SEMI-ANNUAL FINANCIAL REPORT
AS AT JUNE 30, 2016

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Gemalto first semester 2016 results

- **Revenue of €1.5 billion, up +1% at constant exchange rates and stable at historical exchange rates**
- **Revenue growth in Government Programs up +25%, Enterprise up +12%, Payment up +11% and Machine-to-Machine up +9%, at constant exchange rates, fully offsets lower sales to mobile network operators**
- **Gross margin increases by +92 basis points, confirming 2016 outlook**
- **Strong free cash flow generated, up +€128 million compared to first semester of 2015**

To better assess past and future performance, the income statement is presented on an adjusted basis and variations in revenue figures above and in this document are at constant exchange rates except where otherwise noted (see page 2 "Basis of preparation of financial information"). Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with the consolidated financial statements. Reconciliation with the IFRS income statement is presented in Appendix 1. The statement of financial position is prepared in accordance with IFRS, and the cash position variation schedule is derived from the IFRS cash flow statement. All figures in this press release are unaudited.

Amsterdam, August 26, 2016 - Gemalto (Euronext NL0000400653 - GTO), the world leader in digital security today announces its results for the first semester 2016.

Key figures of the adjusted income statement

			Year-on-year variations	
(€ in millions)	**First semester 2016**	First semester 2015	at historical exchange rates	at constant exchange rates
Revenue	**1,495**	1,499	=	+1%
Gross profit	**586**	574	+2%	
Operating expenses	**(415)**	(414)	=	
Profit from operations	**172**	160	+8%	
Profit margin	**11.5%**	10.6%	+84bp	

Olivier Piou, Chief Executive Officer, and Philippe Vallée, Chief Operating Officer, commented: "Gemalto progressed well in the first semester. The Payment & Identity segment saw another significant +14% growth, with all its businesses growing at double-digit rates, fully offsetting lower sales in Mobile segment. The Platforms and Services activity also posted a strong performance, with revenue up by +20% year-on-year, and on its way to reaching one year ahead of schedule the 1 billion euro yearly Platforms and Services revenue challenge we had set for ourselves in 2013. This further illustrates the success of the Gemalto's diversification and the acceleration of its structural transformation. We will continue to focus our efforts and investment on our highest growing businesses, and are confident in a further increase in gross margin. Entering the last stretch of our current multi-year development plan, Gemalto will begin the planning processes which will define its next milestones."

Basis of preparation of financial information

Segment information

The Mobile segment reports on businesses associated with mobile cellular technologies including Machine-to-Machine, mobile secure elements (SIM, embedded secure element) and mobile Platforms & Services. The Payment & Identity segment reports on businesses associated with secure personal interactions including Payment, Government Programs and Enterprise. The SafeNet acquisition in 2015 is part of the Enterprise business.

In addition to this segment information the Company also reports revenues of Mobile and Payment & Identity by type of activity: Embedded software & Products (E&P) and Platforms & Services (P&S).

Historical exchange rates and constant currency figures

The Company sells its products and services in a very large number of countries and is commonly remunerated in currencies other than the Euro. Fluctuations in these other currencies exchange rates against the Euro have in particular a translation impact on the reported Euro value of the Company revenues. Comparisons at constant exchange rates aim at eliminating the effect of currencies translation movements on the analysis of the Group revenue by translating prior-year revenues at the same average exchange rate as applied in the current year. Revenue variations are at constant exchange rates and include the impact of currencies variation hedging program, except where otherwise noted. All other figures in this press release are at historical exchange rates, except where otherwise noted.

Adjusted income statement and profit from operations (PFO) non-GAAP measure

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

To better assess its past and future performance, the Company also prepares an adjusted income statement where the key metric used to evaluate the business and make operating decisions over the period 2010 to 2017 is the profit from operations (PFO).

PFO is a non-GAAP measure defined as IFRS operating profit adjusted for (i) the amortization and depreciation of intangibles resulting from acquisitions, (ii) restructuring and acquisition-related expenses, (iii) all equity-based compensation charges and associated costs; and (iv) fair value adjustments upon business acquisitions. These items are further explained as follows:

- Amortization and depreciation of intangibles resulting from acquisitions are defined as the amortization and depreciation expenses related to the intangibles recognized as part of the allocation of the excess purchase consideration over the share of net assets acquired.
- Restructuring and acquisitions-related expenses are defined as (i) restructuring expenses which are the costs incurred in connection with a restructuring as defined in accordance with the provisions of IAS 37 (e.g. sale or termination of a business, closure of a plant,…), and consequent costs; (ii) reorganization expenses defined as the costs incurred in connection with headcount reductions, consolidation of manufacturing and offices sites, as well as the rationalization and harmonization of the product and service portfolio and the integration of IT systems, consequent to a business combination; and (iii) transaction costs (such as fees paid as part of an acquisition process).
- Equity-based compensation charges are defined as (i) the discount granted to employees acquiring Gemalto shares under Gemalto Employee Stock Purchase plans; (ii) the amortization of the fair value of stock options and restricted share units granted by the Board of Directors to employees; and the related costs.
- Fair value adjustments over net assets acquired are defined as the reversal in the income statement of the fair value adjustments recognized as a result of a business combination, as prescribed by IFRS3R. Those adjustments are mainly associated with (i) the amortization expense related to the step-up of the acquired work-in-progress and finished goods assumed at their realizable value and (ii) the amortization of the cancelled commercial margin related to deferred revenue balance acquired.

These non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with IFRS.

In the adjusted income statement, Operating Expenses are defined as the sum of Research and Engineering expenses, Sales and Marketing expenses, General and Administrative expenses, and Other income (expense) net.

EBITDA is defined as PFO plus depreciation and amortization expenses, excluding the above amortization and depreciation of intangibles resulting from acquisitions.

Adjusted financial information

The interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. To better assess its past and future performance, the Company also prepares an adjusted income statement.

	First semester 2016		First semester 2015			
					Year-on-year variations	
Extract of the adjusted income statement	**€ in millions**	**As a % of revenue**	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	**1,495.2**		1,499.1		=	+1%
Gross profit	**586.3**	**39.2%**	574.0	38.3%	+92 bp	
Operating expenses	**(414.6)**	**(27.7%)**	(414.4)	(27.6%)	(9 bp)	
EBITDA	**239.3**	**16.0%**	219.6	14.6%	+1.4 ppt	
Profit from operations	**171.7**	**11.5%**	159.6	10.6%	+84 bp	
Net profit	**107.2**	**7.2%**	105.7	7.1%	+12 bp	
Basic Earnings per share (€)	**1.20**		1.21		=	
Diluted Earnings per share (€)	**1.19**		1.19		=	

Total revenue for the first semester 2016 came in at €1,495 million, up +1% at constant exchange rates and stable at historical exchange rates.

In the first semester of 2016, currency translation effects generated a negative (1) percentage point effect on the revenue generation with a contrasted quarterly pattern. The impact was +1 percentage point increase in the first quarter of 2016, and (3) percentage points reduction in the second quarter of 2016 due to the combined year-on-year depreciation of the US dollar, Chinese yuan, British pound and Brazilian real versus the euro. The hedging program, which aims at partially neutralizing the impact of currency variations on the Company's profit from operations, produced a 0.2 percentage point offset in the revenue comparison to the same semester last year.

Gross profit was up by €12 million, to €586 million, representing gross margin of 39.2%, up +92 basis points year-on-year, a step forward towards the Company's 2016 outlook. The increase in gross margin came mainly from the Payment & Identity segment and in particular the Payment and Enterprise businesses.

Operating expenses were up slightly, by €0.2 million, at €415 million. Resources are being internally shifted to address the Company's most rapidly growing businesses.

As a result, profit from operations was €172 million, up €12 million year-on-year, representing 11.5% profit margin, and an 84 basis points improvement when compared to the first semester of 2015.

Gemalto's financial income was (€23) million compared to (€14) million in the first semester of 2015 as interest expense, foreign exchange transactions and other financial items increased. Adjusted income tax expense was (€29) million in the first semester of 2016, resulting in an adjusted net profit of the Company of €106 million, stable year-on-year.

Consequently, adjusted basic earnings per share came in at €1.20 and adjusted diluted earnings per share were at €1.19, stable when compared to the first semester of 2015.

IFRS results

Amortization and depreciation of intangibles resulting from acquisitions increased by (€6) million year-on-year, to (€29) million, mainly due to the Trüb and SafeNet acquisitions. Restructuring and acquisition-related expenses decreased by €5 million to (€14) million, and came mainly from the IT and facilities integration costs of SafeNet and Trüb and from the implementation of a new information system (ERP) to harmonize finance and reporting systems. The equity-based compensation charge evolved to (€19) million versus (€17) million for the same period of last year. Fair value adjustments related mainly to the non-cash amortization of the IFRS revaluation of SafeNet's pre-acquisition deferred revenue accounted for (€2) million for the first semester 2016 compared to (€67) million for the same period last year.

Gemalto hence recorded an increase of €75 million in its IFRS operating profit (EBIT), at €108 million for the first semester of 2016 compared to €33 million in the first semester of 2015. This performance highlights both the increase in operating profitability and the now marginal effect of the non-cash IFRS fair-value adjustments related to the SafeNet's pre-acquisition deferred revenue. Consequently the IFRS net profit increased four-fold, coming in at €58 million for the first semester of 2016 versus €14 million in the first semester of 2015.

As a result, IFRS basic earnings per share and diluted earnings per share for the first semester 2016 grew four-fold at €0.65 and €0.65 respectively compared to €0.16 and €0.15 in the first semester of 2015.

Statement of financial position and cash position variation schedule

In the first semester of 2016, operating activities generated a cash flow of €177 million before changes in working capital, lower compared to €199 million in 2015 mainly due to an increase in tax payment. Changes in working capital reduced cash flow by (€43) million, less than during the same period of 2015 at (€57) million.

Capital expenditure and acquisition of intangibles reduced by €29 million to (€75) million, representing 5.0% of total Company revenue versus 6.9% of revenue in the same period of 2015.

Property, Plant, and Equipment reduced by €18 million to (€34) million, compared to the high level of last year which related to the initial investments made to support the strong start of the payment business in the United States. Acquisition and capitalization of intangible assets represented a net cash outflow of €41 million compared to €52 million for the first semester of 2015, with capitalization of development expenses representing 1.9% of revenue.

As a result, in the first semester of 2016, the Company generated free cash flow of €64 million compared to a (€64) million outflow for the same period of 2015, up +€128 million year-on-year.

Acquisitions used €3 million in cash during the first semester of 2016, versus €888 million during the same period of 2015 which had seen the closing of both the SafeNet and Trüb acquisitions.

Gemalto's share buy-back and liquidity programs generated a (€0.3) million net cash outflow for the first semester of 2016. As at June 30, 2016, the Company held 861,474 shares, i.e. 1.0% of its own shares in treasury. The total number of Gemalto shares issued increased by +886,199 this semester, to 89,893,908 shares. Net of the 861,474 shares held in treasury, 89,032,434 shares were outstanding as at June 30, 2016.

On May 26, 2016, Gemalto paid a cash dividend of €0.47 per share in respect of the fiscal year 2015, up +12% on the dividend paid in May 2015 which was of €0.42 per share. This May 2016 distribution used €42 million in cash. Net repayment of financing instruments generated a €22 million cash outflow, mainly from debt repayment.

Cash in hand, net of bank overdrafts amounted to €400 million as at June 30, 2016.

Considering the €734 million total amount of borrowings as at June 30, 2016, Gemalto's net debt position reduced to €334 million compared to a net debt position of €490 million as at June 30, 2015. This significant (€156) million variation is due to the strong free cash flow generated by the Company during the last twelve months.

Segment information

Revenue variations are expressed at constant currency exchange rates unless otherwise noted.

Year-on-year variations and currencies impact (€ in millions)	**Payment & Identity**	**Mobile**	**Total two main segments**	Patents & Others	**Total**
Second quarter					
Revenue	504	299	**803**	1	**804**
At constant rates	+11%	(5%)	**+5%**	(94%)	**+3%**
At historical rates	+7%	(7%)	**+1%**	(94%)	**(1%)**
First semester					
Revenue	937	557	**1,494**	1	**1,495**
At constant rates	+14%	(13%)	**+2%**	(92%)	**+1%**
At historical rates	+12%	(13%)	**+1%**	(92%)	**=**
As a percentage of total revenue	63%	37%	**100%**	0%	**100%**

During the second quarter, revenue expanded by +3% at constant exchange rates and was (1%) lower at historical exchange rates. The strong growth in Payment & Identity segment revenue, up +11% at constant exchange rates, continued in the second quarter and was supported by all its businesses, i.e. Payment, Government Programs and Enterprise. The Mobile segment revenue was lower by (5%) at constant exchange rates in the second quarter of 2016, following the steep (20%) year-on-year reduction recorded in the first quarter of 2016. The second quarter improvement in the Mobile segment revenue pattern comes from the slower decline in SIM sales, the continued increase in Machine-to-Machine revenue and the year-on-year growth in the Mobile segment's Platforms & Services activity.

Overall, the diversification of the Company has been reinforced this semester by the +14% growth at constant exchange rates of the Payment & Identity segment, offsetting the lower (13%) sales in the Mobile segment. Payment & Identity at 63% now represents almost two-thirds of the Company revenue, compared to 56% in the same period last year.

Contribution by activity First semester 2016 (€ in millions, variations at constant exchange rates)	**Embedded software & Products**	**Platforms & Services**	Total two main segments	Patents & Others
Revenue	**1,010**	**484**	1,494	1
Year-on-year revenue growth	**(4%)**	**+20%**	+2%	(92%)
As a percentage of revenue	**68%**	**32%**	100%	0%

Embedded software & Products revenue reduced by (4%) due to lower SIM sales to mobile network operators and lower payment cards revenue in China. The structural transformation of the Company accelerated with the Platforms & Services activity posting a strong +20% growth in the first semester of 2016, to now represent 32% of total Company revenue, compared to 27% a year ago. The Platforms & Services year-on-year revenue expansion at constant exchange rates came from both the Payment & Identity and Mobile segments. In the Payment & Identity segment, contribution to revenue growth came from all three business lines, with an increase in Payment issuance services, in eGovernment services and in the Enterprise cybersecurity solutions sales.

Profit from operations (€ in millions)	**Total** (including Patents & Others)	Payment & Identity	Mobile
First semester	**172**	118	59
As a percentage of the total profit from operations	**100%**	69%	34%
Year-on-year variation	**+8%**	+53%	(17%)

First semester profit from operations increased by +8% year-on-year. As a result of the gross margin improvement, the Payment & Identity segment profit from operations increased by €41 million, up +53% compared to first semester of 2015. The Payment & Identity profit from operations expansion largely offset the lower contribution from both the Mobile and the Patents & Others segments. The Payment business has been the main contributor to the profit from operations increase, benefitting from the optimization of the United States EMV operations after the particularly rapid ramp-up reported during previous semesters. The contribution of the Payment & Identity segment is now 69% of the total Company profit from operations, clearly illustrating the balanced profile of the Company.

Payment & Identity

	First semester 2016		First semester 2015		Year-on-year variations	
	€ in millions	**As a % of revenue**	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	**936.8**		840.2		+12%	+14%
Gross profit	**374.0**	**39.9%**	310.5	37.0%	+3.0 ppt	
Operating expenses	**(255.8)**	**(27.3%)**	(233.1)	(27.7%)	+0.4 ppt	
Profit from operations	**118.2**	**12.6%**	77.5	9.2%	+3.4 ppt	

Payment & Identity's first semester revenue came in at €937 million, increasing by +14% at constant exchange rates compared to the same period in 2015. The segment's Embedded software & Products sales were up by +7% at €576 million and its Platforms & Services sales increased to €361 million, up +27%.

The Payment business grew by +11% reaching €503 million. The Americas posted the largest revenue growth, on strong sales of EMV payment cards and rapid expansion of issuance services in the United States, offsetting the lower sales in Asia. Gemalto also saw the early stage interest for dual interface cards in the United States, with the particularly rapid delivery of a significant project for a customer portfolio. Payment Embedded software & Products sales were stable and Payment Platforms & Services revenue expanded by +60% compared to first semester 2015.

Revenue from the Enterprise business came in at €217 million for the first semester of 2016, up +12%. The revenue improvement came from all three business lines, Encryption, Authentication and Software Monetization. To meet the increasing market demand for cybersecurity solutions, the Enterprise business is quickly increasing its sales coverage, expanding Gemalto's ecosystem of technology partners and accelerating investment in R&D in order to rapidly strengthen the Company's offering in this growing sector.

The Government Programs business was up +25%, at €217 million. In addition to Trüb's contribution in the first quarter, sales expansion came mostly from delivery commencements of previously won projects in all regions and project backlog continued to expand. Government Programs' Embedded software & Products revenue was up +23%, and its Platforms & Services sales were up +30% compared to the first semester of 2015.

Overall, the Payment & Identity segment's gross margin improved to 40%, up +3.0 percentage points compared to the first semester of 2015. The largest contribution to this performance came from the optimization of the Payment business.

Operating expenses grew to (€256) million in the first semester of 2016, from (€233) million in the first semester of 2015. This was largely due to the increased investments in the Enterprise business, the addition of the Trüb expenses of the first quarter of 2016, as well as to the shift of internal resources from the Mobile segment's SIM business to the Payment & Identity segment in order to address the rapid growth of its different businesses.

As a result, profit from operations in Payment & Identity for the first semester 2016 came in at €118 million, up +53% from the €77 million recorded in the first semester of 2015. Profit from operations margin increased to 12.6%, up +3.4 percentage points compared to 9.2% in the first semester of 2015.

Mobile

	First semester 2016		First semester 2015		Year-on-year variations	
	€ in millions	**As a % of revenue**	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	**556.8**		641.3		(13%)	(13%)
Gross profit	**212.0**	**38.1%**	246.2	38.4%	(0.3 ppt)	
Operating expenses	**(153.1)**	**(27.5%)**	(175.2)	(27.3%)	(0.2 ppt)	
Profit from operations	**58.9**	**10.6%**	71.0	11.1%	(0.5 ppt)	

The Mobile segment posted revenue of €557 million for the first semester of 2016. Revenue was lower by (13%) at constant exchange rates compared to the same period of 2015.

Embedded software & Products sales for the segment came in at €434 million, lower by (16%) at constant exchange rates. SIM sales declined by (26%) at €282 million for the first semester, with a (16%) year-on-year decrease in the second quarter. This was mainly due to the tail-end effect in the first quarter of 2016 of the United States operators' mobile payment venture closing, coupled with lower demand in Latin America and Asia. Revenue derived from SIM products now represents less than one fifth of total Company revenue. Conversely, the Machine-to-Machine (M2M) business continued to grow, up +9% year-on-year at €153 million, in line with the expanding global demand of connected devices and embedded secure elements for the Internet of Things (IoT). The certifications of Gemalto M2M "Cat 1" wireless modules by several major Mobile Network Operators and the launch of the world's first Voice over LTE (VoLTE) Cat 1 modules associated with important new design wins during the semester continue to drive the business expansion across sectors and regions.

The Platforms & Services revenue for the Mobile segment grew by +15% in the second quarter of 2016 compared to the second quarter of last year. This led to a +3% year-on-year revenue expansion for the first semester, at €123 million, fully offsetting the adverse effect in Mobile Platforms & Services of the United States operators' mobile payment venture closing last year. Since the adoption of GSMA specifications related to embedded SIMs (eSIMs) remote activation and management for both the Machine-to-Machine and secondary devices for consumer market, Gemalto's Mobile Subscriber Services business has made significant progress, with several key projects wins announced. In particular, Gemalto has been selected to provide its On-Demand Connectivity (ODC) subscription management solution for KDDI, a leading operator in Japan, to enable secure connectivity for connected cars and IoT applications worldwide. Gemalto has also recently provided the ODC service to Orange for the connected Samsung Gear S2 smartwatch, allowing users to securely and indiscernibly connect to their cellular network.

Gemalto is fully involved in this global interoperability effort, bringing its technical expertise and neutrality to help both device manufacturers and mobile network operators best align the ecosystem's participants objectives.

Gross margin for the Mobile segment decreased slightly, to 38.1% this semester from 38.4% in the first semester of 2015, mainly due to the expansion in the traditionally lower gross margin Machine-to-Machine business.

Operating expenses decreased significantly, to (€153) million this semester from (€175) million in the first semester of 2015 as a result of the shift of part of the segment's resources to the rapidly growing Payment and Identity businesses.

As a result, the Mobile segment's profit from operations for the first semester of 2016 was €59 million, compared to the €71 million posted in the same period of last year. The segment's profit from operations margin came in at 10.6%, compared to 11.1% in the first semester of 2015.

Patents & Others

	First semester 2016		First semester 2015		Year-on-year variations	
	€ in millions	**As a % of revenue**	€ in millions	As a % of revenue	at historical exchange rates	at constant exchange rates
Revenue	**1.5**		17.7		(92%)	(92%)
Gross profit	**0.4**	**24.6%**	17.3	97.7%	-	
Operating expenses	**(5.7)**	**-**	(6.1)	(34.6%)	-	
Profit from operations	**(5.4)**	**-**	11.1	63.0%	-	

The Patents & Others segment, traditionally lumpy, generated €1 million in revenue in the first semester of 2016, versus €17.7 million in the first semester of 2015. Operating expenses were lower by (€0.4) million, and profit from operations came in at (€5) million in the first semester of 2016.

Additional information

Below is a highlight of new contracts and achievements published by the Company in the first semester of 2016

Payment & Identity

January, 19 2016	Finland selects Gemalto for its new secure electronic passport and eID
February, 2 2016	Gabon selects Gemalto for fully integrated border and visa system
February, 23 2016	Gemalto releases findings of 2015 Breach Level Index
February, 24 2016	Peru selects the Imprimerie Nationale Group and Gemalto for end-to-end ePassport program
February, 25 2016	Gemalto expands Security Industry's largest Data Protection ecosystem
April, 7 2016	Gemalto eBanking solution increases online security for BBVA Bancomer in Mexico
May, 10 2016	JETCO selects Gemalto to roll out secure Peer-to-Peer mobile payments in Hong Kong
May, 16 2016	Colorado partners with MIDS, a Gemalto company, for secure polycarbonate identity credentials
June, 7 2016	Colombia selects Gemalto's secure ePassport solution

Mobile

February, 8 2016	Verizon certifies Gemalto's first Cat. 1 LTE M2M Solution for IoT
February, 16 2016	Gemalto launches leading edge M2M Cat 1 LTE module with seamless 2G and 3G fall-back
February, 18 2016	Gemalto and Bridge Alliance, a partnership of 35 leading operators in Asia, demonstrate GSMA standards-based solution for multi-country deployment of IoT devices
February, 23 2016	Gemalto and Jasper Partner to Simplify the Global Deployment of IoT Devices
February, 24 2016	PROSA and Gemalto Partner to Offer Mobile Payments in Mexico
April, 24 2016	Gemalto and Worldline join forces to make mobile payment deployment fast and easy
May, 3 2016	Verizon selects Gemalto to migrate to Advanced OTA technology for 4G LTE services
June, 30 2016	KDDI in Japan selects Gemalto's Connected cars and IoT solution

Industry Recognitions

January 6, 2016	Gemalto Cat 1 LTE connectivity solution wins Most Innovative Application Award
January 18, 2016	Gemalto-led e-passport research project wins European Innovation Award
March 15, 2016	Gemalto Wins "Best Identity Management Platform" in GSN 2015 Homeland Security Awards
May, 25 2016	Gemalto Wins 2016 Cybersecurity Excellence Award for Best Multi-Factor Authentication Solution
June, 21 2016	Gemalto ePassports ranked #1 for speed in Industry tests

Outlook

For 2016, Gemalto expects to generate a +1.5 percentage point gross margin increase, accelerating its profit from operations expansion towards its 2017 objectives.

Transactions with related parties

For disclosure regarding transactions with related parties, reference is made to the note 23 to the interim condensed consolidated financial statements as at June 30, 2016.

Risks and uncertainties

In our Annual Report 2015, we have extensively described certain risk categories and risk factors which could have a material adverse effect on the Company's financial position and results. Those risk categories and risk factors are deemed incorporated and repeated in this report by reference.

For the second semester 2016, we currently believe none of them should be particularly emphasized.

Additional risks not known to us, or currently believed not to be material, could later turn out to have a material impact on our businesses, objectives, revenues, incomes, assets, liquidity or capital resources.

Changes in share capital ownership

Shareholder disclosures made to the AFM and published on the AFM website between January 1 and June 30, 2016

- On June 16, 2016, Capital Group International Inc. and Capital Research and Management Company notified the AFM they had the right to vote on 4.64% of Gemalto's share capital issued and their holding of Gemalto's ordinary shares was 0.0%.
- On June 16, 2016, S.N. Quandt notified the AFM that their holding of Gemalto's ordinary shares and voting rights was 5.67%.
- On February 1, 2016, EuroPacific Growth Fund notified the AFM they had the right to vote on 0.0% of Gemalto's share capital issued and their holding of Gemalto's ordinary shares was 2.99%.
- On January 13, 2016, BlackRock, Inc. notified the AFM they had the right to vote on 3.75% of Gemalto's share capital issued and their holding of Gemalto's ordinary shares was 2.99%.

Capital interests and/or voting rights may require several disclosures by companies belonging to the same group.

Appendix 1

Reconciliation from IFRS to Adjusted financial information

Six-month period ended June 30 2016 (€ in millions)				Basic	Diluted
Weighted average number of shares outstanding (in thousands)				88,320	89,340
IFRS financial information			Excluding non-controlling interest	Basic EPS	Diluted EPS
	Operating profit	**107,693**			
	Financial income	(22,679)			
	Share of profit / (loss) from associates	3,576			
	Non-recurring profit / (loss) relating to associates	(16,887)			
	Income tax	(13,172)			
	Profit (loss) from discontinued operation (net of income tax)	0			
IFRS	**Net profit for the period**	**58,531**	**57,744**	**0.65**	**0.65**
Reconciliation to adjusted financial information					
	Share-based compensation expense and associated costs	19,086			
	Fair value adjustment upon business acquisition	1,635			
	Restructuring and acquisition-related expenses	14,074			
	Amortization and depreciation of intangibles resulting from acquisitions	29,223			
	Profit (loss) from discontinued operation (net of income tax)	0			
	Income tax	(15,340)			
Adjusted	**Net profit for the period**	**107,209**	**106,422**	**1.20**	**1.19**

The first semester 2016 adjusted basic earnings per share is determined on the basis of the weighted average number of Gemalto shares outstanding during the six-month period ended June 30, 2016, i.e. 88,320,213 shares. The first semester 2016 adjusted diluted earnings per share is determined by using 89,339,875 shares corresponding to the IFRS treasury stock method, i.e. on the basis of the same weighted average number of Gemalto shares outstanding and considering that all outstanding equity-based instruments were exercised (1,414,056 instruments) and the proceeds received from the instruments exercised (€22,428,933) were used to buy-back shares at the average share price of the first semester 2016 (394,394 shares at €56.89).

Six-month period ended June 30 2015 (€ in millions)				Basic	Diluted
Weighted average number of shares outstanding (in thousands)				87,605	88,689
IFRS financial information			Excluding non-controlling interest	Basic EPS	Diluted EPS
	Operating profit	**33,141**			
	Financial income	(13,686)			
	Share of profit / (loss) from associates	806			
	Non-recurring profit / (loss) relating to associates	0			
	Income tax	(4,400)			
	Profit (loss) from discontinued operation (net of income tax)	(2,662)			
IFRS	**Net profit for the period**	**13,199**	**13,734**	**0.16**	**0.15**
Reconciliation to adjusted financial information					
	Share-based compensation expense and associated costs	17,114			
	Fair value adjustment upon business acquisition	67,271			
	Restructuring and acquisition-related expenses	18,790			
	Amortization and depreciation of intangibles resulting from acquisitions	23,307			
	Profit (loss) from discontinued operation (net of income tax)	2,662			
	Income tax	(37,190)			
Adjusted	**Net profit for the period**	**105,153**	**105,688**	**1.21**	**1.19**

Appendix 2

Interim consolidated statement of financial position

(€ in thousands)	**June 30, 2016**	December 31, 2015
ASSETS		
Non-current assets		
Property, plant and equipment, net	339,804	347,994
Goodwill, net	1,525,062	1,524,933
Intangible assets, net	572,315	592,597
Investments in associates	52,110	64,897
Deferred income tax assets	192,949	197,212
Available-for-sale financial assets, net	-	-
Other non-current assets	61,157	45,585
Derivative financial instruments	1,792	276
Total non-current assets	**2,745,189**	**2,773,494**
Current assets		
Inventories, net	266,479	273,564
Trade and other receivables, net	952,077	949,690
Derivative financial instruments	19,833	18,048
Cash and cash equivalents	402,785	407,659
Total current assets	**1,641,174**	**1,648,961**
Total assets	**4,386,363**	**4,422,455**
Equity		
Share capital	89,894	89,008
Share premium	1,290,161	1,240,241
Treasury shares	(34,399)	(36,329)
Fair value and other reserves	(26,146)	(8,135)
Cumulative translation adjustments	34,245	39,505
Retained earnings	1,175,185	1,158,525
Capital and reserves attributable to the owners of the Company	**2,528,940**	**2,482,815**
Non-controlling interests	6,055	6,716
Total equity	**2,534,995**	**2,489,531**
Liabilities		
Non-current liabilities		
Borrowings	558,309	549,758
Deferred income tax liabilities	109,233	122,817
Employee benefit obligations	138,001	121,958
Provisions and other liabilities	126,132	145,335
Derivative financial instruments	6,676	5,966
Total non-current liabilities	**938,351**	**945,834**
Current liabilities		
Borrowings	178,116	192,579
Trade and other payables	674,064	718,585
Current income tax liabilities	26,994	33,799
Provisions and other liabilities	18,882	19,366
Derivative financial instruments	14,961	22,761
Total current liabilities	**913,017**	**987,090**
Total liabilities	**1,851,368**	**1,932,924**
Total equity and liabilities	**4,386,363**	**4,422,455**

Appendix 3

Cash position variation schedule

€ in millions	Six-month period ended June 30 2016	2015
Cash and bank overdrafts, beginning of period	**405**	**1,057**
Cash generated by operating activities, before changes in working capital	177	199
Net change in working capital	(43)	(57)
Cash used in restructuring actions and acquisition related expenses	(16)	(19)
Net cash generated by operating activities before Time de-correlated hedging effect / (Prepaid derivatives)	**117**	**123**
Time de-correlated hedging effect / (Prepaid derivatives)	22	(84)
Net cash generated by operating activities	**139**	**40**
Capital expenditure and acquisitions of intangibles	(75)	(104)
Free cash flow	**64**	**(64)**
Interest received, net	(1)	0
Cash used by acquisitions	(3)	(888)
Currency translation adjustments	1	7
Cash generated (used) by operating and investing activities	**61**	**(944)**
Cash generated (used) by the liquidity and share buy-back program	0	3
Dividend paid to Gemalto shareholders	(42)	(37)
Net proceed (repayment) from/of financing instruments	(22)	179
Other cash provided (used) by financing activities	(2)	(2)
Cash and bank overdrafts, end of period	**400**	**257**
Current and non-current borrowings excluding bank overdrafts, end of period	(734)	(746)
Net (debt), cash, end of period	**(334)**	**(490)**

Appendix 4

Revenue, by region

First semester € in millions	**First semester 2016**	First semester 2015	Year-on-year variations at constant exchange rates	Year-on-year variations at historical exchange rates
Europe, Middle East and Africa	**635**	652	(1%)	(3%)
Americas	**593**	562	7%	5%
Asia	**267**	285	(5%)	(6%)
Total revenue	**1,495**	1,499	1%	0%

Second quarter € in millions	**Second quarter 2016**	Second quarter 2015	Year-on-year variations at constant exchange rates	Year-on-year variations at historical exchange rates
Europe, Middle East and Africa	**336**	370	(7%)	(9%)
Americas	**319**	292	15%	9%
Asia	**149**	152	3%	(2%)
Total revenue	**804**	813	3%	(1%)

Interim condensed consolidated financial statements as at June 30, 2016 (unaudited)

Interim consolidated statement of financial position (unaudited)

In thousands of Euro	Notes	June 30, 2016	December 31, 2015
Assets			
Non-current assets			
Property, plant and equipment, net	7	339,804	347,994
Goodwill, net	8	1,525,062	1,524,933
Intangible assets, net	8	572,315	592,597
Investments in associates	9	52,110	64,897
Deferred income tax assets		192,949	197,212
Other non-current assets		61,157	45,585
Derivative financial instruments	6	1,792	276
Total non-current assets		**2,745,189**	**2,773,494**
Current assets			
Inventories, net	10	266,479	273,564
Trade and other receivables, net	11	952,077	949,690
Derivative financial instruments	6	19,833	18,048
Cash and cash equivalents	12	402,785	407,659
Total current assets		**1,641,174**	**1,648,961**
Total assets		**4,386,363**	**4,422,455**
Equity			
Share capital		89,894	89,008
Share premium		1,290,161	1,240,241
Treasury shares		(34,399)	(36,329)
Fair value and other reserves		(26,146)	(8,135)
Cumulative translation adjustments		34,245	39,505
Retained earnings		1,175,185	1,158,525
Capital and reserves attributable to the owners of the Company		**2,528,940**	**2,482,815**
Non-controlling interests		**6,055**	**6,716**
Total equity		**2,534,995**	**2,489,531**
Liabilities			
Non-current liabilities			
Borrowings	13	558,309	549,758
Deferred income tax liabilities		109,233	122,817
Employee benefit obligations		138,001	121,958
Provisions and other liabilities	14	126,132	145,335
Derivative financial instruments	6	6,676	5,966
Total non-current liabilities		**938,351**	**945,834**
Current liabilities			
Borrowings	13	178,116	192,579
Trade and other payables	15	674,064	718,585
Current income tax liabilities		26,994	33,799
Provisions and other liabilities	16	18,882	19,366
Derivative financial instruments	6	14,961	22,761
Total current liabilities		**913,017**	**987,090**
Total liabilities		**1,851,368**	**1,932,924**
Total equity and liabilities		**4,386,363**	**4,422,455**

Interim consolidated income statement (unaudited)

In thousands of Euro (except earnings per share)	Notes	Six-month period ended June 30, 2016	2015
Continuing operations			
Revenue		**1,495,161**	**1,499,101**
Cost of sales		(912,594)	(994,011)
Gross profit		**582,567**	**505,090**
Operating expenses			
Research and engineering		(99,372)	(100,936)
Sales and marketing		(248,835)	(238,346)
General and administrative		(82,383)	(89,535)
Other income (expense), net		(987)	(1,035)
Restructuring and acquisition-related expenses	18	(14,074)	(18,790)
Amortization and depreciation of intangibles resulting from acquisitions		(29,223)	(23,307)
Operating profit		**107,693**	**33,141**
Financial income (expense), net	19	(22,679)	(13,686)
Share of profit of associates	9	3,576	806
Impairment of associates	9	(16,887)	-
Profit before income tax		**71,703**	**20,261**
Income tax (expense)	20	(13,172)	(4,400)
Profit from continuing operation		**58,531**	**15,861**
Discontinued operation			
Profit (loss) from discontinued operation		-	(2,662)
Profit for the period		**58,531**	**13,199**
Attributable to:			
Owners of the Company		57,744	13,734
Non-controlling interests		787	(535)
Earnings per share			
Basic earnings per share	21	0.65	0.16
Diluted earnings per share	21	0.65	0.15
Earnings per share for continuing operation			
Basic earnings per share	21	0.65	0.19
Diluted earnings per share	21	0.65	0.18
Weighted average number of shares outstanding (in thousands)	21	88,320	87,605
Weighted average number of shares outstanding assuming dilution (in thousands)	21	89,340	88,689

Interim consolidated statement of comprehensive income (unaudited)

In thousands of Euro	Six-month period ended June 30, 2016	2015
Profit for the period	**58,531**	**13,199**
Other comprehensive income that can be reclassified to income statement:		
Currency translation adjustments	(5,098)	65,981
Currency translation adjustments: (credited) / charged to financial (income), expense, net	(337)	-
Effective portion of gains and losses on cash flow hedging (credited) / charged to gross profit	19,035	20,269
Effective portion of gains and losses on cash flow hedging	20,433	(179,795)
Deferred tax on cash flow hedging	(12,317)	57,635
Currency translation differences on other comprehensive income items	1,587	(2,753)
Other comprehensive income that cannot be reclassified to income statement:		
Actuarial gains and losses on employee benefit obligations	(15,436)	5,914
Deferred tax on actuarial gains and losses	4,161	(2,423)
Total other comprehensive income for the period, net of tax	**12,028**	**(35,172)**
Total comprehensive income for the period, net of tax	**70,559**	**(21,973)**
Attributable to:		
Owners of the Company	**69,947**	**(21,467)**
Non-controlling interests	**612**	**(506)**

Interim consolidated statement of changes in equity (unaudited)

In thousands of Euro	Number of shares[1] Issued	Outstanding	Attributable to owners of the Company: Share capital	Share premium	Treasury shares	Fair value and other reserves	Cumulative translation adjustments	Retained earnings	Non-controlling interests	Total equity
Balance as at January 1, 2016	**89,007,709**	**88,103,992**	**89,008**	**1,240,241**	**(36,329)**	**(8,135)**	**39,505**	**1,158,525**	**6,716**	**2,489,531**
Profit for the period								57,744	787	58,531
Other comprehensive income (loss)						17,463	(5,260)		(175)	12,028
Total comprehensive income						**17,463**	**(5,260)**	**57,744**	**612**	**70,559**
Issuance of ordinary shares to fund long-term employee incentive plans	886,199	886,199	886	49,920		(50,806)				-
Equity-based compensation charge, equity-settled						16,610				16,610
Other net assets change from associates								444		444
Employee share option plans		47,865			1,438	(473)				965
Purchase of Treasury shares, net		(5,622)			492	(805)				(313)
Dividend paid to owners of the Company[2]								(41,528)		(41,528)
Dividend paid to non-controlling interests									(1,273)	(1,273)
Balance as at June 30, 2016	**89,893,908**	**89,032,434**	**89,894**	**1,290,161**	**(34,399)**	**(26,146)**	**34,245**	**1,175,185**	**6,055**	**2,534,995**
Balance as at January 1, 2015	**88,015,844**	**86,812,917**	**88,016**	**1,206,877**	**(55,482)**	**84,603**	**(3,957)**	**1,070,653**	**5,454**	**2,396,164**
Profit for the period								13,734	(535)	13,199
Other comprehensive income (loss)						(101,153)	65,952		29	(35,172)
Total comprehensive income						**(101,153)**	**65,952**	**13,734**	**(506)**	**(21,973)**
Issuance of ordinary shares to fund long-term employee incentive plans	991,865	991,865	992	33,358		(34,350)				-
Equity-based compensation charge, equity-settled						15,507				15,507
Other net assets change from associates								422		422
Employee share option plans		190,793			15,733	(11,314)				4,419
Purchase of Treasury shares, net		34,253			493	2,207				2,700
Dividend paid to owners of the Company[2]								(36,955)		(36,955)
Non-controlling interests upon Trüb acquisition									1,636	1,636
First adoption of IFRIC21								1,140		1,140
Balance as at June 30, 2015	**89,007,709**	**88,029,828**	**89,008**	**1,240,235**	**(39,256)**	**(44,500)**	**61,995**	**1,048,994**	**6,584**	**2,363,060**

[1] As at June 30, 2016 and 2015, the difference between the number of shares issued and the number of shares outstanding corresponds to the shares held in treasury, 861,474 and 977,881 respectively.
[2] See note 25

Interim consolidated cash flow statement (unaudited)

In thousands of Euro	Notes	Six-month period ended June 30, 2016	2015
Profit for the period including non-controlling interests		**58,531**	**13,199**
Adjustment for:			
Tax	20	13,172	4,400
Research tax credit		(6,245)	(6,367)
Depreciation, amortization and impairment	7,8	96,839	83,276
Equity-based compensation charge, equity settled		16,610	15,507
Gains and losses on sale of fixed assets and write-offs		345	4,457
Gain on sale of assets of financial assets		-	(37)
Fair value adjustment upon business acquisitions		1,635	67,271
Cumulated translation adjustment transferred to financial income upon liquidation of consolidated entities		(337)	-
Net movement in provisions and other liabilities		(6,801)	16,551
Employee benefit obligations		1,972	1,609
Interest income	19	(1,825)	(1,903)
Interest expense and other financial expense	19	8,881	7,130
Share of profit from associates	9	(3,576)	(806)
Impairment of associates	9	16,887	-
Changes in current assets and liabilities (excluding the effects of acquisitions and exchange differences in consolidation):			
Inventories		5,270	(38,036)
Trade and other receivables		(14,780)	25,670
Derivative financial instruments		34,132	(87,550)
Trade and other payables		(46,472)	(40,558)
Cash generated from operations		**174,238**	**63,813**

Interim consolidated cash flow statement (unaudited)

In thousands of Euro	Notes	Six-month period ended June 30, 2016	2015
Cash generated from operations		**174,238**	**63,813**
Income tax paid		(35,424)	(23,925)
Net cash provided by operating activities		**138,814**	**39,888**
Cash flows provided by (used in) investing activities			
Acquisition of business and subsidiaries, net of cash acquired		-	(880,740)
Purchase of property, plant and equipment		(34,119)	(51,822)
Proceeds from sale of property, plant and equipment		246	420
Acquisition and capitalization of intangible assets		(40,638)	(52,175)
Proceeds from, (increase in) other non-current assets		(127)	(287)
Purchase of investments in associate and capital contribution	9	(2,500)	(6,779)
Loan to investment in associates		-	(1,354)
Interest paid		(2,283)	(1,233)
Interest received		1,323	1,475
Dividends received from investments in associates	9	55	1,859
Net cash used in investing activities		**(78,043)**	**(990,636)**
Cash flows provided by (used in) financing activities			
Proceed from issuance of private placements		-	149,074
Proceed from drawdown of, (repayment of) credit lines and commercial paper	13	(18,500)	30,000
Proceeds from exercise of share options		965	4,419
Purchase of Treasury shares (net)		(313)	2,700
Payment of Fair Value hedge Mark-to-Market		(3,932)	-
Repayments of borrowings		(1,347)	(6,156)
Dividends paid to non-controlling interests		(1,273)	-
Dividends paid to owners of the Company	25	(41,528)	(36,955)
Net cash used in financing activities		**(65,928)**	**143,082**
Cash and bank overdrafts, beginning of period	**12**	**404,893**	**1,057,404**
Net increase (decrease) in cash and bank overdrafts		**(5,157)**	**(807,666)**
Currency translation effect on cash and bank overdrafts		674	6,995
Cash and bank overdrafts, end of period	12	**400,410**	**256,733**

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Notes to the interim condensed consolidated financial statements

All amounts are stated in thousands of Euro, except per share amounts which are stated in Euro and unless otherwise stated.

Note 1. General information

Gemalto, the world leader in digital security, is at the heart of our evolving digital society. Billions of people worldwide increasingly want the freedom to communicate, travel, shop, bank, entertain, and work – anytime, everywhere, in ways that are convenient, enjoyable and secure. Gemalto delivers on their growing demands for personal mobile services, identity protection, payment security, authenticated online services, cloud computing access, modern transportation, eHealthcare and eGovernment services. Gemalto does this by providing secure software, a wide range of secure personal devices, transaction platforms and services to telecom operators, banks, retailers, enterprises and government agencies.

Gemalto is, in particular, the world leader for network data protection for enterprises, electronic passports and identity cards, two-factor authentication devices for online protection, smart credit/debit and contactless payment cards, as well as subscriber identification modules (SIM) and universal integrated circuit cards (UICC) for mobile phones. Also, in the emerging machine-to-machine applications, Gemalto is a leading supplier of wireless modules and machine identification modules (MIM). To operate these solutions and remotely manage the software and confidential data contained in the secure devices, Gemalto also provides server software for back office operations, operates public and private transactional platforms, and offers consulting, training, customization, installation, optimization, maintenance and managed services to help its customers achieve their goals.

The Company is a public company with limited liability incorporated and domiciled in the Netherlands and is listed in the stock exchange of Amsterdam which is its primary market, where it belongs to the main index, the AEX. The address of its registered office is Barbara Strozzilaan 382, 1083 HN Amsterdam, the Netherlands.

The Company's shares have been listed on Euronext Paris (Euronext NL0000400653) since 2004. These interim consolidated financial statements for the six-month ended June 30, 2016 have been authorized for issue by the Board on August 25, 2016.

The activity of the Group is subject to seasonal fluctuations, which may result in significant variations in its business and results from operations between the first and the second halves of year. Therefore, the financial performance of the first half of 2016 reported in these interim condensed consolidated financial statements is not necessarily indicative of the results of Gemalto for the full year 2016.

Note 2. Basis of preparation

The interim condensed consolidated financial statements of Gemalto for the six months ended June 30, 2016 have been prepared in accordance with the provisions of IAS 34 Interim Financial Reporting of the International Financial Reporting Standards (IFRS). IFRS as adopted by the European Union are available at the following internet address: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm. The interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2015.

Note 3. Accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2015 as described in the notes to the annual consolidated financial statements. The Group however, adopted the following amendments to existing standards.

New IFRS standards and amendments to existing standards, and IFRIC Interpretations adopted by the European Union and mandatory for 2016, and not early adopted by the Group in 2015, are listed below:

- Amendments to IAS1 - Disclosure initiative;
- IAS19 Employee Benefits (amended) – Employee contributions;
- Annual improvements to IFRSs 2012-2014 Cycle;
- Amendments to IFRS11 Accounting of Acquisitions of Interests in Joint Operations;
- Amendments to IAS16 and IAS38 Clarification of acceptable methods of Depreciation and Amortization

These interpretations and amendments to existing standards adopted this year by the Group did not have any significant impact on the financial statements.

Note 4. Use of judgments and estimates

The preparation of the interim condensed consolidated financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the interim condensed consolidated financial statements, and the reported amounts of revenues and expenses (including the classification as restructuring and acquisition-related expenses) during the reporting period.

On an ongoing basis, Gemalto evaluates its estimates, including those related to doubtful accounts, valuation of investments and inventories, warranty obligations, recoverability of goodwill, intangible assets and property, plant and equipment, income tax provision and recoverability of deferred taxes, contingencies and litigations, and actuarial assumptions for employee benefit plans. Gemalto bases its estimates on historical experience and on various other assumptions that, in management's opinion, are reasonable under the circumstances. These results form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

As of June 30, 2016, 88% of Gemalto's total benefit obligation and 87% of Gemalto's plan asset fair values were re-measured. The impact of not re-measuring other employee benefit obligations is considered as not material. Compared with December 31, 2015, the main change in the assumptions used in the measurement of the net liability was the discount rate which felt by approximatively 100 basis points for UK and EuroZone.

Note 5. Segment information

In accordance with IFRS 8 Operating Segments, the information by operating segment is derived from the business organization and activities of Gemalto.

Gemalto's activities are reported in two main operating segments: Payment & Identity and Mobile. In each of these operating segments, the Group sells a range of offerings that can be categorized, based on the nature of the activity, as either Embedded software & Products or Platforms & Services.

Embedded software & Products (E&P) refers to client-side software and devices that, among other functions, protect the identity of a user and secure access to a digital network. There are various usages of this secure embedded software: in SIM cards, in electronic payment cards, in electronic passports as well as in network and physical access badges.

The Platforms & Services (P&S) activity complements the client-side with back-office systems and solutions that run in Gemalto's secure facilities or the facilities of customers. Gemalto has developed a variety of server-based platforms tailored to the needs of different market verticals but the core functionalities are the enrollment, issuance, lifecycle management, and verification of electronic identities to enable end-to-end security in authentication and transaction processes. The services offer is an extension of this activity that includes the personalization of objects, consulting, training, software customization, system installation and optimization, infrastructure maintenance, and operations management from Gemalto datacenters.

Payment & Identity customers are financial institutions, retailers, mass transit authorities, government agencies, government service providers as well as enterprises of all sizes. Payment offerings include chip cards, mobile financial services and contactless payment solutions. The segment also sells subscriber authentication and rights management solutions to Pay TV service providers. For governments, the solutions comprise secure electronic identity documents, including ePassports and badges, strong multi-factor online authentication and transaction solutions, as well as a range of support services. For enterprise, the solutions comprise data encryption systems, online authentication as well as software monetization solutions.

The Mobile operating segment encompasses businesses associated with mobile cellular technologies. For mobile network operators, our solutions comprise SIM/UICC cards and back-office platforms and services including roaming optimization, mobile payment, mobile marketing, personal data management and trusted service management (TSM). For industrial organizations, our solutions address the needs of a broad-range of market verticals such as utilities, health and automotive. These industrial solutions enable machine-to-machine (M2M) data exchange through hardware modules and operating software that connect machines to digital networks. Cloud-based M2M application enablement and late-stage personalization (LSP) platforms give industrial customers the ability to harness the power of the "internet of things" (IoT) to improve operations, productivity and efficiency.

In addition, the Company also licenses its intellectual property and provides security and other technology advisory services in an operating segment called 'Patents & Others'.

To supplement the financial statements presented on an IFRS basis, and to better assess its past and future performance, the Group also prepares an additional income statement where the key metric used to understand, evaluate the business and take operating decisions over the period 2010 to 2017 is the Profit From Operations (PFO). PFO is a non-GAAP measure defined as IFRS operating profit adjusted for (i) the amortization and depreciation of intangibles resulting from acquisitions; (ii) the restructuring and acquisition-related expenses; (iii) all equity-based compensation charges and associated costs; and (iv) fair value adjustments upon business acquisitions.

This supplemental non-GAAP measure is used internally to understand, manage and evaluate business and take operating decisions. It is among the primary factors management uses in planning for and forecasting future periods, and part of the compensation of executives is based on the performance of business measured in accordance with this non-GAAP metric. These items are further explained as follows:

- Amortization and depreciation of intangibles resulting from acquisitions are defined as the amortization and depreciation expenses related to the intangibles recognized as part of the allocation of the excess purchase consideration over the share of net assets acquired.
- Restructuring and acquisitions-related expenses are defined as (i) restructuring expenses which are the costs incurred in connection with a restructuring as defined in accordance with the provisions of IAS 37 (e.g. sale or termination of a business, closure of a plant), and consequent costs; (ii) reorganization expenses defined as the costs incurred in connection with headcount reductions, consolidation of manufacturing and offices sites, as well as the rationalization and harmonization of the product and service portfolio, and the integration of IT systems, consequent to a business combination; and (iii) transaction costs (such as fees paid as part of the acquisition process).
- Equity-based compensation charges are defined as (i) the discount granted to employees acquiring Gemalto shares under Gemalto Employee Share Purchase Plans; and (ii) the amortization of the fair value of stock options and restricted share units granted by the Board of directors to employees, and the related costs.
- Fair value adjustments over net assets acquired are defined as the reversal, in the income statement, of the fair value adjustments recognized as a result of a business combination, as prescribed by IFRS 3R. Those adjustments are mainly associated with (i) the amortization expense related to the step-up of the acquired work-in-progress and finished goods assumed at their realizable value and (ii) the amortization of the cancelled commercial margin related to deferred revenue balance acquired.

The information reported for each operating segment is the same as reported and reviewed internally on a monthly basis in order to assess performance and allocate resources to the operating segments. Gemalto's operating segments have been determined based on these internal reports.

Financial income and expenses are not included in the result for each operating segment that is reviewed internally. Nor is asset or liability information on a segmented basis reviewed in order to assess performance and allocate resources.

The information by operating segment reported in the following tables applies the same accounting policies as those used and described in these interim condensed consolidated financial statements.

	Period ended June 30, 2016						
	Payment & Identity	Mobile	Patents & Others	Adjusted financial information	Equity-based compensation charge and associated costs	Fair value adjustment upon business acquisitions	IFRS Financial information
Revenue	**936,845**	**556,824**	**1,492**	**1,495,161**	**-**	**-**	**1,495,161**
Cost of sales	(562,852)	(344,859)	(1,125)	(908,836)	(2,123)	(1,635)	(912,594)
Gross profit	**373,993**	**211,965**	**367**	**586,325**	**(2,123)**	**(1,635)**	**582,567**
Operating expenses							
Research and engineering	(53,203)	(39,644)	(5,288)	(98,135)	(1,237)	-	(99,372)
Sales and marketing	(159,354)	(82,763)	(421)	(242,538)	(6,297)	-	(248,835)
General and administrative	(42,538)	(30,248)	(168)	(72,954)	(9,429)	-	(82,383)
Other income (expense), net	(692)	(453)	158	(987)	-	-	(987)
Profit from operations	**118,206**	**58,857**	**(5,352)**	**171,711**			
Restructuring and acquisition-related expenses							(14,074)
Amortization and depreciation of intangibles resulting from acquisitions							(29,223)
Operating profit							**107,693**

Period ended June 30, 2015

	Payment & Identity	Mobile	Patents & Others	Adjusted financial information	Equity-based compensation charge and associated costs	Fair value adjustment upon business acquisitions	IFRS Financial information
Revenue	**840,162**	**641,255**	**17,684**	**1,499,101**			**1,499,101**
Cost of sales	(529,615)	(395,063)	(412)	(925,090)	(1,650)	(67,271)	(994,011)
Gross profit	**310,547**	**246,192**	**17,272**	**574,011**	**(1,650)**	**(67,271)**	**505,090**
Operating expenses							
Research and engineering	(47,271)	(47,401)	(4,794)	(99,466)	(1,470)		(100,936)
Sales and marketing	(141,259)	(89,691)	(606)	(231,556)	(6,790)		(238,346)
General and administrative	(45,260)	(36,827)	(244)	(82,331)	(7,204)		(89,535)
Other income (expense), net	708	(1,261)	(482)	(1,035)			(1,035)
Profit from operations	**77,465**	**71,012**	**11,146**	**159,623**			
Restructuring and acquisition-related expenses							(18,790)
Amortization and depreciation of intangibles resulting from acquisitions							(23,307)
Operating profit							**33,141**

The table below shows revenue and non-current assets (excluding deferred tax assets, derivative financial instruments and goodwill) attributed to geographic areas, on the basis of the location of the customers and the location of the assets, respectively:

	Six-month period ended June 30,	
	2016	2015
Revenue		
Europe, Middle East and Africa	635,134	651,616
United States of America	413,612	366,647
Asia Pacific	267,350	285,448
North and South America excluding the United States of America	179,065	195,390
	1,495,161	**1,499,101**

Non-current assets	**June 30, 2016**	December 31, 2015
United States of America	354,346	373,246
France	211,332	201,121
Europe, Middle East and Africa excluding France and Switzerland	206,592	195,760
Asia Pacific	107,324	131,353
Switzerland	98,560	106,362
North and South America excluding the United States of America	47,232	43,231
	1,025,386	**1,051,073**

Note 6. Financial risk management

The company is exposed to a variety of financial risks, including foreign exchange risk, market risk, interest rate risk, liquidity risk, financial counterparty risk and credit risk.

Gemalto overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Gemalto has developed risk management guidelines that set forth its tolerance for risk and its overall risk management policies.

These interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the Group's consolidated financial statements, and should be read in conjunction with the group's annual financial statements as at December 31, 2015.

Estimation of derivative financial instrument fair value

The fair value of financial instruments traded in active markets, such as investment funds, is based on quoted market prices at the balance sheet date. A market is regarded as active, if quoted prices are readily and regularly available from a foreign exchange dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. These instruments are included in Level 1 of the fair value hierarchy.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques requiring financial inputs observable on the markets. The fair value of derivative financial instruments is calculated at inception and over the life of the derivative. These instruments are classified in Level 2 of the fair value hierarchy.

As at June 30, 2016, we have no available-for-sale financial assets which fair value would be based on a valuation model using assumptions neither supported by prices from observable current transactions nor on available market data. We have consequently no items classified in the Level 3 of the fair value hierarchy.

The following tables present the Group's assets and liabilities that were measured at fair value as at end of June 30, 2016 and December 31, 2015:

June 30, 2016	Level 1	Level 2	Level 3	Total
Assets				
Derivatives used for hedging	-	21,625	-	21,625
Investments in associate[3]	38,414			38,414
Investments funds	175,487	-	-	175,487
Total Assets	**213,901**	**21,625**	**-**	**235,526**
Liabilities				
Derivatives used for hedging	-	21,637	-	21,637
Total Liabilities	**-**	**21,637**	**-**	**21,637**

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Derivatives used for hedging	-	18,324	-	18,324
Investment funds	162,752	-	-	162,752
Total Assets	**162,752**	**18,324**	**-**	**181,076**
Liabilities				
Derivatives used for hedging	-	28,727	-	28,727
Total Liabilities	**-**	**28,727**	**-**	**28,727**

As at June 30, 2016, the Group held forward contracts, which were designated as qualifying cash flow hedges of forecast sales and purchases denominated in US Dollar, Sterling Pound, Japanese Yen, Swedish Krona, Mexican Peso, Singapore Dollar and Polish Zloty.

It also held forward contracts not qualified in hedge accounting and recognized through income statement at fair value, denominated mainly in the same currencies and in Russian Ruble, Canadian Dollar, South Africa Rand and Chinese Yuan.

The fair value of the Group's financial instruments for the foreign exchange risk is recorded in current or non-current assets and liabilities, as 'Derivative Financial Instruments' and details as follows (mark-to-market valuations):

	Period ended June 30, 2016				Year ended December 31, 2015			
	USD	GBP	SGD	Other	USD	GBP	SGD	Other
Cash flow hedges								
Forward contracts	(7,680)	4,942	4,010	(7,175)	(11,776)	(6,135)	4,098	(2,828)
Derivative at fair value								
Forward contracts	5,387	1,350	186	(823)	4,818	150	(135)	1703
	(2,293)	**6,292**	**4,196**	**(7,998)**	**(6,958)**	**(5,985)**	**3,963**	**(1,125)**

[3] See note 9

As at June 30, 2016, the total mark-to-market valuation of Gemalto open derivatives was €0.2 million for the foreign exchange instruments (€(10.1) million as at December 31, 2015) and €(0.2) million for the equity swap cash-settled instrument (€(0.3) million as at December 2015).

Note 7. Property, plant and equipment

Property, plant and equipment consist of the following:

	Property, plant and equipment
Net book value as at January 1, 2016	**347,994**
Acquisition of subsidiary and business	55
Additions	35,309
Disposals and write-offs	(582)
Depreciation charge	(42,198)
Currency translation adjustment	(774)
Net book value as at June 30, 2016	**339,804**
Net book value as at January 1, 2015	**279,741**
Acquisition of subsidiary and business	34,242
Additions	51,896
Disposals and write-offs	(4,842)
Depreciation charge	(38,355)
Currency translation adjustment	9,933
Net book value as at June 30, 2015	**332,615**

Note 8. Goodwill and intangible assets

Goodwill and intangible assets (net) consist of the following:

	Goodwill	Intangible assets
Net book value as at January 1, 2016	**1,524,933**	**592,597**
Acquisition of subsidiary and business	10,655	-
Additions	-	35,383
Write-offs	-	-
Amortization charge	-	(54,641)
Reclassification	-	2,500
Currency translation adjustment	(10,526)	(3,524)
Net book value as at June 30, 2016	**1,525,062**	**572,315**
Net book value as at January 1, 2015	**900,826**	**218,137**
Acquisition of subsidiary and business	630,334	191,072
Additions	-	68,492
Write-offs	-	-
Amortization charge	-	(44,921)
Currency translation adjustment	68,493	21,522
Net book value as at June 30, 2015	**1,599,653**	**454,302**

The additions of intangibles assets for the period mainly consist of capitalization of development costs for €28.6 million, (€26 million as at June 30, 2015) and €6.6 million in software (€22 million as at June 30, 2015).

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value in use calculations derived from a discounted cash flows model. The key assumptions used to determine the recoverable amount for the different cash generating units were detailed in the Group's consolidated financial statements for the year ended December 31, 2015. As at June 30, 2016, there were no indications of goodwill impairment.

Note 9. Investments in associate

Changes in investments in associate consist of the following:

	June 30, 2016	June 30, 2015
Investments in associates as of beginning of period	**64,897**	**51,686**
Capital contribution to associates	2,500	6,779
Waiver of loan in favor of associates	2,692	-
Other net changes in net assets	444	422
Dividends	(3,985)	(1,859)
Share of profit	3,576	806
Impairment of associates	(16,887)	-
Currency translation adjustment	(1,127)	4,629
Investments in associates as of end of period	**52,110**	**62,463**

As at June 30, 2016, the carrying value of our investment in Goldpac Group Limited which is based on Goldpac Group Limited 2015 full year results, was €57 million.

The market value of our shareholding in Goldpac Group Limited, on the Hong Kong stock exchange, was €39 million as at June 30, 2016 (€61 million as at December 31, 2015). Since the beginning of 2016, the stock price of Goldpac Group Limited has decreased significantly leading to an impairment of €18 million. Thus the net book value in our investment equals the fair market value.

Note 10. Inventories

Inventories consist of the following:

	June 30, 2016	December 31, 2015
Gross book value		
Raw materials and spares	98,343	100,751
Work in progress	113,759	117,864
Finished goods	74,323	73,563
Total	**286,425**	**292,178**
Obsolescence reserve		
Raw materials and spares	(4,780)	(5,188)
Work in progress	(10,974)	(9,494)
Finished goods	(4,192)	(3,932)
Total	**(19,946)**	**(18,614)**
Net book value	**266,479**	**273,564**

Notes to the interim condensed consolidated financial statements

Note 11. Trade and other receivables

Trade and other receivables consist of the following:

	June 30, 2016	December 31, 2015
Trade receivables	609,752	622,039
Provision for impairment of receivables	(21,430)	(18,092)
Trade receivables, net	**588,322**	**603,947**
Prepaid expenses	43,828	42,106
VAT recoverable and tax receivable	73,446	93,910
Advances to suppliers and related	11,811	11,524
Unbilled customers	175,911	143,218
Other	58,759	54,985
Total	**952,077**	**949,690**

The Company's broad geographic and customer distribution limits the concentration of credit risk. No single customer accounted for more than 10% of the Company's sales on the six-month period ended June 30, 2016. An allowance for uncollectible accounts receivable is maintained based on expected collectibility. The expected collectibility of accounts receivable is assessed periodically and when events lead to believe that collectibility is uncertain. Additionally, the Company performs ongoing credit evaluations of countries and customer's financial condition. As at June 30, 2016, trade receivables of €138 million (December 31, 2015: €149 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and whose credit rating is regularly assessed.

Note 12. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	June 30, 2016	December 31, 2015
Cash at bank and in hand	125,971	198,147
Short-term bank deposits and investment funds	276,814	209,512
Total	**402,785**	**407,659**

The amount of cash and bank overdrafts shown in the cash flow statement consist of the following:

	June 30, 2016	December 31, 2015
Cash and cash equivalents	402,785	407,659
Banks overdrafts	(2,375)	(2,766)
Total	**400,410**	**404,893**

Notes to the interim condensed consolidated financial statements

Note 13. Borrowings

Borrowings consist of the following:

	June 30, 2016	December 31, 2015
Bond	400,000	400,000
Deferred costs and premium on bond	(3,593)	(3,935)
Private placement	149,172	149,133
Other financial liability	12,324	4,440
Financial lease liabilities	406	120
Total non-current portion	**558,309**	**549,758**

	June 30, 2016	December 31, 2015
Short-term loans	7,678	3,158
Bank overdrafts	2,375	2,766
Commercial paper and credit lines	168,000	186,500
Financial lease liability	63	155
Other financial liabilities	-	-
Total current portion	**178,116**	**192,579**

The Group has signed a series of bilateral committed revolving credit lines, arranged with first rank banks. The total amount is €555 million with maturities falling between September 17, 2017 and September 12, 2022. There are no financial covenants (financial ratios) concerning our financial structure in the documentation of these facilities.

As at June 30, 2016 the bond was booked based on amortized cost method and disclosed entirely in long-term financial payables and the related accrued interests in short term payables. For information the fair value of the bond as at June 30, 2016 is €415.4 million, while its carrying value amount is equal to €400 million.

Notes to the interim condensed consolidated financial statements

Note 14. Non-current provisions and other liabilities

Non-current provisions and other liabilities consist of the following:

	June 30, 2016	December 31, 2015
Non-current provisions	53,023	68,211
Other non-current liabilities	73,109	77,124
Total	**126,132**	**145,335**

Variation analysis of the non-current provisions is as follows:

	Warranty	Restructuring & Reorganization	Litigation	Tax claims	Provision for other risks	Total
As at January 1, 2016	**6,409**	**1,485**	**4,135**	**33,538**	**22,644**	**68,211**
Additional provisions	489	356	612	223	2,496	**4,176**
Acquisition of subsidiary	-	-		-	-	**-**
Unused amount reversed	(197)	-	(121)	(2,828)	-	**(3,146)**
Used during the period	-	(560)	-	(5,961)	(555)	**(7,076)**
Reclassifications to current	(749)	-	-	-	(7,637)	**(8,386)**
Currency translation adjustment	1	-	154	(430)	(481)	**(756)**
As at June 30, 2016	**5,953**	**1,281**	**4,780**	**24,542**	**16,467**	**53,023**

	Warranty	Restructuring & Reorganization	Litigation	Tax claims	Provision for other risks	Total
As at January 1, 2015	**6,576**	**1,745**	**2,315**	**9,039**	**4,309**	**23,984**
Additional provisions	805	-	66	5,781	92	**6,744**
Acquisition of subsidiary	1,490	-	288	20,389	-	**22,167**
Unused amount reversed	(556)	-	(16)	(202)	-	**(774)**
Used during the period	-	(103)	-	(190)	(140)	**(433)**
Reclassifications	(1,359)	(13)	-	*137*	-	**(1,235)**
Currency translation adjustment	37	-	17	1,409	376	**1,839**
As at June 30, 2015	**6,993**	**1,629**	**2,670**	**36,363**	**4,637**	**52,292**

Note 15. Trade and other payables

Trade and other payables consist of the following:

	June 30, 2016	December 31, 2015
Trade payables	201,313	225,256
Employee related payables	175,608	171,981
Accrued expenses	139,632	165,748
Accrued VAT	28,633	33,861
Deferred revenue	128,126	119,693
Other	752	2,046
Total trade and other payables	**674,064**	**718,585**

Note 16. Current provisions and other liabilities

	June 30, 2016	December 31, 2015
Warranty	3,930	4,794
Provision for loss on contracts	9,235	8,449
Restructuring and reorganization	2,690	2,931
Other	3,027	3,192
Total current provisions	**18,882**	**19,366**

Variation analysis of the current provisions is as follows:

	Warranty	Provision for loss on contracts	Restructuring & Reorganization	Other	Total
As at January 1, 2016	**4,794**	**8,449**	**2,931**	**3,192**	**19,366**
Additional provisions	435	424	4	1,055	**1,918**
Acquisition of a subsidiary	-	-	-	-	**-**
Unused amount reversed	(995)	(513)	(7)	(41)	**(1,556)**
Used during the year	(1,040)	(6,697)	(346)	(846)	**(8,929)**
Reclassification from non-current	749	7,637	-	-	**8,386**
Currency translation adjustment	(13)	(65)	108	(333)	**(303)**
As at June 30, 2016	**3,930**	**9,235**	**2,690**	**3,027**	**18,882**

	Warranty	Provision for loss on contracts	Restructuring & Reorganization	Other	Total
As at January 1, 2015	**1,921**	**1,646**	**6,739**	**2,662**	**12,968**
Additional provisions	703	843	487	2,539	**4,572**
Acquisition of a subsidiary	905	3,536	574	2,231	**7,246**
Unused amount reversed	(572)	(200)	(63)	(687)	**(1,522)**
Used during the year	(267)	(4,105)	(4,281)	(3,937)	**(12,590)**
Reclassification	1,100	-	13	79	**1,192**
Currency translation adjustment	74	456	97	39	**666**
As at June 30, 2015	**3,864**	**2,176**	**3,566**	**2,926**	**12,532**

Note 17. Share-based compensation plans

On June 2, 2016, the Board of Gemalto N.V. granted service-based RSUs (Restricted Share Units) to all eligible employees worldwide.

The following are the characteristics of the plans:

RSU Granted	Grant Date	Vesting schedule and conditions	RSU Vested	Valuation assumptions used amounts in euro
815,500	June 2016	Vesting condition is service based. RSU will vest if the employee is employed by the Company as at June 2, 2019. The maximum number of RSUs to be delivered may be 815,500.	None	Share price of €55.05. Risk free rate from Year 1 to Year 3 being -0.38% to -0.35%. Fair value including a 3.13% discount

Note 18. Additional information on specific line items of the income statement

The Group reported 'Restructuring and acquisition-related expenses' for €14,074 as at June 30, 2016 (€18,790 in 2015), which are detailed as follows:

	Six-month period ended June 30,	
	2016	**2015**
Severance and associated costs	8,772	3,643
Transaction costs on acquisition	979	8,873
Write-offs and impairments	1,341	3,194
Other costs (income)	2,982	3,080
Total	**14,074**	**18,790**

Provision for restructuring only covers expenses that arise directly from restructuring measures, are necessary for restructuring, and are not related to future business operations. Restructuring measures may include sale or termination of business, sites closures, relocation of business activities, or fundamental reorganization of business units. Restructuring charges are recognized in the period incurred and when the amount is reasonably estimable. Severance, termination benefits are recognized as a liability when the Group is demonstrably committed to either provide termination benefits as a result of an offer made in order to encourage voluntary redundancy or terminate employment before the normal retirement date.

Note 19. Financial income (expense)

	Six-month period ended June 30,	
	2016	**2015**
Interest expense	(3,533)	(1,597)
Interest expense and amortized costs on public bond, private placements, credit lines facilities and commercial paper	(6,161)	(5,711)
Interest income	1,825	1,903
Foreign exchange transaction gains (losses):		
– Foreign exchange gains (losses), including derivative instruments not designated as cash flow hedges	(1,898)	3,404
– Swap points of derivative instruments	(12,614)	(11,135)
Other financial income (expense), net	(298)	(550)
Financial income (expense), net	**(22,679)**	**(13,686)**

Note 20. Income tax expense

The income tax expense recognized is based on management's best estimate of expected tax rate for the full financial year. The average annual income tax rate for the year 2016 is estimated at 18.37%.

Note 21. Earnings per share

	Six-month period ended June 30,	
	2016	2015
Profit attributable to Owners of the Company	**57,744**	**13,734**
Weighted average number of ordinary shares – basic	88,320	87,605
Effect of dilution from share options	1,020	1,084
Weighted average number of ordinary shares – diluted	89,340	88,689
Basic earnings per share	**0.65**	**0.16**
Diluted earnings per share	**0.65**	**0.15**
Basic earnings per share for continuing operation	**0.65**	**0.19**
Diluted earnings per share for continuing operation	**0.65**	**0.18**

The Company presents both basic and diluted earnings per share (EPS) amounts. Basic EPS is calculated by dividing net income by the weighted average number of ordinary shares outstanding during the period ended.

Diluted EPS is calculated according to the Treasury Stock method by dividing net income by the average number of ordinary shares outstanding including those dilutive. Share-based compensation plans are considered dilutive when they are vested and in the money. They are assumed to be exercised at the beginning of the period and the proceeds are used by the Company to purchase treasury shares at the average market price for the period.

Note 22. Commitments and contingencies

Legal proceedings

The Company is subject to legal and tax proceedings, claims and legal actions arising in the ordinary course of business. The Company's management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Note 23. Related parties

For a description of Gemalto's transactions with related parties, reference is made to note 30 to the consolidated financial statements as at December 31, 2015. Transactions with related parties are conducted, in the ordinary course of business, on terms comparable to transactions with third parties.

Note 24. Post-closing events

To the best of management's knowledge, there is no significant event that occurred since June 30, 2016, which would materially impact the interim condensed consolidated financial statements.

Note 25. Dividends

The AGM of May 19, 2016 has approved the distribution of a dividend of €0.47 per share in respect of the financial year 2015, representing a €41.5 million distribution.

Note 26. Consolidated entities

The main changes in consolidated entities for the six-month period ended June 30, 2016 were as follows:

Entities acquired or created:

Country of incorporation	Company name	Gemalto's interest
France	Wizway Solutions SAS	25%

Entities dissolved or merged,

Country of incorporation	Company name	Gemalto's interest
Indonesia	PT Gemalto Indonesia	100%
Italy	Eutronsec SRL	100%
Spain	Swiss Mobility Solutions, S.L.U.	100%
Sweden	Netsize Sverige AB	100%
United Kingdom	Gemalto Terminals Ltd	100%
United Kingdom	SafeNet Cryptocard Europe Limited	100%
United Kingdom	SafeNet Cryptocard Holdings Limited	100%
United States of America	Fish Newco, Inc (Delaware)	100%

For the above listed entities, the percentage of voting rights equals the percentage of ownership interest.

Management statement

The Company Management hereby declares that to the best of its knowledge:

- the interim condensed consolidated financial statements prepared in accordance with IAS 34, *"Interim Financial Reporting",* give a true and fair view of the assets, liabilities, financial position and profit or loss of Gemalto and the undertakings included in the consolidation as a whole; and

- the half year management report includes a fair review of the information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Amsterdam, August 25, 2016

Mr. Olivier Piou Chief Executive Officer	Mr. Jacques Tierny Chief Financial Officer