's balance sheet.

The assignee made the first payment of €2.4 million in February 2016. The last payment of this receivable (€0.3 million) falls due on 31 March 2017. An amount of €0.3 million was therefore still recognised in the balance sheet line item "Other current assets" as of 31 December 2016.

Note 10: Income taxes

Note 10.1: Breakdown of income tax and tax reconciliation

Breakdown of income tax

(in € 000)	H1 2016/17	H1 2015/16
Current tax	177	-5,230
Deferred tax	289	-5,154
Corporate income tax	466	-10,384

Reconciliation of tax expense

(in € 000)	H1 2016/17	%	H1 2015/16	%
Pre-tax loss	-2,570		30,017	
Income tax at the standard rate	885	-34.43%	-10,335	-34.43%
Effect of permanent differences	-103	4.01%	-90	-0.30%
Tax credits	106	-4.14%	-32	-0.11%
Rate effect	-888	34.54%		
Uncapitalised tax-loss carryforwards	0	0.00%	0	0.00%
Other	466	-18.12%	73	0.24%
Corporate income tax	466	-18.13%	-10,384	-34.59%

As of 31 December 2016, tax consolidation group losses for the period gave rise to capitalised deferred taxes of €0.5 million.

Since the Group reported a net profit for the 2015/16 financial year and did not use all of its capitalised deferred tax assets, the amount of uncapitalised tax-loss carryforwards totalled €27.9 million.

The 2017 Finance Act passed on 20 December 2016 provides for a progressive decrease in corporate income tax from 33.33% to 28%. As of 31 December 2016, deferred tax assets and liabilities were valued at the tax rate that will be effective when they are used. This change in the tax rate had an unfavourable effect of €0.9 million on net income for the period.

Note 10.2: Deferred taxes

As required by IAS 12, deferred taxes are recognised on all timing differences between the tax base and carrying amount of consolidated assets and liabilities (except for goodwill) using the variable carryforward method.

Deferred tax assets are recognised only when it is probable that they will be recovered in the future. Deferred tax assets and liabilities are not discounted to present value.

Deferred tax assets and liabilities are netted off within the same tax entity, whether a company or tax consolidation group. Deferred taxes calculated on items allocated to other components of comprehensive income are recognised in equity. Deferred tax assets and liabilities are presented as non-current assets and liabilities.

Tax-loss carryforwards are capitalised when it is probable that they can be set off against future profits or against deferred tax liabilities or by taking advantage of tax opportunities. Future profits are based on the most recent forecasts of up to five years, as developed by management.

They reflect changes to the carryforward mechanism introduced by France's 2013 Budget Act.

Projected earnings have been calculated using the same principles as those used for the impairment tests in Notes 5.3, 7.1 and 7.2.

The following table shows a breakdown of deferred tax assets and liabilities by type:

(in € 000)	30/06/16	Impact on profit/loss	Impact on reserves	31/12/16
Tax-loss carryforwards (1)	2,623	454		3,077
Deferred taxes related to player registrations	-612	-274		-886
Other deferred tax assets (2)	7,799	109	-144	7,764
Deferred tax assets	9,808	289	-144	9,953
Deferred tax liabilities	0			0
Net amounts	9,808	289	-144	9,953

- (1) *Deferred tax assets consisted in part of tax-loss carryforwards of companies in the OL tax consolidation group. They are capitalised only when it is probable that they can be set off against future profits or against deferred tax liabilities or by taking advantage of tax opportunities. Future profits are based on the most recent forecasts developed by management, limited to five years.*

As of 31 December 2016, unrecognised deferred tax assets totalled €27.9 million.

- (2) *Deferred taxes recognised directly in other comprehensive income were related to the impact of recognising the hedging instruments related to the new stadium financing at market value and to actuarial gains and losses on retirement bonuses. The balance was principally composed of the timing difference related to removing the €20 million investment grant revenue for the construction of the new stadium, recognised in the accounts of the subsidiary Foncière du Montout, from the consolidated statements (impact of €5.6 million as of 31 December 2016 and €6.8 million as of 30 June 2016).*

Note 11: Equity

The statement of changes in equity is given in the first part of these financial statements.

Note 11.1: Share capital

Share capital comprises ordinary shares and has changed as follows:

The Company is not subject to any special regulatory requirements in relation to its capital. Certain financial ratios required by banks may take equity into account. The Group's management has not established a specific policy for the management of its capital. The Company favours financing its development through equity capital and external borrowing.

For the monitoring of its equity, the company includes all components of equity and does not treat any financial liabilities as equity (see Note 9.3).

As of 31 December 2016, equity of the OL Groupe comprised 49,996,758 shares with a par value of €1.52, totalling €75,995,072.16.

As previously reported, as of 30 June 2016, equity of the OL Groupe comprised 46,359,410 shares with a par value of €1.52, totalling €70,466,303.20.

(in € 000)	31/12/16	30/06/16
Number of shares	49,996,758	46,359,410
Par value in €	1.52	1.52
Share capital	75,995	70,466

	Number of shares	Par value in €	Share capital (in €000)	Share premiums
As of 30/06/16	46,359,410	1.52	70,466	103,350
Changes	3,637,348	1.52	5,529	5,906
As of 31/12/16	49,996,758	1.52	75,995	109,256

The changes corresponding to the capital increase of 3,637,348 shares are related to:

- The redemption of OSRANEs during the financial period: 13,648 new shares,
- The share grants in relation to the Bonus Share Plan: 135,554 new shares,
- Subscription to the first tranche of new shares and new bonds reserved for IDG European Sports Investment Limited: 3,488,146 new shares in the amount of €5 million net of issue costs and of corporate income tax (the costs totalled €161 thousand net of corporate income tax).

Each share confers one vote. Nevertheless, double voting rights are granted to fully paid-up shares that have been registered with the Company for at least two years in the name of the same shareholder.

Shares held in treasury

The Group has put in place a policy to buy back its own shares in accordance with a mandate given to the Board of Directors by shareholders at the Annual Shareholders' Meeting. The main objective of the share buyback programme is to support the market in Olympique Lyonnais Groupe shares as part of a liquidity contract. This contract includes OL Groupe shares, mutual fund investments and cash.

Shares held in treasury under this contract are deducted from equity at their acquisition cost.

Cash and other securities included in the liquidity contract are recognised under "Other financial assets". Revenue and expenses related to the sale of treasury shares (e.g. gain or loss on sale, impairment) do not pass through the income statement. Their after-tax amounts are allocated directly to equity.

Reserves

Reserves broke down as follows:

(in € 000)	31/12/16	30/06/16
Legal reserves	2,294	2,180
Regulated reserves	37	37
Other reserves	130	130
Retained earnings	29,426	27,262
Total parent-company reserves	31,887	29,609
Reserves for share-based payment	-2,697	-334
Other Group reserves	-138,398	-148,630
Total reserves	-109,208	-119,354

Other equity

“Other equity” is composed of the following items:

(in € 000)	31/12/16	30/06/16
OSRANES ⁽¹⁾	96,024	77,956
Total other equity	96,024	77,956

(1) Proceeds from the OSRANE issue totalled €80.2 million including issue costs, or €78.1 million net of issue costs, as of 30 June 2014 (see Note 9.3). Since the OSRANES will be fully redeemed in OL Groupe shares (including interest), they can be accounted for as equity.

The figure shown here is the balance after conversion of some OSRANE bonds in previous financial years and in 2016/17 financial year, and following the issue of 60,063 new OSRANES in the amount of €18 million corresponding to the first tranche reserved for IDG European Sports Investment Ltd, net of costs (the costs totalled €253 thousand net of corporate income tax).

Related parties

OL Groupe is accounted for by the equity method in the ICMI group (52, Quai Paul Sédallian, 69009 Lyon) and in the Pathé group (2 rue Lamennais, 75008 Paris). Details of the relationships between OL Groupe, ICMI, Pathé, their subsidiaries and other related parties are as follows:

(in € 000)	31/12/16	30/06/16
Receivables		
Operating receivables (gross value)	128	139
Total	128	139
Liabilities		
Operating liabilities		189
Financial liabilities	93,039	90,346
Total	93,039	90,535

(in € 000)	31/12/16	30/06/16
Operating expenses		
Recharges of management fees	300	600
Other external expenses	254	233
Financial expense	2,694	7,240
Total	3,248	8,073
Operating revenue		
Recharges	61	706
Total	61	706

ICMI and Pathé initially subscribed to 328,053 bonds and 421,782 bonds respectively under the August 2013 OSRANE issue, which totalled 802,502 bonds with a par value of €100 each. As of 31 December 2016, ICMI held 327,138 bonds (327,138 as of 30 June 2016) and Pathé held 336,782 bonds (336,847 as of 30 June 2016).

Note 11.2: Earnings per share

In accordance with IAS 33, undiluted earnings per share are calculated by dividing the net income by the weighted average number of shares taking into account changes during the period and treasury shares held at the closing date of the financial year. Diluted earnings per share are calculated by dividing the net income attributable to equity holders of the parent by the weighted average number of shares outstanding, increased by all potentially dilutive ordinary shares (OSRANES).

	31/12/16	31/12/15
Number of shares at end of period	49,996,758	46,359,273
Average number of shares	46,888,596	46,359,273
Number of treasury shares held at end of period	300,049	424,207
Pro-rata number of shares to be issued (OSRANE)	61,693,243	55,151,967
Consolidated net profit/loss		
Net loss attributable to equity holders of the parent (in € m)	-2.33	19.70
Diluted net loss attributable to equity holders of the parent (in € m)	-2.33	20.00
Net loss per share attributable to equity holders of the parent (in €)	-0.05	0.43
Diluted net loss per share attributable to equity holders of the parent (in €)	-0.02	0.20
Net dividend		
Total net dividend (in € m)		
Net dividend per share (in €)		

Note 12: Risk management policies

Note 12.1: Risk management policies

OL Groupe is not exposed to exchange rate risks to any significant extent in the course of its business.

Note 12.2: Liquidity risks

On 27 June 2014, the Group signed a syndicated operating line of credit totalling €34 million and maturing on 30 September 2017 via its subsidiary Olympique Lyonnais SAS. This agreement has been entered into with Crédit Lyonnais as the coordinator, Lyonnaise de Banque as the co-coordinator, and Crédit Lyonnais, Groupe Crédit Mutuel-CIC (represented by Banque Européenne du Crédit Mutuel and Lyonnaise de Banque) as arrangers. The banking pool consists of the following 10 highly reputed financial institutions: Crédit Lyonnais, Lyonnaise de Banque, Banque Européenne du Crédit Mutuel, BNP Paribas, Banque Populaire Loire et Lyonnais, Caisse d'Épargne Rhône-Alpes, HSBC France, Natixis, Société Générale and Groupama Banque.

On 14 December 2016, the Company obtained unanimous agreement from its banks to maintain the line's ceiling at €34 million until the final maturity date of 30 September 2017. Under the original terms of the agreement, the ceiling was to decline to €25 million on 9 January 2017.

On 12 August 2016, OL Groupe announced that the Chinese group IDG Capital Partners would invest €100 million to acquire a 20% stake in the share capital. Provided the transaction is realised, OL Groupe plans to devote a substantial portion of the funds raised to pay down debt, leading to a correlative decline in interest expense and paving the way for an overall refinancing of remaining debt. IDG Capital Partners acquired the first tranche of its equity stake on 23 December 2016 in the amount of €30 million.

Although current liabilities were slightly greater than current assets as of 31 December 2016, no detailed information has been disclosed on maturities of less than one year in view of the expected second tranche of IDG European Sports Investment Limited's investment.

Note 12.3: Signature risk

This risk involves principally transactions related to cash investments.

Investments are made and managed by the Finance department with the objective of keeping risk to an absolute minimum. These investments are comprised of marketable securities including standard money-market mutual funds redeemable demand and interest-bearing deposit accounts.

The Group carries out its financial transactions (lines of credit, investments, etc.) with top-tier banks. It spreads financial transactions among its partners so as to limit counterparty risk.

As the return on investments in money-market vehicles was zero or negative, given the current rates of return in the financial markets, the Group held no short-term marketable securities as of 31 December 2016.

Note 12.4: Loan agreements

Syndicated operating credit line

1) Stadium

The overall cost of the new stadium project came to around €410 million and is being borne by Foncière du Montout, a wholly-owned subsidiary of OL Groupe. This amount includes construction, general contractor fees, land acquisition, fit-out, interior decoration, studies, professional fees and financing costs.

To cover Foncière du Montout's initial requirement of €405 million, a financing structure was implemented during the summer of 2013.

- €135 million in equity of Foncière du Montout, as follows:

- (i) OL Groupe's shareholder loan of €50 million to Foncière du Montout was incorporated into the latter's capital as of 6

September 2013. This converted shareholder loan served to finance the acquisition of land, earthworks and project studies carried out before the financing was finalised.

(ii) a €65 million cash capital increase for Foncière du Montout, subscribed to by OL Groupe on 6 September 2013, by using part of the proceeds (€80.2 million gross; €78.1 million net) of the issue of subordinated bonds redeemable in new or existing shares (OSRANEs); and

(iii) a €20 million subsidy from the National Centre for the Development of Sport (CNDS). This subsidy is part of the financing of sporting facilities for the UEFA Euro 2016 and was the subject of deliberation no. 2012-13 of the Board of Directors of the CNDS, held on 22 March 2012 in order to participate in the new stadium project. Foncière du Montout recognised the €20 million as revenue during the 2011/12 financial year.

- €136.5 million in variable-rate, senior, mini-perm bank financing, signed 26 July 2013. In addition, during the construction period, a €10 million VAT facility financed the future reimbursement of VAT from the French government to Foncière du Montout.

As of 31 December 2016, cumulative drawdowns totalled €134.4 million, and the VAT facility was fully repaid and cancelled. The mini-perm bank financing has a term of seven years and is repayable at maturity. It also requires that, in the event of an excess of available cash, Foncière du Montout make partial, early repayments every six months beginning on 30 September 2016 on the basis of (i) a percentage of excess available cash that will change over time and (ii) the balance of available cash after bond interest is paid or reserved for. Interest was payable monthly during the construction phase, and has been payable half-yearly since the new stadium was delivered.

The mini-perm loan will be governed by three types of ratios: (i) a mini-perm debt paydown ratio, calculated every six months, (ii) a debt service ratio, calculated every six months on a rolling 12-month basis, with a threshold of 1.75 for the historical ratio and 1.90 for the forward ratio and (iii) a loan life cover ratio (LLCR) (ratio of the present value of future cash flows discounted at the interest rate on the debt + available amounts in the reserve account / debt outstandings plus interest), calculated over 20 years, 18 months before the mini-perm loan refinancing date, with a threshold of 1.50.

The lenders under the mini-perm facility are senior in rank and benefit from several types of collateral. They hold a first lien on the stadium, the land on which it will be built, the 1,600 underground parking spaces, the land corresponding to the 3,500 outdoor parking spaces and the areas leading to the stadium. In addition, the following assets are pledged to the lenders: the shares OL Groupe holds in Foncière du Montout, the bank accounts of Foncière du Montout (with certain exceptions) and receivables held by Foncière du Montout on various debtors, including OL SAS. A wholly-owned subsidiary of OL Groupe, OL SAS is linked to Foncière du Montout by an agreement under which Foncière du Montout will make the stadium available to it.

- €112 million in fixed-rate, subordinated bonds issued by Foncière du Montout, which break down as follows:

- €80 million deriving from two issues of subordinated bonds carried out by Foncière du Montout, each in the amount of €40 million. SOC 55, a subsidiary of Vinci SA subscribed to these bonds (the "Vinci bonds") on 28 February and 1 September 2014.

These two issues have been merged into a single series. Concurrently with the first bond issue on 28 February 2014, Foncière du Montout issued two special shares to SOC 55 giving that company certain rights in the corporate governance of Foncière du Montout. These rights could become effective only in the event the security provided to SOC 55 was not activated. Furthermore, SOC 55 benefited from a repayment guarantee from Greater Lyon on a principal amount of €40 million and a commitment from Pathé guaranteeing that SOC 55 would receive, in the event Foncière du Montout should default, a principal amount of €40 million plus any unpaid interest on the VINCI bonds, as well as an early repayment premium in the event the commitment were exercised prior to maturity.

Foncière du Montout issued free share warrants to Pathé, Greater Lyon and to SOC 55, on the date of the first issue, i.e. 28 February 2014, to hedge their respective commitments.

During the 2015/16 financial year, Pathé repurchased all VINCI bonds by virtue of the sale commitment that Pathé held. The bonds were repurchased in two tranches. The first tranche, totalling €40 million, was repurchased in December 2015 and the second tranche, also totalling €40 million, was repurchased in May 2016.

Accordingly, the guarantees that SOC 55 and the City of Lyon benefited from as part of the VINCI bonds became unexercisable as of 31 December 2016. From a legal perspective, these commitments were not formally lifted as of 31 December 2016 (legal formalities are expected to be completed in the first six months of 2017).

Therefore, assuming that the equity of Foncière du Montout before exercise of the warrants is identical to its equity as of the date of this report and that:

- only Pathé exercised its warrants for the amount of its maximum claim on Foncière du Montout, the Foncière du Montout share warrants would give Pathé the right to a number of shares representing 53.90% of the diluted share capital of Foncière du Montout. The remainder of the shares of Foncière du Montout, representing 46.10% of its diluted share capital, would be held by OL Groupe.

- €32 million deriving from three issues of Foncière du Montout subordinated bonds subscribed to by the Caisse des Dépôts et Consignations (CDC) (the “CDC bonds”). CDC subscribed to the first and second issues on 28 February 2014 and 1 September 2014. Each issue totalled €11 million. CDC subscribed to the third and last issue of €10 million on 15 June 2015. These three issues have been merged into a single series.

The CDC bonds are secured by (i) a first lien on the land represented by the training centre (not included in the security granted to the senior lenders), (ii) a third lien on the stadium, the land on which it will be built, the 1,600 underground parking spaces, the land corresponding to the 3,500 outdoor parking spaces and the areas leading to the stadium, (iii) pledged bank accounts, and (iv) pledges on the shares of Foncière du Montout. The pledges on all the shares of Megastore SCI held by OL Groupe and the shares of Olympique Lyonnais SCI held by Association Olympique Lyonnais, initially used as collateral for the CDC Bonds, were released during the 2015/16 financial year. Concurrently with the first bond issue on 28 February 2014, Foncière du Montout issued a special share to CDC giving CDC certain rights in the corporate governance of Foncière du Montout. These rights could be activated if a case of accelerated maturity on these bonds arises (and provided CDC does not seek repayment of the bonds under the accelerated maturity clause). These rights would be extinguished once CDC no longer holds any of the bonds.

The VINCI and CDC bonds have a lifetime of 109 months from the date of the first issuance of the bonds. Interest will be paid annually from 31 March 2017.

These bonds were subscribed to after Foncière du Montout used, or committed to use, all of the “cash” equity available on its books.

- €8 million was obtained in the form of finance leases on various equipment, including the new stadium’s information systems, contracted by Foncière du Montout from France Telecom Lease for a maximum lifetime of 90 months starting on the date of the first equipment delivery.

- €13.5 million in operating revenue needed to be generated by Foncière du Montout during the stadium construction period. As this revenue totalled €3.9 million, the remainder was financed by an initial OL Groupe shareholder loan in the amount of €9.6 million. As of 31 December 2016, the balance of this loan was €6.5 million (following a repayment of €3.1 million in December 2016).

Execution of the lenders’ commitments under the bank financing agreements and bond indentures mentioned above was subject to the customary conditions precedent for this type of financing.

The bond indentures and loan agreements include commitments on the part of Foncière du Montout in the event of accelerated maturity that are customary for this type of financing. In particular, these include limits on the amount of additional debt and on the distribution of dividends, cross default clauses and stability in the shareholder structure of Foncière du Montout and OL Groupe.

To reduce its interest-rate risk exposure on the mini-perm senior bank debt, Foncière du Montout has implemented the first part of a deferred hedging programme. Specifically, it has negotiated private OTC interest-rate swap and cap agreements with top-tier banks. This hedging programme totals a notional amount averaging around €95 million.

Based on all of the bank and bond financing, which totalled €246.4 million, Foncière du Montout had an average annual financing rate of around 6.5% as of 31 December 2016.

2) Training centre and OL Academy

The estimated total construction cost of the new training centre and OL academy is €28 million.

Financing for these investments was covered by:

- A bank credit agreement signed by OL Groupe and OL Association on 12 June 2015 in the amount of €14 million and with a 10-year maturity with Groupama Banque. As of 31 December 2016, cumulative drawdowns totalled €10.3 million.
The loan agreement contains a covenant requiring that the ratio between the value of assets pledged as collateral and the outstandings under the loan, calculated annually, remain below a threshold of 90%.
- Two finance leases, together totalling €3.6 million.
- Equity contribution of approximately €10.4 million
- An investment subsidy of €1.8 million

Note 12.5: Commercial credit risk

As of 31 December 2016, commercial credit risk had not significantly changed since 30 June 2016. There were no significant past-due receivables not written down.

Note 12.6: Market risk

Interest-rate risk

The Group has riskless, low-volatility funding sources that bear interest based on Euribor. It invests its available cash in investments that earn interest at variable short-term rates (Eonia and Euribor). In this context, the Group is subject to changes in variable rates and examines this risk regularly.

The Finance Department tracks the Group's treasury on a daily basis using an integrated IT system. A weekly report of net treasury is prepared and used to track changes in debt and invested cash balances.

Hedging programme related to the new stadium project

To reduce its interest-rate risk exposure on the mini-perm loan, Foncière du Montout has implemented a deferred hedging programme through private interest-rate cap and swap agreements negotiated with top-tier banks. The programme has an average value of €95 million.

With tests having proved the effectiveness of this instrument, the change in market value of €527 thousand, net of tax, was recognised in other comprehensive income in the Group's H1 2016/17 financial statements.

Note 12.7: Risks related to the new stadium project

Risks related to the construction and financing of the new stadium

Implementing the Olympique Lyonnais Park project was a long and complex process. All administrative authorisations relating to the construction of the various components of Olympique Lyonnais Park (stadium, mixed-sex professional training centre in Décines, training academy in Meyzieu within immediate proximity of Décines) have been obtained and none remains subject to appeal.

The stadium construction was completed on 8 January 2016, three weeks ahead of schedule.

The men's training centre, training academy and women's training centre were delivered in July, August and September 2016 respectively.

The Group therefore no longer anticipates a risk of delay in the delivery of these facilities, which would likely significantly affect its medium-term outlook.

Management of risks related to the construction and financing of the new stadium

As of the date of this report, the structured financing set up during summer 2013 to cover the financing of the stadium has been fully implemented. All related funds were made available to Foncière du Montout, a subsidiary of Olympique Lyonnais Groupe and bearer of the new stadium project so as to enable the payment of the construction costs.

During the operations period, Foncière du Montout's mini-perm loan (which is part of the aforementioned financing plan) will be governed by three types of ratios: (i) a mini-perm debt paydown ratio, calculated every six months, (ii) a debt service ratio, calculated every six months on a rolling 12-month basis, with a threshold of 1.75 for the historical ratio and 1.90 for the forward ratio and (iii) a loan life cover ratio (LLCR) (ratio of the present value of future cash flows discounted at the interest rate on the debt + available amounts in the reserve account / debt outstandings plus interest), calculated over 20 years, 18 months before the mini-perm loan refinancing date, with a threshold of 1.50. Failure to adhere to one of these ratios could trigger accelerated maturity of the mini-perm loan, which might also significantly affect the Group's medium-term outlook.

Furthermore, outstandings under the €14 million, 10-year loan destined to partially cover investments relating to the new training centre and training academy, signed by OL Groupe and OL Association on 12 June 2015 with Groupama Banque totalled €10.3 million as of 31 December 2016. The remaining amount available under this facility will be drawn down during the first half of the 2016/17 financial year to cover payments due on the investments in the two facilities, estimated to total around €28 million.

The loan agreement with Groupama contains a covenant requiring that the ratio between the value of assets pledged as collateral and the outstandings under the loan, calculated annually, remain below a threshold of 90%. Failure to adhere to this ratio could trigger accelerated maturity of the loan, which might also significantly affect the Group's medium-term outlook.

Risks related to the outlook for revenue and profitability of Olympique Lyonnais' new stadium

The main sources of additional revenue deriving from operation of the new stadium during the first half of the 2016/17 financial year were as follows:

- Matchday revenue increased significantly for all competitions combined, including general public and VIP (with services) as well as merchandising revenue on matchdays, catering commissions and parking, from €0.8 million in H1 2015/16 (Gerland) to €1.7 million in H1 2016/17 (OL Park);
- Additional sponsorship revenue from visibility inside the new stadium and "365" boxes;
- New sources of revenue from activities that took place in the stadium on non-matchdays, including the Euro 2016 semi-final, a Rihanna concert, a Magnus League ice hockey winter game and more than 150 B-to-B conventions, seminars and corporate events.

The uncertainty of sport and a less favourable overall business performance could have a negative impact on some of these new revenue sources. This could in turn have a significant unfavourable impact on the Group's earnings and financial condition, as the Company has to pay maintenance costs on the new stadium as well as make cash disbursements to repay the debt linked to it.

Management of risks related to the outlook for revenue and profitability of Olympique Lyonnais' new stadium

The Company's revenue diversification strategy for the new stadium, via the development of new resources independent of OL events, should reduce the impact that sporting uncertainty could otherwise have on the Group's earnings.

Note 13: Events subsequent to closing

- Acquisitions of player registrations:

During the 2017 winter transfer window, Olympique Lyonnais acquired the following player:

- Memphis Depay from Manchester United for €19.1 million, plus up to €9.3 million in incentives (IFRS valuation).

- Temporary transfers:

- D. Kalulu to Rennes until the end of the 2016/17 season,
 - O. Kemen to Ajaccio until the end of the 2016/17 season,
 - C. Grenier to AS Roma until the end of the 2016/17 season with a purchase option of €3.5 million.
-
- Houssem Aouar's contract has been extended for one year until 30 June 2020.
 - Gueida Fofana was declared unfit to play football on 18 January 2017.

Certification of person responsible for the first-half financial report

I hereby certify, that to the best of my knowledge, the condensed financial statements for the half-year period under review have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the corresponding management report presents a true and fair picture of the significant events that occurred during the first six months of the financial year, their impact on the half-year financial statements, the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the year.

22 February 2017

Jean-Michel Aulas

Chairman and Chief Executive Officer

Statutory Auditors' report on the financial information for the half-year period

From 1 July to 31 December 2016

To the shareholders,

In compliance with the assignment you entrusted to us at your Annual Shareholders Meetings, and pursuant to Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited examination of the condensed consolidated financial statements of Olympique Lyonnais Groupe SA, covering the period from 1 July to 31 December 2016, as attached to this report;
- verified the information disclosed in the management report for the first half of the year.

Preparation of these condensed consolidated first-half financial statements is the responsibility of the Board of Directors. Our responsibility is to express a conclusion about these financial statements based on our limited review.

I - CONCLUSION ABOUT THE FINANCIAL STATEMENTS

We conducted our limited examination in accordance with French professional standards. A limited examination of interim financial statements consists in obtaining information from the senior managers responsible for accounting and financial matters and analysing it. An examination of this type is less extensive than that required for an audit performed in accordance with French professional standards. As a result, a limited examination can provide only a moderate level of assurance that the financial statements taken together do not include any significant anomalies, less than that which would be obtained from an audit.

Based on our limited examination, nothing has come to our attention that would cause us to question the compliance of the condensed consolidated first-half financial statements with IAS 34, the IFRS regarding interim financial reporting, as adopted by the European Union.

III – SPECIFIC VERIFICATION

We have also examined the information contained in the management report on the condensed consolidated first-half financial statements that were the subject to our limited review. We have no observations to make as to the fairness of this information or its consistency with the condensed consolidated first-half financial statements.

Villeurbanne and Lyon, 22 February 2017

The Statutory Auditors

ORFIS BAKER TILLY

COGEPARC

Bruno Genevois

Stéphane Michoud



**CONTACT INVESTORS /
SHAREHOLDERS**

dirfin@olympiquelyonnais.fr

Parc Olympique Lyonnais
10 avenue Simone Veil
CS 70712
69153 Décines cedex France
Tel : 04 81 07 55 00
421 577 495 RCS LYON