



2020 INTERIM FINANCIAL REPORT

SIX MONTHS ENDED 30 JUNE 2020

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REPORT ON OPERATIONS – FIRST HALF 2020

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Net asset value

Net asset value (NAV) is calculated as the market value of Peugeot SA securities plus the gross value of FFP's Investments, less financial liabilities. Listed companies are valued at market price at the balance sheet date. Details of the valuation methodology used (unchanged from previous publications) are available on the FFP website and in the FFP Universal Registration Document.

At 30 June 2020:

- The overall value of FFP's stake in Peugeot SA was €1,255 million as opposed to €1,796 million at end-2019. It comprised the value of FFP's direct stake (€1,221 million) and of the equity swap¹ remeasured at fair value (€34 million). Peugeot SA's share price fell 32% in the first half of 2020.
- The gross asset value of FFP's Investments was €3,230 million, as opposed to €3,469 million at 31 December 2019.
- FFP's NAV was €3,540 million (€142.1 per share) as opposed to €4,472 million (€179.5 per share) at 31 December 2019, down 21% over the six-month period.

In €m	% hold	Valuation	% Gross Asset value
Peugeot SA (A)	9,3%	1 255	28%
Lisi	5,1%	51	1%
CID (Lisi)	25,4%	141	3%
SEB S.A.	5,0%	371	8%
Safran	0,8%	286	6%
Orpéa	5,0%	336	7%
CIEL group	6,9%	9	0%
Tikehau Capital	2,3%	75	2%
SPIE	5,4%	113	3%
Non listed holdings		148	3%
Holdings (i)		1 529	34%
Private Equity funds		353	8%
IDI	10,1%	30	1%
Private equity vehicules (ii)		383	9%
Co-investments (iii)		787	18%
Immobilière Dassault	19,8%	87	2%
Non listed Real Estate		380	8%
Real Estate (iv)		467	10%
Other financial assets		34	1%
Cash		30	1%
Other Assets (v)		64	1%
Investment Gross Asset Value (i)+(ii)+(iii)+(iv)+(v) = (B)		3 230	72%
Gross Asset Value = (A) + (B)		4 485	100%
Debt (C)		945	
Net Asset Value = (A) + (B) - (C)		3 540	
i.e. per share		142,1 €	

¹FFP has entered into an equity swap agreement with an investment service provider: under that agreement, due to expire on 30 June 2021, FFP may acquire 2% of Peugeot SA's capital for €228 million.

Activity and results of main investee companies

PSA Group

As a result of the Covid-19 crisis, PSA Group's revenue totalled €25,120 million in the first half of 2020, down 34.5% year-on-year. Revenue in the Automotive division was €19,595 million, down 35.5% compared with the first half of 2019. After a good start of the year, global vehicle sales collapsed because of the Covid-19 pandemic.

The group's recurring operating income totalled €517 million, a decrease of 84.5%. Recurring operating income in the Automotive division fell 72.5% year-on-year to €731 million. Taking into account the fact that vehicle production stopped for several weeks, the Automotive division's success in maintaining positive recurring operating margin (3.7%) shows that its efforts to lower its breakeven point over the last few years are paying off.

PSA Group's recurring operating margin was 2.1% in the first half of 2020.

Its consolidated net income amounted to €376 million. Net income attributable to owners of the parent was €595 million.

In terms of free cash flow, there was an outflow of €4,704 million from the group's industrial and commercial activities, including €3,601 million from the Automotive division. It is worth noting that the Automotive division's free cash flow would have been positive excluding the increase in Working Capital Need, effect that will anyhow be reversed in the second half of 2020. PSA Group's industrial and commercial activities had net cash of €2,886 million at 30 June 2020. The Automotive division had net cash of €6,957 million.

Overall, in an environment that was made very difficult by the Covid-19 crisis, PSA Group showed good resilience, resulting in particular from strong execution by its management.

Investments

2020 started with an unprecedented health crisis that caused global growth to grind to a halt. As a result, most of FFP's investees had a tough second quarter, particularly those in the aerospace sector, where Safran and LSI saw their revenue fall by 29% and 26% respectively. Other investees were more resilient, such as SEB and Tikehau Capital, which saw their share prices rise by around 10%. The rest of the portfolio – made up of co-investments, real estate and stakes in private equity funds – also held out well, with a slight increase in value.

New investments / disposals

Shareholdings

PSA Group

After FFP and its majority shareholder Etablissements Peugeot Frères announced their support for the planned merger between Peugeot SA and Fiat Chrysler Automobiles NV, announced on 18 December 2019, FFP entered into an equity swap agreement with an investment service provider: under that agreement, due to expire on 30 June 2021, FFP may acquire 2% of Peugeot SA's capital for €228 million.

Co-investments

LivSpace

LivSpace is an Indian digital platform that is a leading one-stop-shop for interiors. The company is completely reorganising the value chain of the interiors market by digitising it, while also standardising and automating processes, leading to major productivity gains. LivSpace operates in six cities in India and in Singapore. FFP committed to invest \$15 million in LivSpace alongside Venturi as part of a capital increase to fund the company's growth. The company's existing shareholders (including TPG, Goldman Sachs, IKEA and Bessemer) also took part in the capital increase.

Lineage

FFP invested \$25 million as part of Lineage's capital increase. Lineage is the US leader in cold chain logistics, and recently entered the European market through the acquisitions of Van Soest Coldstores in 2019 and Greater Copenhagen Property in June 2020.

Jianke

In June 2020, alongside Crescent Point, FFP invested \$15 million in Jianke, a Chinese company founded in 2007 and specialising in the distribution of medicines and online health services. The investment was part of a capital increase to fund the company's development, particularly in the remote medicine segment, which has seen a surge in demand since the start of the Covid-19 crisis.

JAB

FFP first invested in JAB in 2016. The group's business levels remained buoyant in the first half of 2020, apart from in its food and beverage activities (with Pret Panera seeing its revenue fall 8% during the period). Its first acquisitions of veterinary groups were completed, resulting in \$25 million of the \$100 million committed by FFP in 2019 being called. After being listed for two years, seeing its share price rise almost by 25%, JAB sold or distributed some of its stake in Keurig Dr Pepper, for a value of \$60 million; at the time, that company. Finally, in May 2020, JAB Holding floated JDE Peet's, one of the world's leading players in the coffee industry. This was Europe's largest IPO in the year to date.

Private equity funds and real estate

Montefiore V

In January 2020, FFP committed €15 million to Montefiore Investment's fifth vehicle, having already invested in the Montefiore IV fund. Montefiore V is a French buy-out fund that will invest in service industries, particularly tourism, leisure, B2B services and B2C services. The fund is planning to acquire majority stakes in around 15 companies, with investments of between €15 million and €75 million each.

Incline Partners V

In mid-January 2020, FFP committed to invest \$15 million in Incline Equity Partners' fifth vehicle. Incline Partners V is a US buyout fund that will invest in the value-added distribution, niche light

industry and business services sectors. The fund plans to acquire majority stakes in 11-13 companies, with an average investment of between \$50 million and \$100 million each.

Consonance II

In early February 2020, FFP made a \$15 million commitment to Consonance Capital Partners' second vehicle. Consonance II is a US buyout fund that will invest in the healthcare services and medical technologies sectors. The fund plans to acquire majority stakes in 8-12 companies, with an average investment of around \$45 million each.

Summit III

In March 2020, FFP made a €15 million commitment to Summit Partners Europe III. FFP already has a €12 million commitment to Summit Partners' fund for the previous vintage year, and a \$12.5 million commitment to the Summit Partners US fund. Summit Partners specialises in growth technology transactions, acquiring minority or majority stakes, and invests in companies specialising in three sectors: technology, healthcare and fast-growing service industries. The fund plans to invest in 20-30 high-growth European companies with revenue generally between €10 million and €20 million, investing between €20 million and €70 million in each.

Insight Partners XI

In mid-January 2020, FFP made a \$12 million commitment to Insight Venture Partners' new vehicle, having already invested in its 10th fund. Insight Partners XI is a US growth equity technology fund that will invest in B2B software and online services. The fund plans to acquire majority or minority stakes in 70-80 companies, with investments of between \$10 million and \$150 million each.

K V

In May 2020, FFP committed to invest \$18 million in the fifth fund of K1, a US private equity firm focusing on US growth and growth buyout investments. FFP had already invested \$15 million in K1's fourth fund in July 2018. K V will invest solely in US B2B software companies, with an approach focusing on operational development and acquisitions.

Impact Croissance IV

In June 2020, FFP committed to invest €3 million in the fourth fund of Impact Partners, a Paris-based investment firm focusing on growth investments in companies with a high social and/or environmental impact. The fund will mainly take minority stakes in 30 companies, with an average investment of €3 million each. FFP had already invested €89,000 in the firm's BAC I fund in 2007 and €1 million in its Impact Partners III fund in 2015.

Real estate

Arboretum

Arboretum is a low-carbon office campus (the structure of which consists of solid timber) featuring 126,000 m² of office and service space located in La Défense for between 8,000 and 10,000 people. Having already been an investor in the Icaewood fund since 2019, FFP committed a further €25 million to the Arboretum project, thereby continuing its real-estate investments in line with its environmental, social and governance policy.

ELV

FFP has joined forces with several families in Europe to support the development of real-estate projects in the USA, which are being devised and managed by a US team of professionals within ELV Associates (founded in 1991). The projects mainly involve residential developments, but also office and retail developments.

In the first half of 2020, FFP made two new investments – \$2 million in Ravensworth Towers and \$3 million in Addison, making a total of \$5 million – of which \$3.4 million had been called at 30 June 2020. In the first half of 2020, FFP received \$11 million of distributions from the disposal of four assets, generating net investor IRRs of between 14% and 26%.

Results and financial position

Consolidated profit / (loss)

Because of the reduction in dividends received from its shareholdings, FFP made a consolidated net loss attributable to equity holders of the parent of €32.3 million in the first half of 2020, as opposed to a profit of €103.1 million in the first half of 2019.

Consolidated net profit in the first half of 2020 consisted of the following main items:

- Income from long-term investments amounted to €8.6 million versus €124.3 million in the first half of 2019. It mainly comprised:
 - €11.3 million of dividends from non-consolidated companies, down 90% compared with the year-earlier figure of €104.1 million because of the Covid-19 crisis that forced most companies to cancel their planned dividends;
 - €19.1 million of disposal gains as opposed to €2.2 million in the year-earlier period;
 - a €56.1 million loss from remeasuring Portfolio Investment Securities at fair value, as opposed to a €17.9 million gain in the first half of 2019;
 - a positive €34.3 million impact from remeasuring the equity swap at fair value.
- FFP's share in the net profit of associated companies produced a loss of €14.6 million, compared with a profit of €5.1 million in the first half of 2019.
- The cost of debt increased to €11.8 million from €8.4 million in the first half of 2019 because FFP's borrowings increased during the period.
- General administration costs rose slightly to €13.5 million from €12.5 million in the first half of 2019.

Balance sheet and cash flows

The main changes affecting the consolidated balance sheet were as follows:

- a €720 million decrease in the fair value of non-consolidated equity securities in the first half of 2020, because of the fall in the share prices of some companies, particularly Peugeot SA (-32%), Safran (-35%) and Spie (-27%);
- a €30 million increase in the value of Portfolio Investment Securities, mainly corresponding to new co-investments and private equity commitments, less the impact of remeasuring securities at fair value;
- a €34 million increase in other current financial assets in connection with the equity swap relating to PSA shares;
- a €796 million decrease in equity attributable to owners of the parent, due to negative comprehensive income and the dividend payment in the first half of 2020;
- a €167 million increase in non-current financial liabilities, mainly comprising the increase in bank borrowings.

The main cash flows in the first half of 2020 were as follows:

- a net cash outflow from operating activities of €11.7 million as opposed to an inflow of €90.6 million in the first half of 2019 as some FFP shareholdings canceled or reduced their dividends;
- a €135.9 million outflow relating to acquisitions of financial investments, mainly investments in LivSpace, Jianke and Arboretum, the increase in FFP's investment in Lineage, capital calls by private equity funds and co-investments (JAB and Med Platform);
- disposals of financial investments resulting in an inflow of €68.2 million, mainly due to the sale of KDP shares by JAB;
- an inflow of €147.2 million from new drawings on FFP's credit facilities;
- an outflow of €53.3 million relating to dividends paid to shareholders.

Main risks and contingencies

The principal risk factors are detailed in the 2019 Universal Registration Document (pages 114 to 119). There were no significant changes in the nature of these risks during the first half of 2020.

Events since 30 June

On 18 June 2020, PAI Partners announced the sale of **Roompot** to KKR. In 2016, FFP had committed to invest €9 million in this Dutch holiday village operator alongside PAI. The transaction was completed on 3 September 2020 and resulted in a distribution of over €30 million.

On 27 July, FFP sold a 1% stake in **SEB** through an accelerated bookbuilding process. The shares were sold at €138.5 per share, resulting in total proceeds of €69.3 million. After the disposal, FFP holds 4.0% of SEB's capital and 5.2% of its voting rights. The divested shares produced a return of 5.0x, an IRR of 12% over 16 years and €63 million of value created (including dividends).

In early August, FFP committed to invest €25 million alongside Archimed's Polymed vehicle in **Polyplus**, a leading biotech company based in Strasbourg. The firm has specialised in transfection reagents supporting cell and gene therapy and research for more than 20 years. €16.7 million of FFP's commitment was called in early September.

Outlook

In 2020, the PSA Group expects the auto market to contract by 25% in Europe, 10% in China, 30% in Latin America and 30% in Russia. Its management has confirmed the targets of its "Push to Pass" plan, aiming to achieve operating margin averaging 4.5% in the Automotive division between 2019 and 2021.

After a first half that was seriously disrupted by the Covid-19 crisis, FFP will remain active, continuing its efforts to find investee companies that meet its criteria and that operate in growth markets and regions.

Related party transactions

Note 28 to the condensed first-half consolidated financial statements covers related-party transactions.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	30/06/2020	30/06/2019
Income from long-term investments	4	8 597	124 271
Income from investment properties	5	674	641
Income from other activities	6	1 591	1 892
Revenue		10 862	126 804
General administrative expenses	7	(13 483)	(12 495)
Cost of debt	8	(11 753)	(8 385)
Pre-tax profit from consolidated companies		(14 374)	105 924
Share of associates' earnings	9	(14 622)	5 122
Consolidated pre-tax profit		(28 996)	111 046
Income tax (including deferred tax)	10	(3 296)	(8 010)
CONSOLIDATED NET PROFIT		(32 292)	103 036
Of which attributable to equity holders of the parent		(32 168)	103 117
Of which attributable to non-controlling interests		(124)	(81)
Net profit attributable to equity holders of the parent per share (in euros)	11	(1,29)	4,14
Diluted net profit attributable to equity holders of the parent per share (i	11	(1,30)	4,17
Number of shares outstanding		24 922 589	24 922 589
Par value per share (in euros)		1,00	1,00

OTHER COMPREHENSIVE INCOME

(in thousands of euros)	Notes	30/06/2020	30/06/2019
Consolidated net profit	12	(32 292)	103 036
Associates' comprehensive income	12	14 391	4 811
Net fair value adjustments on financial assets (1)	12	(730 171)	360 371
Capital gains on disposals of equity securities	12	4 191	135 834
Net fair value adjustments on derivative instruments	12	(1 370)	(5 249)
Exchange differences	12	1 355	2 345
Other net fair value adjustments taken to equity	12	1 837	2 445
Total other comprehensive income		(709 767)	500 557
CONSOLIDATED COMPREHENSIVE INCOME		(742 059)	603 593
Of which attributable to equity holders of the parent		(741 935)	603 674
Of which attributable to non-controlling interests		(124)	(81)

(1) Details of pre-tax and post-tax amounts are provided in Note 12.

CONSOLIDATED BALANCE SHEET AT 30 J

ASSETS

(in thousands of euros)	Notes	30/06/2020	31/12/2019
Non-current assets			
Intangible assets			
Concessions, patents and similar items		1	10
Property, plant and equipment			
Investment properties	13	19 000	19 000
Land	13	13 351	13 351
Buildings	13	1 472	1 506
Vineyards	13	1 233	1 255
Other non-current assets	13	1 326	1 437
Leased assets	13	3 683	3 968
		40 065	40 517
Investments in associates (accounted for under the equity method)	14	284 199	287 269
Non-current financial assets			
Investments in non-consolidated companies	15	3 072 075	3 791 692
Portfolio Investment Securities	15	1 544 955	1 515 414
Other non-current financial assets	15	15 274	5 505
		4 632 304	5 312 611
Deferred tax assets	16	4 084	3 668
TOTAL NON-CURRENT ASSETS		4 960 653	5 644 075
Current assets			
Inventories	17	7 766	7 505
Other current financial assets	18	34 347	-
Current tax receivables	16	3 527	-
Other receivables	19	5 072	3 116
Cash and cash equivalents	20	30 320	30 659
TOTAL CURRENT ASSETS		81 032	41 280
GRAND TOTAL		5 041 685	5 685 355

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2020

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	30/06/2020	31/12/2019
Equity			
Share capital	21	24 923	24 923
Share premium account	21	158 410	158 410
Reserves	21	3 241 980	3 873 852
Net profit for the period (attributable to equity holders of the parent)		(32 168)	131 355
Total capital and reserves (attributable to equity holders of the parent)	21	3 393 145	4 188 540
Non-controlling interests	21	(694)	(568)
TOTAL EQUITY		3 392 451	4 187 972
Non-current liabilities			
Non-current financial liabilities	22	1 506 565	1 339 943
Deferred tax liabilities	16	122 102	133 628
Provisions	23	585	585
Other non-current liabilities	24	-	-
TOTAL NON-CURRENT LIABILITIES		1 629 252	1 474 156
Current liabilities			
Current financial liabilities	22	15 136	9 335
Current tax receivables	16	6	2 437
Other liabilities	24	4 840	11 455
TOTAL CURRENT LIABILITIES		19 982	23 227
GRAND TOTAL		5 041 685	5 685 355

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)		30/06/2020	30/06/2019
Consolidated net profit		(32 292)	103 036
Net depreciation, amortisation and provision charges		650	508
Gains or losses on disposals of non-current assets		(19 093)	(2 235)
Unrealised mark-to-market gains and losses		21 746	(17 888)
Share of associates' earnings, net of dividends received		16 633	(253)
Net cost of debt		11 753	8 385
Current and deferred tax income/expense		3 296	8 010
CASH FLOW BEFORE NET COST OF DEBT AND TAX	(A)	2 693	99 563
Current tax expense	(B)	(444)	(6 364)
Change in operating working capital	(C)	(13 904)	(2 632)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(D) =(A+B+C)	(11 655)	90 567
- Purchases of property, plant and equipment and intangible assets		(251)	(81)
Proceeds from disposals of property, plant and equipment and intangible assets		-	-
Purchases and sales of treasury shares		(177)	551
Purchases of long-term investments		(135 866)	(342 822)
Proceeds from disposals of long-term investments		68 235	199 571
Change in other non-current assets		(8 557)	(509)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(E)	(76 616)	(143 290)
Dividends paid during the period		(53 283)	(53 194)
Proceeds from new borrowings		147 189	150 494
Borrowings repaid		(141)	(131)
Change in other financial liabilities		-	3 142
Net interest paid		(5 833)	(5 324)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(F)	87 932	94 987
Mark-to-market adjustments on money-market UCITS investments	(G)	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	(D+E+F+G)	(339)	42 264
Cash and cash equivalents at beginning of period		30 659	11 405
CASH AND CASH EQUIVALENTS AT END OF PERIOD		30 320	53 669

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in thousands of euros)	Share capital	Share premium account	Treasury shares	Consolidated reserves Retained earnings	Exchange differences	Revaluation reserve	Total
Equity at 01/01/2019 (attributable to equity holders of the parent)	24 923	158 410	(16 725)	2 155 721	522	1 246 791	3 569 642
. Comprehensive income in the first half of 2019				246 207	2 345	355 122	603 674
. Dividends paid with respect to 2018				(53 194)			(53 194)
. Treasury shares			510	41			551
Equity at 30/06/2019 (attributable to equity holders of the parent)	24 923	158 410	(16 215)	2 348 775	2 867	1 601 913	4 120 673
. Comprehensive income in the second half of 2019				46 440	7 300	13 934	67 674
. Treasury shares			1 407	(1 214)			193
Equity at 31/12/2019 (attributable to equity holders of the parent)	24 923	158 410	(14 808)	2 394 001	10 167	1 615 847	4 188 540
. Comprehensive income in the first half of 2020				(8 209)	1 355	(735 081)	(741 935)
. Dividends paid with respect to 2019				(53 283)			(53 283)
. Treasury shares			2 647	(2 824)			(177)
Equity at 30/06/2020 (attributable to equity holders of the parent)	24 923	158 410	(12 161)	2 329 685	11 522	880 766	3 393 145

Dividends paid in 2019 with respect to 2018 amounted to €53,194 thousand, or €2.15 per share.

Dividends paid in 2020 with respect to 2019 amounted to €53,283 thousand, or €2.15 per share.

Notes to the consolidated financial statements for the six months ended 30 June 2020

The consolidated financial statements for the six months ended 30 June 2020 and the notes to the financial statements were finalised by FFP's Board of Directors on 10 September 2020.

NOTE 1 ACCOUNTING POLICIES

FFP's interim consolidated financial statements for the six months ended 30 June 2020 were prepared in accordance with IAS 34 "Interim Financial Reporting", which permits the presentation of a selection of notes. These financial statements should be read in conjunction with FFP's annual financial statements at 31 December 2019.

The accounting policies used in preparing the financial statements at 30 June 2020 are the same as those used for the year ended 31 December 2019.

This note covers only consolidation principles and principles applied to financial assets and liabilities. For other information, please refer to the consolidated financial statements for the year ended 31 December 2019.

FFP's 2019 consolidated financial statements and 2020 interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union.

The main texts applicable from 1 January 2020 are as follows:

- Amendments to IAS 1 and IAS 8: Definition of "Material"
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

None of these texts had a material impact on the interim financial statements.

1.1. CONSOLIDATED COMPANIES

Consolidated companies and changes therein are described in Note 3.

A. Subsidiaries

Subsidiaries are entities over which FFP has sole control. Subsidiaries are fully consolidated from the date on which control is transferred to FFP.

They are recognised at acquisition cost, which corresponds to the fair value of assets acquired and liabilities assumed, plus costs directly attributable to the acquisition. The surplus of the acquisition cost over the fair value of the acquired company's identifiable net assets is recognised as goodwill under intangible assets.

Intra-group transactions and balances on transactions between group companies are eliminated. The accounting policies of subsidiaries have been aligned with those of FFP.

B. Associates

Associates are all entities over which the Group does not have control, but over which it has significant influence, which is generally the case if the group holds 20-50% of its voting rights. Investments in associates are accounted for under the equity method, on the basis of the associates' consolidated financial statements, and initially recognised at cost.

The ownership percentage used for consolidation purposes is calculated by dividing the number of shares held in the associate by the associate's total number of shares in issue minus treasury shares that are destined to be cancelled.

1.2. FINANCIAL ASSETS AND LIABILITIES

The Group classifies its financial assets (excluding investments in associates) in the following categories:

- assets measured at fair value through other comprehensive income, relating to investments in non-consolidated companies;
- assets measured at fair value through profit and loss, relating to Portfolio Investment Securities, cash and cash equivalents;
- assets at amortised cost, relating to loans and receivables.

The classification depends on the reasons for which the financial assets were acquired as well as their characteristics and is determined at initial recognition.

A. Investments in associates

This item comprises investments in associates accounted for under the equity method.

Measurement

The Group's share in the net profit of associates after the acquisition is recognised under consolidated profit, and the Group's share of changes in equity (with no impact on profit) after the acquisition is recognised directly in equity. The carrying amount of the investment is adjusted to reflect cumulative changes after the acquisition.

Impairment

At each balance sheet date, FFP examines whether there is an objective indication of non-temporary and substantial impairment in each of its investments in associates, such as a material change that has a negative effect on the technological, market, economic or legal environment in which each company operates. If such an indication is found, an impairment test is performed. Where the recoverable amount is lower than the carrying amount, the investment in the associate is written down. The recoverable amount of the investment is the higher of its fair value less costs to sell and value in use. Value in use may be calculated in several ways: peer-group comparison, discounted estimated future cash flows where FFP has reliable medium-term cash flow projections, and the company's net worth.

B. Non-current financial assets

a. Assets measured at fair value through other comprehensive income

a1. Investments in non-consolidated companies

This item includes securities in companies over which FFP has neither sole control, joint control nor significant influence. The securities are held for an indeterminate period.

These securities must have the characteristics of an equity instrument. They are classified irrevocably at the time of their acquisition.

They are recognised at purchase cost including material related costs.

Measurement

At each balance sheet date, securities are measured at fair value. Changes in fair value are taken to equity, net of deferred tax.

The fair value of listed companies is based on the period-end market share price.

The fair value of unlisted companies is determined as follows:

- Assets acquired recently, generally in the last year, are measured at cost, except where the company's economic variables (e.g. operations, balance sheet and liquidity) have deteriorated materially;
- Other companies are valued on the basis of:
 - discounted cash flows where possible,
 - various multiples, particularly market multiples, transaction multiples or, where applicable, multiples stated in shareholder agreements signed by FFP;
 - with reference to net asset value;
 - otherwise and where fair value cannot be measured in a reliable and appropriate manner, at historic cost, except where the Company's economic variables have deteriorated materially.

When securities are definitively sold, the difference between the selling price and the previously recognised fair value is taken to equity.

Dividends received from these securities are recognised in the income statement under "Income from long-term investments" following the dividend payment decisions taken in the companies' AGMs.

b. Assets measured at fair value through profit or loss

b1. Portfolio Investment Securities

This portfolio consists mainly of units in private equity funds, shares in companies acquired through co-investments, and units in diversified UCITS, which represent investments over varying timeframes, with the aim of generating a satisfactory return from them.

Subscription commitments are also reported in this item, with a balancing entry in the “Non-current financial liabilities” line for their nominal value (see sub-section D below).

Measurement

At each balance sheet date, fair value is measured on the basis of the closing market price for listed securities, the last reported net asset value for asset management companies, or any other information that is representative of a transaction value (see above “Measurement of unlisted securities”).

Changes in fair value are taken to profit or loss, net of deferred tax.

When Portfolio Investment Securities are sold, the difference between the selling price and the recognised fair value is taken to profit or loss.

c. Covid-19 impact on the measurement of unlisted financial assets

When carrying out its internal valuations of assets, FFP factored in the effects of the Covid-19 crisis by examining how the crisis is affecting the business activities of the investees concerned.

As regards private equity funds, the valuations generally adopted are those at 31 March as reported by the asset management companies, adjusted for net cash flows in the second quarter. In the absence of additional information about any positive or negative impact on the valuations of the underlying funds, bearing in mind that the impact of the Covid-19 crisis had already been partly taken into account in the first-quarter valuations, this usual method was maintained.

C. Current financial assets

a. Other receivables

These are initially recorded at fair value then measured at amortised cost less impairment provisions. An impairment provision is created where there is an objective indication that it will be difficult to recover all amounts due under the initial terms of the transaction. Any loss of value is taken to income.

b. Cash and cash equivalents

Cash and cash equivalents include demand deposits held with banks, units in money-market funds and negotiable debt instruments that are readily convertible into known amounts of cash and are subject to a non-material risk of changes in value in the event of an increase in interest rates. All these components are measured at fair value.

Interest income is recognised on a *pro rata temporis* basis using the effective interest-rate method.

D. Non-current financial liabilities

Non-current financial liabilities mainly include long-term borrowings and firm commitments to subscribe to private equity funds and liabilities resulting from obligations to make lease payments.

Borrowings are initially recognised at fair value, net of transaction costs. They are subsequently recognised at amortised cost. They are not discounted.

Commitments to subscribe to private equity funds are recorded under assets and liabilities at their nominal value without discounting, since discounting has no material impact.

Lease liabilities are measured as the present value of payments remaining due and are amortised according to the lease payment schedule.

E. Derivative instruments

a. Hedging instruments

FFP has hedged the risk of interest-rate movements on part of its borrowings with interest-rate swaps.

The effective portion of the change in fair value of these swaps, which meet the criteria for cash flow hedging, is taken directly to equity. The gain or loss resulting from the ineffective portion is taken immediately to income for the year.

Changes in the fair value of financial instruments that do not qualify as hedges are taken to income.

To measure the fair value of hedging instruments, CVA-DVA impacts are deemed to be non-material and so are not recognised.

b. Other instruments

In relation to the planned merger between Peugeot SA and Fiat Chrysler Automobiles NV, FFP has entered into an equity swap agreement with an investment service provider: under that agreement, due to expire on 30 June 2021, FFP may acquire, depending on market conditions, Peugeot SA shares up to a maximum amount of €228 million.

The settlement of that agreement when it expires or beforehand, particularly on completion of the merger, will take place either in cash or through the delivery of shares at FFP's discretion.

Since the potential acquisition of Peugeot SA shares cannot be regarded as highly probable, it cannot be designated as a hedged item. As a result, the agreement does not meet the criteria to be deemed a hedging instrument and is recognised at fair value through profit and loss.

Note 2. INFORMATION ON PEUGEOT SA SECURITIES

Under the agreements dated 17 December 2019 relating to the planned merger between Peugeot SA and Fiat Chrysler Automobiles NV, the Peugeot family obtained the possibility of increasing its stake in the automotive group before or after the merger. FFP entered into an equity swap agreement with an investment service provider: under that agreement, due to expire on 30 June 2021, FFP may acquire shares in Peugeot SA.

Taking into account hedging transactions completed by 18 March 2020, the total number of Peugeot SA shares that FFP could acquire under the agreement was 18,096,564, equating to a cost of €228 million. The settlement of that agreement when it expires or beforehand, depending on market conditions and particularly on completion of the merger, will take place either in cash or through the delivery of shares at FFP's discretion.

In the consolidated financial statements, the agreement is treated as a derivative instrument and is recognised on the balance sheet at fair value through profit and loss. Until the expiry of the agreement, interest paid in relation to the cost of carrying the shares and unrealised gains and losses are taken to income.

When the agreement ends:

- if FFP opts for delivery of the shares, the shares received will be measured at fair value under equity securities at fair value through equity, with a balancing entry consisting of the cash paid and the fair value of the derivative;
- if FFP opts for settlement in cash, the fair value of the derivative will be reduced to zero by the amount of cash received or paid.

At 30 June 2020, the impact of this agreement on the interim financial statements was as follows:

Fair value adjustment of the equity swap agreement:	€34.3 million
Cost of carry relating to Peugeot SA shares:	-€1.1 million
Gross total:	€33.2 million
Current and deferred tax:	<u>-€9.1 million</u>
Net income statement impact:	€24.1 million

If Peugeot SA's share price were to rise by 5% relative to its share price at 30 June, net profit would increase by €9.5 million; if its share price were to decrease by 5% relative to its share price at 30 June, net profit would decrease by €9.5 million.

Note 3 CONSOLIDATED COMPANIES
3.1 Consolidated companies at 30/06/2020

Consolidated companies are as follows:

	% control	% interest
Fully consolidated companies		
- The parent company FFP		
- FFP INVEST	100,00%	100,00%
- FFP INVEST ARB	100,00%	100,00%
- FFP Investment UK Ltd.	100,00%	100,00%
- FFP US-1	100,00%	100,00%
- FFP US-CC	100,00%	100,00%
- FFP US-2	100,00%	100,00%
- FFP US-3	100,00%	100,00%
- FFP US SRL Inc.	100,00%	100,00%
- FFP Stovall Inc.	100,00%	100,00%
- FFP-Les Grésillons	100,00%	100,00%
- Financière Guiraud SAS	74,94%	74,94%
- SCA Château Guiraud	100,00%	74,94%
Associates		
- Zéphyr Investissement		33,75%
- LDAP		45,00%
- Redford USA II Holdings		29,94%
- Redford EU II Holdings		29,94%
- OPCI Lapillus II		23,29%
- Groupe Compagnie Industrielle de Delle (CID)		25,39%
- Groupe LISI		5,09%

3.2 Changes in equity interests
FFP INVEST ARB

FFP Invest Arb is wholly owned by FFP Invest and holds a 11.36% stake in Arboretum. The aim of this new co-investment is to build a low-carbon office and services complex.

FFP US3

A new subsidiary wholly owned by FFP Invest was set up in the first half of 2020 to carry out new real-estate investments in the United States.

Note 4 INCOME FROM LONG-TERM INVESTMENTS

(in thousands of euros)	30/06/2020	30/06/2019
Income		
Dividends	11 250	104 148
Disposal gains	19 097	2 236
Total	30 347	106 384
Expenses		
Disposal losses	(4)	(1)
Total	(4)	(1)
GROSS	30 343	106 383
Fair value adjustments (1)	(21 746)	17 888
INCOME STATEMENT IMPACT	8 597	124 271

At 30 June 2020, this item includes fair value adjustments relating to the portfolio of Portfolio Investment Securities (negative adjustment of €56,093 thousand) and the equity swap (positive adjustment of €34,347 thousand): see Note 18 "Other current financial assets".

Note 5 INCOME FROM INVESTMENT PROPERTIES

(in thousands of euros)	30/06/2020	30/06/2019
Income		
Rental and other income	681	666
Expenses recharged to tenants	200	195
Total	881	861
Expenses		
Rental and building management expenses	(207)	(220)
Total	(207)	(220)
GROSS	674	641
Fair value adjustments	-	-
INCOME STATEMENT IMPACT	674	641

Note 6 INCOME FROM OTHER ACTIVITIES

(in thousands of euros)	30/06/2020	30/06/2019
Income		
Sales of merchandise	1 069	1 415
Other income	116	166
Change in inventories	406	311
INCOME STATEMENT IMPACT	1 591	1 892

Note 7 GENERAL ADMINISTRATIVE EXPENSES

(in thousands of euros)	30/06/2020	30/06/2019
Administrative expenses		
Staff costs	(6 809)	(6 237)
External expenses	(5 525)	(5 381)
Other expenses	(638)	(369)
GROSS	(12 972)	(11 987)
Depreciation and amortisation of non-current assets (excluding investment properties)	(226)	(223)
Depreciation of leased assets	(285)	(285)
INCOME STATEMENT IMPACT	(13 483)	(12 495)

Note 8 COST OF DEBT

(in thousands of euros)	30/06/2020	30/06/2019
Interest on FFP borrowings (1)	(10 525)	(8 221)
Interest and commission expense on the equity swap (2)	(1 068)	-
Interest on lease liabilities	(49)	(55)
Other	(111)	(109)
INCOME STATEMENT IMPACT	(11 753)	(8 385)

(1) Cost of debt includes gains and losses on interest-rate hedges.

(2) The expense in the first half of 2020 includes the arrangement fee and cost of carry relating to the Peugeot SA equity swap agreement (see Note 2).

Note 9 SHARE OF ASSOCIATES' EARNINGS

(in thousands of euros)	30/06/2020	30/06/2019
Share of associates' earnings		
Redford EU II Holdings	(27)	(23)
Redford USA II Holdings	(118)	(107)
Compagnie Industrielle de Delle (CID)	654	3 399
LISI	240	1 266
LDAP	(828)	149
OPCI Lapillus II	8	19
Zéphyr Investissement	(71)	(107)
GROSS	(142)	4 596
Redford EU II Holdings provision	(8 824)	-
LDAP provision	(6 431)	526
Zéphyr Investissement provision	775	-
INCOME STATEMENT IMPACT	(14 622)	5 122

Note 10 INCOME TAX**10.1 Corporate income tax expense**

(in thousands of euros)	30/06/2020	30/06/2019
Current tax	(444)	(4 677)
Deferred tax	(2 852)	(3 333)
INCOME STATEMENT IMPACT	(3 296)	(8 010)

FFP and FFP Invest have elected to adopt the tax group system since 1 January 2012.

10.2 Reconciliation between the French statutory tax rate and the income statement effective tax rate

(%)	30/06/2020	30/06/2019
French statutory tax rate	(25,8)	(25,8)
Adjustment for associates	13,3	0,9
Lower foreign tax rates	21,2	18,7
Other permanent differences	2,7	(1,1)
Income statement effective tax rate	11,4	(7,3)

The current tax expense corresponds to income tax payable to the French tax authorities in respect of the period.

The normal French corporate income tax rate is 28.924% including surcharge.

From 2022, France's 2017 finance act will reduce the French tax rate to 25.825% including surcharge.

Capital gains on the sale of shares in predominantly property-related companies are taxed at 19%.

Deferred tax assets and liabilities have been calculated accordingly.

Permanent differences arise mainly from unrealised capital gains in the securities portfolio.

Note 11 EARNINGS PER SHARE

Earnings per share are shown at the bottom of the consolidated income statement.

They were calculated on the basis of all shares making up the share capital, i.e. 24,922,589 shares.

The company has no equity securities other than ordinary shares.

Note 12 OTHER COMPREHENSIVE INCOME

(in thousands of euros)	30/06/2020			30/06/2019		
	Pre-tax	Tax	Post-tax	Pre-tax	Tax	Post-tax
Associates' comprehensive income	14 391	-	14 391	4 811	-	4 811
Mark-to-market adjustments on equity securities	(744 908)	14 737	(730 171)	377 199	(16 828)	360 371
Capital gains on disposals of equity securities	4 191	-	4 191	137 521	(1 687)	135 834
Mark-to-mark adjustments on derivatives	(1 846)	476	(1 370)	(7 078)	1 829	(5 249)
Exchange differences	1 355		1 355	2 345		2 345
Other mark-to-market adjustments taken to equity	2 169	(332)	1 837	2 772	(327)	2 445
Total	(724 648)	14 881	(709 767)	517 570	(17 013)	500 557

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

13.1 Changes in 2020, depreciation and fair value adjustments

(in thousands of euros)	Land	Buildings	Investment properties	Vineyards	Other	Leased assets	Total
Gross value							
at beginning of period	13 351	2 787	19 000	2 936	4 941	4 538	47 553
Purchases/additions	-	-	-	7	244	-	251
Disposals	-	-	-	-	(202)	-	(202)
Fair value adjustment	-	-	-	-	-	-	-
at end of period	13 351	2 787	19 000	2 943	4 983	4 538	47 602
Depreciation							
at beginning of period	-	1 281	-	1 681	3 504	570	7 036
Purchases/additions	-	34	-	29	153	285	501
Disposals	-	-	-	-	-	-	-
at end of period	-	1 315	-	1 710	3 657	855	7 537
Net book value at beginning of period	13 351	1 506	19 000	1 255	1 437	3 968	40 517
Net book value at end of period	13 351	1 472	19 000	1 233	1 326	3 683	40 065

The investment property was externally appraised in December 2019.

Note 14 INVESTMENTS IN ASSOCIATES (ACCOUNTED FOR UNDER THE EQUITY METHOD)

14.1 Holdings at 30/06/2020

(in thousands of euros) Shares	% control	Cost	Per share (in euros)	Total	Impact of associates taken to income	Impact of associates taken to equity	Book value 30/06/2020	Book value 31/12/2019
I - Shares in associates (accounted for under the equity method)								
Redford USA II Holdings	29,94	2 432		2 039	-	(393)	2 039	2 828
Redford EU II Holdings	29,94	14 130		26 062	(8 824)	20 756	26 062	25 409
Compagnie Industrielle de Delle (CID)	25,39	7 306		143 954	-	136 648	143 954	144 118
LDAP	45,00	19 403		-	(18 607)	(796)	-	6 970
LISI	5,09	14 889		51 991	-	37 102	51 991	51 409
OPCI Lapillus II	23,29	17 302		23 453	-	6 151	23 453	23 435
Zéphyr Investissement	33,75	28 261		36 700	(3 562)	12 001	36 700	33 100
TOTAL		103 723		284 199	(30 993)	211 469	284 199	287 269

14.2 - Changes during the period

(in thousands of euros) Shares	At 1 January 2020		Additions		Disposals		30 June 2020	
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
I - Shares in associates (accounted for under the equity method)								
Redford USA II Holdings	5 179	2 432	-	-	-	-	5 179	2 432
Redford EU II Holdings	18 807	17 662	-	-	(3 761)	(3 532)	15 046	14 130
Compagnie Industrielle de Delle (CID)	40 498	7 306	-	-	-	-	40 498	7 306
LDAP	19 767 645	19 403	-	-	-	-	19 767 645	19 403
LISI	2 750 000	14 889	-	-	-	-	2 750 000	14 889
OPCI Lapillus II	156 471	17 302	-	-	-	-	156 471	17 302
Zéphyr Investissement	28 256 336	28 261	-	-	-	-	28 256 336	28 261
TOTAL		107 255		-		(3 532)		103 723

Note 15 NON-CURRENT FINANCIAL ASSETS

15.1 Holdings at 30/06/2020

(in thousands of euros) Shares	% control	Cost	Per share (1) (in euros)	Total	Fair value adjustment taken to income	Fair value adjustment taken to equity	Book value 30/06/2020	Book value 31/12/2019
I – Investments in non-consolidated companies								
Peugeot SA	9,32	899 752	14,48	1 220 999	-	321 247	1 220 999	1 796 083
Safran	0,75	267 398	89,22	286 194	-	18 796	286 194	441 543
SPIE	5,39	200 680	13,30	113 050	-	(87 630)	113 050	154 360
SEB	5,01	80 088	147,10	370 916	-	290 828	370 916	333 850
ORPEA	5,05	98 279	102,90	335 593	-	237 314	335 593	372 773
Tikehau Capital	2,27	66 214	24,00	74 572	-	8 358	74 572	68 357
Immobilière Dassault	19,79	30 137	65,20	86 888	-	56 751	86 888	91 286
IDI	10,06	25 714	39,50	28 683	-	2 969	28 683	32 241
CIEL	6,92	16 355	0,08	8 636	-	(7 719)	8 636	15 555
Other shares		433 252		546 544	-	113 292	546 544	485 644
TOTAL		2 117 869		3 072 075	-	954 206	3 072 075	3 791 692
II – Portfolio Investment Securities								
Private equity funds								
Buyout funds		159 098		194 629	35 531	-	194 629	192 874
Growth funds		47 109		53 821	6 712	-	53 821	55 709
Technology growth funds		67 230		80 698	13 468	-	80 698	62 360
Real-estate funds		8 456		10 884	2 428	-	10 884	9 603
Other funds		7 036		11 251	4 215	-	11 251	13 449
Subscription commitments		432 427		432 427	-	-	432 427	387 666
Total private equity funds		721 356		783 710	62 354	-	783 710	721 661
Co-investments								
Co-investments		501 744		630 562	128 818	-	630 562	629 564
Subscription commitments		112 950		112 950	-	-	112 950	139 694
Total co-investments		614 694		743 512	128 818	-	743 512	769 258
Other investments								
Shares		18 610		17 733	(877)	-	17 733	24 495
Total other investments		18 610		17 733	(877)	-	17 733	24 495
TOTAL (2)		1 354 660		1 544 955	190 295	-	1 544 955	1 515 414
III – Other non-current assets								
Loans and advances		13 364		13 364	-	-	13 364	-
Other		1 910		1 910	-	-	1 910	5 505
TOTAL		15 274		15 274	-	-	15 274	5 505
GRAND TOTAL		3 487 803	-	4 632 304	190 295	954 206	4 632 304	5 312 611

(1) Net of dividends receivable.

(2) Changes in the fair value of Portfolio Investment Securities are recorded under profit or loss in a negative amount of €56,093 thousand (see Note 4).

Note 15 NON-CURRENT FINANCIAL ASSETS

15.2 - Changes during the period

(in thousands of euros)	1 January 2020		Additions		Disposals		30 June 2020	
Shares	Number	Cost	Number	Cost	Number	Cost	Number	Cost
I – Investments in non-consolidated companies								
Peugeot SA	84 323 161	899 752	-	-	-	-	84 323 161	899 752
Safran	3 207 729	267 398	-	-	-	-	3 207 729	267 398
SPIE	8 500 000	200 680	-	-	-	-	8 500 000	200 680
SEB	2 521 522	80 088	-	-	-	-	2 521 522	80 088
ORPEA	3 261 353	98 279	-	-	-	-	3 261 353	98 279
Tikehau Capital	3 107 147	66 214	-	-	-	-	3 107 147	66 214
Immobilière Dassault	1 332 645	30 137	-	-	-	-	1 332 645	30 137
IDI	726 146	25 714	-	-	-	-	726 146	25 714
CIEL	114 887 172	16 355	-	-	-	-	114 887 172	16 355
Other shares (1)		407 961		33 199		(7 908)	-	433 252
TOTAL		2 092 578		33 199		(7 908)		2 117 869
II – Portfolio Investment Securities (1)								
Private equity funds								
Buyout funds		143 229		21 240		(5 371)		159 098
Growth funds		44 528		3 877		(1 296)		47 109
Technology growth funds		51 794		17 470		(2 034)		67 230
Real-estate funds		5 662		2 794		-		8 456
Other funds		8 618		457		(2 039)		7 036
Subscription commitments		387 666		86 580		(41 819)		432 427
Total private equity funds (1)		641 497		132 418		(52 559)		721 356
Co-investments								
Co-investments		469 380		74 514		(42 150)		501 744
Subscription commitments		139 694		26 790		(53 534)		112 950
Total co-investments (1)		609 074		101 304		(95 684)		614 694
Other investments								
Shares		18 610		-		-		18 610
Total other investments		18 610		-		-		18 610
TOTAL		1 269 181		233 722		(148 243)		1 354 660
III – Other non-current assets								
Loans and advances		4 034		9 330		-		13 364
Other		1 471		1 089		(650)		1 910
TOTAL		5 505		10 419		(650)		15 274
GRAND TOTAL		3 367 264		277 340		(156 801)		3 487 803

(1) Disposals stated after exchange differences on foreign-currency investments.

Note 16 TAX RECEIVABLES AND PAYABLES

(in thousands of euros)	Start of period	Goodwill	Profit/loss	Equity	Payments	End of period
Current tax payable	(2 437)	-	(425)	(17)	2 873	(6)
Current tax receivable	-	-	(19)	17	3 529	3 527
Sub-total	(2 437)	-	(444)	-	6 402	3 521
Deferred tax assets	3 668	-	1 006	(590)	-	4 084
Deferred tax liabilities	(133 628)	-	(3 858)	15 384	-	(122 102)
Sub-total	(129 960)	-	(2 852)	14 794	-	(118 018)
Total	(132 397)	-	(3 296)	14 794	6 402	(114 497)

Note 17 INVENTORIES

(in thousands of euros)	30/06/2020			31/12/2019		
	Gross	Provision	Net	Gross	Provision	Net
Wine	8 708	2 074	6 634	9 267	1 947	7 320
Other	1 132	-	1 132	185	-	185
Total	9 840	2 074	7 766	9 452	1 947	7 505

Note 18 OTHER CURRENT FINANCIAL ASSETS

(in thousands of euros)	30/06/2020	31/12/2019
Derivative instruments	34 347	-
Total cash and cash equivalents	34 347	-

This item corresponds to the fair value at 30 June 2020 of the equity swap agreement entered into by FFP in relation to Peugeot SA shares, due to expire on 30 June 2021 (see Note 2).

Note 19 OTHER RECEIVABLES

(in thousands of euros)	30/06/2020			31/12/2019		
	Gross	Provision	Net	Gross	Provision	Net
Trade receivables	321	12	309	405	-	405
Tax receivables (excluding income tax)	1 232	-	1 232	1 404	-	1 404
Other receivables	3 531	-	3 531	1 307	-	1 307
Total	5 084	12	5 072	3 116	-	3 116

Note 20 CASH AND CASH EQUIVALENTS

(in thousands of euros)	30/06/2020	31/12/2019
Cash	30 320	30 659
Total cash and cash equivalents	30 320	30 659

Note 21 EQUITY

21.1 Equity management policy

The equity management policy relates to equity as defined under IFRS.

It is intended to secure the Group's long-term capital resources, in order to foster its development and allow it to implement an appropriate distribution policy.

Equity breaks down into portions attributable to non-controlling interests and to equity holders of the parent.

The portion attributable to non-controlling interests consists of the portion attributable to non-group shareholders of Financière Guiraud (SAS), which holds the investment in SCA Château Guiraud.

Equity attributable to equity holders of the parent comprises FFP's share capital plus reserves and retained earnings resulting from the Group's business activities.

The distribution policy implemented by FFP has for many years, and as far as possible, aimed to ensure a consistent and rising dividend.

21.2 Composition of the share capital

FFP's share capital consists of 24,922,589 shares with par value of €1 each. The shares are fully paid-up.

21.3 Equity

(in thousands of euros)	30/06/2020	31/12/2019
Share capital	24 923	24 923
Share premium account	158 410	158 410
Statutory reserve	2 541	2 541
Treasury shares	(12 161)	(14 808)
Exchange differences	4 069	10 167
Other reserves	3 247 531	3 875 952
Consolidated retained earnings	(32 168)	131 355
Non-controlling interests	(694)	(568)
Total	3 392 451	4 187 972

21.4 Treasury shares

Treasury shares are carried at cost and recognised as a reduction in equity.

At 30 June 2020, the Company held 137,543 of its own shares.

(number of shares)	30/06/2020	31/12/2019
Coverage of future plans	130 143	130 143
Coverage of the 2017 bonus share plan	-	29 063
Liquidity agreement	7 400	5 550
Total	137 543	164 756

21.5 Bonus share plans

A. Details of the 2016-2018 bonus share plans

Under powers granted by the 3 May 2016 and 17 May 2018 AGMs, in its 7 July 2016, 9 March 2017 and 17 August 2018 meetings the Board decided to introduce a bonus share plan subject to performance criteria for some FFP and related-company directors and employees. The bonus shares will vest after a three-year retention period, and there will be no subsequent lock-up period. Grants are subject to beneficiaries being Group or related-company employees or directors throughout the vesting period.

Vesting is subject to FFP NAV performance criteria:

- between 31 December 2015 and 31 December 2018 for the 2016 plan;
- between 31 December 2016 and 31 December 2019 for the 2017 plan;
- between 31 December 2017 and 31 December 2020 for the 2018 plan;

B. Details of the 2019 and 2020 bonus share plans

Under powers granted by the 17 May 2018 AGM, in its 15 May 2019 and 25 March 2020 meetings the Board decided to introduce a bonus share plan subject to performance criteria for some FFP and related company directors and employees. The bonus shares will vest after a three-year retention period, and there will be no subsequent lock-up period. Grants are subject to beneficiaries being Group or related-company employees or directors throughout the vesting period.

Vesting is subject to FFP NAV performance criteria and environment, social and governance (ESG) stock-picking criteria:

- between 31 December 2018 and 31 December 2021 for the 2019 plan;
- between 31 December 2019 and 31 December 2022 for the 2020 plan.

C. Status of plans at 30 June 2020

Staff costs associated with each plan are measured in accordance with IFRS 2 and taken to equity.

Plan details are as follows:

	30/06/2020		31/12/2019	
	Maximum number of shares that may be awarded	IFRS 2 expense (in thousands of euros)	Maximum number of shares that may be awarded	IFRS 2 expense (in thousands of euros)
2016 plan (1)	-	-	-	195
2017 plan (1)	-	201	29 063	804
2018 plan	31 940	-	31 940	1 063
2019 plan	48 180	681	48 180	794
2020 plan	116 713	404	-	-
Total		1 286		2 856

(1) Since performance conditions were met, 17,277 shares under the 2016 plan were delivered to beneficiaries in July 2019 and 29,063 shares under the 2018 plan were delivered to beneficiaries in March 2020.

Note 22 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

22.1 Balances at 30/06/2020

(in thousands of euros)	30/06/2020	31/12/2019
Bonds	542 500	542 500
Bank borrowings		
– FFP	392 000	246 000
- SCA Château Guiraud	8 547	7 986
Subscription commitments and shares not paid-up	546 351	528 463
Derivative instruments (1)	13 960	11 499
Lease liabilities (2)	3 195	3 471
Other	12	24
Total non-current financial liabilities	1 506 565	1 339 943
Bank borrowings		
- SCA Château Guiraud	3 942	3 455
Derivative instruments (1)	372	987
Lease liabilities (2)	548	540
Accrued interest on borrowings	10 267	4 347
Other	7	6
Total current financial liabilities	15 136	9 335
Total financial liabilities	1 521 701	1 349 278

(1) FFP has hedged its credit facilities against interest-rate risk by taking out fixed-for-floating interest-rate swaps in an amount of €250 million, the fair value of which at 30 June 2020 was €14,332 thousand.

Subscription commitments and shares not paid-up comprised US-dollar commitments of €276,847 thousand at 30 June 2020 and €263,235 thousand at 31 December 2019.

All other commitments are stated in euros.

(2) Liabilities resulting from the obligation to pay rent on FFP's head office.

22.2 Maturity schedule at 30/06/2020

Amounts due (in thousands of euros)	Less than 1 year	1 to 5 years	More than 5 years	Total
Bonds	-	-	542 500	542 500
Bank borrowings				
- FFP borrowings	-	370 000	22 000	392 000
- SCA Château Guiraud borrowings	3 942	1 279	7 268	12 489
Derivative instruments	372	13 960	-	14 332
Lease liabilities	548	2 335	860	3 743
Subscription commitments and shares not paid-up (1)	-	546 351	-	546 351
Accrued interest on borrowings and other	10 274	12	-	10 286
Total (2)	15 136	933 937	572 628	1 521 701

(1) Since calls are made by funds depending on their respective investments, and generally within 5 years from the subscription of units, their timing cannot be determined accurately, and so they have been included in the "1 to 5 years" category. These calls correspond to commitments at their nominal value, without any discounting effect.

(2) The portion due in less than 1 year breaks down as follows: €9,492 thousand in less than 3 months and €5,644 thousand in between 3 and 12 months.

22.3 Subscription commitments and shares not paid-up

(in thousands of euros)	30/06/2020	31/12/2019
Investments in non-consolidated companies		
Unlisted securities	358	358
Portfolio Investment Securities		
Buyout funds	220 047	198 833
Growth funds	34 209	37 965
Technology growth funds	117 928	91 438
Real-estate funds	53 923	55 782
Other funds	6 936	4 393
Co-investments	112 950	139 694
Total	546 351	528 463

Note 23 PROVISIONS

(in thousands of euros)	01/01/2020	M&A provisions	Additions	Releases		30/06/2020
				Amounts used	Amounts unused	
Employee benefits	585	-	-	-	-	585
Total	585	-	-	-	-	585

Note 24 OTHER CURRENT LIABILITIES

(in thousands of euros)	30/06/2020	31/12/2019
Customer advances	14	581
Tax and social security liabilities (excluding income tax)	2 884	3 738
Other liabilities	1 942	7 136
Total other current liabilities	4 840	11 455

Note 25 CHANGE IN WORKING CAPITAL

(in thousands of euros)	30/06/2020	31/12/2019
(Increase)/decrease in inventories	(420)	123
(Increase)/decrease in receivables	(1 956)	(723)
Change in tax	(5 958)	(4 118)
Increase/(decrease) in debt	(6 615)	5 280
Total change in working capital requirement	(14 949)	562

Note 26 MARKET RISK MANAGEMENT

There was no material change in methods used to manage market risks relative to those described in the 2019 consolidated financial statements.

Note 27 SEGMENT REPORTING

FFP is one of the three largest shareholders in Peugeot SA and is a long-term shareholder in other companies. Its business activities also involve financial investments and cash management, as well as real-estate and winemaking activities, which remain marginal in terms of their contribution to revenue, profits and risks.

The information presented below is based on figures in each of FFP's business areas, with "Other segments" covering the real-estate and winemaking businesses.

The "Reconciliation" column shows the unallocated amounts in each segment that allow segment figures to be reconciled with the financial statements.

27.1 Segment reporting for the first half of 2020

(in thousands of euros)	PSA Group Peugeot Citroën	Capital expenditure	Net cash /(debt)	Other segments	Reconciliation	Total
Dividends	-	11 250	-	-	-	11 250
Net disposal gains	-	19 093	-	-	-	19 093
Unrealised gains and losses	34 347	(56 093)	-	-	-	(21 746)
Business revenue	-	-	-	2 265	-	2 265
Revenue	34 347	(25 750)	-	2 265	-	10 862
General administrative expenses	(862)	(70)	-	(1 888)	(10 663)	(13 483)
Income from cash equivalents	-	-	-	-	-	-
Cost of debt	(1 068)	-	(10 574)	(111)	-	(11 753)
Pre-tax profit from consolidated companies	32 417	(25 820)	(10 574)	266	(10 663)	(14 374)
Share of associates' earnings	-	(14 622)	-	-	-	(14 622)
Consolidated pre-tax profit	32 417	(40 442)	(10 574)	266	(10 663)	(28 996)
Income tax	-	-	-	-	(3 296)	(3 296)
Consolidated net profit	32 417	(40 442)	(10 574)	266	(13 959)	(32 292)
Segment assets						
Intangible assets and property, plant and equipment	-	-	-	35 570	4 496	40 066
Investments in associates	-	284 199	-	-	-	284 199
Non-current financial assets	1 220 999	3 410 484	-	123	698	4 632 304
Deferred tax assets	-	233	3 701	31	119	4 084
Current assets	34 347	-	30 072	9 205	7 408	81 032
Total assets	1 255 346	3 694 916	33 773	44 929	12 721	5 041 685
Segment equity and liabilities						
Non-current financial liabilities	-	546 351	948 460	8 559	3 195	1 506 565
Current financial liabilities	-	-	10 585	3 996	555	15 136
Equity including non-controlling interests	-	-	-	-	3 392 451	3 392 451
Other liabilities	34 183	81 419	-	6 998	4 933	127 533
Total equity and liabilities	34 183	627 770	959 045	19 553	3 401 134	5 041 685
Net investment	-	77 013	-	20	29	77 062

Note 28 RELATED-PARTY TRANSACTIONS

28.1 Associates

At 30 June 2020, current-account advances granted by FFP to associates were as follows:

- €1,249 thousand to OPCI Lapillus II, bearing interest at an annual rate of 1%.
- €2,808 thousand to Certares Redford B USA II, bearing interest at an annual rate of 8%.

28.2 Related parties that have significant influence over the group

No transactions are carried out with any directors, senior executives or any shareholder owning more than 5% of FFP's equity.

Note 29 OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)

	30/06/2020	31/12/2019
Reciprocal commitments		
Undrawn credit facilities	488 000	594 000
Pre-orders of wine on an "en primeur" basis	48	581
Commitments made		
Security given for borrowings	34 041	45 178
Loans	10 795	-

Other commitments

At 30 June 2020:

- borrowings amounting to €7,000 thousand were secured by a first mortgage on real estate owned by SCA Château Guiraud;
- borrowings amounting to €3,100 thousand were secured by wine inventories.

- FFP has entered into an equity swap agreement with an investment service provider: under that agreement, due to expire on 30 June 2021, FFP may acquire, depending on market conditions, Peugeot SA shares up to an amount of €227,691 thousand.

Note 30 POST-BALANCE SHEET EVENTS

- On 30 July 2020, FFP sold a 1% stake in SEB for €68,962 thousand net of commissions. That disposal produced a capital gain of €53,081 thousand. Following that transaction, FFP now owns 4% of SEB.

AUDITORS' REPORT ON THE INTERIM FINANCIAL STATEMENTS

FFP

Interim financial
information
Period from
1 January 2020 to
30 June 2020

Statutory Auditors' report on the interim financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting and with article L.451-1-2 III of the French Monetary and Financial Code, we have:

- carried out a limited review of the accompanying interim condensed consolidated financial statements of FFP for the period from 1 January 2020 to 30 June 2020;
- examined information provided in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors on 10 September 2020, on the basis of the information available at that date in the evolving context of the Covid-19 crisis, and difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our limited review.

I - Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France.

A limited review consists mainly of conducting discussions with members of management responsible for accounting and financial matters, and carrying out analytical procedures. This work is less extensive than that required by an audit carried out according to the prevailing standards of the profession in France. As a result, a limited review provides a moderate level of assurance, i.e. a lower level of assurance than that provided by an audit, that the financial statements as a whole are free of material misstatement.

FFP
Interim financial
information
Period from
1 January 2020 to
30 June 2020

On the basis of our limited review, we have not seen any material misstatements that would make the interim condensed consolidated financial statements non-compliant with IAS 34 “Interim Financial Reporting” as adopted by the European Union.

II - Specific verification

We have also verified the information presented in the interim management report published on 10 September 2020 commenting on the interim condensed consolidated financial statements on which we carried out our limited review.

We are satisfied that the information is fairly stated and agrees with the interim condensed consolidated financial statements.

Paris and Paris-La Défense, 11 September 2020

The Statutory Auditors

French original signed by

SEC 3

Mazars

Jean-Philippe Horen

Virginie Chauvin

**DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL
REPORT**

DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

Person responsible for the interim financial report

Bertrand Finet, Chief Executive Officer

Declaration by the person responsible for the interim financial report

I hereby declare that, to the best of my knowledge, the condensed financial statements for first half of 2020 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and all the companies included in the scope of consolidation, and that the interim report on operations provides an accurate description of the significant events during the first six months of the financial year, their impact on the financial statements, the main transactions between related parties and a description of the main risks and contingencies for the remaining six months of the financial year.

Neuilly-sur-Seine, 10 September 2020

Bertrand Finet
Chief Executive Officer