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PRESS RELEASE

Q2 2011 revenues and H1 2011 results

Paris (France), 27 July 2011 The Board of Directors of Technicolor (Euronext Paris: TCH) met today to review the Group's first half 2011 results.

Q2 2011 revenues

Group revenues from continuing operations amounted to €747 million in Q2 2011, down 6.1% at current currency compared to Q2 2010, and up 1.2% at constant currency.

- Technology revenues were up 4.1% YoY[1] at constant rates, with Licensing benefitting from a stable revenue stream from MPEG-LA and from the sustained performance of the other licensing programs.
- Entertainment Services revenues were up 16.8% YoY at constant rates, driven by increased activity levels in Creation Services and higher DVD and Blu-ray™ volumes.
- Digital Delivery revenues declined by 14.6% YoY at constant rates as a result of an unfavorable overall product mix, reflecting in particular a degraded economic environment in Europe, and a less favorable geographic mix due to stronger demand in Latin America.

H1 2011 key indicators

- Group revenues from continuing operations amounted to €1,559 million in H1 2011, up 4.0% at current currency compared to H1 2010, and up 8.3% at constant currency.
- Adjusted EBITDA[2] from continuing operations reached €167 million or 10.7% of revenues in H1 2011, an increase of 1.2 points compared with H1 2010. The increase in Technology and Entertainment Services profitability more than offset the drop in Digital Delivery Adjusted EBITDA in H1 2011.
- Group Free Cash Flow[3] reached €32 million for H1 2011 and Group net debt as per consolidated financial statements reduced by €45 million in the first half to €948 million on 30 June 2011.

2011 objectives

- The Group confirms its previously stated objectives for FY 2011. In H2 2011, the continued resilience in Licensing and improved trends in Entertainment Services are expected to compensate the weakness in Digital Delivery revenues and margins, and enable the Group to achieve slight revenue growth overall at constant rates for the full year and generate an Adjusted EBITDA comparable or slightly up compared to the level achieved in 2010.
- In addition, the Group expects to generate a positive Free Cash Flow in the second half of 2011.

[1] Year-over-year
[2] EBIT from continuing operations excluding other income (expense), and Depreciation & Amortization (including impact of provisions for risks, litigations and warranties).
[3] Free Cash Flow from both continuing operations and discontinued operations

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Comment by Frederic Rose, CEO

"Notwithstanding a challenging macroeconomic environment in the first half of 2011, we delivered a strong operational and financial performance. I am particularly satisfied by the positive Free Cash Flow generated in the first half of the year. Based on the resilience of our licensing programs, our customer wins and new offerings, we confirm our 2011 objectives.

Recent developments in the intellectual property field reinforce our conviction that our patent portfolio is an extremely valuable asset. We are determined to pursue the development of alternative programs and approaches to maximize its monetization potential."

Business highlights for the second quarter of 2011

- **Business environment**
  - Given the breadth of its licensing programs, the Group did not feel the impact of the Consumer electronics market softness in the second quarter.
  - The Group continued to see strong demand for its content creation services as well as sustained volumes in the DVD market.
  - The Digital Delivery market continued to experience strong growth in Latin America while some softness appeared in North America. The European market continued to suffer from a significantly degraded environment, affecting Network Services Providers (NSPs) activities.

- **Significant customer wins**

  Technicolor has been selected by a second Tier 1 European operator for the supply of next generation set-top boxes (STB) as well as content management services. The STB will integrate Technicolor's Digital Home Software Suite, a single, scalable and secure platform designed to allow NSPs to provide a unified digital home experience to the end-user. The Digital Delivery segment has also won additional contracts over the second quarter, including with three cable operators in the US. These new contracts will start generating revenues in 2012.

- **Strategic initiatives**
  - Following a detailed review of its licensing programs in the context of recent market developments, the Group has concluded that it will emphasize its focus on alternative approaches to maximize the monetization of its intellectual property portfolio, including through partnerships. In addition, it will, when necessary, continue to resort to judicial means to protect and reinforce its intellectual property rights, as it has already done towards the end of last year against Taiwanese manufacturers of LCD monitors.

- Technicolor signed an agreement to acquire the assets of Cinedigm Digital Cinema related to distribution of digital content to movie theatres. This transaction further extends Technicolor's market-leading position and accelerates the growth of its satellite footprint, which is expected to reach over 90% of digital cinema sites currently enabled with satellite connectivity for feature delivery in North America.
- Technicolor entered into an agreement to acquire LaserPacific's post production assets as part of its plans for growing its television and theatrical digital post production market position. The transaction reinforces Technicolor's presence in broadcast post production with an increase of 40% in the number of total television series serviced.
- Technicolor launched its franchise licensing program with the establishment of Technicolor PostWorks New York. As part of the agreement, Technicolor will sell its New York post production assets to PostWorks and will provide the company access to the Technicolor branding and know-how including its proprietary color science and post production workflows.
- The Group has implemented phase II of its photochemical film activities optimization, as announced on 18 July 2011. Phase II consists mainly in subcontracting agreements with Deluxe in North America, Thailand and in the UK. The Group has closed its Mirabel (Canada) operations.

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Financial highlights for the first half of 2011

Summary of consolidated first half 2011 results (unaudited)

All figures are preliminary and subject to final review. The review process is in progress.

Technicolor is presenting, in addition to published results and with the aim to provide a more comparable view of the evolution of its operating performance vs. H1 2010, a set of adjusted indicators which exclude other income (expense) as per the statement of operations of our consolidated financial statements. This other income (expense) includes:

- Restructuring charges
- Net impairment charges
- Non-recurring items

The above items impacted negatively EBIT from continuing operations by €25 million in the first half of 2011, compared to €11 million in the first half of 2010. The adjustment methodology, detailed in appendix, is the same as the one used for the 2008, 2009 and 2010 results.

In € million	**First Half (ending 30 June)**		
	2010	**2011**	Change, reported
Group revenues from continuing operations *Change, at constant rates*	1,499	1,559 *+8,3%*	+4,0%
Adjusted EBITDA from continuing operations as a % of revenues	142 9.5%	167 10.7%	+25 *+1.2 pt*
Adjusted EBIT from continuing operations as a % of revenues	33 2.2%	37 2.4%	+4 *+0.2 pt*
EBIT from continuing operations	22	12	(10)
Financial result	212	(92)	(304)
Share of profit/(loss) from associates	0	(1)	(1)
Income tax	(14)	(13)	+1
Profit/(loss) from continuing operations	220	(94)	(314)
Loss from discontinued operations	(124)	(18)	+106
Net income, Group share	96	(112)	(208)
Operating cash flow from continuing operations[1]	48	62	+14
Group free cash flow[2]	(117)	32	+149
Net financial debt as per consolidated financial statements	1,276	948	(328)
Net financial debt at nominal value (non IFRS)	1,506	1,124	(382)

[1] Operating cash flow from continuing operations is defined as Adjusted EBITDA minus net capex and restructuring cash out
[2] Group free cash flow is defined as net cash from / (used in) operating activities minus net capex.

Revenue growth of 8.3% at constant currency in H1 2011

- In the first half of 2011, Group revenues from continuing operations amounted to €1,559 million, up 4.0% at current currency compared to the first half of 2010, and up 8.3% at constant currency.
  - Technology revenues were up 25.8% YoY at constant rates, with Licensing benefitting mainly from a strong increase in revenues from MPEG-LA.
  - Entertainment Services revenues were up 18.2% YoY at constant rates, driven by strong growth in DVD and Blu-ray™ volumes as well as higher activity levels and strengthening of market positions in Creation Services.
  - Digital Delivery revenues declined by 7.3% YoY at constant rates, due to adverse mix effects in the Connect business.

Improvement of 1.2 points in Adjusted EBITDA margin in H1 2011

- Adjusted EBITDA from continuing operations amounted to €167 million in the first half of 2011, or 10.7% of revenues, an increase of 1.2 points compared with the first half of 2010.
  - Technology Adjusted EBITDA margin raised by 7.9 points to 74.6% of sales, driven by higher revenues and ongoing cost optimization.
  - Entertainment Services Adjusted EBITDA margin raised by 0.8 points to 9.7% of sales, mainly driven by the favorable revenue trends in Creation Services and an improved business mix in Theatrical Services despite the revenue drop.
  - Digital Delivery Adjusted EBITDA was €(25) million compared with €10 million in the first half of 2010. This €35 million decline was fully due to the Connect business and resulted mainly from a deterioration in the product mix, reflecting more difficult market conditions in Europe.

H1 2011 net income

- In the first half of 2011, Adjusted EBIT from continuing operations amounted to €37 million compared with €33 million in the first half of 2010, an increase in margin of 0.2 point despite higher Depreciation & Amortization.
- EBIT from continuing operations amounted to €12 million in the first half of 2011 compared with €22 million in the first half of 2010, including restructuring charges as well as write-offs on capitalized R&D and on Mirabel (Canada) fixed assets.
- In the first half of 2011, the financial result of the Group amounted to €(92) million, including net interest charges of €74 million, of which €15 million non-cash charges related to IFRS effective interest rate impact (in accordance with IAS 39-43 the reinstated debt was initially valued at its fair value, resulting in a gain of €229 million as of May 26, 2010 and is subsequently measured at amortized cost using the effective interest rate method).
- Net result (Group share) amounted to a loss of €112 million in the first half of 2011.

Increase in Operating Cash Flow from continuing operations in H1 2011

- Operating cash flow from continuing operations amounted to €62 million in the first half of 2011, or 4.0% of sales, a YoY increase of 0.8 point. In the first half of 2011, cash outflow for net capital expenditures amounted to €84 million, a €8 million YoY increase essentially driven by capacity expansion in Blu-ray™, expansion of VFX and animation infrastructure, and higher capitalized R&D in Connect. Cash outflow related to restructuring amounted to €21 million compared to €18 million in the first half of 2010.

Positive Group Free Cash Flow in H1 2011

- Group Free Cash Flow amounted to €32 million in H1 2011 compared with €(117) million in H1 2010.
  - Working capital improved by €70 million in the first half of 2011, mainly due to seasonality effects in DVD Services and to lower activity in the Connect business.
  - Cash financial charges amounted to €67 million in H1 2011.
  - Other cash charges, mainly related to pensions and to discontinued activities, amounted to €33 million in H1 2011.

  Group Free Cash Flow was €149 million higher in the first half of 2011 compared with the first half of 2010, mainly due to improved Adjusted EBITDA and working capital, and to lower financial cash charges (cash outflows related to the closing of the balance sheet restructuring and included in H1 2010 free cash flow amounted to €86 million).

Cash position and financial debt

- Gross debt as per consolidated financial statements amounted to €1,274 million on 30 June 2011, a decrease of €51 million compared with 31 December 2010:
  - Debt reimbursement for €9 million
  - Other for €42 million, mainly reflecting a favorable forex impact on the Group's debt denominated in US dollar
- The Group's cash position amounted to €326 million on 30 June 2011, compared with €332 million at 31 December 2010. The change in cash position resulted from:
  - Positive Group Free Cash Flow of €32 million
  - Debt reimbursement for €9 million
  - Other for €(29) million, including in particular a negative forex impact on US dollar denominated cash.
- Net debt as per consolidated financial statements amounted to €948 million on 30 June 2011, a decrease of €45 million compared with its level of €993 million at 31 December 2010.
- Net debt at nominal value (non IFRS) amounted to €1,124 million on 30 June 2011, a decrease of €67 million compared with its level of €1,191 million at 31 December 2010.

Financial covenants

On 30 June 2011, the Group met its financial covenants.

Covenant*		**Actual on 30 June 2011**
Interest cover:	EBITDA/Financial Interests above 3.05x	4.09x
Leverage:	Net debt/EBITDA below 3.05x	1.95x
Capital expenditure:		N/A (tested only at year end)

* For the calculation of covenants, the definition of EBITDA as per the credit agreements is the same as the definition of Adjusted EBITDA detailed in appendix on page 18, except for some perimeter differences.

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Second quarter and first half 2011 business review

Summary of second quarter and first half 2011 financial indicators by segments (unaudited)

In € million		Second Quarter 2010	Second Quarter 2011	Second Quarter Change at constant rates	First Half 2010	First Half 2011	First Half Change at constant rates
Group revenues from continuing operations		**795**	**747**	**+1.2%**	**1,499**	**1,559**	**+8.3%**
of which:	Technology	95	89	+4.1%	188	219	+25.8%
	Entertainment Services	342	368	+16.8%	668	759	+18.2%
	Digital Delivery	357	288	(14.6)%	641	579	(7.3)%
Adjusted EBITDA from continuing operations					**142**	**167**	
as a % of revenues					**9.5%**	**10.7%**	
of which:	Technology				126	163	
	as a % of revenues				66.7%	74.6%	
	Entertainment Services				60	74	
	as a % of revenues				8.9%	9.7%	
	Digital Delivery				10	(25)	
	as a % of revenues				1.6%	(4.3)%	
Adjusted EBIT from continuing operations					**33**	**37**	
as a % of revenues					**2.2%**	**2.4%**	
of which:	Technology				120	156	
	as a % of revenues				63.7%	71.4%	
	Entertainment Services				(7)	(13)	
	as a % of revenues				(1.1)%	(1.8)%	
	Digital Delivery				(26)	(58)	
	as a % of revenues				(4.0)%	(10.0)%	

Technology

In the second quarter of 2011, Technology revenues were down 6.1% at current currency and up 4.1% at constant currency compared to the second quarter of 2010.

- In the second quarter of 2011, Licensing activities benefitted from a stable revenue stream from the MPEG-LA pool and from the sustained performance of the other licensing programs. However, due to high currency volatility over the second quarter, revenues were below last year at current currency.
- In the second quarter of 2011, Technicolor hosted its *innov8 expo* customer and partner event in Los Angeles and London. On this occasion, the Research & Innovation organization showcased 15 technology demonstrations ranging from technologies allowing unified media discovery and access for the consumer in the digital home to human perception algorithms applied to 3D environments. The Group also demonstrated personalized content rendering technologies by prototyping a system to allow end-users to interactively view and navigate around an ultra-high resolution video panorama showing a live event, contributing to the European *Fascinate* project.

In the first half of 2011, Technology revenues were up 16.2% at current currency and up 25.8% at constant currency compared with the same period of 2010, mainly driven by a strong increase in MPEG-LA revenues in the first quarter. Adjusted EBITDA margin in the first half of 2011 for the Technology business was up 7.9 points of revenue, mainly driven by growth in Licensing revenues and continuing optimization in patent prosecution, filing and annuities costs.

Technology financial indicators

In € million	Q2 2010	Q2 2011	H1 2010	H1 2011
Revenues	95	89	188	219
Change, as reported (%)		*(6.1)%*		*+16.2%*
Change, at constant currency (%)		*+4.1%*		*+25.8%*
Of which Licensing revenues	94	88	187	217
Change, as reported (%)		*(6.5)%*		*+15.8%*
Change, at constant currency (%)		*+3.7%*		*+25.5%*
Adjusted EBITDA			126	163
Change, as reported (%)				*+30.0%*
Adjusted EBITDA margin (%)			*66.7%*	*74.6%*
EBIT			117	157
EBIT margin (%)			*61.9%*	*71.8%*
Adjusted EBIT			120	156
Adjusted EBIT margin (%)			*63.7%*	*71.4%*

Entertainment Services

In the second quarter of 2011, Entertainment Services revenues were up 7.6% at current currency and up 16.8% at constant currency compared with the second quarter of 2010. All Entertainment Services activities, except Theatrical Services, reported revenues growth in the second quarter of 2011.

In the first half of 2011, Entertainment Services revenues were up 13.5% at current currency and up 18.2% at constant currency compared with the first half of 2010. Entertainment Services Adjusted EBITDA reached €74 million, an increase in margin of 0.8 point compared with the first half of 2010. The DVD Services margin was stable as increased replication volumes, ongoing cost reduction and optimization actions offset negative movements attributable to specific customer price reductions, selected costs in North American and European distribution operations and marginally higher raw material costs. Creation Services margins improved compared to the first half of 2010, mainly due to increased activity levels across all activities as well as targeted cost optimization actions in Postproduction. Despite the revenue drop, Theatrical Services margins improved in the first half of 2011, reflecting an improvement in mix linked to the greater weight of Digital Cinema distribution activities and the positive impact of cost reductions actions implemented at the end of 2010.

Entertainment Services financial indicators

In € million	Q2 2010	Q2 2011	H1 2010	H1 2011
Revenues	342	368	668	759
Change, as reported (%)		*+7.6%*		*+13.5%*
Change, at constant currency (%)		*+16.8%*		*+18.2%*
Adjusted EBITDA			60	74
Change, as reported (%)				*+23.9%*
Adjusted EBITDA margin (%)			8.9%	9.7%
EBIT			(13)	(30)
EBIT margin (%)			(2.0)%	(3.9)%
Adjusted EBIT			(7)	(13)
Adjusted EBIT margin (%)			(1.1)%	(1.8)%

Creation and Theatrical Services

- **Creation Services**
  - Digital Production activities continued to deliver strong year-over-year growth in the second quarter of 2011. The addition of new capacities enabled further market share gains across all of our Digital Production related activities. In the second quarter, the Visual Effects (VFX) activities completed work on *Harry Potter and the Deathly Hallows - Part 2* and *Pirates of the Caribbean: On Stranger Tides*. Technicolor also benefited from increased capacity utilization in Animation activities and continued to roll out successfully its 2D to 3D conversion business launched in the first quarter of 2011.

- Postproduction revenues increased in the second quarter of 2011 compared to the second quarter of 2010, mainly driven by market share gains across all services, driven by such major titles as *Harry Potter 7*, *Cars 2* and *Green Lantern*.

- **Theatrical Services**

  Revenues from Theatrical Services decreased in the second quarter of 2011 compared with the second quarter of 2010.

  - Digital Cinema distribution activities recorded another consecutive quarter of strong growth with revenues multiplied by two at constant rates compared with the second quarter of 2010, reflecting the continuing high pace of conversion of theatres to digital. At the end of June 2011, digital screen penetration reached 47% in the US and 38% in Europe.
  - Photochemical Film footage declined by 30% in the second quarter of 2011 compared to the second quarter of 2010, reflecting the acceleration of the shift to digital cinema and the termination of the contract with Universal Studios in the fourth quarter of 2010. In order to have a more flexible cost base in this maturing activity, the Group has implemented phase II of its photochemical film activities optimization, as announced on 18 July 2011. Phase II consists mainly in subcontracting agreements with Deluxe in North America, Thailand and in the UK. The Group has closed its Mirabel (Canada) operations.

PRN

In the second quarter of 2011, revenues from PRN were lower than in the second quarter of 2010, which was not yet fully impacted by the change in the scope of the relationship with Walmart which occurred at the end of 2009. However, this negative impact was partly offset by an increase in advertising sales to other customers.

DVD Services

In the second quarter of 2011, Technicolor's combined DVD and Blu-ray™ volumes increased by 48% compared to the second quarter of 2010. Even excluding the impact of the new Warner Bros. contract (which started in August 2010), Technicolor's second quarter 2011 volume still demonstrated year-on-year growth, for the third consecutive quarter. This trend confirms a significant improvement in overall market conditions since the fourth quarter of 2010, driven by continuing strong growth in the Blu-ray™ format and resilience in core DVD volumes. Technicolor also benefited from a strong release slate across its key studio customers, with major titles such as Walt Disney's *Tangled*, Paramount's *True Grit*, Universal Pictures' *Little Fockers*, and Warner Bros' *Harry Potter: The Deathly Hollows* contributing to DVD and Blu-ray™ volume demand.

DVD volumes

In million units	Q2 2010	Q2 2011	H1 2010	H1 2011
DVD volumes	**181**	**267**	**397**	**593**
Change (%)		*+48%*		*+50%*
o/w SD DVD (Standard Definition)	149	*223*	340	*498*
Change (%)		*+50%*		*+46%*
o/w Blu-ray™	14	23	21	*51*
Change (%)		*+65%*		*+146%*
o/w Games and Kiosk	18	21	36	*44*
Change (%)		*+14%*		*+22%*

Digital Delivery

Digital Delivery revenues declined by 19.4% at current currency and by 14.6% at constant currency in the second quarter of 2011 compared with the second quarter of 2010, primarily due to an adverse mix impact in the Connect business.

In the first half of 2011, Digital Delivery revenues were down 9.6% at current currency and down 7.3% at constant currency compared with the first half of 2010. Digital Delivery Adjusted EBITDA was €(25) million compared with €10 million in the first half of 2010. With a flat contribution from the Digital Content Delivery Services businesses, this €35 million decline was fully due to the Connect business, primarily reflecting:

- A significantly degraded environment in Europe;
- A less favorable overall product and geographic mix;
- Capacity and production challenges at the Group's Manaus (Brazil) facilities due to a very significant increase in demand in Latin America. The Group has taken the necessary actions to resolve the situation before the end of the year.

Digital Delivery financial indicators

In € million	Q2 2010	Q2 2011	H1 2010	H1 2011
Revenues	357	288	641	579
Change, as reported (%)		*(19.4)%*		*(9.6)%*
Change, at constant currency (%)		*(14.6)%*		*(7.3)%*
Adjusted EBITDA			10	(25)
Change, as reported (%)				*ns*
Adjusted EBITDA margin (%)			1.6%	(4.3)%
EBIT			(27)	(68)
EBIT margin (%)			(4.2)%	(11.8)%
Adjusted EBIT			(26)	(58)
Adjusted EBIT margin (%)			(4.0)%	(10.0)%

Connect

In the second quarter of 2011, the Connect business recorded a significant decrease in revenues compared with the same period last year. This weakness resulted from an unfavorable overall product mix, reflecting in particular a degraded economic environment in Europe, combined with a less favorable geographic mix due to stronger demand in Latin America.

- In **Satellite**, set top box volumes posted healthy growth, driven by solid customer demand in North America as well as strong orders from Latin American customers. The Satellite product mix was however less favorable compared to last year, reflecting the greater weight of Latin America in overall Satellite volumes.

- In **Cable**, volumes continued to grow at a very fast pace, driven by very large shipments of digital-to-analog adapters ("DTAs") to a key customer in North America as well as by a significant increase in deliveries of Cable gateways to Latin American customers. The Cable product mix was however less favorable compared to last year, due to a very high proportion of DTAs in overall Cable volumes.

- In **Telecom**, revenues were impacted by a volume decline and a less favorable mix. Year-over-year comparability was affected by an unfavorable base effect resulting from the phase out of two products in Q2 2010. In addition, volumes and mix were impacted by challenging market conditions in Western Europe. Pending new service launches by operators expected in 2012, demand in the second quarter of 2011 was more oriented towards lower-end products, a segment of the market where price and competitive pressures intensified in the first half of 2011.

Digital Home Products Indicators

KPIs (in million units)	**Q2 2010**	**Q2 2011**	**H1 2010**	**H1 2011**
Cable	1.7	2.2	2.8	3.8
Satellite	1.9	2.1	3.5	4.3
Telecom	2.4	1.8	4.5	3.7
Total Digital Home Products	**6.0**	**6.1**	**10.8**	**11.8**
Change		*+1%*		*+10%*

Digital Content Delivery Services

In the second quarter of 2011, revenues from the Digital Content Delivery Services businesses recorded a slight decline compared with the same period of 2010.

- Media Services revenues declined slightly in the second quarter of 2011 compared with the same period of last year, principally as a result of lower Distribution Services revenues partially offset by increased volumes for Compression & Authoring Services. The decline in Distribution Services revenues mainly reflected further weakness in traditional Tape Duplication Services, driven by the continuing switch to digital.

- Broadcast Services revenues decreased slightly at constant currency in the second quarter of 2011 compared to the same period of last year due to an unfavorable year-on-year comparison against a second quarter of 2010 that had benefited from the positive impact of the FIFA World Cup.

Other continuing operations

Adjusted EBITDA for the "Other" segment amounted to €(45) million in the first half of 2011 compared with €(54) million in the first half of 2010, mainly resulting from cost-saving actions and reduction in headcount.

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An analyst conference call hosted by Frederic Rose, CEO and Stephane Rougeot, CFO will be held on Thursday 28 July 2011 at 15:00 CET. The presentation document will be made available on the Technicolor website prior to the call.

Financial Calendar

Q3 2011 Revenues	27 October 2011

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Warning: Forward Looking Statements

This press release contains certain statements that constitute "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions and include any statement which does not directly relate to a historical fact or current fact. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted or implied by such forward-looking statements. For a more complete list and description of such risks and uncertainties, refer to Technicolor's filings with the French Autorité des marchés financiers.

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About Technicolor
Technicolor is home to industry-leading creative and technology professionals committed to the creation, management and delivery of entertainment content to consumers around the world. Propelled by a culture of innovation and underpinned by a dedicated research organization, the company's thriving licensing business possesses an extensive intellectual property portfolio focused on imaging and sound technologies. Serving motion picture, television, and other media clients, the company is a leading provider of high-end visual effects, animation, and postproduction services. In support of network service providers and broadcasters globally, Technicolor ranks among the worlds' leading suppliers of digital content delivery services and home access devices, including set-top boxes and gateways. The company also remains a large physical media service provider, being one of the world's largest film processors and independent manufacturers and distributors of DVDs and Blu-ray™ discs.
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APPENDICES

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UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

(€ in millions)	Six months ended June 30, 2011 Unaudited	Six months ended June 30, 2010 Unaudited
Continuing operations		
Revenues	1,559	1,499
Cost of sales	(1,260)	(1,186)
Gross margin	**299**	**313**
Selling and administrative expenses	(197)	(202)
Research and development expenses	(65)	(78)
Other income (expense)	(25)	(11)
Profit (loss) from continuing operations before tax and net finance income (expense)	**12**	**22**
Interest income	4	3
Interest expense	(78)	(44)
Gain on Technicolor's debt restructuring on May 26, 2010	-	381
Other financial income (expense)	(18)	(128)
Net finance income (expense)	**(92)**	**212**
Share of profit (loss) from associates	(1)	-
Income tax	(13)	(14)
Profit (loss) from continuing operations	**(94)**	**220**
Discontinued operations		
Net loss from discontinued operations	(18)	(124)
Net income (loss)	**(112)**	**96**
Attributable to:		
- Equity Holders	(112)	96
- Non-controlling interests	-	-

(in euro, except number of shares)	Six months ended June 30, 2011 Unaudited	Six months ended June 30, 2010 Unaudited
Weighted average number of shares outstanding (basic net of treasury stock)	206,807,162	51,601,849
Earnings (loss) per share from continuing operations		
- basic	(0.45)	3.95
- diluted	(0.42)	3.19
Earnings (loss) per share from discontinued operations		
- basic	(0.09)	(2.4)
- diluted	(0.08)	(1.93)
Total earnings (loss) per share		
- basic	(0.54)	1.55
- diluted	(0.50)	1.26

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UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(€ in millions)	June 30, 2011 Unaudited	December 31, 2010 Audited
ASSETS		
Non-current assets:		
Property, plant and equipment	412	430
Goodwill	600	644
Other intangible assets	453	512
Investments in associates	10	12
Investments and available-for-sale financial assets	8	4
Derivative financial instruments	3	6
Contract advances and up-front prepaid discount	49	73
Deferred tax assets	462	488
Income tax receivable	35	48
Other non-current assets	76	63
Cash collateral and security deposits	15	19
Total non-current assets	**2,123**	**2,299**
Current assets:		
Inventories	137	153
Trade accounts and notes receivable	445	666
Current accounts with associates and joint-ventures	-	4
Derivative financial instruments	1	-
Income tax receivable	9	17
Other current assets	294	318
Cash collateral and security deposits	49	55
Cash and cash equivalents	314	332
Assets classified as held for sale	45	90
Total current assets	**1,294**	**1,635**
Total assets	**3,417**	**3,934**

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(€ in millions)	**June 30, 2011 Unaudited**	**December 31, 2010 Audited**
EQUITY AND LIABILITIES		
Shareholders' equity:		
Common stock *(174,846,625 shares at June 30, 2011 with nominal value of €1 per share)*	175	175
Treasury shares	(156)	(156)
Additional paid-in capital	641	641
Subordinated perpetual notes	500	500
Notes redeemable in shares	281	278
Other reserves	96	87
Retained earnings (accumulated deficit)	(903)	(791)
Cumulative translation adjustment	(269)	(231)
Shareholders' equity	**365**	**503**
Non-controlling interests	2	2
Total equity	**367**	**505**
Non-current liabilities:		
Borrowings	1,216	1,278
Retirement benefits obligations	312	332
Restructuring provisions	4	7
Other provisions	101	97
Deferred tax liabilities	172	193
Other non-current liabilities	105	131
Total non-current liabilities	**1,910**	**2,038**
Current liabilities :		
Borrowings	58	47
Retirement benefits obligations	36	46
Restructuring provisions	35	49
Other provisions	69	69
Trade accounts and notes payable	378	528
Accrued employee expenses	141	158
Income tax payable	21	17
Other current liabilities	374	374
Liabilities classified as held for sale	28	103
Total current liabilities	**1,140**	**1,391**
Total liabilities	**3,050**	**3,429**
Total equity and liabilities	**3,417**	**3,934**

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UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(€ in millions)	Six months ended June 30,	
	2011 Unaudited	2010 Unaudited
Net income (loss)	**(112)**	**96**
Loss from discontinued operations	**(18)**	**(124)**
Profit (loss) from continuing operations	**(94)**	**220**
Summary adjustments to reconcile profit from continuing operations to cash generated from continuing operations		
Depreciation and Amortization	121	117
Impairment of assets	14	1
Net changes in provisions	(20)	(11)
(Profit) / loss on asset sales	(2)	(6)
Interest (income) and expense	74	41
Gain on Technicolor's debt restructuring on May 26, 2010	-	(381)
Other non cash items (including tax)	24	52
Changes in working capital and other assets and liabilities	65	7
Cash generated from continuing operations	**182**	**40**
Interest paid	(62)	(51)
Interest received	3	3
Income tax paid / received	4	(12)
Net operating cash generated from / (used in) continuing activities	**127**	**(20)**
Net operating cash used in discontinued operations	(12)	(20)
Net cash from / (used in) operating activities (I)	**115**	**(40)**
Acquisition of subsidiaries, associates and investments, net of cash acquired	(5)	(2)
Net cash impact from sale of investments	(2)	19
Purchases of property, plant and equipment (PPE)	(59)	(67)
Proceeds from sale of PPE and intangible assets	4	3
Purchases of intangible assets including capitalization of development costs	(29)	(12)
Cash collateral and security deposits granted to third parties	(12)	(2)
Cash collateral and security deposits reimbursed by third parties	20	29
Loans (granted to) / reimbursed by third parties	(2)	-
Net investing cash used in continuing activities	**(85)**	**(32)**
Net investing cash generated from / (used in) discontinued operations	(1)	5
Net cash used in investing activities (II)	**(86)**	**(27)**
Increase in capital	-	203
Proceeds from borrowings	1	1
Repayments of borrowings	(11)	(255)
Fees paid linked to the debt and capital restructuring	(2)	(30)
Payment of the interests claims of TSS holders	-	(25)
Net financing cash used in continuing activities	**(12)**	**(106)**
Net financing cash used in discontinued operations	(1)	(2)
Net cash provided used in financing activities (III)	**(13)**	**(108)**
Net (decrease) / increase in cash and cash equivalents (I+II+III)	**16**	**(175)**
Cash and cash equivalents at beginning of period	**332**	**569**
Exchange gain / (losses) on cash and cash equivalents	(22)	22
Cash and cash equivalents at end of period	**326***	**416**

* including €12 million of cash classified within "assets held for sale"

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RECONCILIATION OF ADJUSTED INDICATORS

Technicolor is presenting, in addition to published results and with the aim to provide a more comparable view of the evolution of its operating performance vs. the second half and the full year of 2009, a set of adjusted indicators which exclude other income (expense) as per the statement of operations of our consolidated financial statements. This other income (expense) includes:

- Restructuring charges
- Net impairment charges
- Non-recurring items

The above items impacted negatively EBIT from continuing operations by €25 million in the first half of 2011, compared to €11 million in the first half of 2010.

In € million	**H1 2010**	**H1 2011**	**Change**
EBIT from continuing operations	**22**	**12**	**(10)**
Restructuring charges, net	(15)	(10)	+5
Net impairment losses on non-current operating assets	0	(14)	(14)
Non-recurring items	4	(1)	(5)
Adjusted EBIT from continuing operations	**33**	**37**	**+4**
As a % of revenues	*2.2%*	*2.4%*	*+0.2pt*
Depreciation and amortization (D&A)*	109	130	+21
Adjusted EBITDA from continuing operations	**142**	**167**	**+25**
As a % of revenues	*9.5%*	*10.7%*	*+1.2pt*

* including impact of provisions for risks, litigations and warranties