2013

Registration Document

Annual Report

Gaumont

REGISTRATION DOCUMENT 2013

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Message from the Chairman of the Board of directors

From when motion pictures were invented almost 120 years ago, or at least, since the tough consequences of the two World Wars, movie industry professionals have succeeded in obtaining favorable rulings from the French public authorities in their unrivaled and complex battles against newcomers, namely broadcasters.

Those choices have enabled the French motion picture industry to become, and remain, against all odds, the second largest in the western world since the late 1970's, albeit situated far behind the American motion picture industry, but substantially ahead of the third largest producer, regardless of whether this third place has been occupied by the German, British, Spanish or Italian motion picture industry.

However, and despite what some observers would have you believe, the French motion picture industry does not survive on taxpayers' money; *it is not managed by a heavy-handed, corrupt administration that gives its friends subsidies that are never repaid, for movies that do not attract viewers, and by the way, stinging the television channels that are at its mercy*. These groundless articles in the media are followed by hateful emails considering *artists and government officials alike, as overpaid and lazy*.

Let's begin at the end - the French motion picture industry receives a few million euros every year from taxpayers through tax credits and Soficas. Soficas were created in 1985 when Laurent Fabius was Prime Minister. They made it possible to finance films, whose results were as unpredictable as ever, at less off-putting costs, at a time when interest rates were close on 20%. Today, no large, well-established French production company has access to Sofica funding and the overall amount of this incentive is €60 million.

The purpose of the production tax credit introduced in 2004 was to fill part of the gap between French production costs and those of certain foreign countries, whether due to differences in salaries or very incentivizing tax credits, such as in Belgium where the relevant legislation is much more generous. The system is no different in principle than others that exist for other economic sectors. It prevents French films from being made abroad and helps attract foreign productions to French soil. This tax break also amounts to about €60 million. I would simply like to underline the fact that, like last year, €90 million will be deducted from the "support account" by the state for the benefit of its budget.

Lastly, there is the subject of contract workers in the entertainment industry.

Currently, France considers that culture is an activity in itself and that those who take part in it help make their cities more attractive, thanks in particular to the numerous theater companies providing an extra source of entertainment for residents, and that deserve to benefit from a special unemployment insurance system. This notion has been supported by all governments, whatever their political affiliation. In 2005, it took the interruption of the Avignon Festival to show the residents of Avignon, small and large retailers, hotel and restaurant owners, taxi drivers and artists the exact value of the economic contribution made by the Festival.

It is a political choice for authorities to support artistic activities, which affects theaters and festivals above all else, and rejuvenates the cities in which they take place.

Aside from these three specific topics, with all due respect to the tabloid journalist who "notified" the general public (or to the journalist's source who wrongly informed him, through incompetence or malicious intent), the French motion picture industry does not live off of taxpayers' money.

The financing of French films over the last ten years breaks down as follows:

- selective grants, including regional grants, represented 4% of total financing;
- presales or coproduction investments from abroad accounted for 17%;
- private French financing came to 79%, a third of which is from French producers, 7% of which is from the support fund, whose percentage has fallen by half over the past ten years, and 31% from television channels. Canal+ contributes 55% of television channel funding, with 23% coming from public television, including Arte.

The people who are fortunate enough to be involved in other lines of business, regardless of the passion and affection they have for the industry, can only remain incredulous when they hear people talking about a total lack of transparency. Without pointing at anyone in particular, no industry is likely more transparent than the motion picture industry.

Which industry publishes its daily receipts, box office, and budget for every movie? What other industry is subjected to daily audits by inspectors who verify inaccurate statements? There is always room for improvement, but before crying wolf, a quick glance at other business sectors proves that the motion picture industry is certainly not the most questionable out there. What's more, for several years now, all reports mention the difference that exists between the big names leading the industry such as Gaumont, who provide periodic royalty statements, and the others. The public authorities would be well-advised to bear this in mind when looking to intervene.

Even though it could be improved upon, transparency is something that is embedded in the DNA of the motion picture industry for two reasons: firstly, due to the tax system concerned. The collection on one side and redistribution on the other help the public authorities to have a thorough understanding of the economics of the industry. It is up to them to make better use of it. Then, salaries are based on percentages for most of the stakeholders. The motion picture industry is one of the few occupations where the economic relations between different players are governed by a percentage of proceeds based on a price that is unknown in the beginning. Publishers set fixed book prices. Operators set the variable price of movies. Certain stakeholders, legally starting with authors, are compensated from this price, multiplied by the number of viewers, plus other proceeds, (video, television, foreign revenue). The idea, which has been applied to certain actors since the dawn of time, of extending incentive bonuses from proceeds to a larger number of talents, involves strict compliance with royalties transparency, if one wishes to offer it.

One year ago, Vincent Maraval complained about paying talented individuals too much, triggering a spontaneous, unexpected and unjustified media storm. Production figures for 2013 are now emerging. The number of movies with a considerable budget has fallen sharply, as have movies attracting over five million viewers – non-existent for the first time in ten years.

No one is forcing producers to make movies that cost too much. It is their decision, even if, when the film fails to find its audience, they regret having produced it (and rightly so). Professional antagonism is also as old as the motion picture industry. Of course, this also exists in other economic sectors –farmers have complained about intermediaries for as long as fruit and vegetables have existed, but in the motion picture industry they are more media-centered, since the stars and celebrities are well-known.

Despite this unpleasant fight, the motion picture industry did experience a few victories in 2013, which deserve mentioning:

Thanks to the French President, who personally fought for it, France succeeded in ensuring the “cultural exception” clause remained in the new free trade agreement during negotiations between Europe and the United States. I would like to draw the attention of those of you who are a little uncertain about the meaning of this word as people often think that it should be replaced by “diversity”. However, the right word is “exception”. It means that in a trade agreement, all topics are raised except for culture, as culture cannot be treated as a commodity. Thanks to this status as an exception, diversity is saved.

France also obtained consent from Brussels on the “territoriality” of grants and on the direct television services tax.

Parliament agreed to include advertising revenue from replay television and subscription revenue from subscribers outside France in the support fund, even though online video advertising is not yet included.

Lastly, starting from January 1, 2014, VAT on cinema tickets was reduced from 7% to 5.5%, avoiding the 10% intermediary rate, returning motion pictures in cultural activities, which, beyond its economic impact on the sector (estimated at €60 million), is considered fundamental under the negotiations with Brussels.

This series of positive developments, some of which occurred during the last few days of the year, does not entirely brighten up the horizon.

For over a decade, an exceptionally united industry joined forces to convince policy makers that illegal downloading is a cancer to creation, beginning with the most fragile. A major step was taken and the new measures were just beginning to have an effect.

In early July, the Government eliminated the possibility for courts to suspend the subscriptions of *dishonest downloaders* without replacing this potential penalty with another. As it is now question of merging the Hadopi rights protection commission with the CSA (the French authority for media networks), the Chairman of this body declared that it was not designed to impose penalties.

Naive optimism, incomprehension or a refusal to grasp reality - or a combination of all three, have reappeared. Nobody, in any country, respects any law covering their actions if an appropriate penalty does not restrain offenders. The latest statements by Aurélie Filippetti, Minister of Culture and Communication, in the *Libération* newspaper dated January 22, 2014, are appalling in this respect.

Although the drop in attendance in 2013 cannot be solely associated with a resurgence in illegal downloading, the same cannot be said for physical video sales, where revenue has fallen by almost half in eight years, while video on demand, where growth was forecast at 10%, is seriously losing steam. Facts are facts.

2014 is set to be another year of fighting to convince the public authorities that if the French film industry, despite its internal strife and its faults, has become the second largest in the western world - it is not due to being built like a judoka such as Teddy Riner, but because, like him, the industry fought for it. Recently, and essentially due to the Forum d’Avignon, the contribution that culture can provide to the economy has been recognized. So we must keep on fighting for motion pictures, which, come what may, must remain a source of pride and, for want of garnering respect, are still capable of arousing emotion from viewers of all ages. The look of wonder on their faces when they watch a film proves that future still looks bright for the motion picture industry.

Nicolas SEYDOUX, March 31, 2014

Message from the Chief Executive Officer

Obviously years go by but no two are alike.

A changing audiovisual market - or more accurately, one that is experiencing a revolution. An abundance of screens. A demanding population. The mediocre reputation of French movies. Distrustful, cautious viewers. Actors that are said to be overpaid. Movies that cost too much, and that do not find their audience. International series competing in terms of creativity and innovation.

If motion pictures and television have virtues, and if this term can be attributed to them, then it is because they are catalysts of emotions, dreams and sincerity. In my opinion audiences are not fooled, or are no longer fooled! It is time to face facts - viewers know what they are looking for!

In the midst of this complex and ever-changing economic climate, Gaumont still managed to come out with the honors in 2013.

Gaumont's revenue totaled almost €170 million, versus €105 million in 2012. This increase in revenue is due to the delivery of two American series, *Hemlock Grove* and *Hannibal*, produced by Gaumont in the United States.

In a market that lost a little over 5% in attendance, Gaumont released 13 movies and ended the year in 6th place in the list of distributors, but was the leading French distributor, with more than 10 million viewers coming to see its films: *Paulette,* directed by Jérôme Enrico, *The Brats,* directed by Anthony Marciano, *Me Myself and Mum,* directed by Guillaume Gallienne, *and Belle and Sebastian,* directed by Nicolas Vanier, achieved great results. Revenue for theatrical distribution amounted to €25.5 million, versus €12.3 million in 2012.

The video market continued to fall, declining almost 17% in value in 2013. Video on demand dropped for the first time by 3% in value. Several factors can explain these trends: the closure of a firm like Virgin; digital piracy, which is not declining; less successful movies; and evolving forms of consumption such as replay television. However, Gaumont Vidéo succeeded in coming through this difficult year in good stead with sales of 1.5 million units edited throughout the year. In video on demand, *Porn in the Hood*, *Two Mothers* and *Paris or Perish* achieved splendid conversion rates (over 20%). Finally, revenue for video and video on demand was slightly down on last year, from €13.9 million to almost €12.8 million.

Revenue from sales of distribution rights to French television channels amounted to €23.5 million in 2013, compared with €26.3 million in 2012. Sales of catalog titles were satisfactory, with a net increase in sales to digital channels representing 45% of the total.

Internationally, despite a very tense environment, Gaumont and its sales teams managed to captivate. The catalog continued to perform well, and even in markets in which it is said to be difficult to export comedies, new movies exceeded expectations: *Paulette*, *Vive la France*, *Belle and Sebastian,* and even *My Summer in Provence*, *Diplomacy* or *Mea Culpa*. Revenue from international movie sales totaled €31.6 million in 2013, compared with €34.7 million in 2012.

Gaumont Pathé Archives' business was very promising notably thanks to the commemoration of World War I and to an agreement with France 3 to broadcast archive images on the war, and on different cities and regions in France. These archives continue to live on thanks to Gaumont Pathé Archives' constant efforts to continuously adapt to new and ever-changing technologies, and to provide increasing access to them.

Gaumont Animation, for its part, produced the new opus of *Santa's Apprentice*, which totaled more than 630,000 cinema ticket sales, 26 episodes of *Calimero* out of 104 episodes in the series and delivered 26 episodes of *Lanfeust Quest* to M6 and Canal J. For 2014, several projects will be released, including, among others, *the Adventures of Noddy*.

For Gaumont Télévision in France, 2013 was a year of intense production with 3 series: *Resistance!* for TF1, *Hôtel de la plage* for France 2 and *Intervention*s, starring Anthony Delon for TF1.

In the United States, Gaumont International Television delivered two series: *Hannibal* and *Hemlock Groves* broadcast in 2013 and both renewed for a second season. They are currently in production, and the first episode of *Hannibal Season 2* was broadcast on NBC in late February 2014.

In 2013, revenue from animated series and drama production activities, in France and the United States, amounted to €65.5 million in 2013, versus €9 million in 2012.

In addition, Les Cinémas Gaumont Pathé continued their renovation and development policy making €668.2 million in 2013, versus €681.3 million in 2012.

2014 should not disappoint in comparison to 2013.

It is a year of many projects, on numerous levels, in various regions, countries and continents, both for television and for cinema.

13 new movies in 2014. 4 directorial debut movies: *The Grad Job,* directed by Antoine Blossier, *Takeaway Romance,* directed by Amelle Chahbi, *Coming In,* directed by Maxime Govare and Noémie Saglio, and *Nice and Easy,* directed by Benjamin Guedj. 5female directors: Rose Bosch with *My Summer in Provence*, Anne Fontaine with *Gemma Bovery*, Mélanie Laurent with *Breathe,* Noémie Saglio and Amelle Chahbi. One historical film, *Diplomacy*, directed by Volker Schlöndorff, starring Niels Arestrup and André Dussollier, selected at the Berlin International Film Festival. One crime film, *La French*, directed by Cédric Jimenez and starring Jean Dujardin. One genre movie, *Love is the Perfect Crime*, directed by Jean-Marie and Arnaud Larrieu. The return of our magic duo from *Untouchable*, Eric Toledano and Olivier Nakache who just finished shooting *Samba* with Omar Sy and Charlotte Gainsbourg. Lastly, the opening of the Cannes Film Festival with *Grace of Monaco*, directed by Olivier Dahan and magnificently performed by Nicole Kidman and Tim Roth.

If television and cinema are truly buoyant, it is thanks to the expertise of our dedicated teams and the remarkable synergy found between all departments within Gaumont.

I would like to thank all of the shareholders for their support and loyalty, as well as all our staff for their contribution to the Company's various operations, and in particular those within the works council or professional delegations who have contributed to the proper operation of the legal institutions and employee benefit schemes.

Gaumont's strength lies in its ability to innovate in a sometimes voracious world where consumers are overwhelmed by so many offers, but are nevertheless always curious to try new things.

We must be demanding, bold and creative, as well as being able to adapt and change.

We are enriched by our history and by what we are building.

Sidonie DUMAS, March 31, 2014

1 2013 MANAGEMENT REPORT

Activities and results of the Gaumont group

Key figures

	2013		2012		
	in thousands of euros	*as a % of revenue*	*in thousands of euros*	*as a % of revenue*	change
Revenue	169,106	100%	105,144	100%	61%
Operating income from cinema and television production and distribution(1)	35,537	21%	34,667	33%	3%
Operating income from movie theater operations(1)	17,763	11%	21,070	20%	-16%
Operating income after share of net income of associates	19,254	11%	23,510	22%	-18%
Consolidated net income	12,776	8%	21,274	20%	-40%
Investments in cinema production	53,035	31%	21,351	20%	148%
Investments in television production	73,195	43%	61,016	58%	20%

(1) After share of net income of associates, excluding overheads.

Consolidated results

Revenue by business activity

Gaumont's consolidated revenue amounted to k€169,106 in 2013, compared with k€105,144 in 2012. The increase in revenue is due to the delivery of two American series, *Hemlock Grove* and *Hannibal*, produced by Gaumont in Los Angeles.

Movie production and distribution

Revenue from the cinema production business amounted to k€99,741 in 2013, versus k€92,085 in 2012.

Cinema distribution

Revenue from film distribution in French movie theaters stood at k€25,502 at December 31, 2013, against k€12,323 at December 31, 2012.

Eleven films were released in movie theaters in 2013:

- *Paulette*, directed by Jérôme Enrico, starring Bernadette Lafont, Carmen Maura and Dominique Lavanant, released on January 16;
- *Vive la France*, directed by Michaël Youn, starring Michaël Youn and José Garcia, released on February 20;
- *Two Mothers*, directed by Anne Fontaine, starring Naomi Watts and Robin Wright, released on April 3;
- *The Brats*, directed by Anthony Marciano, starring Alain Chabat, Max Boublil and Sandrine Kiberlain, released on April 17;
- *Pop Redemption*, directed by Martin Le Gall, starring Grégory Gadebois and Julien Doré, released on June 5;
- *Paris or Perish*, directed by Reem Kherici, starring Reem Kherici and Tarek Boudali, released on July 17;
- *The Young and Prodigious Spivet*, directed by Jean-Pierre Jeunet, starring Kyle Catlett and Helena Bonham Carter, released on October 16;
- *Turning Tide*, directed by Christophe Offenstein, starring François Cluzet, Virginie Efira and Guillaume Canet, released on November 6;
- *Me Myself and Mum*, directed by and starring Guillaume Gallienne, released on November 20;
- *The Magic Snowflake*, an animated feature film directed by Luc Vinciguerra, released on November 20;
- *Belle and Sebastian*, directed by Nicolas Vanier, starring Tchéky Karyo and Dimitri Storoge, released on December 18.

With over ten million ticket sales for the 11 films released during the year, Gaumont is the leading French film distributor. Five films generated over a million ticket sales each in 2013: *Paulette* (1 million tickets), *Vive la France* (1.1 million tickets), *The Brats* (1.6 million tickets), *Belle and Sebastian* (1.6 million tickets) and *Me Myself and Mum* (2.1 million tickets), which won five Césars including Best Film. Still showing in theaters in 2014, these last two films have generated 2.9 million and 2.6 million ticket sales respectively.

By comparison, the seven films released in theaters in 2012 generated 6 million ticket sales, of which 2.7 million were for *Untouchable*.

Video publishing and video on demand

Revenue from video distribution and video on demand in France amounted to k€12,777 in 2013, compared with k€13,915 in 2012.

Physical video sales in France came to k€9,362 in 2013, versus k€11,294 in 2012. Physical video sales have declined in line with the market, while sales of catalog titles have increased compared with the previous year. Physical video sales represented 1.5 million units sold, nearly 1 million units of which for catalog titles. Gaumont Vidéo published nine new films in 2013, including: *Camille Rewinds, Paulette, Vive la France* and *The Brats.*

Video on demand sales grew significantly compared with 2012 to reach k€3,415 in 2013, compared with k€2,621 in 2012. New movie releases account for almost 70% of revenue. The first subscription video on demand (SVOD) agreements were signed during the year with major French operators.

Sales of television rights

Revenue from sales of distribution rights to French television channels amounted to k€23,510 in 2013, compared with k€26,253 in 2012.

Television channel pre-sales stood at k€4,760 in 2013 for the new film *Turning Tide*, against k€3,881 for *The Chef* in 2012.

Sales of catalog titles are satisfactory, with a net increase in sales to digital channels, which represented 45% of French Television revenue in 2013. More than 260 films have been sold since the start of the year, including *Delusions of Grandeur*, *The Valet*, *The Corsican File*, *You are so Handsome*, *36 Quai des Orfèvres* and *Monsieur Gangster.*

International sales of rights

Revenue from international sales amounted to k€31,647 in 2013, against k€34,711 in 2012.

2013 continued, to a lesser extent than in previous years, to benefit from the international success of the film *Untouchable*, and saw the release of two English-language films: *Two Mothers*, directed by Anne Fontaine, and *Only God Forgives*, directed by Nicolas Winding Refn. Sales of catalog film rights are increasing year on year.

Other businesses

Revenue from other business activities amounted to k€6,305 in 2013, compared with k€4,883 in 2012. It primarily corresponds to the sale of archive images by Gaumont Pathé Archives, music publishing and sales of spin-off products.

Production and distribution of dramas and series for television

Revenue from the production of television programs totaled k€65,522 in 2013, compared with k€9,010 in 2012.

The following programs were delivered in 2013:

- Season 1 of *Hemlock Grove*, a series of 13 episodes on Netflix. All 13 episodes of the series, produced by Eli Roth, starring Famke Janssen and Bill Skarsgard, have been available since April 19, 2013 on the operator's online video-on-demand platform;
- Season 1 of *Hannibal*, a series of 13 episodes produced by David Slade, starring Mads Mikkelsen, Hugh Dancy and Laurence Fishburne, sold to NBC in the United States, Rogers in Canada, Sky in the UK, Canal+ in France, Prosieben in Germany, Mediaset in Italy, and the global network AXN (Sony Group), among others. It began airing on April 4, 2013 on NBC;
- 26 episodes of the cartoon series *Lanfeust*, on M6, which began airing on September 25, 2013;
- the first 26 episodes of the cartoon series *Calimero* shown on TF1, which began airing on February 9, 2014;
- the animated feature film *The Magic Snow Flake*, distributed by Gaumont and released in theaters on November 20, 2013;
- the documentary *Bardot, la méprise*, on Arte, broadcast on November 27, 2013.

Trademark royalties

Income from trademark royalties paid by Les Cinémas Gaumont Pathé totaled k€3,843 in 2013, against k€4,049 in 2012.

Operating income from cinema and television production and distribution

Operating income from cinema and television production and distribution after share of net income of associates consists of income from feature films, animated series and television dramas, excluding overheads, and of share of associates.

This amounted to k€35,537 in 2013, versus k€34,667 in 2012, and includes:

- the share of income attributed to feature films for k€22,968 in 2013, versus k€32,867 in 2012, including the share of net income of the company Légende;
- the share of income attributed to cartoon series and television dramas for k€12,569 in 2013, versus k€1,800 in 2012, mainly composed of income generated by American series in 2013.

Operating income from movie theater operations

Operating income from movie theater operations after share of net income of associates amounted to k€17,763 in 2013, versus k€21,070 in 2012, and includes:

- income from trademark royalties paid by Les Cinémas Gaumont Pathé for k€3,843 in 2013, against k€4,049 in 2012;
- the share of net income of associates for k€13,920 in 2013, against k€17,021 in 2012. This share mainly includes the income of the company Les Cinémas Gaumont Pathé, 34% owned, which amounted to k€13,813 in 2013 versus k€16,649 in 2012.

Les Cinémas Gaumont Pathé operated a total of 1,008 screens at the end of December 2013 in three countries: France (771 screens), the Netherlands (167 screens) and Switzerland (70 screens).

Consolidated revenue for Les Cinémas Gaumont Pathé totaled k€668,216 in 2013, compared with k€681,332 in 2012.

Les Cinémas Gaumont Pathé sold 64.2 million tickets in 2013, a 4% decrease compared with 2012. This situation is different depending on the country in which the Group is established:

- in France, ticket sales reached 47.1 million, *i.e.* a 5% decline in line with that of the entire industry. The market share of Les Cinémas Gaumont Pathé is 24%;
- in Switzerland, ticket sales were down by 13% on 2012 to 3.4 million tickets;
- in the Netherlands, theater attendance rose by 3% to 13.7 million tickets.

Operating income totaled k€93,918 in 2013, compared with k€110,416 in 2012.

Net financial expenses amounted to k€11,885 in 2013, versus k€12,071 in 2012.

Non-recurring income in 2013 amounted to a loss of k€5,616, compared with a k€7,475 loss in 2012.

Consolidated net income, group share, came to k€40,316 in 2013, versus k€49,024 in 2012. The share of income attributable to Gaumont, after IFRS adjustments, reached k€13,813 in 2013, compared with k€16,649 in 2012.

In 2013, the investments of Les Cinémas Gaumont Pathé totaled k€241,344, versus k€65,406 in 2012, of which k€166,349 was invested in shares. In December 2013, Les Cinémas Gaumont Pathé went ahead with the acquisition of shares held by Pathé SAS in Pathé Holding BV, and now owns the entire theater network in the Netherlands. Following an independent appraisal, this is valued at k€162,000. Based on non-controlling interests of k€74,625 at the transaction date, goodwill totaled k€87,462, including acquisition costs.

The Group's net financial debt was k€290,829 as of December 31, 2013, compared with k€115,876 on December 31, 2012, the increase in Group debt being linked to the acquisition of Pathé Holding BV shares.

As of December 31, 2013, equity of Les Cinémas Gaumont Pathé group totaled k€501,238, versus k€552,371 as of December 31, 2012, with a balance sheet total of k€1,103,296 as of December 31, 2013, compared with k€1,023,520 as of December 31, 2012.

Operating income after share of net income of associates

Operating income after share of net income of associates represented a profit of k€19,254 in 2013, versus k€23,510 in 2012, and includes:

- operating income from cinema and television production and distribution, as detailed above;
- operating income from movie theater operations, as detailed above;
- overheads of the various operating activities and functional services, including non-current income and expenses linked to asset disposals, which came to k€34,046 in 2013 versus k€32,227 in 2012.

Net income (loss)

In 2013, net income stood at k€12,776, compared with k€21,274 in 2012, and includes:

- operating income after the share of net income of associates, as detailed above;
- the cost of net financial debt of k€6,215 in 2013, versus k€4,660 the previous year;
- other net financial income of k€1,055, which mainly includes financial expenses incorporated into the costs of films and series until the release date;
- a tax expense of k€1,318, mainly consisting of a deferred tax liability of k€1,362 and tax on distributions of k€128.

The share of net income attributable to minority shareholders was k€86 in 2013 versus k€54 in 2012.

The share of net income attributable to the Group totaled k€12,690 in 2013, versus k€21,220 in 2012.

Group financial structure and cash flows

Financial structure

As of December 31, 2013, equity totaled k€243,061, compared with k€267,276 as of December 31, 2012, for a consolidated financial position of k€513,914, compared with k€494,671 the previous year. The decrease in equity is mainly linked to the purchase by Les Cinémas Gaumont Pathé of shares held by Pathé SAS in Pathé Holding BV. This transaction, classified as a transaction between shareholders, was recognized as a k€29,737 reduction in Gaumont equity.

Net financial debt of the French companies increased by 35.1% to k€129,226 as of December 31, 2013, versus k€95,683 as of December 31, 2012. Net debt of French companies fell in the first quarter of 2014 after the collection of the majority of the proceeds from the theater release of the films *Me Myself and Mum* and *Belle and Sebastian*.

On April 26, 2012, Gaumont signed a revolving loan agreement for up to k€125,000, maturing on April 25, 2016, by renewing the previous credit line agreed in 2008 and which expired in 2012. The features of this agreement are presented in note 3.12 to the consolidated financial statements. In December 2013, a waiver was signed to cancel the sinking fund clause of the credit line initially arranged under the contract and to maintain the maximum amount at k€125,000 for the whole period of the agreement. The credit line has three financial ratios to comply with every six months, presented in note 6.4 to the consolidated financial statements. As of December 31, 2013, the unused amount of the revolving credit line stood at k€11,000.

Additionally, in order to finance its American series production business, in 2012 and 2013, the Group took out four dedicated production loans. These loans were granted by American financial institutions specialized in financing production companies. They are exclusively allocated to financing the series concerned and are guaranteed until the amount borrowed, interest and related charges are recovered, by pledging the assets financed and all of the pre-sales, tax credit and sales contracts of these works, and supersedes any other guarantee. The loans include a completion guarantee contract signed with a company specialized in audiovisual production.

On June 1, 2012, Ouroboros Productions Llc, a subsidiary of Gaumont International Television in the United States, signed a production loan agreement intended to finance the production of the series *Hemlock Grove*. This loan, in a total amount of k$51,791 maturing on April 1, 2015, is presented in note 3.12 to the consolidated financial statements. At December 31, 2013, the balance of this loan stood at k$14,032.

On August 31, 2012, Chiswick Productions Llc, a subsidiary of Gaumont International Television in the United States, signed a production loan agreement intended to finance the production of the series *Hannibal*. This loan, for a total amount of k$35,992 maturing on May 31, 2014, is presented in note 3.12 to the consolidated financial statements. At December 31, 2013, the balance of this loan stood at k$11,788.

On August 9, 2013, Chiswick Production 2 Llc, a subsidiary of Chiswick Productions Llc, signed a production loan agreement intended to finance the production of Season 2 of *Hannibal*. This loan, for a total amount of k$41,049 maturing on August 28, 2015, is presented in note 3.12 to the consolidated financial statements. At December 31, 2013, 37% of the loan had been drawn down.

On September 25, 2013, Ouroboros Productions 2 Llc, a subsidiary of Ouroboros Productions Llc, signed a production loan agreement intended to finance the production of Season 2 of *Hemlock Grove*. This loan, for a total amount of k$40,200 maturing on May 1, 2016, is presented in note 3.12 to the consolidated financial statements. At December 31, 2013, 56% of the loan had been drawn down.

At December 31, 2013, the net financial debt of the American companies amounted to k€42,484. versus k€42,412 at December 31, 2012.

Group net debt amounted to k€171,710 at December 31, 2013, versus k€138,095 at December 31, 2012.

In France, given its growth policy, the Group estimates that operating cash flows and the revolving credit line will cover said financing requirements, excluding acquisitions.

In the United States, the Group anticipates to continue to resort to bank loans dedicated to production and guaranteed exclusively by American assets, without any recourse against the Group in France.

The Group believes that it has adequate means to honor its commitments and to guarantee the continuity of its business.

Cash flows

In 2013, the Group's business activities generated k€101,536 in net cash flow, versus k€61,256 in 2012. The increase is largely due to the growth in volume of business linked to the delivery of the first two American series.

Net cash flow from investment activities amounted to k€126,372 in 2013, compared with k€91,652 in 2012. The increase in net investment is linked to the increase in volume of business, both for cinema and television production.

Investment activities are partly financed by cash flows generated by Group operations and partly by a k€28,777 increase in debt.

In terms of financing activities, 2013 saw a k€4,266 dividend payout, a k€28,777 increase in debt and a k€5,228 interest payment.

As of December 31, 2013 the Group had k€5,264 in cash, compared with k€10,734 at the beginning of the year, *i.e.* a negative change of k€5,470.

Investments

Over the last two years, investments were as follows:

(in thousands of euros)	2013	2012
Intangible assets	126,864	82,839
Property, plant and equipment	1,060	2,416
Financial assets	1,867	143
Acquisition of shares in consolidated companies	1,700	3,311
TOTAL INVESTMENTS	**131,491**	**88,709**

These figures do not take into account the change in liabilities related to the acquisition of assets.

Investments in intangible assets for the 2013 fiscal year included:

- movie production for k€53,035, versus k€21,351 in 2012;
- production of the American television series for €50,893, versus k€48,021 in 2012;
- production of cartoon series and French television dramas for k€22,302, versus k€12,995 in 2012;
- other intangible items for k€634 in 2013, versus k€472 in 2011.

Investments made in France were financed by a revolving credit line of a maximum amount of k€125,000.

Investments made in the United States were financed by dedicated production loans described in the "Financial structure" paragraph.

Investment in consolidated companies correspond to the acquisition by Gaumont in July 2013 of Fideline Films, a company owned by Pierre Richard, which has a back-catalog of around 15 feature films.

Pre-sales and coverage rates

Cinema production

Of the 12 films produced, co-produced or distributed by Gaumont in 2013, two films, *Turning Tide* and *The Magic Snowflake*, were financed as executive producer. These were the subject of television broadcasting rights pre-sale contracts for k€5,351 and benefited from an overall coverage rate of 78%. The other films received a contribution based on a fixed amount. This type of contribution allows Gaumont to limit its exposure to investment risks. In exchange, the majority of the film cost and financing, such as contributions and pre-sales, are recorded in the executive producer's accounts.

French television production

The Group produced and delivered three programs in 2013. The total coverage rate stood at 92%.

American television production

The Group has produced and delivered two American series, *Hemlock Grove* and *Hannibal*. The total coverage rate stood at 88%.

Preliminary costs

Preliminary costs are all costs related to feature films, animated films and series or television series and dramas incurred prior to making the final decision to invest in said projects. These may be copyrights, costs relating to rewriting the screenplay, finding a shooting location, documentary research, etc. The Group accounts for said costs as soon as they have been incurred and they have to be considered in addition to investments.

For 2013, preliminary costs incurred, net of disposals, for films amounted to k€1,649, compared with k€1,701 in 2012. In 2012, k€416 in preliminary costs were incurred for cartoon series and television dramas compared with k€1,175 in 2012.

2014 outlook

Thirteen feature films are scheduled to be released in 2014:

- *Love is the Perfect Crime*, directed by Jean-Marie and Arnaud Larrieu, starring Karin Viard, Maïwenn, Sara Forestier, Mathieu Amalric and Denis Podalydès. Released on January 15, the film sold more than 370,000 tickets as of the end of February 2014;
- *Mea Culpa*, directed by Fred Cavayé, starring Gilles Lellouche, Vincent Lindon and Nadine Labaki. Released on February 5, the film totaled more than 455,000 ticket sales as of the end of February 2014;
- *Diplomacy*, directed by Volker Schlöndorff, starring Niels Arestrup and André Dussollier. Released on March 5, it generated 105,000 ticket sales during the first five days of its release;
- *My Summer in Provence*, directed by Rose Bosch, starring Jean Reno and Ana Galiena, will be released on April 2;
- *Nice and Easy*, directed by Benjamin Guedj, starring Baptiste Lecaplain, Charlotte Le Bon, Félix Moati and Denis Podalydès will be released on May 7;
- *Grace of Monaco*, directed by Olivier Dahan, starring Nicole Kidman and Tim Roth, will open the 67th Cannes Film Festival and will be released on the same day;
- *The Grad Job*, directed by Antoine Blossier, starring Marc Lavoine, Samy Seghir and Thomas Solivérès;
- *Takeway Romance*, directed by Amelle Chahbi, starring Amelle Chahbi and Noom Diawara;
- *Gemma Bovery*, directed by Anne Fontaine, starring Gemma Arterton and Fabrice Luchini;
- *Breathe*, directed by Mélanie Laurent, starring Isabelle Carré, Joséphine Japy and Lou de Laâge;
- *Coming In*, directed by Noémie Saglio and Maxime Govare, starring Pio Marmaï and Franck Gastambide;
- *Samba*, directed by Eric Toledano and Olivier Nakache, starring Omar Sy, Charlotte Gainsbourg and Tahar Rahim;
- *La French*, directed by Cédric Jimenez, starring Jean Dujardin, Gilles Lellouche, Benoit Magimel and Mélanie Doutey.

Seven television series will be delivered in 2014:

- *Hemlock Grove Season 2*, a 10-episode American drama directed by Eli Roth and starring Famke Janssen, Bill Skarsgard and Dougray Scott, on Netflix;
- *Hannibal Season 2*, a 13-episode American drama directed by Bryan Fuller and starring Mads Mikkelsen, Hugh Dancy and Laurence Fishburne, airing on NBC and on the same channels as Season 1. The first episode aired on NBC on February 28, 2014 and early audience viewing figures are satisfactory;
- *Interventions*, a six-episode French drama starring Anthony Delon, on TF1;
- *Résistance !*, a six-episode French drama starring Fanny Ardant, Richard Berry and Valérie Karsenti, on TF1;
- *Hôtel de la plage*, a six-episode French drama starring Bruno Solo, Jonathan Zaccaï and Yvon Back, on France 2;
- *Calimero*, a 78-episode cartoon series on TF1. The first episodes aired in February 2014 and viewing figures among the target audience (four to ten year-olds) are extremely promising;
- *Welcome to Bric-à-broc*, a 39-episode cartoon series on Canal+.

Change of scope

Main companies of the Gaumont group as at December 31, 2013.

Gaumont

Cinema production and distribution

Gaumont SA	
Gaumont Vidéo SNC	100.00%
Nouvelles Editions de Films SARL	100.00%
Fideline Films SARL	100.00%
Gaumont Musiques SARL	100.00%
Editions la Marguerite SARL	100.00%
Gaumont Production SARL	100.00%
Gaumont Inc.	100.00%
Légende SAS	37.48%
Légende Films SARL	37.48%
Legende Films Inc.	37.48%

Television production and distribution

100.00%	Gaumont Télévision SAS
100.00%	Gaumont Animation SA
100.00%	Gaumont Animation Musique SARL
100.00%	Gaumont Production Télévision SARL
100.00%	Gaumont TV Inc.
77.15%	Gaumont International Television Llc.

Movie theater operations

Les Cinémas Gaumont Pathé SAS	34.00%
Lincoln Cinema Associates	31.95%

Archive images

57.50%	Gaumont Pathé Archives SAS

On July 5, 2013, Gaumont acquired Fideline Films SAS, Pierre Richard's production company with a stake in some 15 films, including *Knock on Wood, ComDads, Fugitives*, etc., for an acquisition price of k€1,700 excluding acquisition costs. In November 2013 Fideline Films became a limited liability company (SARL).

In addition, during fiscal year 2013:

- Alphanim SA was renamed Gaumont Animation SA;
- Alphanim Musique SARL was renamed Gaumont Animation Musique SARL;
- Les Films du Dauphin SARL was renamed Gaumont Production SARL;
- Les Films du Loup SARL was renamed Gaumont Production Télévision SARL.

Finally, in December 2013, Les Cinémas Gaumont Pathé purchased shares held by minority shareholders in its subsidiary which owns the movie theater network in the Netherlands, Pathé Holding BV, for k€162,000 excluding acquisition costs.

Risk factors

Investors are requested to be aware of the risk factors set out below, prior to making investment decisions.

The Group conducted a review of the risks to which it is likely to be exposed, which, were they to materialize, could have a significant negative impact on its business, financial position or results. Gaumont believes that there are no other significant risks, apart from those presented hereafter.

Risks inherent to the film and broadcasting industry

Risks related to the economic situation

In France, the film industry is not directly affected by the economic crisis. In fact, over the past few years, movie theater attendance and the number of films produced have risen to significant levels.

In times of crisis, movie theaters and television remain a preferred past-time which are even more attractive as the offerings keep being very diverse.

Risks associated with the competitive environment

The movie industry

The motion picture production and distribution industry is a highly competitive market, where the success of films with the public has a significant impact on results.

The Group cannot guarantee the commercial success of the films it produces, co-produces and distributes. In fact, even if the artistic and technical qualities are essential, a film's success is also dependent upon external factors such as the public's awareness of the subject broached, the popularity of the actors at the time the movie is released, the appeal of the competitor films, and even the weather.

The Group, present in the market for over a century, believes that its experience and know-how puts it in a good position to continue its development policy. Furthermore, Gaumont always seeks to partner with experienced professionals, therefore ensuring quality productions.

In order to increase its chances of success, the Group is working on permanently enhancing and diversifying its productions. This improvement starts with artistic diversification, by multiplying the genres and subjects broached, or by supporting new talents in an original style.

The television production market

In France, the television production operations present a significant dependence risk on the broadcasters, which are relatively few and highly concentrated. Additionally, facing the abundance of American series, reality shows and sporting events, which dominate programming, notably during prime time hours, French series have difficulties attracting the public.

In this difficult context, Gaumont endeavors to maintain its operating costs at a reasonable level and optimize its general expenses, particularly by participating in the co-productions of international series.

In the United States, in a highly competitive market, the Group aims to develop American series projects with a strong international potential and adopted a direct-to-series production and delivery model rather than pilots, thereby optimizing general expenses and developments costs associated with this activity. This new offer also allows the Group to position itself in new markets, in North America, Europe and in the rest of the world.

The cartoon market

The cartoon market is a very dynamic market that caters to children and young adults first and foremost. This industry is even more competitive because the broadcast times are limited.

In the case of feature films, the release dates should generally correspond to school breaks or close to Christmas holidays, in order to increase the movie's chance of success. The number of these periods being limited, several films targeting young audiences are released at the same time and share movie theater attendance levels.

On television, cartoon series are usually broadcast in the morning, Wednesdays or the weekend, and during school breaks. Only themed channels dedicated to children offer broadcasting in all time slots. This limitation makes cartoons a highly seasonal business activity which limits producers in determining their program delivery schedule.

Gaumont, present in this segment through its subsidiary Gaumont Animation, produces cartoon series for television and video distribution and feature films for cinema. In order to stand out from its competitors, the Group opts for productions around classic characters in the children's world, adaptations of works under license, and supplements its offering with series that have more international range.

Risks related to marketing

Importance of regulations on the chronology of film releases by the different medias

In France, releasing a movie must follow a predefined media chronology, which sets a film's succession of release windows starting from its release in theaters, in accordance with the decree dated July 9, 2009: on video and video on demand (after four months), then on pay television channels (after 10 or 12 months), followed by free television (after 22, 24 or 30 months), then on subscription video on demand (after 36 months), and lastly on free video on demand (after 48 months).

Currently, this controlled timeline strongly influences the success of a work, which is defined on the duration of its release. In fact, all of these distribution medias, even though they constitute supplemental sources of revenue, are also competitive between themselves, and any modification of the media chronology would impact revenue and the results of the Group.

Gaumont closely follows current discussions on media chronology in order to better anticipate any modification, even partial, of the current system and which could compromise the overall balance of the market.

Risks related to the transformation of the French audiovisual landscape

In France, television channels represent a significant source of financing and outlets for films and constitute the main market for distributing French series, dramas and cartoons. Therefore, any change in the television market would have an immediate impact on the Group's results.

The reduction of time slots attributed to films in television programming, notably on the historical television channels, makes it more difficult to sell broadcasting rights for movies, even though the regulatory system in France still requires television stations to purchase and broadcast a minimum proportion of European-produced and French-language content. Nonetheless, the development of themed movie channels and digital terrestrial television partly offsets the decline in volumes of historical television channels' film purchases, even if a decrease in the average price of broadcast rights transfers is seen. In this environment, Gaumont endeavors to optimize the marketing of the 1,000 plus titles in its film catalog.

At the same time, the drop in French drama and documentary purchases in favor of sporting events, reality shows and American series could significantly penalize the Group's television production business in France.

Faced with this situation, Gaumont decided to dedicate a company, Gaumont Télévision, to the production of French drama and to produce American series *via* its subsidiary in the United States, Gaumont International Television. This new business allows the Group to expand to American and European markets and thus level off the decreased demand in the French market.

The production of cartoon series and animated feature films is also impacted by the change in the French audiovisual market, particularly with the emergence of themed channels. Channels for children and young adults offer new sales perspectives but have lower budgets than historical television channels. In order to increase its commercial opportunities, the Group endeavors to create partnerships with all of the players in the market, in France and abroad.

Risks associated with technological changes

The rise of digital technologies is bringing about major changes in the film industry. These changes are visible at all levels of the production and distribution chain, and are leading to significant investments for all of the players in the market.

Risks related to digitalization

The digital revolution is under way, and the convergence between traditional content and digital technologies is substantially changing how films are produced and distributed in movie theaters, and in other medias: television, video, video on demand.

In three years, most of the movie theater holdings in France have gone digital. The law on financing the digital roll-out requiring distributors to participate in the financing of digital equipment of movie theaters, and national and regional assistance has greatly favored this rapid expansion of the number of digital theaters.

Gaumont was one of the first French distributors to offer its movies in digital format, regardless of the print format provided to movie theaters. Currently, all new films released by Gaumont in theaters are available in this media.

In addition, companies that have a film catalog find themselves obligated to restore and digitize back catalog films if they want to release them, given the standards imposed by the television channels.

With a film catalog of more than 1,000 titles, Gaumont is mindful of these developments and took measures early on to protect its business. Therefore, since 2009, Gaumont has put in place a digitalization and restoration program for 150 titles in its film catalog. In 2012, the Group continued its actions by signing an investment agreement with the Caisse des dépôts et consignations (a civil banking entity serving general interest and economic development and responsible for keeping state funds) to restore and digitize 270 additional works over a four-year period.

Risks associated with impacts from new technologies in the video market

Restoring and digitizing its catalog also allows the Group to offer new films previously unedited on video, and enlarge its digitalized video and high-definition video offering.

After years of growth, the low-resolution DVD market is now declining and the high-resolution Blu-ray market is not managing to offset the decrease in DVD, despite the increase in promotional pricing.

Video on demand is also growing, but revenue from this market still remains considerably below that of physical video, the economic model being generally less favorable to publishers.

In order to maximize the development of the video on demand market, Gaumont has signed partnership agreements with leading players in this market and is focusing on new propositions such as subscription video on demand.

Risk of pirating

The pirating of audiovisual products has increased with the expansion of Internet access and the constant improvement of connection speeds. The digitalization of films moreover tends to facilitate the circulation of unauthorized copies.

Gaumont is particularly sensitive to the risks that pirating brings to the release of its works.

Gaumont supports the development of the warning and penalty measures provided by the Law of June 12, 2009 creating the HADOPI (*Haute autorité pour la diffusion des oeuvres et la protection des droits sur Internet* – an institution for protecting intellectual property rights on the Internet) and considers that this system promotes distribution and protection of creative works on the Internet.

Additionally, as a preventative measure, the Group strictly supervises the conditions around manufacture, promotion and release of its works in order to limit the risk of fraudulent copies. In particular, it makes sure to include upstream protection, for security and traceability of the copies, by "marking" or placing "footprints" on the works, in close cooperation with the laboratories, auditoriums and inventory companies with whom they work.

Besides, Gaumont monitors online public communications networks in order to detect the unauthorized presence of a work and to limit pirating risks, particularly when they are released in theaters, on video and video on demand.

Lastly, contracts with video-on-demand operators, television channels and agreements for international sales of rights also include a specific clause under which the third-party company undertakes to comply with Gaumont's video protection systems.

Risks associated with French policies in support of the film and audiovisual industry

Audiovisual support fund

The French film industry is governed by complex regulations, the implementation of which is overseen by the CNC (*Centre national du cinéma et de l'image animée* – a public administrative organization in charge of regulating, supporting and promoting film and television production industries and preserving film heritage). Significant benefits flow to film and audiovisual companies from this French regulatory system, and to a lesser extent from the European system.

Film financing is largely made up of private funding from private producers or television channels, broadcasting rights pre-sales and lastly, selective grants. Among those grants are the support funds for film and television activities, managed by the CNC.

Financial support for motion picture production is essentially financed by a special tax levied on the price of movie tickets. The income from this levy is then redistributed to film producers, distributors, video publishers and movie theater operators in order to encourage them to invest in new films or to modernize their movie theaters. The Group benefits from these measures, particularly from the CNC automatic support fund, for its production, distribution and video editing activities.

Financial support for the production of television works, the COSIP *(Compte de soutien à l'industrie des programmes audiovisuels)* is primarily funded by the tax on videograms and taxes from television. The COSIP is redistributed to executive producers based on the program's length and genre. They can then reinvest the funds in future productions.

Gaumont believes that this system helps maintain film production activities in France, and that questioning the system could have significant consequences on its business.

Television channel pre-sales

French regulations also set forth an obligation for the television channels to contribute financially to film production, by dedicating a percentage of their revenue to broadcasting pre-sales or to investments as a co-producer. In exchange for these investments, the television channels receive exclusive first broadcasting rights.

Television stations represent an important source of funding for movie production. Their contributition represents, on average, around one third of a film's budget, divided between pre-sales and co-production investment. The reduction in time slots for films in the program schedule, especially historical television channels, could further complicate the financing of new films.

As for movies, financing television productions (dramas, series and documentaries) is essentially based on the television channels insofar as in France, the television channels are legally obligated to invest a percentage of their resources in television dramas.

Gaumont believes that this system helps maintain audiovisual production in France, and that challenging the system could have significant consequences on its business.

Risks related to the Group's operations

Risks associated with financing productions

Risks pertaining to the ability to finance film production volume

Cinema is a business that requires significant investments prior to a release. As first stakeholder in the economic life of a film, the producer is the party in charge of raising the capital necessary for its production.

A producer's risk depends on the type of participation it is committed to in each film produced or co-produced:

- when it operates as executive producer or co-producer, the producer is in charge of financing the film before it is put into production, notably by securing co-production contributions and pre-sales to television channels and by obtaining selective grants or distribution guarantee minima. During production, it is responsible for all of the decisions pertaining to the content of the work, both the artistic and financial aspects, and supports the potential budget overspending. In certain cases, the executive producer's role can be entrusted to two co-producers who jointly assume the decision-making responsibility;
- when it operates as a non-executive co-producer, its contribution and risk is limited to a lump sum contribution. The commitment being limited to this contribution, the main part of the finance risk is carried by the executive producer.

With a view to controlling its investment and financing capacities, Gaumont commits to productions across a range of budgets, alternating large-budget projects with more modest budgets, and also diversifies the type of contributions it makes.

When it acts as executive producer or co-producer, Gaumont only decides to produce a film once the financial coverage is deemed to be satisfactory, taking into account firm commitments, mainly co-production contributions, pre-sales of rights to television channels, pre-sales to foreign distributors, and minimum distribution guarantees. When the Group participates in a production by providing a lump sum, and although its risk is limited to its contribution, it ensures that the executive producer has sufficient funding before making the decision to invest.

Risks related to television production financing

French language dramas and cartoon series generally have a limited release time. Aside from rare cases, these works are subject to single broadcasting and present few sales opportunities in the long-run and on other distribution channels. It is therefore important for the producers to limit the risks for losses from the pre-financing stage.

American series have a more global market and a longer operating cycle: many series run for at least two seasons and are released on video or video on demand, which helps amortize investments over a longer period.

For French television productions, the Group makes sure that a financing plan is drawn up for each drama or series prior to being put into production. The financing plan brings together various partners contributions to ensure production profitability. Financing plans are primarily made up of pre-sales to television channels, support for audiovisual production and the audiovisual tax credit.

In the case of American series, the Group only decides to produce a series once the financial coverage is deemed to be satisfactory, taking into account pre-sales of rights in the United States, France or other countries and tax credits, and provided there are sufficient commercial prospects for the project in other territories. The financing plan can also include co-production investments.

Risks related to controlling production costs

Production delays and feature films production budget overruns

Several external events can cause production delays, inflating production costs and generating increased financial charges related to the need to postpone the release of a film. The risk associated with these events depends on the type of participation in the movie's financing:

- when acting as executive producer or co-producer, the producer (alone or with the co-executive producer) bears the risks related to increased production costs and financial charges, and is the sole beneficiary of any savings achieved. In order to limit the risk of increased costs as a result of production delays, the production budget includes a specific line for unforeseen expenses, usually set at 10% of production costs. Insurance can also be taken out to cover accidental risks;
- when acting as a non-executive co-producer, the producer's risk is limited to its financial contribution, the overruns being the executive producer's responsibility.

In order to limit its risk exposure, the Group alternates executive producing and lump sum investments. Moreover, when acting as executive producer, Gaumont entrusts the supervision of the production to a line producer whose role is to, in particular, ensure that the film's budget is followed, authorize expenses, ensure the shooting schedule is being adhered to, and supervise the editing work. This line producer can be a Group employee or independent. He/she carries out his/her assignment under Gaumont's direction and in close cooperation with the film's director.

Production delays and budget overruns of television dramas and cartoon series

In France, pre financing usually covers the entire production budget for television programs, in order to guarantee the project's profitability insofar as the potential for marketing these works long-term is limited. Due to this economic model, controlling production costs is essential to preserving the financial balance of the business.

In the United States, the producer assumes the risk of exceeding the budget and benefits from potential savings. In order to limit these risks, it is common practice to include a portion for unexpected events in the budget and sign a completion guarantee with a third party specialized in this business.

For its television productions, the Group organizes to continually monitor and control the production through the line producer, and systematically signs a completion guarantee for its American productions.

Risks associated with the Group's growth

As the oldest French production company, Gaumont considers that it has to participate in the preservation of French film heritage. Consequently, the acquisitions made by the Group tend to concern independent production companies or former production companies that have a back-catalog of films. These growth transactions present limited risk, insofar as the Group has good knowledge of the market through its own business.

In all cases, the Group works to maintain the overall balance characteristic of its business model: involvement in production and distribution activities of which the results could be unpredictable, activities with results that are by nature more recurrent, such as the release of a catalog, and regular financial resources such as those derived from its investment in one of the main movie theater networks in France, Les Cinémas Gaumont Pathé.

Additionally, when the opportunity presents itself, the Group does not hesitate to diversify itself and enter new markets, in France and abroad. For this it regularly joins forces with partners whose quality and notoriety are well-known in the industry, so as to manage risks associated with new business activities.

Legal Risks

Risks related to obtaining operating permits

In France, the right to operate a film and the conditions of its operation depend on a certain number of administrative authorizations.

Releasing a film in movie theaters requires an operating visa, issued by the Minister of Culture to the film distributor. The regulations governing the granting of this visa state that this administrative authorization can only be refused for reasons pertaining to “child and youth protection or respect for human dignity”. This is why obtaining the visa is determined by an opinion from the Film classification commission.

At the same time, broadcasting television programs is subject to a similar classification system, organized by the *Conseil supérieur de l’audiovisuel* (an independent authority to protect audiovisual communication freedom), including the distribution of visual pictograms reminding viewers of the recommended age range for the program.

In order to limit the risks tied to obtaining the operating permit, the Group endeavors to produce and distribute films accessible to all audiences.

Risks associated with intellectual property rights

Intellectual property constitutes the heart of the cultural and artistic industry. Like other cultural industries, the motion picture industry is therefore exposed to legal risks, primarily including disputes relating to intellectual property rights and sharing proceeds from a work.

The chain of rights is one of the vital elements allowing for peaceful distribution and use of rights, as any break in the chain of rights could make it impossible to release the film and could expose Gaumont to lawsuits.

In order to minimize the risks of a dispute over a work’s property rights, when it is the executive producer of the film, the Group consistently declares that it holds the copyright and related rights allowing for the production and distribution of the films and is in charge of the conservation of the material.

Where the Group is not executive producer of a film, but co-producer and/or distributor, it is exposed to the risk of non-validity of the chain of rights. To mitigate this risk, Gaumont ensures compliance with the chain of rights by requiring delivery of contracts prior to the release of films, at the latest, and scrutinizes these contracts closely. In the event of a dispute, Gaumont also has a right of recourse against the other party. Conversely, when Gaumont is the executive producer and transfers the distribution rights to third parties, it guarantees the latter against recourse.

In the event of litigation concerning intellectual property rights, the Group records provisions in its accounts concerning these risks. These provisions are presented in note 3.11 to the consolidated financial statements.

Commercial and employment litigation risks

In addition to intellectual property risks, the motion picture industry may be exposed to other specific legal risks.

Litigation or legal rulings of any kind, whether in the Group’s favor or not, may generate significant costs and adverse publicity for the Group or the members of its Board.

A provision for risk is set aside as soon as the Group enters into an obligation with a third party, assuming an outflow of resources, and that the indemnity amount can be reliably estimated.

The provisions for risks and expenses pertaining to commercial and employment litigation are presented in note 3.11 to the consolidated financial statements.

The company, to the best of its knowledge, is not subject to any on-going or threatened governmental, legal or arbitration proceedings that could have a material effect on the company and/or the Group’s financial position or profitability.

Insurance and coverage of legal risks

Gaumont has taken out insurance policies whose coverage, coverage limits and deductibles are in accordance with current practice and correspond to a desire to optimize costs.

These policies are the following:

- a property liability policy that covers the company's assets (real-estate, filmography, information systems) against all direct physical damage caused to insured property, as well as fees and consecutive losses and additional fees resulting from said losses;
- a basket policy on works of art covering the works and the collections in the Gaumont Museum against all risks of loss, theft, fire and other physical damage;
- a professional civil liability policy covering against the consequences of civil liability for bodily injury, physical or non-physical, consecutive or not, caused to third parties which could fall on the company;
- a civil liability policy for its corporate officers, covering them against any claim submitted against its directors for joint and several liability for real or alleged professional misconduct in the exercise of their functions;
- a professional missions policy that covers risks or repatriation and medical expenses for persons on missions;
- a car insurance policy that covers risks during business trips made by staff using their own vehicles;
- a car insurance policy that covers risks inherent in the automobile fleet;
- a production insurance policy for each movie produced by Gaumont to cover the preparation and production stages up to the film budget, risks of accident/illness of the main actors and the director, as well as the risk of damage to the negatives. Gaumont does not take out "completion guarantee" insurance for French films but does so for American films and series, in accordance with the industry's standard practices.

Financial risks

Credit and counterparty risks

Risk of customer default

The Group's customer risk is presented in note 6.4 to the consolidated financial statements.

Risks of dependency on customers

For the 2013 fiscal year, the Group's top ten customers represented 52% of consolidated revenue.

	Consolidated revenue	
Trade receivables	*in thousands of euro*	*as a %*
1. Netflix	32,667	19.3%
2. Les Cinémas Gaumont Pathé group	11,904	7.0%
3. TF1 group	8,194	4.9%
4. NBC	8,076	4.8%
5. Sony group	5,732	3.4%
6. Canal+ group	5,566	3.3%
7. France Télévisions group	5,489	3.2%
8. UGC group	3,682	2.2%
9. M6 group	3,344	2.0%
10. Gaga Corporation	3,196	1.9%
TOTAL	**87,850**	**52.0%**
CONSOLIDATED REVENUE	**169,106**	**100.0%**

Other dependency risks

Gaumont is not exposed to a risk of dependency in industrial, commercial or financial terms or in relation to industrial property rights (patents, licenses, etc.) that could have a major effect on the Group's business or profitability.

Gaumont is not exposed to a risk of dependency with regard to its suppliers or its subcontractors.

Liquidity risk

The Group's liquidity risk is presented in note 6.4 to the consolidated financial statements.

Market risks

Interest rate risk, foreign exchange risk, and equity risk are presented in note 6.4 to the consolidated financial statements.

Corporate social responsibility

Social data

Gaumont's social and cultural footprint in France and abroad

Founded in 1895 by Léon Gaumont, Gaumont is the only movie company in the world that is today as old as motion picture itself.

Since the beginning of the 20th century, Gaumont has been involved in cinematic production, with Alice Guy, the first female director, then with Louis Feuillade, famous for *The Vampires*, *Fantomas* and *Judex*.

Throughout the 20th century, and particularly starting from the 1950's, following the arrival of the producer Alain Poiré, Gaumont has produced and distributed more than 300 feature films, some of which were big hits in French film history, and partnered up with renowned directors such as Sacha Guitry, Edouard Molinaro, Yves Robert, Georges Lautner, André Cayatte, Gérard Oury, Claude Pinoteau, Francis Veber and Jean Paul Rappeneau.

In 1975, Mr. Nicolas Seydoux took over the company and gave it new momentum. He committed to an ambitious production policy and expanded Gaumont's business activities internationally. With Daniel Toscan du Plantier, Chief Executive Officer, he set a flamboyant style and led a European production policy matching up big popular hits with avant-garde works. Gaumont also launched the film-opera concept by producing *Carmen*, directed by Francesco Rosi, and *Don Giovanni*, directed by Joseph Losey. Starting at the end of the 80's, under the management of Patrice Ledoux, then Sidonie Dumas, Gaumont started leaning towards promoting young talents. Major successes for this period include *The Big Blue* and *The Fifth Element*, directed by Luc Besson, *The Visitors*, directed by Jean-Marie Poiré, or *Untouchable*, directed by Eric Toledano and Olivier Nakache.

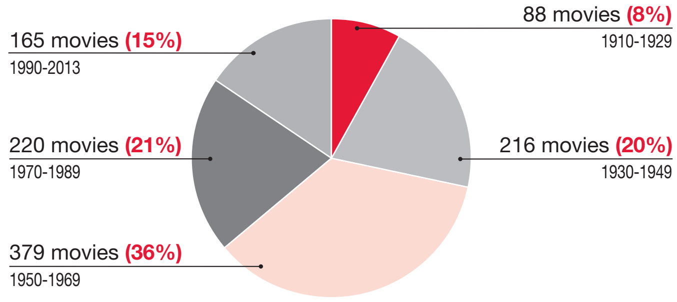
Gaumont also began producing works for television: cartoon series since 2008, and television series and dramas in France and the United States since 2010.

Today, Gaumont has hundreds of masterpieces in its catalog which have enchanted hundreds of millions of viewers across the world. From *Monsieur Gangster* to *OSS 117*, from *Greed in the Sun* to *The Dinner Game*, from *Delusions of Grandeur* to *Boum 1*, from *Knock on Wood* to *That Night in Varennes*, from *Fantomas* to *Untouchable*, its movies feature world-famous stars and directors and some of them have written the most beautiful pages in the history of cinema.

An important portfolio of movies

Through its history and longevity, Gaumont has made a huge contribution to the creation of film and plays a vital role in preserving French film heritage. With more than 1,000 feature films, the Gaumont catalog, the second largest catalog in France in terms of number of works, faithfully represents the entire history of French cinema from its origin to the present day.

Breakdown of Gaumont feature films by period



Backed by this history and conscious of its role, in 1989, Gaumont created the Gaumont Museum, a place dedicated to the history of film, where documents, correspondence, objects and materials having supported the production and release of films in its catalog since its creation are assembled. Everything pertaining to the history of the company is meticulously assembled, purchased, restored and conserved at the company's head office. Throughout the years, this reference documentation has become a source of precious and unique information for universities, researchers and visual arts professionals.

In order to share this part of history with as many people as possible, the Gaumont Museum is open to the public on Heritage Days.

Lastly, Gaumont Pathé Archives, a company created in 2003 by Gaumont and Pathé, make up the first francophone bank of black and white and color motion picture images and brings together over 14,000 hours of news images illustrating 20th century history. These images mainly come from weekly film journals, Gaumont Actualités, Eclair Journal and Pathé Journal, which were shown in movie theaters in the mid 20th century, before films were projected.

Cinema, promoter of French culture abroad

Through its business and its portfolio, Gaumont actively participates in the development of French film abroad, as French cinema plays an important role in French representation, promotion and cultural influence across the world.

Today, French cinema is strong in its own territory with around 35% market share, an exception in Europe. It is also the second largest cinematography in export volume, with two-thirds of production exported to at least one area. This represents:

- more than one new French movie per day on movie screens across the world;
- 40 French films per day broadcast to televisions abroad;
- on average 65 million viewers of French films each year in movie theaters;
- €350 million in revenue from foreign movie theaters.

Source: Unifrance – Key figures (www.unifrance.org).

Gaumont distributes its film catalog in over 90 territories worldwide and more than 320 feature films were distributed abroad in 2013. One of Gaumont's most popular films with international audiences is the movie *Untouchable*, directed by Eric Toledano and Olivier Nakache, starring François Cluzet and Omar Sy: since its release at the end of 2011 in France and in over 70 foreign countries, *Untouchable* has sold more than 51 million cinema tickets, 31.8 million of which were outside France. Today it is the most successful French language film across the world in all of history in terms of number of cinema tickets and box-office (over $440 million revenue in movie theaters).

Untouchable **– Countries with over a million cinema tickets sold**	**Number of cinema tickets** *(in millions)*
France	19.4
Germany	9.0
Italy	2.8
Spain	2.5
South Korea	1.7
Mexico	1.6
United States and Canada	1.5
Switzerland	1.5
Japan	1.3
Netherlands	1.2
Brazil	1.1
TOTAL	**43.6**
Share of the total number of cinema tickets	**85%**

Since its creation, Gaumont has always promoted originality, preserved heritage and contributed to the expansion of French culture abroad. Most of Gaumont's actions are led in the spirit of leaving a societal and cultural imprint in France and worldwide.

Relationships with stakeholders

Stakeholders

Gaumont operates at all levels of the movie industry value chain: film production, film distribution in France or abroad by any means and in all formats (theaters, television, video, video on demand) and movie theater operation through its investment in Les Cinémas Gaumont Pathé, one of the largest theater networks in Europe, present in France, the Netherlands and Switzerland with over 1,000 screens in total.

Gaumont is therefore in direct relations with all of the players in the motion picture industry, and in particular:

- authors, scriptwriters, dialogue writers and directors, without whom movies would not exist, and who bring the innovation and creativity necessary for the work's success with audiences;
- producers and co-producers, with whom Gaumont shares the production experience and the corresponding risks;
- shooting and editing teams, essentially the show's contract workers, who bring their know-how to produce quality films;
- players in the technical industry who assist Gaumont in manufacturing and stocking the "source material" and distribution material for the works (35 mm or digital);
- public authorities and public organizations, and particularly the CNC which organizes the business on a regulatory level and manages the funds necessary to finance films, notably through the cinema and audiovisual support program;
- movie theater operators, independent or organized in networks, which release the films in theaters;
- television channels, primary financers of new productions, with which Gaumont signs co-production and pre-sale television broadcast rights agreements and which make up the main outlet for catalog films;
- foreign distributors which purchase the distribution rights of the films internationally;
- telecommunication operators which offer new marketing opportunities for movies in video on demand.

Conditions of dialogue with stakeholders

Keen to put a lot into business relationships, Gaumont is a member of various professional organizations and unions for the movie, audiovisual and multimedia industries:

- the API *(Association des producteurs indépendants)*, a union representing the film production companies Gaumont, Pathé, MK2 and UGC, and of which Nicolas Seydoux is co-Chairman;
- the FNCF *(Fédération nationale des cinémas français)*, a professional union of movie theater owners and operators, which unites almost all of the 5,000 French screens in all of their diversity - large national companies, small and medium-sized operations, art house theaters, municipal movie theaters;
- the FNDF *(Fédération nationale des distributeurs de films)*, which brings together more than 50 movie distribution companies. This federation, of which Nicolas Seydoux is Vice-Chairman, represents distributors in various festivals and professional events and organizes the distributors' day with the FNCF, a now major professional event;

- the SEVN *(Syndicat de l'édition video numérique)*, which unites publishers and distributors of programs and cinema works published in DVD, Blu-ray or marketed in video on demand rental or electronic sales. The SEVN, of which Gaumont's director of video, television and new medias is a member of the Executive committee, has 17 members, publishers representing the majority of the publishing - distribution market, and the partner members belonging to peripheral industries such as technical industries (laboratories, press operators, etc.);
- the ADEF *(Association des exportateurs de films)*, which unites almost all French feature film exporters. The ADEF, of which Gaumont's Deputy Director of International Sales is Vice-Chairman and member of the Executive committee, works closely with UniFrance Films to design and carry out operations abroad in order to ensure the presence of French film and the exporters in the main festivals and international markets, and with the CNC, from which it receives financial aid;
- UniFrance, under the care of the CNC, which includes approximately 600 members, feature film and short film producers, exporters, directors, actors, writers and artistic agents. This organization, of which Gaumont's Director of International Sales is a member of the Directors' committee, is responsible for promoting French cinema throughout the world. It supports French movies in international markets, from their sale to their distribution, and organizes special events dedicated to French film;
- the Independent film and television alliance (IFTA), an international organization over 30 years old, that brings together close to 150 major film and television program production and distribution companies in the world, spread out over 23 countries. The IFTA is known in particular for organizing one of the largest film markets in the world, the American Film Market (AFM) in Los Angeles, bringing together more than 8,000 companies from 70 countries each year;
- the SPFA *(Syndicat des producteurs de films d'animation)*, which brings together the main animated film and series producers in France, including Gaumont Animation, a subsidiary of Gaumont.

This presence within different professional organizations and unions allows Gaumont to take part in numerous projects, studies and discussions led each year, on all subjects pertaining to the profession and the industry.

Support, partnerships or sponsorships

Under its partnerships, Gaumont chose to support various social players involved in spreading French film heritage as widely as possible. These choices illustrate Gaumont's attachment to assert a strong heritage policy. In this spirit, Gaumont partners with:

- the association Les toiles enchantées. Since 1997, Gaumont has supported this association, which drives through France by truck and shows movie projections on big screens to hospitalized or disabled children for free. Within this context, Gaumont makes available copies of its films released each year for free;
- the Centre des monuments nationaux (a civil entity in charge of preserving and managing about 100 French national monuments). Gaumont extends its support through exhibitions, and since 2010 has loaned items from its collection for free – costumes, scenery and props, posters, stills, equipment; etc
- the Cinemathèque française (an association that aims at preserving and promoting French film archives). Partner since 1939, Gaumont signed an agreement in 2012 with the French film archive authorizing it to reproduce and use film strips up to a limit of four minutes and for non-commercial purposes, and collaborates in other events. For the "Maurice Pialat, Painter and Filmmaker" Exhibition, which took place between February 20 and July 7, 2013, Gaumont provided film excerpts, posters and visuals.

Gaumont, as sponsor, decided to support the creation of the Ecole de la cité, cinema et television, created by Luc Besson in 2012, with the goal of training the cinema and television professionals of tomorrow;

Lastly, Gaumont regularly acts as an exhibition partner, with the following events taking place in 2013:

- the "Jean Paul Gaultier 2011-2012" Exhibition, which continued its tour in 2013 and for which Gaumont loaned the original costume drawings for Luc Besson's film *The Fifth Element*;
- the "Power Dressing" exhibition, held from January 26 to May 20, 2013. Gaumont has loaned almost 40 film costumes to France's National Costume Museum, including items from the following movies: *Vatel, Jeanne d'Arc, Helena and Her Men, The Fifth Element*;
- screening five episodes of *Fantomas*, directed by Louis Feuillade, to mark 100 years of *Fantomas*, at the Théâtre du Châtelet in association with Arte and the ZDF;
- the 100th anniversary exhibition of the Paris Judiciary Police, which took place in the Champs de Mars from November 9 to December 15, 2013, where Gaumont gave its permission for posters to be projected onto a large screen as part of the exhibition.

Territorial, economic and labor impact of the business

Gaumont's economic imprint

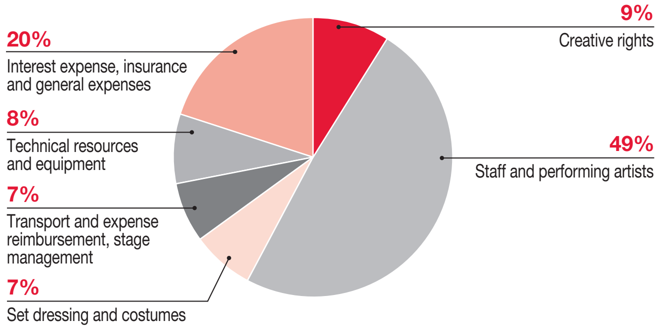
Gaumont wishes to continue producing movies to extend its catalog of films and supporting talents in expressing their artistic creation, helping them become must-have contributors to French film both in France and abroad.

In 2013, French film production represented approximately 270 feature films with a total investment budget of €1.24 billion, *i.e.* an average budget of €4.6 million per movie(1).

Gaumont produces on average around ten films per year. These movies generally have higher budgets than the average. In 2013, Gaumont produced or co-produced 12 movies (excluding animations) that will be released in 2014, representing a total production budget of roughly €105 million, *i.e.* 4.5% of French national production in volume and 8.5% in value. Only three of these 12 movies were partly shot outside France.

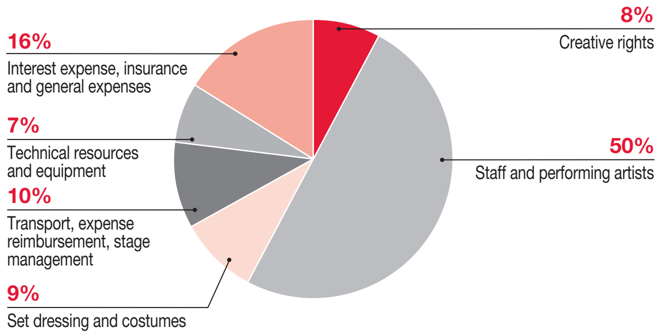
(1) Data from the Centre national du cinéma et de l'image animée (CNC).

Breakdown of cinema production expenses by type

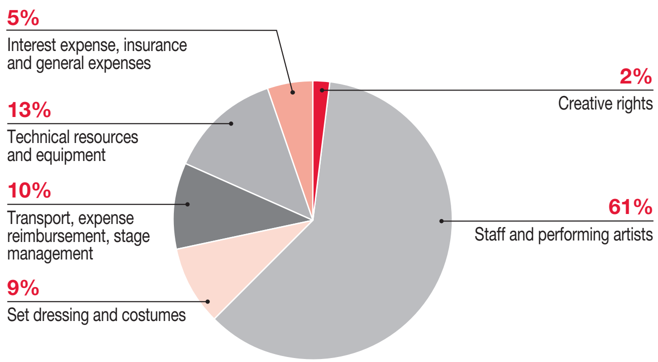


In addition, as part of its television production activities in 2013, Gaumont produced three 6-episode French drama series in France and two 13-episode American drama series in North America, representing a total production budget of €22 million for French series and $85 million for American series.

Breakdown of French television production expenses by type



Breakdown of American television production expenses by type



Impact of the business in terms of employing contract workers

The Gaumont group uses contract workers in the production of films and series, for short-term jobs.

As a producer, the Group is led to intervene in various ways, each position having its own responsibilities, notably in relation to employment law. Therefore, when the Group is the line producer of a film or series, it establishes contracts directly with contract workers employed for the production and assumes the responsibility of employer in the contractual relationship. When the Group participates in a production as an executive producer not acting as line producer, or non executive co-producer, the employer responsibility is assumed by the line producer, acting under the direction of the executive producer.

In 2013, as line producer, the Group directly employed 2,578 contract workers for a total of approximately 264,075 hours. Furthermore, in executive productions where it was not line producer, the Group contributed to the employment of some 8,430 people, in France and the United States, representing roughly 848,048 working hours, approximately 584,000 of which were hours worked on the production of American series.

The breakdown of contract workers in the production of works where the Group is the executive producer (acting or not acting as line producer), by profession and according to the production company's country of origin, is presented in the following manner:

	2013					2012				
	Number of contract workers by profession				Volume of hours(1) *(in thousands)*	Number of contract workers by profession				Volume of hours *(in thousands)*
Business segment	**Technicians**	**Actors**	**Extras**	**TOTAL**		**Technicians**	**Actors**	**Extras**	**TOTAL**	
Feature films production	1,043	357	3,080	4,480	273	896	251	2,829	3,976	201
Animated films and series production	196	6	-	202	110	228	2	-	230	128
Television series and dramas production	2,809	522	2,995	6,326	728	3,208	377	2,695	6,280	734
TOTAL	**4,048**	**885**	**6,075**	**11,008**	**1,112**	**4,332**	**630**	**5,524**	**10,486**	**1,063**
France	*1,775*	*592*	*4,675*	*7,042*	*528*	*1,240*	*306*	*3,060*	*4,606*	*351*
United States	*2,273*	*293*	*1,400*	*3,966*	*584*	*3,092*	*324*	*2,464*	*5,880*	*712*

(1) Basis: 7 hours/day for animation; 8 hours/day for drama and movies in France; 10 hours/day for actors and extras in the United States; 13 hours/day for technicians in the United States.

Depending on the type of production, contract workers employed directly by the Group's French companies are covered by the collective agreements for animation production or audiovisual production, or the collective agreement for movie production (IDCC No. 3097), signed in 2012 by the main unions for producers and extended in July 2013. In 2013, a total of 86% of contract workers employed on the Group's productions were covered by a collective agreement.

In the United States, 78% of contract workers employed on productions are members of a union.

Sub-contracting and supplier relations

In addition to partnerships that Gaumont maintains with producers and co-producers for the production of new films, Gaumont develops very close ties with two categories of sub-contractors vital to its film and television series production and distribution activities: technical laboratories and video distributors.

Technical laboratories are involved in each major stage of the film-making process, from creation to post-production: editing, calibration, sub-titling, making copies, and for storage on photochemical or digital media, the latter format being mostly used in the last two years. The technical laboratories also participate in creating special effects, editing of credits or movie trailers, restoring old works, creating video masters and are an essential partner in obtaining "ready to operate" agreements for television broadcastings.

Given the critical nature of this link in the value chain, over time, Gaumont has developed close relationships with the company Eclair, the leading film development laboratory in France, whose expertise is based on over a century of experience serving the 7th Art. A Gaumont employee is permanently integrated within the Eclair teams to coordinate different actions, along with Gaumont's technical services.

For the video distribution of its movies, Gaumont formed a partnership with Paramount home entertainment France, which is currently in charge of marketing, stocking, logistics and the physical delivery of video products (DVD, Blu-ray) with the large retailers and big distribution brands. Gaumont started this collaboration in 2008, in light of the complementary nature of Paramount's catalog, mainly comprised of English-language films for very large audiences, with the Gaumont catalog consisting of French films, mostly comedies, and of the quality of Paramount's sales force in France.

Today, Gaumont represents close to 21% of Paramount Home Entertainment France's revenue, which enables it to be a stakeholder, as a publisher of its films, in the distribution policy of its products. The marketing and publicity plan, the product placement actions and the commercial operations are discussed in advance between Paramount and Gaumont's video teams.

Fair practice

Preserving intellectual property and the chain of rights vis-à-vis authors or their beneficiaries

"Throughout the ages, only a small number of artists have been able to captivate and innovate. The representation of human thought, in whatever form, is the privilege of just a few great talents" (excerpt from the Chairman of Gaumont's message in the 2009 registration document). The economy of cinema relies on creation, that's why, conscious of the crucial position of authors in even the foundation of movie production, Gaumont strives to develop transparent and long-term relationships with its authors.

The creative industry being driven by copyrights, preserving intellectual, artistic and literary property, and respecting the chain of rights with third parties are a cornerstone of Gaumont's policy, which is illustrated in particular by Gaumont's participation in the ALPA (*Association de lutte contre la piraterie audiovisuelle* – an association to combat audiovisual pirating) against piracy, from which the industry suffers.

Management of authors' contracts

Out of concern for preserving intellectual property and the chain of rights with authors, scriptwriters or their rights holders, Gaumont endeavors to impose standard contracts drawn up by Gaumont's legal department in compliance with the law and in agreement with other stakeholders (mainly the SACD – *Société des auteurs et compositeurs dramatiques*, an organization to ensure the collective management of copyrights by collecting and distributing their associated royalties – agents, lawyers).

Gaumont strives to maintain completely transparent and trusting relationships with its authors or rights holders. Although it is not obliged to issue consulting assignments, Gaumont supports its authors and makes it its duty to respond to their questions and to show availability and assistance.

Gaumont's policy towards its authors encourages the development of sustainable and trusting relationships, and throughout its history, Gaumont has supported several large names in French film.

Author contracts are signed for the legal duration for copyrights or for a minimum of 30 years from the release of the work in theaters, allowing the peaceful enjoyment of the work over a long period of time.

At the end of 2013, more than 1,100 author contracts were active and subject to internal management. Additionally, in 2013, 110 contracts concerning 51 different authors and 100 movies were subject to a renewal of copyright. These figures fall within the average for the last three years, as, since 2010, 94 author contracts have been renewed on average each year with approximately 48 authors on average and for 92 films.

Transparency in compensation to rights holders

Gaumont is constantly striving to maintain a quality service with regard to royalty statement.

Whether with its talent and their representatives (agents, successors, etc.), production companies, financial partners or professional bodies (CNC, SACD, ADAMI, etc.), Gaumont seeks to foster trust and transparency with the utmost respect for its contractual and professional commitments (such as the agreement on the transparency of relationships between authors and producers, signed on December 16, 2010).

To that end, Gaumont has been developing the necessary IT tools in-house for over 15 years (database and revenue recoupment software) and employs, in its royalties department, a team of seven people who endeavor to respond immediately and in as much depth as possible to requests for information.

For 2013, almost 1,400 positive copyright statements were paid.

Gaumont, player in combating pirating

Gaumont, partner of the ALPA in combating pirating

Advances in digital technology, and notably the Internet, have led to the growth in illegal downloading of films and other digital content. These practices are harmful and jeopardize creation and cultural diffusion. In order to combat this phenomenon, France is equipped with an independent public authority, the HADOPI of which the different areas of intervention and assignments are defined in the Code of intellectual property, and which notably aims to protect works from the violation of their respective rights as part of the "calibrated response".

Gaumont's works are also subject to a declaration by the company TMG, a technical platform mandated by the ALPA to detect fraud. The ALPA then supplies the HADOPI with data pertaining to illegal connections allowing it to proceed with the "calibrated response".

The ALPA is an association formed in 1985 and responsible for combating all forms of audiovisual counterfeiting. The association is financed by the Ministry of culture and communication and by a large number of audiovisual companies. The ALPA is chaired by Mr. Nicolas Seydoux.

Other actions to combat pirating

Gaumont protects the works and objects to which copyright or neighboring rights are attached by referencing its works as much as possible with legal institutions.

Upon Gaumont's request, an ISAN (International Standard Audiovisual Number) is assigned to each new work. Derived from the joint initiative of professional organizations in the motion picture and audiovisual industry of which Gaumont is a member, the ISAN is a unique number allowing any kind of audiovisual work to be registered. The ISAN constitutes a major advantage in controlling and managing the distribution of works in a digital environment.

Furthermore, Gaumont makes sure to include upstream protection for security and traceability of the copies, by "marking" or placing "footprints" on the works, a detection system that blocks the distribution of content protected by copyright. Gaumont also ensures that online public communication networks are monitored in order to detect any unauthorized presence of a work and to limit the risk of pirating.

Human rights

Gaumont conducts its business solely in countries that respect the United Nations Universal Declaration of Human Rights.

Consumer protection, health and safety

Protection of minors

The French system is equipped with a movie classification system controlled by the Classification Commission of the CNC, the family associations, the administration, infant expert institutions and movie industry professionals. The commission has a range of age ratings: under 12 years old, under 16 years old, under 18 years old, X rated and total ban. Its opinions, almost always monitored by the Minister of Culture and Communication, are intended for movie theaters but also determine the broadcasting schedule of films on television, and are used during physical video or video on demand releases. The age rating must be publicly displayed at the entrance of movie theaters where the work is shown.

Without legal obligation, and in line with the commission's opinion, Gaumont can spontaneously advise operators of disturbing scenes included in its movies.

Access for hearing or vision-impaired audiences

In order to meet the needs of hearing and vision-impaired audiences, Gaumont has made subtitled versions and versions with audio description available to operators since 2011. In addition, a periodic email is sent to associations in order to keep them informed of new releases, particularly by means of subtitled trailers.

Since 2008, Gaumont Vidéo has been consistently publishing its DVDs and Blu-rays with subtitles for the deaf and hearing-impaired and with audio description.

Employee data

Employment

Breakdown of workforce

Salaried employees

As of December 31, 2013, the Group had 190 employees, excluding contract workers.

The average workforce in 2013 totaled 183 full-time equivalent workers. The breakdown within the Group's workforce is as follows:

	2013			2012		
Business segment	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Gaumont SA	43	83	126	41	81	122
Feature film production and distribution subsidiaries[(1)]	8	13	21	8	13	21
Animated films and series production	10	7	17	11	8	19
Television series and dramas production	8	11	19	6	8	14
AVERAGE WORKFORCE	**69**	**114**	**183**	**66**	**110**	**176**
France	*63*	*105*	*168*	*62*	*104*	*166*
United States	*6*	*9*	*15*	*4*	*6*	*10*

(1) Image archive management companies are included in this scope.

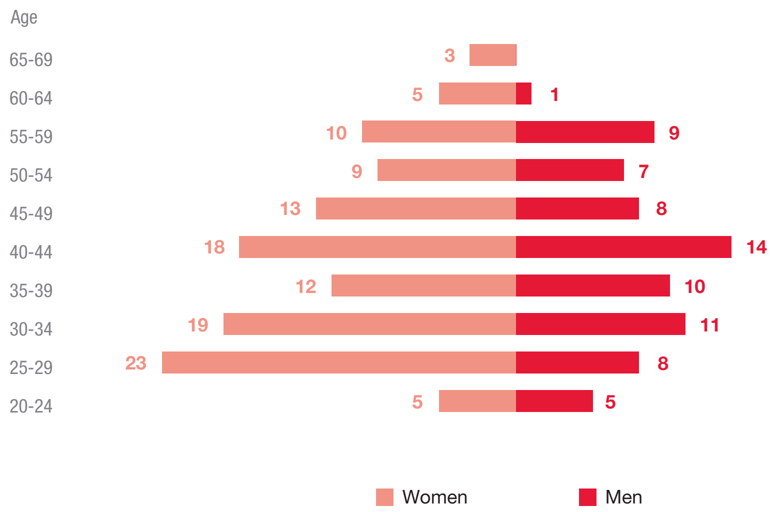
The Group's workforce is growing, essentially due to the development of television program production in France and the United States.

Open-ended contracts represent 87% of the average total workforce.

Overall, the workforce is made up of 62.3% women and 37.7% men.

The average age of employees present as of December 31, 2013 was 40, both for women and men.

The breakdown of average workforce by age group is shown below.



Hiring of interns

The Group actively involved in training and integrating young people. The Group's companies therefore regularly receive school or university interns for internships that can last from one week to six months.

In 2013, the Group employed 64 interns, representing approximately 4,363 work days, *i.e.* 17 full-time equivalents.

Hires and layoffs

Changes that affected the Group's permanent workforce in 2013 were as follows:

	France	United States	Total
Hires (including fixed-term contracts)	40	9	49
Layoffs	4	-	4
Resignations, temporary contract ends and contracts terminated by mutual agreement	31	2	33
Retirements	1	1	2

The Group's permanent workforce increased by 3% between January 1 and December 31, 2013, which corresponds to the employment of an extra five people. This growth is essentially related to the development of the American business activities (four additional positions) and to its repercussions on the business of the French companies.

The average length of service is down slightly compared with 2012, at 10.7 years for women and 9.1 years for men.

Salaries

Overall gross compensation

The overall amount of gross compensation paid in 2013 by Gaumont and its fully consolidated subsidiaries amounted to k€12,412, compared with k€10,903 in 2012, *i.e.* a 14% increase. The average annual salary stood at k€68 in 2013, versus k€62 in 2012.

Incentive bonuses and Company Savings Plan

Gaumont, Gaumont Vidéo, Gaumont Télévision and Prestations et Services are grouped together within the UES (*Union économique et sociale* – an economic and employment group formed of separate legal entities operating together and depending on the same management).

Employees in the UES benefit from an incentive bonus agreement representing 3% of consolidated net earnings before tax, minus the statutory employee profit sharing. The amounts are broken down among employees, for 50% uniformly and 50% in proportion with salaries.

Under the Company Savings Plan, all or part of the incentive bonus that any employee pays into the plan may be increased by an employer contribution amount equal to a maximum of 2/3 of the amount of the incentive calculated uniformly and within 8% of the annual social security ceiling.

In 2013, the overall amount of incentive bonuses paid totaled k€571, representing an average of k€4 per employee. The employer contribution on the amounts invested totaled k€147. The incentive bonus amount due in respect of 2013 earnings and accounted for as of December 31, 2013 totaled k€363.

The employees of Gaumont Pathé Archives, who are not part of the UES, benefit from a distinct Company Savings Plan. It is funded by voluntary payments made by member employees within the maximum limit of 25% of their gross annual salary and a minimum of €160. At the beginning of each year, the member undertakes to make a monthly payment to the Company Savings Plan. Payments are made by monthly automatic deduction from salaries.

Apart from the voluntary monthly payments, each member may make at least two exceptional payments per year on the dates of his or her choice. Gaumont Pathé Archives makes an additional employer contribution to the voluntary payments of employees, which is capped at €1,829.39 per employee. In 2013, 14 employees signed up for the plan. Payments under the savings plan amounted to k€15 and employer contributions paid by the company totaled k€23.

Employee profit sharing

The employees in the UES also receive, in accordance with the law, a profit-sharing benefit calculated in accordance with legislation currently in effect. In 2013, the Group made a total payment of k€62, supplemented with a k€14 contribution on the amount invested. For 2012, the special reserve for profit-sharing recognized in the financial statements amounted to k€77.

Allocation of stock options

Since 1987, Gaumont has set up eight stock option plans for a certain number of its employees, in particular for its executives. No new plan has been set up since 2005.

Details of the stock option plans that are still in effect as of December 31, 2013 are given on pages 107 and 108 of this Registration Document.

Organization of working time

Corporate agreements pertaining to the organization of work time

Within the UES, an agreement on the organization of work time concluded in March 2010 organizes the working time of employees according to their degree of independence.

Employees who have real autonomy in the organization of their work time, and where the nature of their job justifies it, have an annual agreement in days. The annual fixed number of days worked, subject to the acquisition of full rights to annual time off, is 218 days per year.

Other employees have their working time spread out over the year. They follow a collective fixed weekly hour basis of 36.80 hours and receive time-off days, the number of which varies depending on the contingencies of the calendar.

Gaumont has not signed any special agreement on the organization of working time for American employees. Employment contracts are governed by laws in the relevant states.

Part-time workforce

The part-time workforce is made up of one man and seven women, equivalent to five full-time employees, *i.e.* 3% of the Group's average workforce.

Absenteeism

The Group has a generally low level of absenteeism among its employees. In 2013, the Group's employees accumulated 1,782 days absence, excluding paid leave and days off associated with the reduction of working hours, *i.e.* an absentee rate[1] of 4%, roughly half of which was related to sick leave and 20% to two occupational accidents that resulted in more than six months sick leave.

Social relations

Organization of social dialogue

Gaumont, Gaumont Vidéo, Gaumont Télévision, and Prestations et Services, organized into a UES, as well as Gaumont Pathé Archives and Gaumont Animation acting individually, all have a collective agreement corresponding to their main business activity and employee representative bodies with which the Group maintains a sustained policy of dialog.

The Group had 8 employee representatives in 2013, versus 9 in 2012. Two employee representatives, members of the works' council, are affiliated with union organizations.

In 2013, 27 meetings were held with the different works' councils or employee representatives, for all entities combined.

Summary of collective agreements

Negotiations on gender equality began in 2013 and an agreement is expected to be reached in early 2014.

Health and safety at work

Employee health and safety conditions are a constant focus for the Group. Within the UES, these subjects are addressed by the Health and Safety committee during quarterly meetings.

Permanent measures for improving the working environment and working conditions have been implemented. In addition, regular sessions for training and skills maintenance relating to safety in the workplace are organized in the Group, in order to raise the employees' awareness of these issues. In 2013, 88 employees received fire warden training instructing them on the use of fire extinguishers, 9 employees received basic first aid officer training, and a further 14 employees received renewed first aid officer training.

The number of occupational accidents recorded in the Group is generally very low. In 2013, six occupational accidents were recorded, compared with three in 2012. Two accidents required more than six months leave; the other four accidents together resulted in 14 incapacity days.

The Group recorded no cases of occupational sickness in 2013.

Training

The Group offers employees continuous assistance in professional training to maintain or improve skills. Training wants and needs are reviewed at least once per year, during annual reviews.

In 2013, 37 employees (including one temporary employee) received training, or 20% of the average workforce. 1,338 hours of training were delivered, *i.e.* on average 36 hours per employee, versus six hours on average in 2012.

These training courses cover all Group's businesses and are available to employees, regardless of their age or status. In 2013, six employees with over ten years of service received 163 hours of professional training.

Equal opportunity

Gender equality

Within the Group, the breakdown of men and women by socio-professional category is as follows:

Category	Men	Women	Total
Managers	47	53	100
Supervisors	7	35	42
Employees	15	26	41
TOTAL	**69**	**114**	**183**
As a % of the whole.	*38%*	*62%*	

Overall, the Group employs 62.3% women and 37.7% men. The Group's executive staff is made up of 53% women and 47% men.

With an average age of over 40, women have on average worked for the company longer than men.

The balance between the number of men and women within the Group can also be seen in the latest recruitment figures: of employees who have been with the Group for less than two years, 44% are men and 56% are women.

The Management committee, chaired by the Chief Executive Officer, meets each week in the presence of the Chairman of the Board of directors. This committee has 14 staff members, half of whom are women.

Employment and integration of disabled workers

The Group's companies wish to participate in integrating disabled workers and make an effort to encourage their employment. Nonetheless, in 2013, disabled workers represented only 1% of the Group's average workforce.

(1) (Number of days absent, excluding paid leave) x 7 hours/1,820/average workforce.

Non-discrimination

In order to promote diversity in candidates, the Group ensures that no illegal or discriminatory criterion appears in the circulation of job offers, internally or externally, and regardless of the type of employment contract or type of job offered.

Regardless of the type of candidate received, Gaumont's recruiting process is unique and strictly identical selection criteria are applied. Recruitment, compensation or career advancements are therefore only based on professional expertise, skills, aptitude, and experience.

Promotion and compliance with fundamental International Labor Organization (ILO) conventions

The Group's social relations are subject to regulations in effect in France and the United States, the only countries in which the Group is set up and directly operates. In these countries, the ILO's fundamental conventions, especially those pertaining to freedom of association and the right to collective bargaining, prohibiting forced or mandatory labor, and non-discrimination in the workplace, are transposed into local law and applied by the Group.

Regarding child labor, French law states that children under 16 years of age cannot be employed by show business companies without prior administrative authorization. This authorization, issued by the Prefect of the administrative department in which the company is domiciled, is granted upon the opinion of a commission that assesses for each individual case:

- the morality of the role or service;
- the child's aptitude to perform the work offered to him/her (according to his/her age, education and health condition);
- conditions for employing children (number of performances, remuneration, vacation and time off, health and safety, protection of welfare and morality);
- the arrangements made with a view to ensuring the child has a normal education.

Working hours are strictly regulated.

In 2013, the Group's French companies directly employed 89 children under 16 years of age for feature film productions and television series, for a total of 204 days of work. In addition, 201 children were employed by the Group's partners for filming where Gaumont assumed the role of executive co-producer.

Environmental data

Gaumont and its subsidiaries' on-going business activities are essentially administrative and commercial in nature. In order to carry out its business activities, the Group is based at three sites in Paris and one site in Los Angeles and has small offices (less than 100 sq.m.) in New York. The Group owns its head office in Neuilly-sur-Seine, two commercial buildings on the Champs-Elysées in Paris and a group of apartments located in the Paris area.

For its film production business, the Group is responsible for decisions pertaining only to production when it acts as executive producer. For the last few years, the Group has mostly acted as co-producer and is therefore not directly responsible for decisions relating to productions that could have an impact on the environment. In 2013, out of 270 feature films produced in France, Gaumont was involved in the production of 13 films, two of them as executive producer.

In the case of televised production (drama and cartoons), the Group acts almost exclusively as executive producer. It is therefore responsible for the environmental impact of its productions. However, the Group's output remains extremely limited: Gaumont Animation and Gaumont Télévision together produced less than 30 hours of programs for television, compared with over 800 hours of drama and 300 hours of cartoon programs produced in France each year. In the United States, Gaumont International Television produced around 15 hours of programs in 2013, compared with national annual production of almost 500 hours for original series alone, excluding recommissioned series.

In general, the Group's environmental impact therefore remains limited.

General policy

The Group assumes responsibility for environmental impacts produced by its administrative and commercial business activities, as well as its real estate assets.

For its administrative business activities, the Group is working on using recycled and low consumption materials, but its business activities, by virtue of their limited scope, do not lead to significant environmental impacts.

In its production and distribution activities, the Group gives priority to the artistic and technical quality of the works produced and distributed and endeavors to reduce its environmental impacts when it does not change the quality of the works produced. For example, today the Group shoots the majority of its films in digital format, therefore limiting the use of magnetic band.

Since its direct business activities do not bring about significant environmental risk, no systematic measures are taken by the Group, nor imposed upon its sub-contractors and no specific training courses for personnel or pollution risk prevention has been conducted.

Insofar as its business activities have a limited impact on the environment, the Group does not make provisions for environmental risks.

Pollution and waste management

The Gaumont group's business does not cause any significant air, water or soil pollution, nor any significant emission of environmental, noise or visual pollution.

The management of wastes generated from shooting is the executive producer's responsibility. Due to the small number of productions in which the Group intervenes as executive producer, the waste production directly attributable to the Group remains marginal.

The management of copies, from their manufacture to their destruction at the end of their run in theaters is the distributor's responsibility. When the Group distributes its movies, it calls on specialized sub-contractors which carry out the destruction of the copies in compliance with the standards in effect. In addition, the increasing digitization of copies and the increasingly systematic use of digitized media tend to significantly reduce the production of waste and the emission of polluting substances.

Sustainable use of resources

The use of resources by the Group is essentially tied to its administrative activities and its production shooting. For its functioning, the Group exclusively uses domestic water and the main raw material consumed is printing paper. Depending on shooting, the use of raw materials is determined by the particular requirements of each film. However, the environmental impact attributable to the Group remains extremely limited, since the Group's productions as executive producer represent less than 2% of production volumes, both in France and the United States.

In terms of energy, the Group applies a rational consumption policy, including for example automatic room temperature control, motion sensor lighting, etc. In the case of productions, the Group's energy choices are adapted to the specific needs of each shooting. Energy expenses represent between 0.3% and 0.5% of the production costs of a movie, between 0.5% and 0.8% of the production costs of a television series in France, and around 1.5% of the production costs of a single episode of an American series.

As part of its video publishing activity, the Group produces approximately 1.5 million DVDs and Blu-rays each year. The manufacturing, storage and management of media at end-of-life are entirely subcontracted to specialized companies.

The Gaumont group's land use is not significant, consisting of occupying a few buildings in urban areas.

Change in climate and biodiversity

It is generally admitted that the ecological impact of the audiovisual and motion picture sector is considered as marginal compared with other industries. In 2011, a first study to evaluate the industry's carbon footprint, conducted by the company Carbone 4, confirmed this point. In fact, the study shows that the industry as a whole produces approximately 1 million equivalent tones of CO2, annually, *i.e.* less than 0.2% of total CO2 emissions in France (statistical data from the Ministry of Ecology and Sustainable Development/International Energy Agency).

According to the Carbone 4 study, one quarter of these emissions come directly from the production of works, 44% are directly related to their exploitation in movie theaters, their distribution on television channels and their video distribution and 25% of emissions are indirectly generated by the industry to the extent that they result from the travel of spectators to movie theaters.

Due to the small number of productions in which the Group operates as executive producer, the greenhouse gas emissions directly attributable to the Group remains marginal.

Climate change does not represent a risk and offers no specific opportunity for the Group's business activities.

The Group's business activities do not damage the balance of nature, natural environments or protected species other than through their carbon footprint.

Methodological approach

Scope of responsibility

The Group's scope of responsibility is defined as follows.

Employee data is prepared at consolidated Group level and includes all French and foreign fully consolidated companies.

Environmental data mainly concerns movie and audiovisual production companies. The Group's scope of responsibility is also limited to productions in which it acts as executive producer.

Data collection

The information on which this report is based is gathered through annual reporting by the various departments in charge of monitoring the data: human resources, production controllers and production managers, royalties department, legal department, communications department, etc. The data is the responsibility of the departments concerned. A consistency check is carried out at Group level.

Indicators

The indicators reported by the Group are used consistently from one period to another. Where necessary, clarification on the definition of an indicator used by the Group is given in a note. The data in this report is for fiscal year 2013, unless otherwise indicated.

2 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

Assets *(in thousands of euros)*	**Note**	**12.31.13**	**12.31.12**	**12.31.11**
Goodwill	*3.1*	14,285	14,285	14,616
Films and audiovisual rights	*3.2*	145,091	124,833	74,200
Other intangible assets	*3.3*	962	690	470
Property, plant and equipment	*3.4*	31,999	32,339	31,454
Investments in associates	*3.5*	197,245	224,668	220,165
Other financial assets	*3.6*	1,961	592	600
Non-current deferred tax assets	*4.8*	1,605	3,749	2,221
Non-current assets		**393,148**	**401,156**	**343,726**
Inventories	*3.7*	584	524	713
Trade receivables	*3.8*	74,885	37,554	68,262
Current tax assets	*3.8*	2,551	1,966	1,636
Other receivables and current financial assets	*3.8*	36,952	42,717	29,642
Cash and cash equivalents	*3.9*	5,794	10,754	7,391
Current assets		**120,766**	**93,515**	**107,644**
TOTAL ASSETS		**513,914**	**494,671**	**451,370**

Liabilities and equity *(in thousands of euros)*	**Note**	**12.31.13**	**12.31.12**	**12.31.11**
Capital		34,180	34,180	34,180
Retained earnings and comprehensive income		205,965	230,270	217,895
Equity attributable to the shareholders of the parent company		**240,145**	**264,450**	**252,075**
Non-controlling interests		**2,916**	**2,826**	**2,793**
Equity	*3.10*	**243,061**	**267,276**	**254,868**
Non-current provisions	*3.11*	2,655	2,711	2,063
Non-current deferred tax liabilities	*4.8*	1,440	1,167	547
Non-current financial liabilities	*3.12*	151,509	142,332	59
Other non-current liabilities	*3.13*	820	940	1,436
Non-current liabilities		**156,424**	**147,150**	**4,105**
Current provisions	*3.11*	1,087	1,492	1,913
Current financial liabilities	*3.12*	25,995	6,517	104,314
Trade payables	*3.13*	16,739	10,310	12,204
Current tax liabilities	*3.13*	78	79	78
Other payables	*3.13*	70,530	61,847	73,888
Current liabilities		**114,429**	**80,245**	**192,397**
TOTAL EQUITY AND LIABILITIES		**513,914**	**494,671**	**451,370**

Consolidated income statement

(in thousands of euros)	Note	2013	2012	2011
Revenue	*4.1*	**169,106**	**105,144**	**119,504**
Purchases		-2,153	-2,096	-2,111
Personnel costs	*4.2*	-26,588	-27,810	-27,516
Other current operating income and expenses	*4.3*	-26,763	-30,892	-50,760
Impairment, depreciation, amortization and provisions	*4.4*	-108,121	-36,631	-33,828
Current operating income (loss)		**5,481**	**7,715**	**5,289**
Other non-current operating income and expenses	*4.5*	-10	-644	656
Operating income (loss)		**5,471**	**7,071**	**5,945**
Share of net income of associates	*4.7*	13,783	16,439	19,947
Operating income (loss) after share of net income of associates		**19,254**	**23,510**	**25,892**
Gross borrowing costs		-6,220	-4,674	-2,788
Income from cash and cash equivalents		5	14	54
Net borrowing costs		**-6,215**	**-4,660**	**-2,734**
Other financial income and expenses	*4.6*	1,055	1,331	792
Net income (loss) before tax		**14,094**	**20,181**	**23,950**
Income tax	*4.8*	-1,318	1,093	2,680
NET INCOME		**12,776**	**21,274**	**26,630**
Share attributable to non-controlling interests		86	54	59
Share attributable to the shareholders of the parent company		12,690	21,220	26,571
Earnings per share attributable to the shareholders of the parent company				
• Average number of shares in circulation	*4.9*	4,272,530	4,272,530	4,272,530
• *In euros per share*		*2.97*	*4.97*	*6.22*
Diluted earnings per share attributable to the shareholders of the parent company				
• Average potential number of shares	*4.9*	4,272,530	4,272,530	4,272,530
• *In euro per share*		*2.97*	*4.97*	*6.22*

Consolidated statement of comprehensive income

(in thousands of euros)	Note	2013	2012	2011
Net income (loss)		**12,776**	**21,274**	**26,630**
Translation adjustments of foreign operations		-160	-48	205
Share in currency adjustments of foreign operations of associates		-279	-2,023	-32
Change in fair value of available-for-sale financial assets		-	-	-
Change in fair value of hedging financial instruments	*6.5*	1,320	-964	-1,092
Share of changes in fair value of hedging financial instruments of associates		-3,625	-	-
Income tax on gains and losses recognized directly in equity	*4.8*	-476	362	373
Other elements of comprehensive income that could be reclassified later in net income		**-3,220**	**-2,673**	**-546**
Change in asset revaluation surplus		-	-	-
Actuarial gains and losses on defined benefit plans	*3.11*	254	-631	55
Share of actuarial gains and losses of associates		32	-237	39
Income tax on gains and losses recognized directly in equity	*4.8*	-85	210	-19
Other elements of comprehensive income that cannot be reclassified in net income		**201**	**-658**	**75**
Total of other elements of comprehensive income after taxes		**-3,019**	**-3,331**	**-471**
COMPREHENSIVE INCOME FOR THE YEAR		**9,757**	**17,943**	**26,159**
Share attributable to non-controlling interests		90	33	60
Share attributable to the shareholders of the parent company		9,667	17,910	26,099

Consolidated statement of changes in equity

	Attributable to the shareholders of the parent company								
Changes in equity *(in thousands of euros)*	**Number of shares**	**Capital**	**Additional paid in capital[(1)]**	**Treasury stock**	**Retained earnings**	**Other comprehensive income**	**Total**	**Attributable to non controlling interests**	**Total equity**
AS OF DECEMBER 31, 2011	**4,272,530**	**34,180**	**27,771**	**-297**	**167,088**	**23,333**	**252,075**	**2,793**	**254,868**
Net income for the year	-	-	-	-	21,220	-	21,220	54	21,274
Other comprehensive income	-	-	-	-	-	-3,310	-3,310	-21	-3,331
Comprehensive income for the year	**-**	**-**	**-**	**-**	**21,220**	**-3,310**	**17,910**	**33**	**17,943**
Capital transactions	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-5,547	-	-5,547	-	-5,547
Elimination of treasury shares	-	-	-	32	-20	-	12	-	12
Other	-	-	-	-	-	-	-	-	-
AS OF DECEMBER 31, 2012	**4,272,530**	**34,180**	**27,771**	**-265**	**182,741**	**20,023**	**264,450**	**2,826**	**267,276**
Net income for the year	-	-	-	-	12,690	-	12,690	86	12,776
Other comprehensive income	-	-	-	-	-	-3,023	-3,023	4	-3,019
Comprehensive income for the year	**-**	**-**	**-**	**-**	**12,690**	**-3,023**	**9,667**	**90**	**9,757**
Capital transactions	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-4,266	-	-4,266	-	-4,266
Elimination of treasury shares	-	-	-	5	-10	-	-5	-	-5
Other[(2)]	-	-	-	-	-29,701	-	-29,701	-	-29,701
AS OF DECEMBER 31, 2013	**4,272,530**	**34,180**	**27,771**	**-260**	**161,454**	**17,000**	**240,145**	**2,916**	**243,061**

(1) Issue premiums, contribution premiums, merger premiums, legal reserves.
(2) Mainly the impact of the purchase of shares held by minority shareholders in the sub-group Les Cinémas Gaumont Pathé, accounted for under the equity method. Details of this transaction can be found in note 3.5.

Consolidated statement of cash flows

(in thousands of euros)	Note	2013	2012	2011
Operating activities				
Consolidated net income (including non-controlling interests)		12,776	21,274	26,630
Net allowances for depreciation, amortization and provisions	*5.1*	107,911	36,560	42,356
Impairment of goodwill	*3.1*	-	440	300
Gain on a bargain purchase		-	-	-973
Unrealized gains and losses related to changes in fair value	*6.5*	-6	83	-254
Expenses and income related to stock options and similar		-	-	-
Other calculated income and expenses		-	32	13
Gains and losses on disposal of assets		-308	541	-1
Share of net income of associates	*4.7*	-13,783	-16,439	-19,947
Dividends received from associates	*5.2*	7,638	9,666	9,833
Cash flow from operating activities after tax and net borrowing costs		**114,228**	**52,157**	**57,957**
Net borrowing costs		6,215	4,660	2,734
Tax expenses (including deferred tax)	*4.8*	1,318	-1,093	-2,680
Cash flow from operating activities before tax and net borrowing costs		**121,761**	**55,724**	**58,011**
Tax paid		-230	16	1,535
Change in working capital requirement related to the business	*5.3*	-19,995	5,516	-12,002
(A) Net cash flow from operating activities		**101,536**	**61,256**	**47,544**
Investment activities				
Proceeds from sales of fixed assets		645	494	52
Acquisition of fixed assets	*5.4*	-129,791	-85,398	-36,374
Change in liabilities on property, plant, equipment and intangible assets	*5.5*	4,496	-3,681	-5,159
Net impact of changes in scope, net of cash acquired	*5.6*	-1,722	-3,067	-364
(B) Net cash flow from investment activities		**-126,372**	**-91,652**	**-41,845**
Financing activities				
Gaumont SA capital increase	*3.10*	-	-	-
Dividends paid to Gaumont SA shareholders	*3.10*	-4,266	-5,547	-1,280
Dividends paid to non-controlling interests in consolidated companies		-	-	-
Change in treasury shares		-5	12	-13
Change in borrowings	*3.12*	28,777	43,544	274
Interest paid		-5,228	-3,777	-2,384
(C) Net cash flow from financing operations		**19,278**	**34,232**	**-3,403**
(D) Impact of changes in foreign exchange rates		**88**	**-131**	**276**
NET CHANGE IN CASH & CASH EQUIVALENTS: (A) + (B) + (C) + (D)		**-5,470**	**3,705**	**2,572**
Cash and cash equivalents at beginning of period		10,754	7,391	4,457
Bank overdraft at beginning of period		-20	-362	-
Cash position at beginning of period		**10,734**	**7,029**	**4,457**
Cash and cash equivalents at end of period	*3.9*	5,794	10,754	7,391
Bank overdraft at end of period	*3.12*	-530	-20	-362
Cash position at end of period		**5,264**	**10,734**	**7,029**
NET CHANGE IN CASH & CASH EQUIVALENTS		**-5,470**	**3,705**	**2,572**

Notes to the consolidated financial statements

1. The Gaumont group

1.1. Group's businesses

The Gaumont group is specialized in the production and distribution of movies, a business it has conducted since 1895, and for the last few years has developed a television program production business. These programs primarily include American series, French series, and cartoon series.

In addition, having combined its movie theater holdings with those of Pathé in early 2000, Gaumont holds a 34% interest in Les Cinémas Gaumont Pathé, a large movie theater network established in France, Switzerland and the Netherlands.

1.2. Highlights

2013 saw the delivery of Season 1 of the American series *Hemlock Grove* and *Hannibal*, produced by Gaumont International Television in Los Angeles, and the commissioning of a second season by most broadcasters. Television production revenue represented almost 40% of consolidated revenue in 2013.

1.3. Scope of consolidation

Change in scope of consolidation

Acquisition of Fideline Films

On July 5, 2013, Gaumont acquired Fideline Films SAS, a production company owned by Pierre Richard which has a stake in some 15 films, including *Knock on Wood, ComDads, Fugitives*, etc., for a purchase price of k€1,700 excluding costs.

The final allocation of the purchase price is as follows:

(in thousands of euros)	Book value	Fair value adjustment	Fair value
Films and cinema rights	-	2,208	2,208
Operating receivables	39	-	39
Operating liabilities	-71	-	-71
Deferred tax	-	-454	-454
Other miscellaneous assets and liabilities	-	-	-
Cash	-22	-	-22
Net assets at July 5, 2013	**-54**	**1,754**	**1,700**
Acquisition price[(1)]			**1,700**
GOODWILL			**-**

(1) Acquisition costs recognized in income amount to k€76.

In accordance with IFRS 3 (revised), Fideline Films has been fully consolidated in the Gaumont group since July 5, 2013.

All identifiable assets and liabilities of the entity were recognized at the acquisition date. The fair value adjustment of the film catalog is amortized on a straight-line basis over ten years from the acquisition date.

As of December 31, 2013, Fideline Films contributed k€51 to consolidated operating income and k€35 to consolidated net income.

If the acquisition of Fideline Films had taken place at the beginning of the financial reporting period, its contribution to operating income would have been k€-259, and its contribution to the Group's net income would have been k€-184.

Repurchase of shares held by minority shareholders of Pathé Holding BV

In December 2013, Les Cinémas Gaumont Pathé purchased shares held by minority shareholders in Pathé Holding BV, the subsidiary which owns the network of movie theaters in the Netherlands, for k€162,000 excluding acquisition expenses. This transaction had an impact on the value of investments in associates and equity of Gaumont of k€-29,737.

Changes in company name

The following companies changed their name in 2013:

- Alphanim SA was renamed Gaumont Animation SA;
- Alphanim Musique SARL was renamed Gaumont Animation Musique SARL;
- Les Films du Dauphin SARL was renamed Gaumont Production SARL;
- Les Films du Loup SARL was renamed Gaumont Production Télévision SARL.

Main consolidated companies

Company and legal form	Registered office	Siren	% interest	% control	Consolidation method
Parent company:					
Gaumont SA	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	562 018 002	100.00		F.C.
French companies:					
Motion picture production and distribution:					
Fideline Films SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	308 240 480	100.00	100.00	F.C.
Nouvelles Editions de Films SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	562 054 817	100.00	100.00	F.C.
Gaumont Production SARL	5, rue du Colisée, 75008 Paris	352 072 904	100.00	100.00	F.C.
Gaumont Vidéo SNC	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	384 171 567	100.00	100.00	F.C.
Editions la Marguerite SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	602 024 150	100.00	100.00	F.C.
Gaumont Musiques SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	494 535 255	100.00	100.00	F.C.
Légende SAS	15, av d'Eylau, 75116 Paris	449 912 609	37.48	37.48	E.A.
Légende Films SARL	15, av d'Eylau, 75116 Paris	491 159 109	37.48	37.48	E.A.
Production of television dramas and cartoon series:					
Gaumont Télévision SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	340 538 693	100.00	100.00	F.C.
Gaumont Production Télévision SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	322 996 257	100.00	100.00	F.C.
Gaumont Animation SA	8, avenue des Minimes, 94300 Vincennes	411 459 811	100.00	100.00	F.C.
Gaumont Animation Musique SARL	8, avenue des Minimes, 94300 Vincennes	433 438 769	100.00	100.00	F.C.
Movie theater operations:					
Les Cinemas Gaumont Pathé SAS	2, rue Lamennais, 75008 Paris	392 962 304	34.00	34.00	E.A.
Archives:					
Gaumont Pathé Archives SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	444 567 218	57.50	57.50	F.C.
Foreign companies:					
United States:					
Gaumont Inc	520 West 43rd Street, New York, NY 10036	United States	100.00	100.00	F.C.
Lincoln Cinema Associates	1886 Broadway, New York, NY 10023	United States	31.95	31.95	E.A.
Legende Films Inc	15233 Ventura Blvd, Sherman Oaks, CA 91403	United States	37.48	37.48	E.A.
Gaumont TV Inc	9200 W Sunset Blvd, West Hollywood, CA 90069	United States	100.00	100.00	F.C.
Gaumont International Television Llc	9200 W Sunset Blvd, West Hollywood, CA 90069	United States	100.00	77.15	F.C.
Ouroboros Productions Llc	9200 W Sunset Blvd, West Hollywood, CA 90069	United States	100.00	77.15	F.C.
Chiswick Productions Llc	9200 W Sunset Blvd, West Hollywood, CA 90069	United States	100.00	77.15	F.C.

F.C.: fully consolidated.
E.A.: equity-accounted.

2. Accounting principles and methods

2.1. General principles

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002, Gaumont's consolidated financial statements for the year ended December 31, 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable on that date.

The accounting principles used to prepare the consolidated financial statements comply with IFRS and interpretations as adopted by the European Union on December 31, 2013 and available from the website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

These accounting principles are consistent with those used to prepare the annual consolidated financial statements for the year ended December 31, 2012, excluding the IFRS and IFRIC applicable from January 1, 2013. It should be noted that the Group opted for early adoption as of December 31, 2012 of IAS 19 (revised) on post-employment benefits. The principles result from the application:

- of all standards and interpretations adopted by the European Union, mandatory as from January 1, 2013;
- options taken and exemptions used upon transition to IFRS:
  - fair value assessment at January 1, 2004 of certain land and buildings,
  - non-restatement of business combinations completed prior to January 1, 2004,
  - recognition in opening equity of all cumulative actuarial gains and losses related to pensions and other employee benefits existing at January 1, 2004,
  - non-restatement of stock options granted by the Group to certain employees or management on or before November 7, 2002,
  - reclassification in the consolidated reserves of translation reserves on January 1, 2004 relating to the conversion into euro of the financial statements of subsidiaries operating in a foreign currency.

Starting from 2013, the Group has also applied the ANC (*Autorité des normes comptables* – the French accounting regulation authority) recommendation 2013-01 dated April 4, 2013 pertaining to the presentation of the share of net income of associates in the consolidated income statement and in segment information. Since movie production and movie theater operation by associates is in line with the production and distribution activities carried out by fully consolidated entities, the Group considers that reporting the share of income from associates immediately after operating income from fully consolidated entities represents an improvement on its financial reporting.

The consolidated financial statements are presented in thousands of euro, unless otherwise specified.

The Group's consolidated financial statements at December 31, 2013 were approved by the Board of directors on March 10, 2013. They will be submitted for shareholder approval at the General meeting on April 29, 2014.

2.2. Effect of IFRS standards and IFRIC interpretations applicable from January 1, 2013

Standard		Effective date(1)	Impact on the consolidated financial statements of the Gaumont group
Revised IAS 19	Employee benefits	01/01/2013	Change of accounting method for actuarial gains and losses. Early adoption by the Group at December 31, 2012
IFRS 13	Fair value measurement	01/01/2013	No significant impact on the consolidated financial statements
Amendments to IAS 1	Presentation of items in other comprehensive income	07/01/2012	No significant impact on the consolidated financial statements
Amendments to IAS 12	Deferred tax – recovery of underlying assets	01/01/2013	No significant impact on the consolidated financial statements
Amendments to IFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters	01/01/2013	No significant impact on the consolidated financial statements
Amendments to IFRS 1	First-time adoption of the international standards: Government loans	01/01/2013	Not applicable
Amendments to IFRS 7	Disclosures: Offsetting of financial assets and financial liabilities	01/01/2013	No significant impact on the consolidated financial statements
IFRIC 20	Stripping costs in the production phase of a surface mine	01/01/2013	Not applicable
Annual improvements	2009-2011 Cycle	01/01/2013	No significant impact on the consolidated financial statements

(1) Unless otherwise specified, applicable to fiscal years beginning on the date indicated (date of EU application).

In accordance with the AMF (*Autorité des marches financiers* – the French stock exchange regulator) recommendation, Gaumont opted for early adoption of the amendment to IAS 1, *i.e.* from December 31, 2011. The Group also decided to adopt IAS 19 (revised) from December 31, 2012. In accordance with the transitional provisions, the change of method was applied retrospectively in compliance with IAS 8. The impact of this change was detailed in the notes to the consolidated financial statements for the year ended December 31, 2012, included in the Registration document filed with the AMF under number D. 13-0274.

2.3. Texts endorsed by the European Union and not yet compulsory as at December 31, 2013

Standard		Effective date(1)	Impact on the consolidated financial statements of the Gaumont group
Revised IAS 27	Separate financial statements	01/01/2014	Not applicable
IAS 28	Investments in associates and joint ventures	01/01/2014	No significant impact on the consolidated financial statements
IFRS 10	Consolidated financial statements	01/01/2014	No significant impact on the consolidated financial statements
IFRS 11	Joint arrangements	01/01/2014	No significant impact on the consolidated financial statements
IFRS 12	Disclosures of interests in other entities	01/01/2014	No significant impact on the consolidated financial statements
Amendments to IFRS 10, IFRS 11, IFRS 12	Application during transitional period	01/01/2014	No significant impact on the consolidated financial statements
Amendments to IFRS 10, IFRS 12, IAS 27	Investment entities	01/01/2014	Not applicable
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets	01/01/2014	No significant impact on the consolidated financial statements
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting	01/01/2014	No significant impact on the consolidated financial statements
Amendments to IAS 32	Offsetting of financial assets and financial liabilities	01/01/2014	No significant impact on the consolidated financial statements

(1) Unless otherwise specified, applicable to fiscal years beginning on or after the date indicated (date of EU application).

2.4. Consequences for the Group of standards, amendments and interpretations published by the IASB but not yet endorsed by the European Union as at December 31, 2013

Standard		Effective date(1)	Impact on the consolidated financial statements of the Gaumont group
IFRS 9	Financial instruments (classification and measurement)	To be determined	On hold – the process of adoption of this standard by the EU has been suspended
Amendments to IFRS 9 and IFRS 7	Financial instruments (hedge accounting)	To be determined	On hold – the process of adoption of IFRS 9 by the EU has been suspended
Amendments to IAS 19	Defined benefit plans: employee contributions	07/01/2014	No significant impact on the consolidated financial statements
Annual improvements	2011-2013 and 2010-2012 cycles	07/01/2014	No significant impact on the consolidated financial statements
IFRIC 21	Levies	01/01/2014	No significant impact on the consolidated financial statements

(1) Unless otherwise specified, applicable to fiscal years beginning on or after the date indicated (date of IASB application).

The Group has decided to not use the option proposed by the European Commission for early application of some standards or interpretations not yet endorsed.

2.5. Basis of preparation of consolidated financial statements

The consolidated financial statements have been drawn up on the basis of the historical cost principle except for certain categories of assets and liabilities in accordance with the rules laid down by IFRS. The relevant categories are detailed in the notes below.

2.6. Use of estimates

When preparing the consolidated financial statements, Group Management made estimates and assumptions that could have an impact on the value of assets and liabilities at the reporting date and on income and expenses for the period. The underlying estimates and assumptions are based on past experience and other factors deemed to be reasonable in view of the circumstances. They thus serve as a basis for determining the accounting value of assets and liabilities that cannot be obtained directly from other sources. The final amounts appearing in Gaumont's future consolidated financial statements may differ from the amounts currently estimated. Said estimates and assumptions are re-examined on an ongoing basis. The main estimates taken into account relate to the valuation of tangible and intangible assets, the amortization of films, the assessment of impairments on trade and other receivables, the recognition of deferred tax assets, and current and non-current provisions. Specifications relating to the estimates are provided in the notes below.

2.7. Consolidation

IAS 27 defines a subsidiary as an entity controlled by the parent company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

IAS 27 (revised) presents the consolidated financial statements of a group as those of a single economic entity with two categories of owners: the owners of the parent (Gaumont SA's shareholders) and the holders of non-controlling interests (minority shareholders of subsidiaries).

A non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to the parent company of the consolidated group.

The consolidated financial statements include the financial statements of Gaumont and its subsidiaries, after elimination of intra-group balances and transactions.

Investment in subsidiaries

Companies that Gaumont directly or indirectly controls are consolidated. The full consolidation method used is that whereby the assets, liabilities, income and expenses are fully consolidated.

The share of net assets and net profit attributable to non-controlling shareholders is shown separately as non-controlling interests on the consolidated statement of financial position and on the consolidated income statement.

Pursuant to the revised IAS 27, changes in the parent's interest share in a subsidiary which do not result in a loss of control only affect equity, because there is no change of control within the economic entity.

Accordingly, from January 1, 2010, when acquiring an additional interest in a consolidated subsidiary, the Group recognizes the difference between the acquisition price and the book value of the non-controlling interests under changes in equity attributable to the shareholders in Gaumont SA.

For disposals that result in the loss of control of an entity, proceeds of the disposal are recognized relative to the entire previous holding. If appropriate, the residual holding retained is measured at fair value on the date of loss of control.

Furthermore, from January 1, 2010, the share of income of non-controlling interests is attributed to them even if this results in interest expenses.

Investments in associates

The companies in which Gaumont directly or indirectly exercises significant influence and companies in which the Group exercises joint control are equity-accounted associates. Significant influence is presumed to exist where more than 20% of voting rights are held.

Losses by an associate that exceed the value of the Group's interest in said entity are not recognized unless:

- the Group has a contractual obligation to cover said losses;
- the Group has made payments in the name of the associate.

When the associate returns to profit, the Group only starts to recognize its proportional share of profits when it exceeds its proportional share of unrecognized net losses.

2.8. Foreign currency translation

Financial statements of foreign subsidiaries

The functional currency of foreign subsidiaries is the local currency, defined as the currency of the economic environment in which the entity operates.

Their statement of financial position is translated into euro at the closing rate and their income statement is translated at the average exchange rate of the period concerned. Differences resulting from the translation of the financial statements of said subsidiaries are recognized as translation adjustments in consolidated equity.

Foreign currency transactions

IAS 21 "Effects of changes in foreign exchange rates" defines recognition and measurement of transactions in foreign currencies. Pursuant to said standard:

- transactions denominated in foreign currencies are translated into local currency at the exchange rate on the date of the transaction;

- monetary items in the statement of financial position are remeasured at the closing rate at each reporting date and the relevant translation adjustments are recognized in income;
- translation adjustments on a monetary item that is part of a net investment in a foreign operation are recognized in other comprehensive income and reclassified in net income on disposal of the net investment.

2.9. Business combinations

The Group has chosen not to restate business combinations prior to the date of transition (January 1, 2004) in accordance with the option provided for under IFRS 1.

In accordance with IFRS 3, business combinations after January 1, 2004 are recognized according to the acquisition method.

The first time a controlled business is consolidated, the acquired assets and liabilities as well as contingent liabilities are measured at their fair value at the acquisition date and are recognized separately from goodwill.

A revision to this standard is applicable from January 1, 2010, without retroactive effect. As a result, the Group's acquisitions until December 31, 2009 remain measured according to the standards applicable on the acquisition dates.

Rules applicable to business combinations completed prior to December 31, 2009

The difference between the acquisition cost and the share of assets, liabilities and contingent liabilities measured at their fair value is recognized as goodwill.

Non-controlling interests are measured according to their share in the identifiable net assets of the acquired company.

Subsequent earn outs give rise to recognition of goodwill.

The direct acquisition costs contribute to the total cost of the transaction and are included in goodwill.

In the case of staged acquisitions resulting in taking control of the entity, the proportionate shares of the staged acquisition are measured at the fair value of the elements of net assets on the date of each acquisition. Shares previously held are not revalued.

In the case of a change in the percentage of interest subsequent to taking control, while retaining control of the acquired company, additional goodwill is recognized for the newly acquired share.

Rules applicable to business combinations completed from January 1, 2010

Optionally for each transaction, goodwill is measured on the date of taking control, either by the difference between the acquisition price and the proportionate share of the assets, liabilities and contingent liabilities measured at fair value, or including the minority interests measured at fair value. This option, known as "full goodwill" results in the recognition of goodwill on non-controlling interests.

Earn outs are included in the acquisition price at fair value on the date of taking control. Subsequent adjustments to this value are recognized in goodwill, if they occur within the 12-month measurement period, or in profit or loss beyond this date.

The direct acquisition costs are recognized in expenses for the period.

In the case of staged acquisitions resulting in taking control of the entity, the proportionate shares held prior to taking control are revalued at fair value on the date of taking control. The impact of these revaluations is recognized in profit or loss.

Subsequent changes to the percentage of interest, while control of the acquire company is retained, constitute transactions between shareholders and have no impact on profit or loss or on goodwill. The difference between the redemption price and the proportionate share acquired (or transferred) is recognized in equity.

2.10. Goodwill

In accordance with IFRS 3, the Group finalizes the analysis of the fair value of assets and liabilities acquired within a maximum of 12 months following the acquisition date. At the end of the measurement period, the purchase price allocation is deemed final.

Goodwill is allocated to the smallest identifiable group of assets or cash-generating units.

The Group defines each entity acquired as a cash-generating unit. Each cash-generating unit is tested separately for impairment.

Goodwill is not amortized but is subject to an impairment test at each annual closing. The impairment test is carried out for the cash-generating unit(s) to which the goodwill is allocated by comparing the recoverable value and the carrying amount of the cash-generating unit(s).

The recoverable value of a cash-generating unit is defined as the higher of the fair value (usually the market price) less costs to sell and the value in use determined using the discounted future cash flow method.

Key assumptions made in carrying out the impairment tests vary depending on the cash-generating unit's area of business.

In the case of the cinema production business and the animated films and series production business:

- cash flow projections are based on two-year (minimum) business plans;
- cash flow projections beyond that timeframe are extrapolated by applying a growth rate of 2% to perpetuity;
- cash flows are discounted using an appropriate rate for the type of business, *i.e.* 7.5%.

For the television series and drama production business:

- cash flow projections are based on two-year (minimum) business plans;
- cash flow projections beyond that timeframe are extrapolated over seven years without any terminal value, by applying a growth rate of 2%;
- cash flows are discounted using an appropriate rate for the type of business, *i.e.* 10.5%.

In the case of movie theater operating companies, the Group applies a method that is in line with industry practice, which consists of determining the fair value less costs to sell, based on a multiple of standard EBITDA less net debt. This method is used, with the agreement of Gaumont's banking partners, to measure the value of assets linked to this line of business, when assessing compliance with its financial covenants.

If the carrying amounts of the cash-generating unit exceed the recoverable value, the assets of the cash-generating unit will be impaired in order to bring them into line with their recoverable value. Impairment losses are first charged against goodwill and are recognized under "Other non-current operating income and expenses".

Impairment losses on goodwill are irreversible.

Goodwill relating to investments in which the Group exercises significant influence is presented in the line "Investment in associates", in application of IAS 28.

2.11. Property, plant, equipment and intangible assets

In accordance with IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets", identifiable items are only recognized as assets if, and only if, it is probable that future economic benefits associated with the items will flow to the entity and the cost can be measured reliably.

In accordance with IAS 36 "Impairment of assets", when events or changes to the market environment indicate a risk of impairment losses on intangible assets with definite useful lives or on property, plant and equipment, such assets shall be reviewed in detail to determine whether their net carrying amount has fallen below their recoverable value, defined as the higher of fair value (less costs of disposal) and value in use. The value in use is determined by discounting the future cash flows expected from using the asset and from its sale.

In the event the recoverable amount is less than the net carrying value, an impairment loss is recognized for the difference between these two amounts.

Impairment losses on intangible assets with definite useful lives and on property, plant and equipment may be subsequently reversed where the net recoverable value becomes higher than the net carrying amount (up to the amount of the initial impairment loss).

Gains or losses arising from the disposal of intangible assets or property, plant and equipment items are determined by the difference between the proceeds of the sale and the net carrying amount of the asset sold, and are posted to "Other current operating income and expenses" if the sale concerns films, series or audiovisual rights, or to "Other non-current operating income and expenses" if the sale concerns other types of assets.

Films and audiovisual rights

Films and cinema rights

The gross value of films and cinema rights, recognized in the statement of financial position, includes the following items:

- productions of films of which the Group is executive producer, intended to be marketed in France or abroad, through all audiovisual media;
- French or foreign co-production investments;
- acquisition of rights allowing distribution of an audiovisual work;

and includes, as from the end of shooting:

- the amounts invested, less contributions by co-producers to the films, when the Group was involved in the production as executive producer;
- the amounts invested as fixed contributions, when the Group was involved in the production as co-producer;
- the acquisition costs of rights when the Group was not involved in the production of the work.

Capitalized cost of a film includes interest expenses incurred during the production period as well as a portion of overheads that are directly attributable to the production.

Amortization is calculated by applying the estimated revenue value method, which takes the net carrying value at January 1 and applies the ratio of net proceeds received for the year to total net proceeds. Total net proceeds include, over a period of ten years of operation from release date, Gaumont's share of net proceeds received for the year and estimated net proceeds. Management reviews the estimated net proceeds regularly and adjusts them, if needs be, taking into account the operating profits of films, new contracts signed or planned and the audiovisual environment at the reporting date.

In the event the net value of the investment resulting from the application of this method exceeds the estimated net proceeds, additional amortization is recognized to cover the shortfall in proceeds.

Likewise, an impairment loss may be recognized for productions in progress where the budget initially provided for has been significantly overrun or where, for films marketed between the reporting date and the publication of the financial statements, the estimate of future proceeds is below the value of the investment.

As from the 2011 fiscal year, a residual value is allocated to films produced after 2001, which have been a great success and for which Gaumont anticipates receiving future proceeds well beyond ten years. The residual value, which offsets the amortizable cost of the film, is based on the number of tickets sold during the film's commercial distribution in the movie theaters and on its artistic features. Pursuant to the provisions of IAS 36, the justification for the recoverability of this residual value is reviewed at each reporting date.

Television series and drama and cartoon series

The gross amount of series includes the cost of the investment made, less contributions from co-producers. Capitalized cost of series and dramas includes interest expense incurred during the production period when this is directly attributable to the production.

Amortization of series, dramas and animated film and series is calculated by applying to the net carrying amount at January 1 the ratio of net proceeds received for the year to total net proceeds. Total net proceeds include, over a maximum period of seven years, the Group's share of net proceeds received during the year and estimated net proceeds. Estimated proceeds are periodically reviewed by the management.

In the event that the net value of the investment resulting from the application of this method exceeds the estimated net proceeds, an additional impairment loss is recognized to cover the shortfall in proceeds.

Preliminary costs

Preliminary costs represent the expenses, such as searches for themes, talent and locations required to develop projects, incurred prior to the decision to make the film. These costs are recognized as an expense in the year in which they are incurred.

Ongoing productions

Ongoing productions represent all direct costs and financial expenses incurred to produce a film or a series and include a share of overheads directly attributable to the production. Production costs are transferred from the "Ongoing productions" item to the final asset account once the production is complete and available for release.

Other intangible assets

Other intangible assets include:

- purchased software, amortized over a period of between one and three years;
- musical rights, amortized according to the declining-balance method applicable to musical production: 75% in the first year and 25% in the second, or on a straight-line basis over five years in the event of a catalog purchase.

Property, plant and equipment

In accordance with IAS 16 "Property, plant and equipment", the gross value of property, plant and equipment items corresponds to their acquisition cost, apart from certain items bought prior to December 31, 1976 that were revalued during the 1978 fiscal year.

Under IFRS 1, the Group opted on first-time adoption of IFRSs to have land and buildings located in the center of the Paris business district measured at fair value. These include:

- Gaumont's head office in Neuilly-sur-Seine;
- the building at 5 rue du Colisée, 75008 Paris;
- the Gaumont Ambassade cinema on the Avenue des Champs-Elysées, 75008 Paris.

Said revaluations were made based on independent appraisals.

IAS 16 provides in particular for:

- the depreciation of items of property, plant and equipment over their estimated useful life;
- the separate recognition and depreciation of major components of an asset.

The main depreciation periods used by the Group are as follows:

Useful life *(in years)*

Buildings[(1)]	25 to 40 years
Fittings and fixtures of buildings	5 to 10 years
Operating equipment and other property, plant and equipment	4 to 8 years

(1) Buildings that have been measured at fair value as deemed cost on first-time adoption of IFRSs are depreciated over 40 years from the first-time adoption of these standards.

2.12. Investments in associates

The item "Investments in associates" represents the share of equity (including net income or loss for the year) of companies in which the Group exercises significant influence or joint control. Where applicable, this share is supplemented by taking into account any valuation adjustments attributable to the assets and liabilities of the companies concerned.

Pursuant to IAS 28, this item also includes any goodwill recognized on the date of acquiring the investment, which is measured using the methods described in note 2.10.

Any impairment losses are included in the share of net income of associates.

2.13. Other financial assets

Investments in non-consolidated companies

They represent the Group's interests in non consolidated companies.

In accordance with IAS 39 "Financial instruments", equity interests in non-consolidated companies are treated as being available for sale and are thus recognized at fair value. For listed securities, this fair value corresponds to the stock market price. If the fair value cannot be reliably determined, the securities are recognized at historical purchase cost. Changes in fair value are recognized directly in equity. If there is an objective indication that a financial asset may be impaired (in particular a significant or permanent decrease in its value), an impairment loss is recognized in income. This loss will be reversed in the income statement only when the securities are sold.

Receivables from non consolidated entities, other loans, deposits and bonds

These financial assets are measured at amortized cost. Their carrying amount in the statement of financial position includes the outstanding capital and the unamortized share of purchase costs. An impairment loss may be recognized if there is an objective indication of impairment. The impairment representing the difference between the net carrying amount and recoverable value is recognized in income and is reversible should there be an improvement in recoverable value.

2.14. Impairment of assets

Under IAS 36 “Impairment of assets”, the carrying amount of goodwill, intangible assets and property, plant and equipment is reviewed at each reporting date and is tested for impairment whenever there is an indication that the unit may be impaired. In the case of assets with an indefinite useful life, the test is carried out at least once a year. For the Group, only goodwill is included in this asset category.

If there is an indication of impairment, the Group estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable value, an impairment loss is recognized to bring the carrying amount down to the recoverable value.

2.15. Inventories

Inventories are assessed at the lower of the purchase cost of the inventory or the net recoverable value.

An impairment loss is recognized at the reporting date if the market value is less than the carrying amount.

2.16. Trade receivables and other receivables

Receivables are recognized at their nominal value, less impairment for non-recoverable amounts. An estimate of the non-recoverable amount is made individually for each receivable when it is no longer probable that the entire receivable will be recovered. An impairment loss is recognized for the non-recoverable portion of receivables.

2.17. Cash and cash equivalents

Cash and cash equivalents include liquidity held in bank current accounts and investments in money market instruments that may be liquidated or sold in the very short term, in view of Management intentions, and do not entail a significant risk of loss in value in the event of interest rate changes.

In accordance with IAS 39 “Financial instruments”, said investments in money market instruments are measured at fair value. Changes in fair value are systematically recognized in income (under “Income from cash and cash equivalents”).

2.18. Treasury shares

Purchases of treasury shares are recognized as a deduction from equity at their acquisition cost.

When treasury shares are sold, any resulting gains or losses are recognized in the consolidated reserves, net of tax.

2.19. Provisions

In accordance with IAS 37 “Provisions, contingent liabilities and contingent assets”, a provision is established where an obligation exists at the reporting date towards a third party as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, without the Group receiving at least equivalent consideration, and a reliable estimate can be made of the amount of the obligation.

2.20. Employee benefits

Provisions for post employment benefits

Provisions for post employment benefits relate to the Group’s pension commitment to its employees.

This is limited to the pensions and other retirement benefits provided for under the collective agreements of the Group’s companies. In accordance with IAS 19 “Employee Benefits”, it is calculated, by independent actuaries, on the basis of the projected unit credit method having regard to the following assumptions:

- rights under agreements measured in relation to the length of service accrued by the various categories of personnel;
- an estimated retirement age of 63 for executives and supervisors and 62 for employees;
- the turnover rate;
- wages and salaries, including employer’s social security contributions, measured at the prevailing rates;
- an annual rate of salary increase;
- mortality based on statistical tables;
- discount rate reviewed at each reporting date, based on long-term corporate bonds (“Euro zone AA rated corporate bonds +ten years”).

IAS 19 (revised), applied retroactively from January 1, 2012, makes some amendments to the accounting treatment of post-employment benefits measured in this way. The main changes are as follows:

- recognition of all commitments on the consolidated statement of financial position and the end of the corridor method, under which past service costs could be amortized over the average vesting period of the rights;
- mandatory recognition of all actuarial gains and losses under “Other comprehensive income”;

- immediate recognition in income of the impact of pension plan amendments;
- the expected rate of return on plan assets will now be the same as the discount rate applied to the defined benefit obligation.

Under IAS 19 (revised), past service cost, gains and losses on settlement and net interest on the net defined benefit liability are recognized in net income for the period and reported under "Personnel costs". Actuarial gains and losses are recognized in full under "Other comprehensive income". The Group has no assets in respect of its defined benefit plans.

Seniority bonuses

The Group also assesses its commitments related to bonuses granted subject to certain seniority conditions. The value of these commitments is calculated by applying the method and assumptions used to measure the pension benefit described above.

2.21. Stock option plan

Stock options are granted to certain executives and employees of the Group which, at the time of their exercise, give rise to the issuance of new shares by means of a capital increase. In accordance with the terms of IFRS 2 "Share-based payment", the fair value of options granted is measured on the date they are granted based on the Black & Scholes model. Said fair value is recognized under "Personnel costs" on a straight-line basis over the vesting period and offset in equity.

In accordance with IFRS 1 "First-time adoption of International Financial Reporting Standards", only plans granted after November 7, 2002, rights to which have not vested on January 1, 2004 are measured and recognized as "Personnel costs". Plans prior to November 7, 2002 are not measured and are not recognized.

2.22. Income tax

Deferred tax

In accordance with IAS 12 "Income tax", deferred tax is recognized for all temporary differences identified between the carrying amount of assets and liabilities and their tax bases, using the liability method.

Deferred tax assets from tax losses are recognized when it is considered that they are likely to be recovered, based on recent business forecasts.

An impairment loss on deferred tax assets is recognized when it is unlikely that they will be used in the future.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are assessed at the tax rates that are expected to be applied during the year in which the asset will be realized or the liabilities paid, based on known tax rates applicable in the various countries on the reporting date.

Contributions based on the added value of companies

The Group considers the local business tax *(contribution économique territoriale)* and in particular the contributions based on the added value of companies (*cotisation sur la valeur ajoutée des entreprises*, or CVAE) as an operating expense which does not come under the scope of IAS 12. No deferred tax liability is recognized on this basis.

2.23. Derivatives

The Group uses derivatives to manage and reduce its exposure to the risk of changes in interest rates and foreign exchange rates. These instruments include interest rate swap agreements and foreign exchange options.

Derivatives are initially recognized at their fair value on the effective date of the contract and then remeasured at each reporting date in accordance with IAS 39. The fair value of derivatives is shown on the statement of financial position as "Other receivables" or "Other payables", depending on whether it results in an unrealized gain or loss.

Non-hedging derivatives

For instruments that do not qualify as hedges, the change in fair value is reported in financial income under "Other financial income and expenses".

Hedging derivatives

IAS 39 defines three categories of hedging instruments, each having its own accounting method:

- fair value hedges are intended to provide protection from exposure to a change in the fair value of an asset or of a liability that has been recognized, or of a firm commitment that has not been recognized, which has an impact on net income;
- cash flow hedges are intended to provide protection from exposure to fluctuations in cash flows attributable to a particular risk associated with an asset or with a liability that has been recognized, or to a highly probable forecast transaction, which could affect net income;
- hedges of net investments in foreign operations are designed to protect from exposure to fluctuations in foreign exchange rates affecting an investment in a foreign entity.

When the Group enters into a hedging transaction, it ensures that:

- at the inception of the transaction, formal designation and documentation describe the hedging relationship and the Management's objective in relation to the relevant risk management and hedging strategy;
- management expects the hedge to be highly effective in offsetting risks;
- the transactions hedged are highly probable and involve exposure to variations in cash flows that could ultimately affect net income;
- the effectiveness of the hedge can be measured reliably;
- the effectiveness of the hedge is assessed on an ongoing basis and is determined to be highly effective throughout the life of the hedge.

For cash flows hedges, any changes in fair value relating to the effective portion of the derivative are recognized in equity. The ineffective portion of these changes is recognized in operating income or in financial income for the year, depending on the nature of the hedged item. The changes in fair value that are recorded in equity are transferred to net income for the year in which the hedged transaction occurs and affects net income.

2.24. Measurement of financial liabilities

In accordance with IAS 39, borrowings and other financial liabilities are measured at amortized cost, based on the effective interest rate of the transaction, including transaction costs.

In accordance with IAS 32, when the Group has made a binding and unconditional commitment to buy out a subsidiary's non-controlling interests ("buyout commitment") and, conversely, the subsidiary's non-controlling interest shareholders have made a commitment to sell the Group their full interest ("sale commitment"), the commitments to buy out the share of non-controlling interests ("puts") are treated as liabilities and discounted.

For the "puts" issued up to December 31, 2009 the Group recognizes a financial liability along with a reduction in the share attributable to non-controlling interests and, where necessary, in goodwill for the remainder. Subsequent changes in the value of the liability, related to its discount rate, are recognized in financial expenses.

For the "puts" issued from January 1, 2010, pursuant to revised IAS 27, subsequent changes in value are recognized as reclassified amounts in equity without having an impact on net income.

2.25. Soficas

The "producer shares" of the Soficas guaranteed by Gaumont are recognized at their nominal value under liabilities in the statement of financial position. The payback of the share of proceeds to which they are entitled is directly recognized as an offset to these liabilities.

2.26. Structure of the consolidated statement of financial position

IAS 1 "Presentation of financial statements" requires current and non-current items to be split out on the statement of financial position.

The breakdown is as follows:

- current assets are those that the Group expects to realize or use in the normal operating cycle. All other assets are deemed to be non-current assets;
- current liabilities are those that the Group expects will be paid in the normal operating cycle. All other liabilities are deemed to be non-current liabilities.

2.27. Operating segments

In application of IFRS 8, the segment information presented by the Group is based on the same management data available to executive management, the chief operating decision maker. The measurement methods for figures by operating segment are in line with the principles and policies used to prepare the consolidated financial statements.

The Group's organizational structure is based on its various businesses. The Gaumont group operates in three business sectors which constitute its operating segments:

- feature film production and distribution, which includes the various distribution phases of movies: distribution to theaters, sales to television channels, on video and video on demand, both in France and internationally;
- production and distribution of animated films and series and television series and dramas *via* its subsidiaries Gaumont Animation, Gaumont Télévision and Gaumont International Television in the United States;
- operation of movie theaters *via* its interest in Les Cinémas Gaumont Pathé.

2.28. Revenue

Cinema production business

Proceeds from movies are recognized once rights have vested, in accordance with the following criteria:

Cinemas France

Film rentals to cinemas are recognized on a weekly basis in accordance with the weekly box office.

Video France

Revenue generated from the exploitation of works released on video is recognized based on monthly sales.

At the reporting date, a provision is recognized for estimated returns and discounts granted to customers. Said provision is charged against revenue.

Video on demand France

Revenue from video on demand is recognized on the basis of monthly payments, or for contracts with a guaranteed minimum, under the same conditions as television rights.

Television France

In accordance with IAS 18.14, sales of broadcasting rights to French television channels are recognized once the risks and economic benefits have been transferred. This transfer is deemed to have taken place when the following cumulative conditions have been met:

- signature of contracts;
- acceptance of the broadcasting material;
- vesting of rights.

An exception is made in the case of pre-sales, for which the risks and economic benefits are transferred as from the first release of the work in cinemas, on condition that contracts have been signed and the broadcasting material has been accepted.

International

In accordance with IAS 18.14, proceeds related to the international sale of rights are recognized once the risks and economic benefits have been transferred. This transfer is deemed to have taken place when the following cumulative conditions have been met:

- signature of contracts;
- acceptance of the broadcasting material;
- vesting of rights;
- and, rendering of accounts when the contract provides for the payment of a percentage on proceeds generated by the customer's use of the work.

An exception is made in the case of pre-sales, for which the risks and economic benefits are transferred as from the first release of the work in cinemas, on condition that contracts have been signed and the broadcasting material has been accepted.

Until all the aforementioned recognition criteria have been satisfied, revenue is recognized as prepaid income on the statement of financial position under the "Other payables" item.

Television production business - cartoon series and dramas

The proceeds from the sale of rights to series and television dramas are recognized in accordance with the following criteria:

Television France

In accordance with IAS 18.14, sales of broadcasting rights to French television channels are recognized once the risks and economic benefits have been transferred. This transfer is deemed to have taken place when the following cumulative conditions have been met:

- signature of contracts;
- acceptance of the broadcasting material;
- vesting of rights.

An exception is made in the case of pre-sales, for which the risks and economic benefits are transferred as from the delivery and acceptance of the distribution material, regardless of the rights period.

International

In accordance with IAS 18.14, proceeds related to the international sale of rights are recognized once the risks and economic benefits have been transferred. This transfer is deemed to have taken place when the following cumulative conditions have been met:

- signature of contracts;
- acceptance of the broadcasting material;
- vesting of rights;
- and, rendering of accounts when the contract provides for the payment of a percentage on proceeds generated by the customer's use of the work.

An exception is made in the case of pre-sales, for which the risks and economic benefits are transferred as from the delivery and acceptance of the distribution material, regardless of the rights period.

2.29. Financial support for the cinema industry and the audiovisual industry

Films generate financial support on account of their commercial distribution in cinemas, their broadcasting on television and their video distribution. The financial support for the movie production, distribution and video publishing is recognized in tandem with the revenue of films that generate the support. It is recognized under assets on the statement of financial position in "Other receivables", offset by an operating subsidy. The support fund invested in the production of new films is charged against "Other receivables".

The support fund for the audiovisual program industry (COSIP) follows the same rule. Financial support for the production of audiovisual works is recognized in tandem with the proceeds from the series and dramas that generate the support.

2.30. Subsidies

Subsidies received, insofar as they are definitively vested, are recognized in income from the date of the first release in theaters of the relevant films, and, for television productions, from the date of delivery and acceptance of series and dramas by television broadcasters.

2.31. Tax credits linked to current operations

Audiovisual and cinema tax credit

The cinema tax credit, granted from 2004, is designed to encourage production companies to develop and produce their audiovisual and cinema works in France. It is recognized on a pro rata basis to the economic amortization in the consolidated financial statements as current operating income from the first release in theaters of the relevant feature film or from the date of delivery and acceptance in the case of television productions.

Employment competitiveness tax credit

The employment competitiveness tax credit is measured and recognized in income receivable as and when the corresponding remuneration expenses are incurred. Under IAS 20, the corresponding saving is deducted from personnel costs.

2.32. Operating income (loss)

Operating income includes current operating and other non-current operating income or expenses.

Proceeds from the sale of films, series and the associated audiovisual rights are included in current operating income. Proceeds from the sale of other intangible assets and property, plant and equipment and goodwill impairment losses are included in other non-current operating income and expenses.

From 2013, operating income after share of net income of associates also includes the share of net income of associates involved in an activity which is similar to or an extension of the activities of fully consolidated companies.

2.33. Share of net income of associates

Any impairment loss resulting from impairment tests on goodwill on investments accounted for using the equity method are included in the net income presented on this line.

2.34. Net borrowing costs

Net borrowing costs include the interest expense on gross financial liabilities and income from cash and cash equivalents.

2.35. Other financial income and expenses

Other financial income and expenses primarily include interests capitalized, changes in fair value of financial instruments (assets, liabilities and derivatives), foreign exchange gains or losses (other than those related to operating transactions, classified in current operating income), dividends received from non consolidated companies, gains (losses) on the disposal of assets and the impairment of non current financial assets.

2.36. Earnings per share

Earnings per share are determined by dividing the net income attributable to equity owners of the parent by the weighted average number of shares outstanding over the reporting period.

Diluted earnings per share are determined by dividing the net income attributable to equity owners of the parent by the weighted average number of shares outstanding over the reporting period, plus the number of shares that would result if all dilutive stock options that can be exercised were exercised at the reporting date.

In the case of stock options, the difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price is treated as an issue of ordinary shares with a dilutive effect.

If a loss is made during the period, diluted earnings per share are calculated by dividing the net income attributable to equity owners of the parent by the number of shares at the reporting date, taking into account the accretive effect of exercising stock options.

3. Notes to the consolidated statement of financial position

3.1. Goodwill

		Movements of the period				
	12.31.13	+	-	Other[1]	12.31.12	12.31.11
Gaumont Animation	15,794	-	-	-	15,794	15,794
Arkéion Films	-	-	-	-241	241	241
Autrement Productions	-	-	-	-53	53	53
Gaumont Production	-	-	-	-1,815	1,815	1,815
Léonis Productions	-	-	-	-740	740	631
LGM Participations	491	-	-	-	491	491
Gross value	**16,285**	**-**	**-**	**-2,849**	**19,134**	**19,025**
Gaumont Production	-	-	-	1,271	-1,271	-1,271
Accumulated amortization	**-**	**-**	**-**	**1,271**	**-1,271**	**-1,271**
Gaumont Animation	-2,000	-	-	-	-2,000	-2,000
Arkéion Films	-	-	-	241	-241	-241
Autrement Productions	-	-	-	53	-53	-53
Gaumont Production	-	-	-	544	-544	-544
Léonis Productions	-	-	-	740	-740	-300
Accumulated impairment losses	**-2,000**	**-**	**-**	**1,578**	**-3,578**	**-3,138**
CARRYING VALUE	**14,285**	**-**	**-**	**-**	**14,285**	**14,616**

(1) Changes in percentage interest, disposals.

In 2013 the Group disposed of all goodwill with a zero value at the beginning of the period. This transaction had no impact on consolidated income.

Goodwill is tested for impairment at each reporting date, in accordance with the provisions of IAS 36 and under the assumptions described in note 2.10.

For the most significant goodwill, the key assumptions are as follows:

	CGU category	Projection period	Discount rate	Perpetual growth rate	Other key assumptions	Net carrying amount 12.31.13	12.31.12	12.31.11
Gaumont Animation	Animated films and series production	Perpetual	7.5%	2.0%	Two-year budget(1) and going concern	13,794	13,794	13,794

(1) Budgets are based on firm commitments known at the date the budget was prepared and include all resources immediately available. They do not rely on any significant estimates except for planning forecasts.

At December 31, 2013, the net carrying amount of the cash-generating unit (CGU) is equivalent to its value in use. An adverse change in one or more key assumptions would entail the recognition of an impairment loss for the asset concerned.

The sensitivity of value in use to changes in the principal assumptions is presented below.

	Change in discount rate	Change in perpetual growth rate
Rate used for impairment tests	**7.50%**	**2.00%**
Sensitivity at +1% *(in k€)*	-3,934	4,178
Sensitivity at -1% *(in k€)*	5,231	-3,192

At end-December 2013, a one-point increase in the discount rate would lead to a goodwill impairment loss of k€3,934. A one-point decrease in the growth rate would lead to an impairment loss of k€3,192.

3.2. Films and audiovisual rights

	12.31.13	Movements of the period +	-	Other(1)	12.31.12	12.31.11
Films and cinema rights	1,615,083	53,035	-	18,435	1,543,613	1,519,774
Television series, dramas and broadcasting rights	85,548	12,311	-	53,944	19,293	17,354
Animated films and series	150,509	4,374	-2,088	9,476	138,747	131,057
Musical productions	2,823	4	-	-	2,819	2,819
Video games	1,525	-	-	-	1,525	1,525
Movies in production	-	-	-	-1,313	1,313	-
Television series and dramas in production	42,606	51,857	-	-57,458	48,207	227
Animated films and series in production	4,528	4,653	-	-7,976	7,851	7,855
Gross value	**1,902,622**	**126,234**	**-2,088**	**15,108**	**1,763,368**	**1,680,611**
Films and cinema rights	-1,542,836	-44,272	63	-16,398	-1,482,229	-1,458,259
Television series, dramas and broadcasting rights	-70,308	-53,203	-	1,878	-18,983	-17,062
Animated films and series	-140,040	-9,220	2,158	1	-132,979	-126,767
Musical productions	-2,822	-3	-	-	-2,819	-2,798
Video games	-1,525	-	-	-	-1,525	-1,525
Accumulated amortization and impairment losses	**-1,757,531**	**-106,698**	**2,221**	**-14,519**	**-1,638,535**	**-1,606,411**
CARRYING VALUE	**145,091**	**19,536**	**133**	**589**	**124,833**	**74,200**

(1) Changes in scope, transfers between items, foreign currency translation adjustments.

The increase in the gross value of films and cinema rights was mainly driven by investments in movies released in 2013, or which have finished shooting and will be released during 2014, and by the first-time consolidation of Fideline Films.

The increase in gross value of television series, dramas and broadcasting rights, and of animated films and series corresponds to investments in series delivered over the period or for which production is complete.

At December 31, 2013, the films, television dramas and cartoon series in production correspond to works that will be delivered or released in theaters in 2014 and 2015. These include:

- for television series: *Hemlock Grove Season 2*, *Hannibal Season 2, Interventions, Résistance !* and *Hôtel de la Plage*;
- for animated films and series: *Calimero Season 2* and *Noddy*.

Reductions in assets reflect rights disposed of during the period.

At December 31, 2013, a k€1,800 impairment loss was recognized for a movie whose estimated proceeds failed to cover its carrying amount. A reversal of impairment was also recognized for animated productions during the year after delivery of the productions concerned, the impairment loss having been included in the amortization expense for the period.

3.3. Other intangible assets

		Movements of the period				
	12.31.13	+	-	Other[1]	12.31.12	12.31.11
Franchises, patents, licenses, brands and software	3,437	596	-	80	2,761	2,371
Other intangible assets	166	-	-	-	166	166
Other intangible assets in progress	34	34	-	-80	80	-
Gross value	**3,637**	**630**	**-**	**-**	**3,007**	**2,537**
Franchises, patents, licenses, brands and software	-2,576	-356	-	-	-2,220	-1,971
Other intangible assets	-99	-2	-	-	-97	-96
Accumulated amortization and impairment losses	**-2,675**	**-358**	**-**	**-**	**-2,317**	**-2,067**
CARRYING VALUE	**962**	**272**	**-**	**-**	**690**	**470**

(1) Changes in scope, transfers between items, foreign currency translation adjustments.

3.4. Property, plant and equipment

		Movements of the period				
	12.31.13	+	-	Other[1]	12.31.12	12.31.11
Land	20,260	-	-	-	20,260	20,260
Buildings and fittings	30,874	547	-75	5	30,397	29,705
Operating equipment	2,089	253	-	-	1,836	1,742
Other property, plant and equipment	5,679	255	-62	-2	5,488	4,825
Property, plant and equipment in progress	5	5	-	-5	5	19
Gross value	**58,907**	**1,060**	**-137**	**-2**	**57,986**	**56,551**
Land	-310	-	-	-	-310	-310
Buildings and fittings	-20,099	-887	65	-	-19,277	-19,090
Operating equipment	-1,717	-94	-	1	-1,624	-1,584
Other property, plant and equipment	-4,782	-409	62	1	-4,436	-4,113
Accumulated depreciation and impairment losses	**-26,908**	**-1,390**	**127**	**2**	**-25,647**	**-25,097**
CARRYING VALUE	**31,999**	**-330**	**-10**	**-**	**32,339**	**31,454**

(1) Changes in scope, transfers between items, foreign currency translation adjustments.

3.5. Investments in associates

Company	% Interest	12.31.13	12.31.12	12.31.11
Les Cinémas Gaumont Pathé	34.00%	191,372	218,637	213,434
Lincoln Cinema Associates (USA)	31.95%	353	407	415
Légende	37.48%	5,520	5,624	6,316
Gross value		**197,245**	**224,668**	**220,165**
Accumulated impairment losses		-	-	-
CARRYING VALUE		**197,245**	**224,668**	**220,165**

In December 2013, Les Cinémas Gaumont Pathé purchased shares held by minority shareholders in Pathé Holding BV, the subsidiary which owns the network of movie theaters in the Netherlands, for k€162,000 excluding acquisition expenses. Under IAS 27 (revised), this transaction was analyzed at the sub-group level as a transaction between shareholders and recognized directly in equity. Following this transaction, consolidated equity attributable to Les Cinémas Gaumont Pathé group was reduced by k€87,462.

At the Gaumont group level, the transaction reduced the value of the equity interest in Les Cinémas Gaumont Pathé by k€29,737 and reduced equity attributable to equity owners of Gaumont SA by the same amount.

Details of the change in equity interest in Les Cinémas Gaumont Pathé are presented below.

Value of the equity interest at 12.31.12	**218,637**
Distribution of dividends	-7,490
Share of net income for the year	13,813
Other comprehensive income	-3,892
Buyout of minority shareholders of Pathé Holding BV	-29,737
Other changes	41
Value of the equity interest at 12.31.13	**191,372**

Analysis of the recoverable amounts did not indicate any impairment at December 31, 2013.

Summarized financial information of associates

The table below shows the Group's share in associates' summarized financials.

	Les Cinémas Gaumont Pathé	Lincoln Cinema Associates (USA)	Légende
% Interest	**34.00%**	**31.95%**	**37.48%**
Non-current assets	297,726	336	8,751
Current assets	50,070	37	20,152
Total assets	**347,797**	**373**	**28,903**
Equity attributable to the shareholders of the parent company	129,220	347	2,257
Non-controlling interests	7,885	-	-
Non-current liabilities	92,004	-	111
Current liabilities	118,687	26	26,536
Total equity and liabilities	**347,797**	**373**	**28,903**
Revenue	227,193	1,302	10,488
Net income (loss)	13,813	106	-136

Transactions with associates

Only Gaumont SA enters into transactions with associated companies.

	12.31.13	12.31.12	12.31.11
Trade receivables	4,580	2,882	9,101
Other receivables	-	2,035	406
Non-current liabilities	820	940	1,061
Trade payables	164	108	-
Liabilities on property, plant and equipment and intangible assets	-	50	-
Other payables	315	673	173
Revenue and other current income	9,610	9,747	13,606
Other current expenses	1,235	353	698

3.6. Other financial assets

		Movements of the period				
	12.31.13	+	-	Other[(1)]	12.31.12	12.31.11
Investments in non consolidated entities	3	-	-	-	3	3
Loans, deposits, bonds and other financial assets	1,961	1,867	-327	-168	589	597
Gross value	**1,964**	**1,867**	**-327**	**-168**	**592**	**600**
Investments in non consolidated entities	-	-	-	-	-	-
Loans, deposits, bonds and other financial assets	-3	-3	-	-	-	-
Accumulated impairment losses	**-3**	**-3**	**-**	**-**	**-**	**-**
CARRYING VALUE	**1,961**	**1,864**	**-327**	**-168**	**592**	**600**

(1) Changes in scope, transfers between items, foreign currency translation adjustments.

Loans include, at end-2013, an advance on investment for k€920 excluding interest, granted during the period to a co-producer in connection with a movie production.

Other financial assets include amounts paid by way of a completion guarantee for production of the American series. At end-2013, k$1,100 had been paid for the production of Season 2 of *Hannibal* and *Hemlock Grove*.

Uninvested cash assigned to the Group's liquidity contract is unavailable and is therefore reported under other financial assets.

The investments in non-consolidated entities are not material in relation to the Group's assets and liabilities, financial position and results. They consist of companies where the Group has less than a 10% stake.

Impairment testing of financial assets revealed no unrealized losses.

3.7. Inventories

	12.31.13	Movements of the period +	Movements of the period -	12.31.12	12.31.11
Gross value	1,463	18	-8	1,453	1,239
Accumulated impairment losses	-879	-	50	-929	-526
CARRYING VALUE	**584**	**18**	**42**	**524**	**713**

3.8. Trade receivables and other current assets

	12.31.13	12.31.12	12.31.11
Trade receivables	75,033	37,668	68,447
Current financial assets	119	2,391	165
Advances and prepayments to suppliers	1,248	2,578	2,270
Payroll receivables	52	117	58
Tax receivables	11,544	4,508	3,411
Subsidies receivable	12,764	18,569	16,956
Current tax assets	2,551	1,966	1,636
Current accounts	1	1	1
Other receivables	11,524	14,347	7,306
Derivatives	675	188	222
Prepaid expenses	930	1,694	1,170
Gross value	**116,441**	**84,027**	**101,642**
Trade receivables	-148	-114	-185
Current accounts	-	-	-
Other receivables	-1,905	-1,676	-1,917
Accumulated impairment losses	**-2,053**	**-1,790**	**-2,102**
CARRYING VALUE	**114,388**	**82,237**	**99,540**
Maturities:			
• less than one year	111,541	81,746	98,152
• one to five years	2,847	491	1,388
• over five years	-	-	-

At end-2013, outstanding trade receivables mainly consisted of:

- receivables linked to the theater release of the films *Me Myself and Mum,* and *Belle and Sebastian*, settled in early 2014;
- the portion of receivables not due linked to pre-sales and the release of the American series.

In 2011, trade receivables included receivables linked to the theater release of the film *Untouchable*, settled in the first quarter of 2012.

The change in current financial assets corresponds to the recovery of amounts paid by way of a completion guarantee for Season 1 of the American series *Hannibal* and *Hemlock Grove*, delivered in 2013.

At December 31, 2013, tax receivables included k€7,282 in tax credits for American productions.

Breakdown of accumulated impairment losses

	12.31.13	Movements of the period +	Movements of the period -	Movements of the period Other[(1)]	12.31.12	12.31.11
Trade receivables	-148	-62	28	-	-114	-186
Current accounts	-	-	-	-	-	-
Other receivables	-1,905	-268	39	-	-1,676	-1,916
ACCUMULATED IMPAIRMENT LOSSES	**-2,053**	**-330**	**67**	**-**	**-1,790**	**-2,102**

(1) Changes in scope, transfers between items, foreign currency translation adjustments.

3.9. Cash and cash equivalents

	12.31.13	12.31.12	12.31.11
Bank accounts and other cash and cash equivalents	5,794	10,754	7,391
TOTAL	**5,794**	**10,754**	**7,391**

The Group's cash and cash equivalents consist exclusively of bank accounts.

3.10. Equity

Share capital of the parent company

At December 31, 2012, Gaumont SA's share capital consisted of 4,272,530 shares (including treasury shares) with a par value of €8, fully paid up.

No changes occurred in 2013.

	12.31.13	Movements of the period +	Movements of the period -	12.31.12	12.31.11
Number of shares	4,272,530	-	-	4,272,530	4,272,530
Par value	€8			€8	€8
CAPITAL *(in euros)*	**34,180,240**	**-**	**-**	**34,180,240**	**34,180,240**

Treasury shares

At December 31, 2013, Gaumont SA held 6,871 of its own shares, purchased under its liquidity contract. They are recognized against equity.

Dividends

Gaumont SA paid out the following dividends for the last three years:

(in euros)	12.31.13	12.31.12	12.31.11
Dividends paid	4,265,835	5,546,804	1,279,886
Dividends per share	1.00	1.30	0.30

Stock options

Gaumont SA has set up eight stock option plans since December 1987 for some of its employees, in particular its managing executives, except for the Chairman of the Board of directors who does not benefit from any plan. All these plans are equity-settled.

No new stock plans were established in 2013.

The Combined ordinary and extraordinary general meeting of Gaumont SA on April 25, 2013 approved a dividend of €1.00 per share paid on May 3, 2013, by drawing on the company's discretionary reserves. In accordance with the legal provisions for the protection of all employees' rights, the offer price and number of shares still to be subscribed were adjusted.

The impact of this adjustment on option plans is detailed in the table below.

	Initial grant		Adjusted grant		Options at end of period			
Plan	**Price**	**Number**	**Price**	**Number**	**Canceled**	**Subscribed**	**Outstanding**	**Exercisable**
Plan V (February 96)	€50.31	104,000	€47.59	113,118	44,596	63,189	5,333	5,333
Plan VI (March 98)	€64.03	168,000	€60.57	182,757	93,585	78,284	10,888	10,888
Plan VII (April 02)	€48.00	165,000	€45.41	179,610	114,025	42,126	23,459	23,459
Plan VIII (February 05)	€64.00	196,750	€60.66	214,069	88,692	2,177	123,200	123,200
TOTAL		**633,750**		**689,554**	**340,898**	**185,776**	**162,880**	**162,880**

The changes in outstanding options are presented in the following tables.

Plan	Grant date	Exercise period start	Exercise period end	12.31.13	Movements of the period Adjusted	Movements of the period Granted	Movements of the period Canceled	Movements of the period Subscribed	12.31.12
Plan V	02.15.96	02.15.01	02.14.46	5,333	147	-	-3,173	-	8,359
Plan VI	03.12.98	03.12.03	03.11.48	10,888	330	-	-5,320	-	15,878
Plan VII	04.09.02	04.09.06	04.08.46	23,459	650	-	-	-	22,809
Plan VIII	02.28.05	02.28.09	02.27.49	123,200	3,471	-	-7,771	-	127,500
TOTAL				**162,880**	**4,598**	**-**	**-16,264**	**-**	**174,546**

Plan	Grant date	Exercice period start	Exercice period end	12.31.12	Movements of the period Adjusted	Movements of the period Granted	Movements of the period Canceled	Movements of the period Subscribed	12.31.11
Plan V	02.15.96	02.15.01	02.14.46	8,359	253	-	-	-	8,106
Plan VI	03.12.98	03.12.03	03.11.48	15,878	480	-	-1,027	-	16,425
Plan VII	04.09.02	04.09.06	04.08.46	22,809	711	-	-552	-	22,650
Plan VIII	02.28.05	02.28.09	02.27.49	127,500	3,876	-	-1,059	-	124,683
TOTAL				**174,546**	**5,320**	**-**	**-2,638**	**-**	**171,864**

In the last three years, no charges have been recognized in respect of stock option plans, the vesting period for rights being complete for all plans since February 28, 2009.

Equity attributable to non-controlling interests

Equity attributable to non-controlling interests represents participation of minority shareholders in Gaumont Pathé Archives.

Financial instruments issued by Gaumont International Television

To support the development of its television series production business in the United States, Gaumont has linked up with an American partner. This partner is remunerated by the free grant of financial instruments (voting common interests) issued by Gaumont International Television Llc, which entitle it to a share of available cash. These securities do not meet the definition of equity instruments under IAS 32. They are therefore booked as a financial liability rather than non-controlling interests. At December 31, 2013, the outlook for available cash was uncertain and the Group therefore recognized no financial liability in respect of these instruments.

3.11. Current and non-current provisions

	12.31.13	Movements of the period				12.31.12	12.31.11
		Increases	Uses	Reversals[1]	Other[2]		
Provisions for pension and similar benefits	2,655	298	-95	-4	-255	2,711	2,063
Non-current provisions	**2,655**	**298**	**-95**	**-4**	**-255**	**2,711**	**2,063**
Provisions for legal proceedings relating to intellectual property rights over works	120	120	-118	90	-	208	913
Provisions for legal proceedings with personnel	157	157	-	-	-	-	217
Provisions for commercial legal proceedings	-	-	-158	-	-	158	-
Provisions for other legal proceedings	562	26	-	-103	-	639	520
Provisions for risks on investments in associates	-	-	-	-	-	-	-
Provisions for risks on creative works	40	40	-	-	-	-	36
Other provisions for miscellaneous risks	168	67	-	-200	-	301	100
Provisions for property-related expenses	-	-	-	-	-	-	-
Provisions for personnel costs	17	17	-186	-	-	186	127
Provisions for other costs	23	23	-	-	-	-	-
Current provisions	**1,087**	**450**	**-462**	**-393**	**-**	**1,492**	**1,913**
TOTAL	**3,742**	**748**	**-557**	**-397**	**-255**	**4,203**	**3,976**
Impact on current operating income	748	-557	-397	-			
Impact on non-current operating income	-	-	-	-			
Impact on share of net income of associates	-	-	-	-			
Impact on other comprehensive income	-	-	-	-255			

(1) Unused amounts.
(2) Changes in scope, transfers between items, foreign currency translation adjustments, actuarial gains or losses.

Provisions for intellectual property disputes include ongoing disputes with authors or actors over ownership of creative works. During the period, two disputes were settled and one new dispute resulted in a provision being recognized.

Provisions for commercial disputes mainly relate to the distribution rights on creative works and commercial relations with partners associated with distribution proceeds.

Provisions for other legal proceedings relate to suits over the application of French employment regulations, but do not include disputes going through arbitration which are reported under legal proceedings with personnel.

Provisions for other risks covers risks related to regulatory controls or partners in financial difficulties.

At December 31, 2013, provisions recognized for contingent liabilities were measured on the basis of the amounts for which the Group is being sued, where it is considered probable that it will have to pay.

Provisions for personnel costs include provisions for restructuring and other termination cases that will probably lead to an outflow of cash from the Group. They are measured by reference to obligations under contracts or collective agreements at the reporting date.

Provisions for pension and similar benefits

Provisions for pension and similar benefits include pensions and other retirement benefits provided for under the collective agreements of the Group's companies and commitments related to bonuses granted subject to certain seniority conditions. These provisions solely relate to the Group's French employees.

Analysis of provisions for pension and similar benefits:

	12.31.13	12.31.12	12.31.11
Pensions	2,532	2,589	1,957
Seniority bonuses	123	122	106
TOTAL	**2,655**	**2,711**	**2,063**

The commitment for post-employment benefits is expected to result in the payment schedule set out below.

	2013	2012	2011
Expected payments in the next ten years			
less than one year	204	194	271
one to five years	576	189	405
five to 10 years	941	513	1,022
Average duration of the commitment *(in years)*	**12.60**	**12.73**	**10.48**

The changes in actuarial liability for the last three years are detailed in the table below.

	2013			2012			2011		
	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total
ACTUARIAL LIABILITY AT THE BEGINNING OF THE YEAR	**2,589**	**122**	**2,711**	**1,957**	**106**	**2,063**	**1,841**	**97**	**1,938**
Current service cost	215	10	225	132	7	139	137	7	144
Plan amendment	-	-	-	-	-	-	-	-	-
Benefits paid	-87	-8	-95	-218	-8	-226	-43	-10	-53
Service cost	**128**	**2**	**130**	**-86**	**-1**	**-87**	**94**	**-3**	**91**
Discounting effect	69	3	72	87	5	92	77	4	81
Interest expense	**69**	**3**	**72**	**87**	**5**	**92**	**77**	**4**	**81**
Actuarial gains/losses recognized in income	-	-4	-4	-	12	12	-	8	8
Net expense recognized in income	**197**	**1**	**198**	**1**	**16**	**17**	**171**	**9**	**180**
Experience gains/losses	-178	-	-178	85	-	85	-7	-	-7
Changes in demographic assumptions	2	-	2	1	-	1	-1	-	-1
Changes in financial assumptions	-78	-	-78	545	-	545	-47	-	-47
Actuarial gains/losses recognized in comprehensive income	**-254**	**-**	**-254**	**631**	**-**	**631**	**-55**	**-**	**-55**
Amounts recognized in other comprehensive income	**-254**	**-**	**-254**	**631**	**-**	**631**	**-55**	**-**	**-55**
Changes in scope	-	-	-	-	-	-	-	-	-
ACTUARIAL LIABILITY AT THE END OF THE YEAR	**2,532**	**123**	**2,655**	**2,589**	**122**	**2,711**	**1,957**	**106**	**2,063**

The future liability for pension and similar benefits was assessed based on the following actuarial assumptions:

	Pensions			Seniority bonuses		
	12.31.13	12.31.12	12.31.11	12.31.13	12.31.12	12.31.11
Discount rate	3.00%	2.75%	4.75%	3.00%	2.75%	4.75%
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Average expected increase in salaries	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Applying the actuarial assumptions, the expected charge for 2014 breaks down as follows:

	2014		
	Pensions	Seniority bonuses	Total
Current service cost	194	10	204
Plan amendment	-	-	-
Service cost	**194**	**10**	**204**
Discounting effect	73	4	77
Interest expense	**73**	**4**	**77**
EXPECTED COST FOR THE PERIOD	**267**	**14**	**281**

The table below shows the sensitivity of the commitment and future charge to a 0.5 basis point change in the discount rate. The amounts shown represent the change compared with the liability reported in the statement of financial position or to the expected charge for the next period.

	Change in present value of liability			Change in service costs in 2014		
Assumptions	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total
Discount rate *(base rate: 3.00%)*						
2.50%	162	6	168	17	1	18
3.50%	-147	-5	-152	-16	-1	-17

3.12. Financial liabilities

	12.31.13	Movements of the period +	Movements of the period -	Movements of the period Other(1)	12.31.12	12.31.11
Credit line	112,981	18,000	-	509	94,472	92,792
Acquisition loans	-	-	-	-	-	4,932
Production loans(2)	44,477	46,101	-48,303	-1,181	47,860	-
Assignments of receivables	15,427	16,104	-4,857	-	4,180	4,369
Financial contribution from the Caisse des dépôts	1,560	1,784	-224	-	-	-
Other loans	933	633	-471	-	771	175
Advances repayable on distribution proceeds	1,384	16	-6	-	1,374	1,593
Deposits received	118	-	-	-	118	133
Bank overdraft	530	488	-	22	20	362
Accrued interest	94	94	-54	-	54	17
TOTAL	**177,504**	**83,220**	**-53,915**	**-650**	**148,849**	**104,373**
Maturities:						
• less than one year	25,995				6,517	104,314
• one to five years	151,509				142,332	46
• over five years	-				-	13

(1) Changes in scope and amortization of borrowing costs.
(2) Production loans are reported according to their contractual maturity. However, since they are repaid via pre-financing contracts and proceeds from the series, part of the loans will be repaid early.

Credit line

On April 26, 2012, Gaumont arranged a revolving loan agreement for up to k€125,000 expiring on April 25, 2016, renewing the previous credit line that was due to expire in September 2012. This credit line, which will fund the general needs of Gaumont SA and its subsidiaries, was arranged with a banking pool including BNP Paribas, Neuflize OBC, Caisse Régionale du Crédit Agricole Paris-Ile de France, Banque Espirito Santo et de la Vénétie and the BPCE group (Natixis, BRED, Banque Palatine). In December 2013, a waiver was signed to cancel the sinking fund clause of the credit line initially arranged under the contract and to maintain the maximum amount at k€125,000 for the entire term of the agreement.

At December 31, the credit line has the following characteristics:

- the maximum amount is k€125,000;
- interest is variable rate, Euribor-based;
- the loan is tied to financial covenants that must be met half-yearly, see note 6.4;
- collateral consists of a pledge of Gaumont Animation and Gaumont Télévision securities, as well as the main films from the back catalog (see note 6.3).

At December 31, 2013, k€114,000 had been drawn down under the credit line, which was hedged by k€50,000 in interest rate hedging instruments. This left Gaumont with confirmed drawing rights of k€11,000.

Effective interest rate

At December 31, the effective interest rate of the outstanding borrowing was as follows:

	12.31.13	12.31.12	12.31.11
Before hedging	2.67%	2.70%	2.31%
After hedging	3.02%	3.53%	2.65%

Average interest rate

The changes in the loan average interest rate are presented below.

	2013	2012	2011
Before hedging	2.26%	2.28%	2.10%
After hedging	2.99%	3.09%	2.22%

Production loans

Production loans are used to finance the production of American television series.

On June 1, 2012, Ouroboros Productions Llc, a subsidiary of Gaumont International Television Llc, agreed a loan of up to k$51,791, maturing on April 1, 2015, with Comerica Bank and Union Bank, NA exclusively to finance the production of Season 1 of *Hemlock Grove*.

The loan has the following characteristics:

- repayment is *via* a senior call on pre-financing payments and proceeds from the series;
- interest is variable rate, linked to LIBOR, the Federal Funds Effective Rate and the Prime Rate set by Comerica Bank;

- collateral consists of the pledge of the assets financed, see note 6.3, and excludes any other form of collateral.

At December 31, 2013, the balance of this loan stood at k$14,032.

On August 31, 2012, Chiswick Productions Llc, a subsidiary of Gaumont International Television Llc, agreed a loan of up to k$35,993, maturing on May 31, 2014, with Union Bank, NA exclusively to finance the production of Season 1 of *Hannibal*.

The loan has the following characteristics:

- repayment is *via* a senior call on pre-financing payments and proceeds from the series;
- interest is variable rate, linked to LIBOR and the Federal Funds Effective Rate;
- collateral consists of the pledge of all the assets and receivables related to the series being financed, see note 6.3, and excludes any other form of collateral.

At December 31, 2013, the balance of this loan stood at k$11,788.

On September 25, 2013, Ouroboros Productions 2 Llc, a subsidiary of Ouroboros Productions Llc, agreed a loan of up to k$40,200, maturing on May 1, 2016, with Union Bank, NA exclusively to finance the production of Season 2 of *Hemlock Grove*.

The loan has the following characteristics:

- repayment is *via* a senior call on pre-financing payments and proceeds from the series;
- interest is variable rate, Libor-based;
- collateral consists of the pledge of the assets financed, see note 6.3, and excludes any other form of collateral.

At December 31, 2013, k$22,322 had been used, *i.e.* 56% of the total available.

On August 9, 2013, Chiswick Productions 2 Llc, a subsidiary of Chiswick Productions Llc, agreed a loan of up to k$41,049, maturing on August 28, 2015, with Union Bank, NA exclusively to finance the production of Season 2 of *Hannibal*.

The loan has the following characteristics:

- repayment is *via* a senior call on pre-financing payments and proceeds from the series;
- interest is variable rate, Libor-based;
- collateral consists of the pledge of all the assets and receivables related to the series being financed, see note 6.3, and excludes any other form of collateral.

At December 31, 2013, k$15,145 had been used, *i.e.* 37% of the total available.

Interest on these loans and the associated transaction costs are included in the production costs of the assets concerned until delivery of the series.

Effective interest rate

At December 31, the effective interest rate of the outstanding borrowing was as follows:

	12.31.13	12.31.12	12.31.11
Before hedging	5.26%	4.60%	na
After hedging	-	-	na

Average interest rate

The changes in the loan average interest rate are presented below.

	2013	2012	2011
Before hedging	3.30%	2.39%	na
After hedging	-	-	na

Assignments of receivables

The Group assigns receivables as allowed by the Dailly Law, to fund production of animated films and French television series.

For animated film and series production, receivables are assigned periodically as part of a general contract for managing cash deferrals, for a maximum authorized amount of k€8,000. For French series, contracts are negotiated per series.

Most of the receivables assigned are linked to production financing: contributions from co-producers, pre-sales to French television channels and the support fund. Assignments are generally based on the contracts and financing arrangements.

As all the risks of these receivables remain with the Group, they are kept on the statement of financial position, or disclosed as off-balance sheet liabilities in the case of contract discounting where the triggering event has not yet happened (tax credits, coproduction contributions).

At December 31, 2013, outstanding assigned receivables totaled k€22,381, of which k€4,732 were reported as assets on the statement of financial position and k€16,649 as financing commitments received, from a total authorized facility of k€19,400.

Effective interest rate

At December 31, the effective interest rate of the outstanding borrowing was as follows:

	12.31.13	12.31.12	12.31.11
Before hedging	1.44%	1.51%	2.33%
After hedging	-	-	-

Average interest rate

The changes in the loan average interest rate are presented below.

	2013	2012	2011
Before hedging	1.41%	1.58%	2.23%
After hedging	-	-	-

Caisse des dépôts et consignations' investment for the restoration and digitization of the catalog

On July 6, 2012, Gaumont agreed a financial investment agreement with the *Caisse des dépôts et consignations*, in a maximum amount of k€9,828 for the restoration and digitization of 270 films in its catalog over four years. This financial investment is repayable when receipts are earned on the restored films over a 15-years period maximum, and is guaranteed by the pledge of the assets concerned.

At December 31, 2013, outstanding debt to Caisse des dépôts et consignation amounted to k€1,560.

Acquisition loans

On December 21, 2007, Gaumont entered into an installment loan agreement for k€25,000 to finance the acquisition of Gaumont Animation and the incidental costs.

The k€5,000 balance of this loan, was repaid in full on April 26, 2012.

Effective interest rate

At April 26, 2012, when the outstanding loan balance was repaid, the effective interest rate used was calculated as follows:

	04.26.12	12.31.11
Before hedging	3.40%	4.02%
After hedging	-	-

Average interest rate

The changes in the loan average interest rate are presented below.

	01.01.12 to 04.26.12	2011
Before hedging	2.47%	2.52%
After hedging	-	-

3.13. Trade payables and other liabilities

	12.31.13	12.31.12	12.31.11
Tax liabilities	-	-	-
Current accounts	820	940	1,061
Payables on acquisitions	-	-	375
Other payables	-	-	-
Total other non-current liabilities	**820**	**940**	**1,436**
Trade payables	10,632	8,332	6,288
Liabilities on films and audiovisual rights	6,107	1,978	5,916
Advances and deposits received	152	1,886	206
Payroll liabilities	6,584	7,066	7,630
Tax liabilities	2,533	2,499	3,871
Current tax liabilities	78	79	78
Current accounts	120	121	120
Payables on acquisitions	375	375	-
Liabilities on other property, plant and equipment and intangible assets	577	275	18
Other payables	21,831	22,230	45,162
Derivatives	1,199	2,065	1,092
Deferred income	37,159	25,330	15,789
Total other current liabilities	**87,347**	**72,236**	**86,170**
TOTAL	**88,167**	**73,176**	**87,606**
Maturities:			
• less than one year	87,347	72,236	86,170
• one to five years	450	458	842
• over five years	370	482	594

The general increase in current liabilities is related to the increase in both the Group's cinema and television production.

The sharp rise in other payables in 2011 was due to amounts owed to co-producers and other partners following the blockbuster success of *Untouchable*. These items include amounts due to the film's co-producers and other production partners that were paid in early 2012.

Deferred income is mainly income from pre-sales of films not yet released and series not yet delivered as well as from broadcasting rights not yet used.

4. Notes to the consolidated income statement

4.1. Revenue

	2013	2012	2011
Movie production and distribution	**99,741**	**92,085**	**111,666**
France	67,750	57,035	95,618
Export	31,991	35,050	16,048
Production and distribution of dramas and series for television	**65,522**	**9,010**	**5,702**
France	7,286	5,524	4,042
Export	58,236	3,486	1,660
Trademark royalties	**3,843**	**4,049**	**2,136**
TOTAL	**169,106**	**105,144**	**119,504**

4.2. Personnel costs

Personnel costs include salaries, bonuses, profit sharing, as well as pension expenses and similar benefits and those related to stock option plans.

In 2013, k€169 in accrued income for the Employment competitiveness tax credit was recognized against social security contributions.

	2013	2012	2011
Salaries	-18,992	-19,441	-19,113
Social security contributions	-7,320	-8,290	-7,864
Employee profit-sharing	-77	-62	-359
Pensions and similar benefits	-199	-17	-180
Share based payments expense	-	-	-
TOTAL	**-26,588**	**-27,810**	**-27,516**

4.3. Other current operating income and expenses

	2013	2012	2011
Audiovisual support fund	8,773	8,141	7,413
Other subsidies	509	516	1,113
Audiovisual and cinema tax credit	11,234	1,694	989
Purchases of materials and supplies	-11,247	-5,164	-11,508
Subcontracting	-4,921	-4,503	-2,452
Rentals and rental expenses	-1,443	-1,182	-1,200
Maintenance and repairs	-1,085	-1,083	-947
Insurance premiums	-162	-156	-165
Other purchases of studies and services	-3,444	-2,706	-4,764
Outside personnel	-450	-422	-379
Fees	-7,185	-5,560	-4,609
Advertising, publications and public relations	-1,021	-1,262	-1,402
Transport	-328	-327	-313
Travel and entertainment expenses	-2,915	-2,696	-2,107
Postal costs and telecommunications costs	-339	-372	-377
Bank services	-221	-233	-220
Other external expenses	-733	-197	-305
Taxes and similar payments	-2,973	-3,239	-2,962
Foreign exchange gains and losses on operating activities	-429	-136	103
Copyrights, royalties and similar	-7,816	-7,669	-5,297
Shares of co-producers and guaranteed minima	-14,395	-20,285	-26,941
Income from the sale of operating assets	318	-130	-
Other income and expenses	13,510	16,079	5,570
NET OTHER CURRENT OPERATING INCOME/EXPENSES	**-26,763**	**-30,892**	**-50,760**

The audiovisual and cinema tax credits are recognized at the same pace as the amortization of the works that generate them. In 2013, the item included k€9,420 for American series.

In 2011 and 2012, the higher amount of shares of co-producers and guaranteed minima is due to the success of *Untouchable*. These items include amounts due to the film's co-producers and other production partners.

4.4. Impairment, depreciation, amortization and provisions

	2013	2012	2011
Intangible assets			
• Reversals of impairment losses	133	592	515
• Amortization expense and impairment losses	-107,056	-36,247	-41,998
Subtotal	**-106,923**	**-35,655**	**-41,483**
Property, plant and equipment			
• Reversals of impairment losses	-	-	-
• Depreciation expense and impairment losses	-1,390	-1,327	-1,307
Subtotal	**-1,390**	**-1,327**	**-1,307**
Current assets			
• Reversals of impairment losses	117	483	8,699
• Impairment losses	-330	-554	-159
Subtotal	**-213**	**-71**	**8,540**
Risks and expenses			
• Reversals of provisions	855	1,185	807
• Increases in provisions	-450	-763	-385
Subtotal	**405**	**422**	**422**
TOTAL	**-108,121**	**-36,631**	**-33,828**

In 2013, amortization expense and intangible assets included k€52,852 in amortization of American series.

4.5. Other non-current operating income and expenses

	2013	2012	2011
Proceeds from disposals of assets	-	-	1
Carrying value of assets sold or disposed of	-10	-204	-18
Impairment losses on goodwill	-	-440	-300
Gains on bargain purchases	-	-	973
TOTAL	**-10**	**-644**	**656**

4.6. Other financial income and expenses

	2013	2012	2011
Income from investments	-	-	-
Interest expense capitalized	-1,567	-1,840	479
Interest from assets and liabilities excluding cash equivalents	26	-32	-13
Proceeds from disposals of financial assets	-	-	-
Accumulated impairment losses and financial provisions	-3	28	12
Foreign exchange gains and losses	-541	-418	60
Changes in fair value	6	-83	254
Other financial income and expenses	-	-4	-
NET OTHER FINANCIAL INCOME/ EXPENSES	**1,055**	**1,331**	**792**

The interest expense capitalized concerns movie and television series production. They rise and fall in line with the productions each year.

4.7. Share of net income of associates

Company	% Interest	2013	2012	2011
Les Cinémas Gaumont Pathé	34.00%	13,813	16,649	19,707
Lincoln Cinema Associates (USA)	31.95%	106	372	331
Légende	37.48%	-136	-582	-91
SHARE OF NET INCOME OF ASSOCIATES		**13,783**	**16,439**	**19,947**

4.8. Income tax

Breakdown of the tax expense or benefit

	2013	2012	2011
Current income tax	44	-44	1,747
Deferred tax	-1,362	-1,137	933
TOTAL INCOME TAX (EXPENSE) BENEFIT	**-1,318**	**1,093**	**2,680**

Current income tax

Current tax income or expense is equal to the amounts of income tax, net of tax credits, owed to the tax authorities for the year under the tax law, and rates in force in the various countries.

Gaumont and the French subsidiaries of which it owns 95% or more have elected for the tax consolidation scheme.

The tax consolidation group includes Gaumont SA, Gaumont Télévision SAS, Gaumont Production SARL, Prestations et Services SARL, Gaumont Animation SA, Gaumont Animation Musique SARL, Gaumont Musiques SARL, Editions la Marguerite SARL, Gaumont Production Télévision SARL and Nouvelles Editions de Films SARL.

The tax consolidation is neutral for the subsidiaries, as the tax savings or expenses generated by consolidation are recognized in the financial statements of Gaumont SA. The tax saving on profits inherent in the tax losses of the consolidated subsidiaries are systematically repaid to the latter.

The tax consolidation generated tax savings of k€764 for the year.

Deferred tax

The rates used to calculate deferred tax for the last three years were as follows:

	12.31.13	12.31.12	12.31.11
Standard tax rate of French companies	33.33%	33.33%	33.33%
Tax rate for companies based in California, USA	40.00%	40.00%	40.00%

Deferred tax is presented in the statement of financial position under non-current assets and/or non-current liabilities, as applicable. They break down as follows:

	12.31.13	Change	Translation differences	Other changes(1)	12.31.12	12.31.11
Deferred tax assets	1,605	-1,551	-41	-552	3,749	2,221
Deferred tax liabilities	-1,440	189	-	-462	-1,167	-547
NET DEFERRED TAX	**165**	**-1,362**	**-41**	**-1,014**	**2,582**	**1,674**

(1) Changes in scope, transfers between items.

The origin of the net deferred tax is presented below.

	12.31.13	Change	Other changes(1)	12.31.12	12.31.11
Unused tax losses	18,466	-2,309	227	20,548	16,987
Fair value of films	-2,789	454	-1,016	-2,227	-1,474
Fair value of land and buildings	-7,314	74	-	-7,388	-7,461
Accelerated amortization of films	-8,570	351	-	-8,921	-6,668
Long term capital gains on Les Cinémas Gaumont Pathé shares	-1,062	-	-	-1,062	-1,062
Other temporary differences	1,434	68	-266	1,632	1,352
NET DEFERRED TAX	**165**	**-1,362**	**-1,055**	**2,582**	**1,674**

(1) Changes in scope, transfers between items, foreign currency translation adjustments.

At December 31, 2013, the losses of the Gaumont tax consolidation group that could be carried over indefinitely and against which there is a probability of charging future profits amounted to k€80,998.

Tax losses of the integrated group are recognized in the financial statements so that the net deferred tax assets of group companies do not exceed their net deferred tax liabilities, after using any tax losses available prior to the fiscal consolidation. At December 31, 2013, recognized consolidated tax losses were k€48,994 compared to k€52,664 at the end of 2012.

A total of k€2,515 in individual tax loss carryforwards related to fiscal years prior to tax consolidation were also recognized at December 31, 2013.

At December 31, 2013, the net deferred tax assets of companies not within the scope of the tax consolidation group amounted to k€165, of which k€565 in respect of the American operations.

Reconciliation of recorded tax and theoretical tax

	2013	2012	2011
Net income of companies before tax	14,094	20,181	23,950
Current tax rate applicable to the parent company	33.33%	33.33%	33.33%
Theoretical tax	**-4,698**	**-6,727**	**-7,982**
Reduced tax rate differentials	-	-	-
Tax rate differentials between France and abroad	-283	-368	-85
Share of net income of associates	-4,559	5,356	6,539
Permanent differences	-362	-375	-22
Change in unrecognized tax loss carryforwards	-2,031	1,586	1,668
Tax consolidation	764	117	16
Tax credits in operating income(1)	662	655	506
Income tax without base and tax credits	71	113	1,870
Effective tax benefit (expense)	**-1,318**	**1,093**	**2,680**
Effective tax rate	9.35%	-	-

(1) In the consolidated financial statements, the cinema tax credit and the employment competitiveness tax credit are presented in current operating income (loss).

Income tax on other comprehensive income

Other comprehensive income	2013 Gross amount	2013 Tax effect	2013 Carrying value	2012 Gross amount	2012 Tax effect	2012 Carrying value	2011 Gross amount	2011 Tax effect	2011 Carrying value
Translation adjustments of foreign operations	-162	-	-162	-48	-	-48	205	9	214
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-
Change in fair value of hedging financial instruments	1,320	-476	844	-964	362	-602	-1,092	364	-728
Change in asset revaluation surplus	-	-	-	-	-	-	-	-	-
Actuarial gains (losses) on defined benefit plans	254	-85	169	-631	210	-421	55	-19	36
Share in other comprehensive income of associates	-3,875	-	-3,875	-2,260	-	-2,260	7	-	7
TOTAL	**-2,463**	**-561**	**-3,024**	**-3,903**	**572**	**-3,331**	**-825**	**354**	**-471**

Share in other comprehensive income of associates includes, in particular, effects from the recognition of actuarial gains and losses of the Les Cinémas Gaumont Pathé group.

4.9. Earnings per share

Earnings per share are calculated by dividing net income attributable to owners of the parent company by the weighted average number of ordinary shares issued and outstanding over the reporting period.

	2013	2012	2011
Number of shares at January 1	4,272,530	4,272,530	4,272,530
Capital increases relating to the exercise of stock options (*prorata temporis*)	-	-	-
Average number of ordinary shares	4,272,530	4,272,530	4,272,530

Diluted earnings per share are calculated by dividing net income attributable to owners of the parent company by the weighted average number of ordinary shares, adjusted for the dilutive effect of stock options.

	2013	2012	2011
Average number of ordinary shares	4,272,530	4,272,530	4,272,530
Number of stock options with a dilutive effect	-	-	-
Average potential number of ordinary shares	4,272,530	4,272,530	4,272,530

Stock options with an exercise price higher than the average share price over the year are accretive. They are therefore not included in the calculation of diluted earnings per share.

5. Notes to the consolidated statement of cash flows

5.1. Analysis of net allowance to depreciation, amortization, provisions and impairment of non-current assets

	2013	2012	2011
Intangible assets			
• Reversals of impairment losses	133	592	515
• Amortization expense and impairment losses	-107,056	-36,247	-41,998
Subtotal	**-106,923**	**-35,655**	**-41,483**
Property, plant and equipment			
• Reversals of impairment losses	-	-	-
• Depreciation expense and impairment losses	-1,390	-1,327	-1,307
Subtotal	**-1,390**	**-1,327**	**-1,307**
Financial assets			
• Reversals of impairment losses	-	-	12
• Impairment losses	-3	-	-
Subtotal	**-3**	**-**	**12**
Risks and expenses			
• Reversals of provisions	855	1,185	807
• Increases in provisions	-450	-763	-385
Subtotal	**405**	**422**	**422**
TOTAL	**-107,911**	**-36,560**	**-42,356**

5.2. Dividends received from associates

Company	% Interest	2013	2012	2011
Les Cinémas Gaumont Pathé	34.00%	7,490	9,183	9,249
Lincoln Cinema Associates (USA)	31.95%	148	370	471
Légende	37.48%	-	113	113
TOTAL		**7,638**	**9,666**	**9,833**

5.3. Change in net operating working capital requirement

	2013	2012	2011
Change in operating assets	-32,615	17,436	-34,178
Change in operating liabilities	12,173	-11,837	21,784
Premiums paid on financial instruments	-26	-40	-
Current income tax expense	44	-44	1,747
Tax paid	230	-16	-1,535
Pension and similar benefit expenses	199	17	180
TOTAL	**-19,995**	**5,516**	**-12,002**

The table below details the change in operating assets constituting the working capital requirement net of impairment (impairment losses on items constituting the working capital requirement are deemed to be disbursable).

	12.31.13	Change in working capital requirement	Other changes(1)	12.31.12	Change in working capital requirement	Other changes(1)	12.31.11	Change in working capital requirement	Other changes(1)	12.31.10
Inventories	584	60	-	524	-189	-	713	197	-	516
Trade receivables	74,885	38,026	-695	37,554	-30,769	61	68,262	32,114	4	36,144
Current financial assets	119	-2,350	78	2,391	2,273	-47	165	-225	-50	440
Advances and prepayments to suppliers	1,248	-1,330	-	2,578	307	1	2,270	1,680	-	590
Payroll receivables	52	-68	3	117	61	-2	58	49	-	9
Tax receivables	11,544	7,307	-271	4,508	1,101	-4	3,411	419	57	2,935
Subsidies receivable	12,764	-5,805	-	18,569	1,613	-	16,956	9,834	1,442	5,680
Current tax assets	2,551	587	-2	1,966	330	-	1,636	41	7	1,588
Current accounts	1	-	-	1	-	-	1	1	-	-
Other receivables	9,619	-3,048	-4	12,671	7,313	-31	5,389	-10,149	30	-15,508
Prepaid expenses	930	-764	-	1,694	524	-	1,170	217	-	953
ASSETS CONSTITUTING THE WORKING CAPITAL REQUIREMENT	**114,297**	**32,615**	**-891**	**82,573**	**-17,436**	**-22**	**100,031**	**34,178**	**1,490**	**64,363**

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

A decrease in receivables is reflected in the cash position by a collection. As a result, the negative change above is represented as an inflow in the statement of cash flows.

An increase in receivables is reflected in the cash position by a non collection. As a result, the positive change above is represented as an outflow in the statement of cash flows.

The table below sets out the change in operating liabilities constituting the working capital requirement.

	12.31.13	Change in working capital requirement	Other changes(1)	12.31.12	Change in working capital requirement	Other changes(1)	12.31.11	Change in working capital requirement	Other changes(1)	12.31.10
Trade payables	10,632	2,307	-7	8,332	-1,905	139	6,288	-4,641	125	10,804
Advances and deposits received	152	-1,734	-	1,886	1,680	-	206	-39	-	245
Payroll liabilities	6,584	-492	10	7,066	-571	7	7,630	2,622	19	4,989
Tax liabilities	2,533	24	10	2,499	-1,372	-	3,871	1,678	-1	2,194
Current tax liabilities	78	-1	-	79	1	-	78	-67	78	67
Current accounts	940	-121	-	1,061	-120	-	-1,181	-193	73	1,301
Other payables	21,831	-65	-334	22,230	-23,018	86	45,162	18,790	32	26,340
Deferred income	37,159	12,255	-426	25,330	9,658	-117	15,789	3,634	87	12,068
LIABILITIES THAT CONSTITUTE THE WORKING CAPITAL REQUIREMENT	**79,909**	**12,173**	**-747**	**68,483**	**-11,837**	**115**	**80,205**	**21,784**	**413**	**58,008**

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

5.4. Breakdown of acquisitions of property, plant, equipment and intangible assets (excluding consolidated securities investments)

	Note	2013	2012	2011
Acquisition of intangible assets	*3.2 & 3.3*	126,864	82,839	35,715
Acquisition of property, plant and equipment	*3.4*	1,060	2,416	459
Acquisition of financial assets	*3.6*	1,867	143	200
TOTAL		**129,791**	**85,398**	**36,374**

5.5. Change in liabilities on property, plant, equipment and intangible assets

	12.31.13	Changes	Other changes(1)	12.31.12	Changes	Other changes(1)	12.31.11	Changes	Other changes(1)	12.31.10
Liabilities on property, plant and equipment and intangible assets	6,684	4,496	-65	2,253	-3,681	-	5,934	-4,969	-	10,903
Payable on acquisition of Léonis Productions	-	-	-	-	-	-	-	-90	-30	120
Payable on acquisition of Arkéion Films	-	-	-	-	-	-	-	-100	-	100
Payable on acquisition of Légende	375	-	-	375	-	-	375	-	-	375
TOTAL	**7,059**	**4,496**	**-65**	**2,628**	**-3,681**	**-**	**6,309**	**-5,159**	**-30**	**11,498**

(1) Changes in scope, transfers between items and foreign currency translation adjustments.

5.6. Impact of changes in scope

	2013	2012		2011	
	Fideline Films	Nouvelles Editions de Films	Léonis Productions	Galaxy 7	Légende
Price paid	1,700	3,111	200	193	155
Cash acquired	22	-244	-	16	-
IMPACT OF CHANGES IN SCOPE	**1,722**	**2,867**	**200**	**209**	**155**

6. Other information

6.1. Average workforce broken down by category

The table below gives the workforce of the companies consolidated using the full consolidation method:

	2013	2012	2011
Managers	100	91	91
Supervisors	42	44	41
Employees	41	41	40
TOTAL WORKFORCE	**183**	**176**	**172**

6.2. Compensation of corporate officers

Top management as defined by IAS 24 only includes individuals who are or were during the year members of the Board of directors or the Executive management.

The gross salaries and benefits prior to social security and tax deductions allocated by Gaumont with respect to the position of corporate officer broke down as follows:

	2013	2012	2011
Total gross compensation(1)	2,353	2,724	2,646
Post-employment benefits(2)	-	-	-
Termination or end of contract benefits	-	-	-
Other long term benefits	-	-	-
Share-based payments(3)	-	-	-

(1) Salaries, bonuses, indemnities, directors' fees and benefits in kind, payable for the year.
(2) Current service cost.
(3) Expense recognized in income for Gaumont stock option plans.

No compensation or directors' fees were paid to corporate officers by the controlled or controlling companies within the meaning of article L. 233-16 of the French Commercial code.

Corporate officers did not benefit from any golden hello, golden handshake or supplementary pension plan applicable for corporate officers.

6.3. Commitments and contingent liabilities

Off statement of financial position commitments stemming from ordinary business activities

	12.31.13	12.31.12	12.31.11
Commitments given	**60,881**	**62,986**	**46,161**
Assignments of receivables as security for loans	-	-	-
Guarantees	-	-	-
Other commitments given:			
• contracts to research and develop film projects	2,051	1,305	207
• production of films and project development	56,454	61,209	44,819
• commitments to employees	2,376	472	1,135
Commitments received	**135,087**	**105,861**	**43,478**
Unused credit line	46,719	49,331	32,000
Other commitments received:			
• purchases of rights and financing of films and series	88,051	56,530	11,478
• contracts to research and develop film projects	317	-	-
• bills of exchange received as security for trade receivables	-	-	-

Authorized unused loans consist of:

- k€11,000 from the k€125,000 credit line arranged by Gaumont SA;
- k€31,746 from production loans arranged in connection with the American businesses;
- k€3,973 authorized for assignment under the Dailly Law.

At December 31, 2013, Gaumont and its French subsidiaries had committed to invest k€56,454 for film production and project development. At the same time, the Group received commitments for the purchase of rights and contributions by co-producers of French films and series of k€49,698 and commitments to buy rights to American series of k€38,353.

Pledging of assets

In guarantee of the k€125,000 revolving loan agreement signed on April 26, 2012, Gaumont pledged to its creditors all of its shares in its subsidiaries Gaumont Animation and Gaumont Télévision, as well as the main films from its catalog.

In guarantee of a k$51,791 production loan taken out on June 1, 2012, the Group pledged all the assets held by Ouroboros Productions LLC, producer of the series *Hemlock Grove* which is wholly owned by Gaumont International Television LLC.

In guarantee of a k$35,993 production loan taken out on August 31, 2012, the Group pledged all the assets held by Chiswick Productions LLC, producer of the series *Hannibal* which is wholly owned by Gaumont International Television LLC.

In guarantee of the k$40,200 production loan taken out on September 25, 2013, the Group pledged all of the assets held by Ouroboros Productions 2 Llc, producer of the series *Hemlock Grove Season 2*, which is wholly owned by Ouroboros Productions Llc.

In guarantee of a k$41,049 production loan taken out on August 9, 2013, the Group pledged all of the assets held by Chiswick Productions 2 LLC, producer of the series *Hannibal Season 2*, which is wholly owned by Gaumont International Television LLC.

Type of pledges/mortgages	12.31.13	12.31.12	12.31.11
On intangible assets	202,008	210,627	-
On proprety, plant and equipments	-	-	-
On financial assets	30,676	26,686	90,013
On receivables	21,370	4,051	-
On cash accounts	1,281	4,785	-
TOTAL	**255,334**	**246,149**	**90,013**

These pledges expire at the same date as the associated loans.

		Expiration date		
Type of pledges/mortgages	12.31.13	Less than one year	one to five years	Over five years
On intangible assets	202,008	4,873	197,134	-
On proprety, plant and equipments	-	-	-	-
On financial assets	30,676	-	30,676	-
On receivables	21,370	7,640	13,729	-
On cash accounts	1,281	86	1,194	-
TOTAL	**255,334**	**12,600**	**242,734**	**-**

Mortgage commitments

The Group has no mortgage over its assets.

Seller warranties received

The Group received a seller warranty from the sellers of the shares in Fideline Films on July 5, 2013, for k€340. Different parts of the warranty expire at different times:

- on March 31, 2017, for claims regarding taxes and social security contributions for fiscal year ended December 31, 2012, and/or notified for fiscal years ending after December 31, 2012, but originating from facts, deeds, circumstances, or management decisions occurring before July 5, 2013;
- on March 31, 2017, for claims about the full, whole and uncontestable nature of the property and/or coproperty rights over the catalog of films transferred;
- on July 31, 2015, regarding other claims for compensation or payment.

Gaumont also has a seller warranty from the sellers of the shares in Nouvelles Editions de Films on May 14, 2012, for k€200 after a k€50 excess. Different parts of the warranty expire at different times:

- on May 14, 2015, for claims about the full, whole and uncontestable nature of the property and/or coproperty rights over the catalog of films transferred;
- on May 14, 2015, for claims regarding tax and social security for fiscal years ended before December 31, 2011, or January 31, 2016, for claims regarding the year beginning 2012 but originating from facts, deeds, circumstances or management decisions occurring before May 14, 2012;
- on November 14, 2016, regarding other claims for compensation or payment.

Complex commitments

The Group had not entered into any complex commitments as at December 31, 2013.

Other contractual obligations

		Payments due by period.		
Contractual obligations	12.31.13	Less than one year	one to five years	Over five years
Operating leases	3,485	903	1,810	772
TOTAL	**3,485**	**903**	**1,810**	**772**

These obligations relate to real estate lease agreements in France and in the United States.

6.4. Financial risks

Credit and counterparty risk

The main credit risk to which the Group is exposed is the risk of non-payment by its customers or financial partners involved in the production of works. The Group operates in France and internationally with the main market players and considers that its credit risk is very limited.

At December 31, 2013, exposure to credit risk was as follows:

	12.31.13	Outstanding amount	Receivables owing					
			From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days
Trade receivables	56,288	44,822	5,878	2,463	492	1,143	1,470	20
Net receivables on movies and series	9,182	9,182	-	-	-	-	-	-
TOTAL	**65,470**	**54,004**	**5,878**	**2,463**	**492**	**1,143**	**1,470**	**20**

Liquidity risk

The k€125,000 credit line, whose key features are described in note 3.12, comes with three covenant ratios that must be met half-yearly. These ratios were amended in December 2013.

Ratio R3 requires that the value of the Group's principle assets should be at least 2.5 times its net borrowings. The Group's principle assets comprise the film catalog, the stake in Les Cinémas Gaumont Pathé and Gaumont Animation and the real estate assets on the Group's balance sheet.

The R4 ratio requires the Group to keep borrowings below equity.

The R5 ratio requires the Group to maintain net average revenue from its catalog at a minimum of 15% of its maximum authorized outstanding amount of credit at the calculation date.

For the R3 and R4 ratios, borrowing costs are defined excluding Caisse des dépôts et consignation's financial investment and excluding American production loans, since they are without recourse against the Group.

At December 31, 2013, all of these ratios were met.

Market risks

Interest rate risk

In France, the Group finances its productions and general needs by drawing down a variable rate credit line arranged with a banking pool.

In the United States, the Group finances its productions by drawing on dedicated production credit lines. These variable rate credit lines are arranged with banks specializing in television production finance.

Their main features are described in note 3.12.

At December 31, 2013, the Group's interest rate exposure was as follows:

	12.31.13	Maturity schedule		
		less than one year	one to five years	over five years
Fixed-rate financial assets	-	-	-	-
Variable-rate financial assets	5,794	5,794	-	-
Financial assets not exposed	-	-	-	-
Financial assets[1]	**5,794**	**5,794**	**-**	**-**
Fixed-rate financial liabilities	-1,560	-369	-1,191	-
Variable-rate financial liabilities	-173,509	-23,191	-150,318	-
Financial liabilities not exposed	-2,435	-2,435	-	-
Financial liabilities[2]	**-177,504**	**-25,995**	**-151,509**	**-**

(1) Cash and cash equivalents.
(2) Borrowings.

The Group manages its exposure to rate risk by using interest rate swap and cap contracts.

At December 31, 2013, the Group had interest rate swap contracts with a total nominal value of k€35,000 and interest rate cap contracts with a nominal value of k€15,000. The maturity schedule of these contracts is as follows:

	12.31.13	Maturity schedule: less than one year	one to five years	over five years	Fair value
Interest rate swaps	35,000	-	35,000	-	-732
Interest rate cap	15,000	-	15,000	-	-27
TOTAL	**50,000**	**-**	**50,000**	**-**	**-759**

The fair value of financial instruments at December 31, 2013 is presented excluding non-performance risk. The risk of banking partners defaulting, which is determined based on secondary market values, is estimated overall at k€1. Gaumont's default risk is estimated at k€11.

Allowing for the rate hedging portfolio, net exposure to rate risk is as follows:

	Total	Fixed rate	Variable rate	Not exposed
Financial assets[(1)]	5,794	-	5,794	-
Financial liabilities[(2)]	-177,504	-1,560	-173,509	-2,435
Net position before hedging	**-171,710**	**-1,560**	**-167,715**	**-2,435**
Hedging	-	-50,000	50,000	-
Net position after hedging	**-171,710**	**-51,560**	**-117,715**	**-2,435**
Sensitivity[(3)]	-1,177	-	-1,177	-

(1) Cash and cash equivalents.
(2) Borrowings.
(3) Full-year impact.

A one basis point rise in variable interest rates would have increased borrowing costs by 18.9%, or k€1,177.

Foreign exchange risk

The Group is exposed to operating foreign exchange risks on commercial transactions posted on the balance sheet and on likely future transactions. When the Group produces films or television series outside the home country of the producer company, it is also exposed to foreign exchange risks on its production expenses.

Throughout 2013, revenue invoiced in a currency other than that of the company behind the transaction amounted to k€18,021, or 10.7% of total revenue, and breaks down as follows:

in thousands of euros	Total	USD	CAD	GBP	CHF	JPY	EUR[(1)]	AUD	Others
Revenue	18,021	7,633	2,193	1,330	570	2,597	3,372	64	262

(1) Revenue generated by entities outside of the euro zone

The Group endeavors to ensure natural hedging between the collection and disbursement flows of foreign currencies, but also investigates, on a case by case basis, the need for and feasibility of setting up a foreign exchange hedge to cover this risk.

At December 31, 2013, as part of its production of American series, the Group entered into forward currency sale or purchase contracts to hedge against future fluctuations in the euro, Canadian dollar and the pound sterling against the US dollar.

	Currency	Counterparty	Notional amount *(in thousands currency)*	Expiration date: Less than 90 days	From 90 to 180 days	From 180 to 360 days	Over 360 days	Fair value *(in thousands of US dollars)*
Forward currency sales	CAD	USD	-30,768	-15,967	-14,800	-	-	737
Forward currency sales	EUR	USD	-1,212	-868	-278	-28	-39	-83
Forward currency sales	GBP	USD	-700	-350	-	-	-350	4
Forward currency purchases	CAD	USD	32,847	31,947	900	-	-	-553
TOTAL								**105**

At December 31, 2013, the Group's exposure to operating foreign exchange risk was as follows:

	Total *(in thousands of euros)*	Risk related to a change in the euro value							
		USD/EUR	CAD/EUR	GBP/EUR	JPY/EUR	AUD/EUR	DKK/EUR	HUF/EUR	SEK/EUR
Assets	8,368	8,157	90	-	62	38	5	3	13
Liabilities	624	624	-	-	-	-	-	-	-
Off balance sheet	-3,668	-2,169	-	-1,499	-	-	-	-	-
Net position before hedging	**5,324**	**6,612**	**90**	**-1,499**	**62**	**38**	**5**	**3**	**13**
Hedging	1,212	1,212	-	-	-	-	-	-	-
Net position after hedging	**6,536**	**7,824**	**90**	**-1,499**	**62**	**38**	**5**	**3**	**13**
Sensitivity	-58	-71	-1	15	-1	-	-	-	-

An across-the-board, one euro cent increase against all of the above-mentioned currencies would have a negative k€58 impact on the Group's net income.

	Total *(in thousands of US dollars)*	Risk related to a change in the dollar value		
		CAD/USD	GBP/USD	AUD/USD
Assets	12,353	11,205	1,133	15
Liabilities	-67	-67	-	-
Off balance sheet	-	-	-	-
Net position before hedging	**12,286**	**11,138**	**1,133**	**15**
Hedging	795	1,953	-1,158	-
Net position after hedging	**13,081**	**13,091**	**-25**	**15**
Sensitivity	-131	-131	-	-

An across-the-board, one dollar cent increase against all of the above-mentioned currencies would have a negative k$131 impact on the Group's net income.

The Group is exposed to financial foreign exchange risk *via* its bank accounts and advances denominated in currencies other than the functional currency of the company concerned. The Group endeavors to keep foreign currency balances in its accounts at a low level to ensure natural hedging between collection and disbursement flows of foreign currencies and to keep advances made in foreign currencies to a minimum.

At December 31, 2013, the Group's exposure to financial foreign exchange risk was as follows:

	Risk related to a change in the euro value		Risk related to a change in the dollar value	
	Total *(in thousands of euros)*	USD/EUR	Total *(in thousands of US dollars)*	CAD/USD
Assets	14,081	14,081	477	477
Liabilities	-	-	-	-
Off balance sheet	-	-	-	-
Net position before hedging	**14,081**	**14,081**	**477**	**477**
Hedging	-	-	-	-
Net position after hedging	**14,081**	**14,081**	**477**	**477**
Sensitivity	-141	-141	-5	-5

A one euro cent increase against the dollar would deduct k€141 from the Group's net income. A one cent increase in the US dollar against the Canadian dollar would deduct k$5 from Group net income.

As a result of its investments in subsidiaries based in the United States, the Group is also exposed to foreign exchange risk when it translates its subsidiaries accounts into the reporting currency of its consolidated financial statements. The impacts of this risk are recognized in equity.

At December 31, 2013, the Group's exchange rate exposure from foreign investments was as follows:

(in thousands of euros)	USD/EUR
Assets	71,475
Liabilities	-70,845
Off balance sheet	35,683
Net position before hedging	**36,313**
Hedging	-
Net position after hedging	**36,313**
Sensitivity	-363

An increase of one euro cent against the US dollar would have a negative k€363 impact on the Group's shareholders' equity.

Equity risk

Gaumont and its subsidiaries are not engaged in speculative stock market operations.

On July 1, 2010, Gaumont contracted Exane BNP Paribas to manage its securities within the framework of a liquidity contract in accordance with the AMAFI Code of Conduct, recognized by the *Autorité des marchés financiers*. The contract is provisioned in the amount of k€300 paid in July 2010 and increased by k€100 in November 2010. At December 31, 2013, Gaumont held 6,871 treasury shares, corresponding to securities traded in the context of its liquidity contract, and representing an investment recognized as an offset to equity for k€260.

The risk of impairment of treasury shares related to volatility in the Gaumont share price remains marginal in view of the amounts invested.

6.5. Financial instruments

Derivatives

The Group uses derivatives to manage and reduce its exposure to the risk of changes in interest rates and foreign exchange rates.

In 2013, the Group used interest rate swap agreements to reduce its exposure to Euribor, the base rate for its credit line, and currency derivatives to reduce its exposure to fluctuations in the dollar.

Derivatives included in the statement of financial position at their fair value at the reporting date are reported below.

	12.31.13		12.31.12		12.31.11	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	133	732	179	1,517	222	1,092
Foreign exchange derivatives	542	467	9	548	-	-
TOTAL	**675**	**1,199**	**188**	**2,065**	**222**	**1,092**

Changes in the fair value of derivatives were recorded in financial income or other comprehensive income, in accordance with the provisions of IAS 39.

	12.31.13	Other comprehensive income	Net income (loss)	Currency translation adjustments	Premiums paid	12.31.12
Derivative instruments – assets	675	-9	490	-20	26	188
Derivative instruments – liabilities	-1,199	1,329	-484	21	-	-2,065
TOTAL	**-524**	**1,320**	**6**	**1**	**26**	**-1,877**

Derivatives designated as hedging instruments against the Group's interest rate exposure have the following characteristics:

	Start date	Expiration date	Notional amount *(in thousands of euro)*
Interest rate swaps	07.29.11	12.31.15	20,000
Interest rate swaps	09.30.12	06.30.16	10,000
Interest rate swaps	12.30.13	06.30.17	5,000
Interest rate cap	09.30.12	06.30.15	10,000
Interest rate cap	12.30.13	06.30.16	5,000
TOTAL			**50,000**

At December 31, 2013, the net fair value of these instruments totaled -k€759. The ineffective portion of the interest rate cap, which was recognized in expense for the period, was k€3.

Derivatives designated as hedging instruments against the Group's foreign exchange exposure have the following characteristics:

				Expiration date			
	Currency	Counterparty	Notional amount *(in thousands of currency)*	Less than 90 days	From 90 to 180 days	From 180 to 360 days	Over 360 days
Forward currency sales	CAD	USD	-30,768	-15,967	-14,800	-	-
Forward currency sales	EUR	USD	-1,212	-868	-278	-28	-39
Forward currency sales	GBP	USD	-700	-350	-	-	-350
Forward currency purchases	CAD	USD	32,847	31,947	900	-	-

At December 31, 2013, the net fair value of these instruments totaled k€105. The ineffective portion recognized in income for the period for its contracts yielded k€79.

Financial instruments by category and fair value hierarchy

The table below compares, by category, the carrying amount and the fair value of all of the Group's financial instruments.

Financial assets and liabilities are measured at fair value in the financial statements.

	12.31.13		Breakdown by category of instruments					
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables at amortized cost	Liabilities at amortized cost	Derivatives	Hierarchical level
Investments in non consolidated entities	3	3	-	3	-	-	-	na
Other non-current financial assets	1,958	1,958	-	-	1,958	-	-	na
Other current financial assets	112,783	112,783	-	-	112,783	-	-	na
Derivative instruments – assets	675	675	-	-	-	-	675	2
Cash and cash equivalents	5,794	5,794	5,794	-	-	-	-	1
Financial assets	**121,213**	**121,213**	**5,794**	**3**	**114,741**	**-**	**675**	
Non-current financial liabilities	151,509	151,509	-	-	-	151,509	-	na
Other non-current financial liabilities	820	820	-	-	-	820	-	na
Current financial liabilities	25,995	25,995	-	-	-	25,995	-	na
Other current financial liabilities	48,989	48,989	-	-	-	48,989	-	na
Derivative instruments – liabilities	1,199	1,199	-	-	-	-	1,199	2
Financial liabilities	**228,512**	**228,512**	**-**	**-**	**-**	**227,313**	**1,199**	

Investments in non-consolidated companies are categorized as available-for-sale financial assets and carried at purchase cost as fair value cannot be reliably measured.

The fair value of interest rate and foreign exchange derivatives is estimated from measurements provided by banks or financial models commonly used in financial markets on the basis of market inputs at the reporting date for the year (level 2 valuation). These derivatives are designated as hedging derivatives.

The Group made no transfers between levels during the period.

	12.31.12		Breakdown by category of instruments					
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables at amortized cost	Liabilities at amortized cost	Derivatives	Hierarchical level
Investments in non consolidated entities	3	3	-	3	-	-	-	na
Other non-current financial assets	589	589	-	-	589	-	-	na
Other current financial assets	80,355	80,355	-	-	80,355	-	-	na
Derivative instruments – assets	188	188	-	-	-	-	188	2
Cash and cash equivalents	10,754	10,754	10,754	-	-	-	-	1
Financial assets	**91,889**	**91,889**	**10,754**	**3**	**80,944**	**-**	**188**	
Non-current financial liabilities	142,332	142,332	-	-	-	142,332	-	na
Other non-current financial liabilities	940	940	-	-	-	940	-	na
Current financial liabilities	6,517	6,517	-	-	-	6,517	-	na
Other current financial liabilities	44,841	44,841	-	-	-	44,841	-	na
Derivative instruments – liabilities	2,065	2,065	-	-	-	-	2,065	2
Financial liabilities	**196,695**	**196,695**	**-**	**-**	**-**	**194,630**	**2,065**	

	12.31.11		Breakdown by category of instruments					
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables at amortized cost	Liabilities at amortized cost	Derivatives	Hierarchical level
Investments in non consolidated entities	3	3	-	3	-	-	-	na
Other non-current financial assets	597	597	-	-	597	-	-	na
Other current financial assets	98,148	98,148	-	-	98,148	-	-	na
Derivative instruments – assets	222	222	-	-	-	-	222	2
Cash and cash equivalents	7,391	7,391	7,391	-	-	-	-	1
Financial assets	**106,361**	**106,361**	**7,391**	**3**	**98,745**	**-**	**222**	
Non-current financial liabilities	59	59	-	-	-	59	-	na
Other non-current financial liabilities	1,436	1,436	-	-	-	1,436	-	na
Current financial liabilities	104,314	104,314	-	-	-	104,314	-	na
Other current financial liabilities	69,289	69,289	-	-	-	69,289	-	na
Derivative instruments – liabilities	1,092	1,092	-	-	-	-	1,092	2
Financial liabilities	**176,190**	**176,190**	**-**	**-**	**-**	**175,098**	**1,092**	

6.6. Operating segments

Segment information

The Group's organizational structure is based on its various businesses. The Gaumont group operates in three business sectors which constitute its operating segments:

- feature film production and distribution, which includes the various distribution phases of movies: distribution to theaters, sales to television channels, on video and video on demand, both in France and internationally;
- production and distribution of animated films and series, and television series and dramas *via* its subsidiaries Gaumont Animation, Gaumont Télévision and Gaumont International Television in the United States;
- operation of movie theaters *via* its interest in Les Cinémas Gaumont Pathé.

Segments used for segment reporting are the same as those used by executive management, the chief operating decision maker of the Group. Operating segments are reported without any further grouping.

Starting from 2013, the Group applies ANC Recommendation 2013-01 dated April 4, 2013 pertaining to the share of net income of associates in the consolidated income statement and in segment information.

Income statement

2013	Cinema production	Television production	Cinema operation	Non-allocated	Total
Revenue	**99,741**	**65,522**	**3,843**	**-**	**169,106**
Operating income from cinema and television production and distribution(1)	22,968	12,569	-	-	35,537
Operating income from movie theater operations(1)	-	-	17,763	-	17,763
Overheads	-25,715	-8,331	-	-	-34,046
Operating income after share of net income of associates	**-2,747**	**4,238**	**17,763**	**-**	**19,254**
Net borrowing costs	-	-2,358	-	-3,857	-6,215
Other financial income and expenses	-	1,280	-	-225	1,055
Income tax	507	-1,366	-	-459	-1,318
NET INCOME	**-2,240**	**1,794**	**17,763**	**-4,541**	**12,776**

(1) After share of net income of associates.

2012	Cinema production	Television production	Cinema operation	Non-allocated	Total
Revenue	**92,085**	**9,010**	**4,049**	**-**	**105,144**
Operating income from cinema and television production and distribution(1)	32,867	1,800	-	-	34,667
Operating income from movie theater operations(1)	-	-	21,070	-	21,070
Overheads	-25,334	-6,893	-	-	-32,227
Operating income after share of net income of associates	**7,533**	**-5,093**	**21,070**	**-**	**23,510**
Net borrowing costs	-	-964	-	-3,696	-4,660
Other financial income and expenses	-	964	-	367	1,331
Income tax	54	1,039	-	-	1,093
NET INCOME	**7,587**	**-4,054**	**21,070**	**-3,329**	**21,274**

(1) After share of net income of associates.

2011	Cinema production	Television production	Cinema operation	Non-allocated	Total
Revenue	**111,666**	**5,702**	**2,136**	**-**	**119,504**
Operating income from cinema and television production and distribution(1)	30,568	3,121	-	-	33,689
Operating income from movie theater operations(1)	-	-	22,174	-	22,174
Overheads	-24,397	-5,574	-	-	-29,971
Operating income after share of net income of associates	**6,171**	**-2,453**	**22,174**	**-**	**25,892**
Net borrowing costs	-	-	-	-2,734	-2,734
Other financial income and expenses	-	-	-	792	792
Income tax	1,787	889	-	4	2,680
NET INCOME	**7,958**	**-1,564**	**22,174**	**-1,938**	**26,630**

(1) After share of net income of associates.

Consolidated statement of financial position

12.31.13	Cinema production	Television production	Cinema operation	Non-allocated	Total
Goodwill	491	13,794	-	-	14,285
Films and audiovisual rights	72,248	72,843	-	-	145,091
Other intangible assets	956	6	-	-	962
Tangible assets	31,888	111	-	-	31,999
Investments in associates	5,520	-	191,725	-	197,245
Other financial assets	1,069	892	-	-	1,961
Non-current deferred tax assets	-	-	-	1,605	1,605
Inventories	584	-	-	-	584
Trade receivables	47,664	27,221	-	-	74,885
Current tax assets	506	2,045	-	-	2,551
Other receivables and current financial assets	20,509	16,443	-	-	36,952
Cash and cash equivalents	3,996	1,798	-	-	5,794
TOTAL ASSETS	**185,431**	**135,153**	**191,725**	**1,605**	**513,914**
Equity	-	-	-	243,061	243,061
Non-current provisions	2,392	263	-	-	2,655
Non-current deferred tax liabilities	-	-	-	1,440	1,440
Non-current financial liabilities	-	36,827	-	114,682	151,509
Other non-current liabilities	820	-	-	-	820
Current provisions	682	405	-	-	1,087
Current financial liabilities	-	23,078	-	2,917	25,995
Trade payables	12,761	3,978	-	-	16,739
Current tax liabilities	-	78	-	-	78
Other payables	48,138	22,392	-	-	70,530
TOTAL LIABILITIES	**64,793**	**87,021**	**-**	**362,100**	**513,914**
Investments in films and audiovisual rights	53,035	73,195	-	4	126,234

12.31.12	Cinema production	Television production	Cinema operation	Non-allocated	Total
Goodwill	491	13,794	-	-	14,285
Films and audiovisual rights	63,009	61,825	-	-	124,834
Other intangible assets	663	26	-	-	689
Tangible assets	32,199	140	-	-	32,339
Investments in associates	5,624	-	219,044	-	224,668
Other financial assets	309	283	-	-	592
Non-current deferred tax assets	-	-	-	3,749	3,749
Inventories	524	-	-	-	524
Trade receivables	31,997	5,557	-	-	37,554
Current tax assets	1,966	-	-	-	1,966
Other receivables and current financial assets	28,680	14,037	-	-	42,717
Cash and cash equivalents	4,361	6,393	-	-	10,754
TOTAL ASSETS	**169,823**	**102,055**	**219,044**	**3,749**	**494,671**
Equity	-	-	-	267,276	267,276
Non-current provisions	2,433	278	-	-	2,711
Non-current deferred tax liabilities	-	-	-	1,167	1,167
Non-current financial liabilities	-	47,860	-	94,472	142,332
Other non-current liabilities	940	-	-	-	940
Current provisions	1,391	101	-	-	1,492
Current financial liabilities	-	4,180	-	2,337	6,517
Trade payables	7,427	2,883	-	-	10,310
Current tax liabilities	1	78	-	-	79
Other payables	50,595	11,252	-	-	61,847
TOTAL LIABILITIES	**62,787**	**66,632**	**-**	**365,252**	**494,671**
Investments in films and audiovisual rights	21,351	61,016	-	-	82,367

12.31.11	Cinema production	Television production	Cinema operation	Non-allocated	Total
Goodwill	491	14,125	-	-	14,616
Films and audiovisual rights	61,515	12,664	-	-	74,179
Other intangible assets	490	1	-	-	491
Tangible assets	31,282	172	-	-	31,454
Investments in associates	6,316	-	213,849	-	220,165
Other financial assets	315	285	-	-	600
Non-current deferred tax assets	-	-	-	2,221	2,221
Inventories	713	-	-	-	713
Trade receivables	63,488	4,774	-	-	68,262
Current tax assets	1,535	101	-	-	1,636
Other receivables and current financial assets	18,294	9,212	2,136	-	29,642
Cash and cash equivalents	-	-	-	7,391	7,391
TOTAL ASSETS	**184,439**	**41,334**	**215,985**	**9,612**	**451,370**
Equity	-	-	-	254,868	254,868
Non-current provisions	1,899	164	-	-	2,063
Non-current deferred tax liabilities	-	-	-	547	547
Non-current financial liabilities	-	-	-	59	59
Other non-current liabilities	1,436	-	-	-	1,436
Current provisions	1,812	101	-	-	1,913
Current financial liabilities	-	-	-	104,314	104,314
Trade payables	11,231	973	-	-	12,204
Current tax liabilities	-	78	-	-	78
Other payables	68,268	5,620	-	-	73,888
TOTAL LIABILITIES	**84,646**	**6,936**	**-**	**359,788**	**451,370**
Investments in films and audiovisual rights	24,933	10,625	-	-	35,558

Information by region

Revenue

At December 31, 2013, revenue broken down per region is as follows:

	2013	2012	2011
French companies	111,943	105,144	119,504
American companies	57,163	-	-
TOTAL	**169,106**	**105,144**	**119,504**

Revenue below is broken down per commercialization zone:

	2013	2012	2011
France	**78,879**	**66,608**	**101,796**
• Europe	27,360	29,709	10,743
• Americas	54,431	4,771	3,358
• Asia/Russia	6,588	2,748	2,048
• Africa/Middle East	1,443	1,082	612
• Rest of the world	405	226	947
International	**90,227**	**38,536**	**17,708**
TOTAL	**169,106**	**105,144**	**119,504**

Non-current assets

Non-current assets (other than financial instruments, deferred tax assets and assets relating to post-employment benefits) are broken down depending on where the consolidated companies are located.

At December 31, the geographical distribution of non-current assets was as follows:

	12.31.13			12.31.12			12.31.11		
	France	Americas	Total	France	Americas	Total	France	Americas	Total
Goodwill	14,285	-	14,285	14,285	-	14,285	14,616	-	14,616
Films and audiovisual rights	100,574	44,517	145,091	76,736	48,098	124,834	74 091	88	74,179
Other intangible assets	962	-	962	689	-	689	491	-	491
Property, plant and equipment	31,971	28	31,999	32,307	32	32,339	31,423	31	31,454
Investments in associates	197,711	-466	197,245	224,261	407	224,668	219,750	415	220,165
Other financial assets	1,144	817	1,961	571	21	592	578	22	600
TOTAL NON-CURRENT ASSETS	**346,647**	**44,896**	**391,543**	**348,849**	**48,558**	**397,407**	**340,949**	**556**	**341,505**

The Group has no operations or assets outside these two geographical regions.

Information about the Group's major customers

The Group's top ten customers accounted for 52% of the Group's consolidated revenue. The breakdown of revenue from these ten customers varies greatly from one year to the next.

In 2013, sales to Netflix accounted for 19.3% of the Group's revenue. No other single customer contributed more than 10% of the Group's consolidated revenue.

6.7. Statutory auditors' fees

The fees of the statutory auditors and members of their network paid by the Group in 2012 and 2013 are as follows:

	Total 2013		Total 2012		Advolis 2013		Advolis 2012		EY 2013		EY 2012	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Auditing												
Certification and review of separate and consolidated financial statements												
• Issuer	256		204		83		77		173		127	
• Consolidated subsidiaries	129		95		-		-		129		95	
Related services												
• Issuer	-		-		-		-		-		-	
• Consolidated subsidiaries	6		-		6		-		-		-	
Subtotal	**391**	**100%**	**299**	**100%**	**89**	**100%**	**77**	**100%**	**302**	**100%**	**222**	**100%**
Other services												
Legal, tax, labor												
• Issuer	-		-		-		-		-		-	
• Consolidated subsidiaries	-		-		-		-		-		-	
Other												
• Issuer	-		-		-		-		-		-	
• Consolidated subsidiaries	-		-		-		-		-		-	
Subtotal	**-**	**0%**	**-**	**0%**	**-**	**0%**	**-**	**0%**	**-**	**0%**	**-**	**0%**
TOTAL	**391**	**100%**	**299**	**100%**	**89**	**100%**	**77**	**100%**	**302**	**100%**	**222**	**100%**

The Group deems that the information prescribed by Decree 2008-1487 of December 30, 2008 responds to the stipulations of article 222-8 of the French Financial Markets Authority General Regulations.

6.8. Subsequent events

No major event has taken place at Gaumont since January 1, 2014.

Statutory auditors’ report on the consolidated financial statements

Year ended December 31, 2013

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual general meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of Gaumont;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in note 2.1 “General principles” to the consolidated financial statements regarding the change in presentation of the share of net income of associates in the consolidated income statement.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- your group conducts a goodwill impairment test at year-end (see note 2.10 to the consolidated financial statements) and assesses whether there is any indication of impairment of long-lived assets. We have assessed the data and assumptions used for their main estimates, particularly the cash flow forecasts. As part of our audit, we have assessed the reasonable nature of these estimates.
- as stated in note 2.11 to the consolidated financial statements, your group recognizes as an intangible asset the cost of films that meet the criteria provided for under IFRS as adopted by the European Union, and recognizes, as from 2011, a residual value for certain blockbuster films. We have examined the earnings and profit forecasts justifying the recognition in intangible assets and the methods of accumulated amortization and calculation of the recoverable amount of movies. We checked that note 2.11 to the consolidated financial statements provides the relevant information.
- notes 1.2, 3.10, 3.12, 4.8 and 6.3 to the consolidated financial statements describe the business of television series production for the American market and the main accounting treatments and impact related to these activities. We have examined the accounting treatments applied and assessed the reasonable nature of the estimates used as well as the appropriate nature of the information provided in these notes.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group’s management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Défense March 19, 2014

The statutory auditors

ADVOLIS	ERNST & YOUNG et Autres
Patrick Iweins	Bruno Bizet

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3 INFORMATION ON CORPORATE OFFICERS

Nicolas Seydoux

Born July 16, 1939

French national

Number of Gaumont SA shares held at December 31, 2013: 26

Voting rights at December 31, 2013: 52

Business address

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

Biography

Graduate of the Paris Institut d'Etudes Politiques (IEP) and bachelor in law and economics. Head of the legal department at the Compagnie Internationale pour l'Informatique (CII) (1967-1970), financial analyst at Morgan Stanley & Co. Inc. New York (1970-1971), and Morgan & Cie International SA Paris (1971-1974). Gaumont group: Vice-Chairman and Chief Executive Officer (1974), Chairman and Chief Executive Officer (1975-2004), Chairman of the Supervisory board (2004-2010), and since May 6, 2010. Chairman of the Board of directors. Since 2002, Chairman of the ALPA (*Association de lutte contre la piraterie audiovisuelle* - a society to combat audiovisual pirating). Since 2003, Vice-Chairman of the Supervisory board of Arte. Since 2008, Chairman of the Forum d'Avignon association.

Family links with another Board member

Husband of Marie Seydoux, Vice-Chairwoman of the Board of directors, father of Sidonie Dumas, Vice-Chairwoman of the Board of directors and Chief Executive Officer, father of Pénélope Seydoux and brother of Michel Seydoux, Board members.

Independent member: no

Functions and offices held in Gaumont SA

- **Chairman of the Board of directors** since first appointed to the Board on May 6, 2010. Term of appointment ends at the General meeting called to approve the 2013 financial statements.
- **Chairman of the Appointments and compensation committee**

Other functions and offices held in the Group

- **Chairman** of Ciné Par SAS, controlling shareholder of Gaumont
- **Chairman** of Gaumont Inc. (USA), Gaumont Distribution Inc. (USA)
- **Board member** of Gaumont International Television LLC (USA)
- **Member of the Management committee** of Les Cinémas Gaumont Pathé SAS

Other functions and offices held outside the Group

- **Chairman** of the ALPA (*Association de lutte contre la piraterie audiovisuelle* - a society to combat audiovisual pirating)
- **Chairman** of the Forum d'Avignon association
- **Chairman** of the Fondation C Génial
- **Vice-Chairman of the Supervisory board** of Arte France SA
- **Chairman** of Grands Vins de Pazac SCA
- **Board member** of Val Richer SC
- **Board member** of Fondation des Diaconesses de Reuilly

Functions and offices ceased within the last five years

- **Chairman** of The Visitors Inc. (USA) (until December 2013)
- **Chairman of the Supervisory board** of Gaumont SA (until May 2010)
- **Chairman** of Socipar SAS (merged into Ciné Par SAS in 2010)
- **Board member** of La Cinémathèque Française (until 2010) and Schlumberger Ltd (Netherlands Antilles) (until 2010)

Marie Seydoux

Born October 04, 1941

French national

Number of Gaumont SA shares held at December 31, 2013: 500

Voting rights at December 31, 2013: 1,000

Business address

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

Family links with another Board member

Wife of Nicolas Seydoux, Chairman of the Board of directors, mother of Sidonie Dumas, Vice-Chairwoman of the Board of directors and Chief Executive Officer, mother of Pénélope Seydoux and sister-in-law of Michel Seydoux, Board members.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member** and **Vice-Chairwoman of the Board of directors** since first appointed to the Board on May 6, 2010. Term of appointment ends at the General meeting called to approve the 2013 financial statements.

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- None

Functions and offices ceased within the last five years

- **Vice-Chairwoman** and **Member of the Supervisory board** of Gaumont SA (until May 2010)

Sidonie Dumas

Born on April 28, 1967

French national

Number of Gaumont SA shares held at December 31, 2013: 1,165

Voting rights at December 31, 2013: 1,175

Business address

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

Biography

In 1988, Sidonie Dumas began her career in motion pictures as an employee of Luc Besson. After working for Warner in Los Angeles in acquisitions and producing feature films for a time, she returned to Europe and joined Gaumont in 1991. To this day, she has continuously advanced within the company and developed a new talent policy. In July 2004, she was appointed Chairwoman of the Executive Board of Gaumont, where she led a courageous policy of producing films in radically different genres including first films such as *You are so Handsome* and *OSS 117*: *Cairo, Nest of Spies*.

Sidonie Dumas has been Chief Executive Officer of Gaumont since May 6, 2010. Alongside producing films, she has been developing the television business in the United States to turn the company more towards the future and to gain more international stature.

From *OSS 117*, *Greed in the Sun*, *The Dinner Game*, *Boum*, *Knock on Wood*, *That Night in Varennes* to *Nikita* and *The Big Blue*, Gaumont has always had a very strong heritage policy and systematically restores the films in its catalog, such as *Monsieur Gangster*, *Fantomas*, *Delusions of Grandeur*, and many other masterpieces, which have enchanted millions of viewers across the world.

Continuing the eclectic artistic investment that is a hallmark of Gaumont, Sidonie Dumas has produced several movies which have exceeded millions of viewers, such as *A Gang Story*, directed by Olivier Marchal, *The Conquest*, *Point Blank*, *Jo's Boy* and *The Roundup*, all these films were big box-office hits with theater audiences, and of course, *Untouchable*, which has alone brought together over 50,000,000 viewers worldwide, becoming not only Gaumont's biggest hit, but also becoming the 2nd largest French blockbuster smash of all time.

Family links with another Board member

Daughter of Nicolas Seydoux, Chairman of the Board of directors, and Marie Seydoux, Vice-Chairwoman of the Board of directors, sister of Pénélope Seydoux and niece of Michel Seydoux, Board members.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member** and **Vice-Chairwoman of the Board of directors** since first appointed to the Board on May 6, 2010. Term of appointment ends at the General meeting called to approve the 2013 financial statements.
- **Chief Executive Officer** since May 6, 2010, appointed for an indefinite term.

Other functions and offices held in the Group

- **Legal representative** of Gaumont, Manager of Gaumont Vidéo SNC
- **Permanent representative** of Gaumont, Member of the Board of directors of Les Cinémas Gaumont Pathé SAS
- **Chairwoman of the Board of directors** of Gaumont Animation SA
- **Chairwoman** of Gaumont Télévision SAS
- **Chairwoman** and **Member of the Management committee** of Gaumont Pathé Archives SAS
- **Sole Board member** of Gaumont TV Inc. (USA)
- **Board member** of Gaumont International Television Llc. (USA)
- **Manager** of Gaumont Production Télévision SARL, Nouvelles Editions de Films SARL, Gaumont Musiques SARL, Editions La Marguerite SARL, Gaumont Production SARL, Prestations et Services SARL, Fideline Films SARL (since November 2013) and Gaumont Animation Musique SARL

Other functions and offices held outside the Group

- **Legal representative** of Gaumont, Board member of La Cinemathèque française (an association that aims at preserving and promoting French film archives)
- **Member of the Supervisory board** of Banque Neuflize OBC SA (since May 2013)

Functions and offices ceased within the last five years

- **Chairwoman** and **Chief Executive Officer** of Nouvelles Editions de Films SA (May to December 2012)
- **Chairwoman** of Alphanim Digital SAS (until of December 2011), Léonis Productions SAS (until of September 2012) and Fideline Films SAS (from July to November 2013)
- **Legal representative** of Gaumont, Chairman of Gaumont Musiques SAS (until June 2012)
- **Manager** of Forest SCI (until November 2011) and Galaxy 7 SARL (until May 2012)
- **Chairwoman of the Executive Board** of Gaumont SA (until May 2010)

Thierry Dassault

Born on March 26, 1957

French national

Number of Gaumont SA shares held at December 31, 2013: 500

Voting rights at December 31, 2013: 750

Business address

9, rond-point des Champs-Elysées - Marcel Dassault

75008 Paris

France

Biography

After receiving a Baccalaureate in Economics and serving in the military at the Establishment of Communication and Audiovisual Production of Defense, Thierry Dassault was Head of Civil Equipment for Electronique Serge Dassault in Brazil from 1979 to 1981, then Chief Executive Officer of an alarm systems company from 1982 to 1984, Associate Producer and Director of advertising and institutional films at Claude Delon Productions from 1985 to 1993.

From 1994 to 2006, he was Chairman of Dassault Multimédia, which acquired interests in Infogrames, Gemplus, Infonie, BFM, CdandCo, Net2one, Emme and Welcome Real-time. He also personally invested in Chapitre.com.

In 2004, he set up the company Keynectis (which became OpenTrust in September 2013), the leader in identity and digital transaction security, which he chairs.

At the end of 2006, Thierry Dassault created TDH, an investment structure in emerging technologies and niche sectors, which holds interests in Aquarelle, Bernardaud, Halys, I-Ces 4D, L Capital, Oletis, OpenTrust, Wallix, YouScribe.com.

He is Deputy CEO of Groupe Industriel Marcel Dassault (GIMD) and is Member of the Boards of: Bluwan, Dassault Belgique Aviation, Dassault Médias (Le Figaro), Gaumont, GIMD, Halys, OpenTrust, Particulier et Finances Editions, Veolia Environnement, Veolia Eau and Wallix.

He is a member of the Research, Innovation and Sustainable Development committee of Veolia Environnement.

He is also a member of YouScribe's Strategy committee.

He is Chairman of the 58th national session of the Institute of Higher National Defense Studies (IHEDN), Chevalier of the Legion of Honor and Colonel in the French Air Force citizen reserve.

Lastly, Thierry Dassault is Vice-Chairman of Fondation du rein and a Member of the Board of directors of Fondation pour la recherche sur Alzheimer (IFRAD, an Alzheimers Research Foundation).

Family links with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2013 financial statements.

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Vice Chairman, Member of the Supervisory board** and **Deputy CEO** of Groupe Industriel Marcel Dassault SAS
- **Chairman** and **Member of the Board of directors** of OpenTrust SA (formerly Keynectis)
- **Board member** of Dassault Médias SA (formerly Socpresse), Bluwan SA (since June 2013), Dassault Belgique Aviation SA (Brussels) and Société du Figaro SAS
- **Member of the Supervisory board** of Particulier et Finances Editions SA and Veolia Eau – Compagnie Générale des Eaux SCA
- **Permanent representative** of TDH SC on the Boards of Directors of Halys SAS and IF Research SAS (Wallix)
- **Non-voting Board member** at Veolia Environnement SA
- **Member of the Management committee** of I-Ces 4D SAS

Functions and offices ceased within the last five years

- **Member of the Supervisory board** of Gaumont SA (until May 2010)

Antoine Gallimard

Born on April 19, 1947

French national

Number of Gaumont SA shares held at December 31, 2013: 400

Voting rights at December 31, 2013: 550

Business address

5, rue Sébastien Bottin

75007 Paris

France

Biography

Antoine Gallimard heads up the Madrigall group, which brings together the publishers Gallimard, and Flammarion as well as their various subsidiaries. He was Chairman of the National Publishing Union (Syndicat national de l'édition) from 2010 to 2012, and actively participated in interprofessional discussions. He was therefore enlisted to defend retail bookstores, which includes, in particular, his report on the creation of a Reference Label of Approval for Independent Bookstores (*Label pour la Librairie indépendante de référence*, or LIR). Antoine Gallimard is an officer of the Legion of Honnor and an Officer of the National Order of Merit.

Family links with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2013 financial statements.
- **Member of the Appointments and compensation committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Board member, Chairman** and **Chief Executive Officer** of Madrigall SA and Editions Gallimard SA
- **Board member** of Groupe Eyrolles SA and Flammarion SA
- **Board member** of Scérén and BNF, state entities
- **Board member** and **Chairman** of RCS Livres SAS
- **Permanent representative** of Editions Gallimard SA on the Board of POL Editeur SA and of Madrigall SA on the Boards of Editions de la Table Ronde SA and Mercure de France SA
- **Member of the Supervisory board** of Electre SA and Sodefis SA

Functions and offices ceased within the last five years

- **Chairman** of Eden Livres SAS (until 2011)
- **Member of the Supervisory board** of Gaumont SA (until May 2010)
- **Chairman** of Gallimard Jeunesse SAS (until March 2009)

Michel Seydoux

Born on September 11, 1947

French national

Number of Gaumont SA shares held at December 31, 2013: 580

Voting rights at December 31, 2013: 1,160

Business address

19, rue de la Trémoille

75008 Paris

France

Biography

Michel Seydoux began his career as assistant to the Chairman of the Central Organization for Camps and Youth Activities (OCCAJ) between 1968 and 1970. In 1971 he founded the company Caméra One, of which he is the Manager. Formerly Chairman of Air Littoral, he is now Chairman of the football club LOSC Lille and a Member of the Pathé Board of directors. He has produced or co-produced numerous films, such as: *F as in Fairbanks,* directed by Maurice Dugowson (1976), *Don Giovanni,* directed by Joseph Losey (1979), *Hotel de France,* directed by Patrice Chéreau (1987), *Cyrano de Bergerac*, directed by Jean-Paul Rappeneau (1990), *Urga,* directed by Nikita Mikhalkov (1991), *Prospero's Book*, directed by Peter Greenaway (1991), *Toxic Affair*, directed by Philomène Esposito (1993), *Smoking* and *No Smoking,* directed by Alain Resnais (1993), *Anna: from Six till Eighteen* and *Burnt by the Sun,*directed by Nikita Mikhalkov (1994), *Same old Song,* directed by Alain Resnais (1997), *The Barber of Siberia,* directed by Nikita Mikhalov (1999), *Rene,* directed by Alain Cavalier (2002), *The Filmmaker,* directed by Alain Cavalier (2005), *Ambitious,* directed by Catherine Corsini (2006), *Leaving,* directed by Catherine Corsini (2008), *Irene,* directed by Alain Cavalier (2008), *Pater,* directed by Alain Cavalier (2011), *La danza de la realidad*, directed by Alejandro Jodorowsky (2013).

Family links with another Board member

Brother of Nicolas Seydoux, Chairman of the Board of directors, uncle of Sidonie Dumas, Vice-Chairwoman of the Board of directors and Chief Executive Officer, uncle of Pénélope Seydoux, Board member and brother-in-law of Marie Seydoux, Vice-Chairwoman of the Board of directors.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2013 financial statements.
- **Member of the Appointments and compensation committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Chairman** of MSI SAS, Citadelle Invest SAS and Les Cabrettes SAS
- **Chairman of the Board of directors** of LOSC Lille SA (ex LOSC Lille Métropole SASP) and Socle SA
- **Board member** of the Groupement de Luchin GIE and Financière Bon SA
- **Member of the Board of directors** of Pathé SAS and Gaya Rive Gauche SAS
- **Member of the Supervisory board** of Grand Lille TV SAS
- **Manager** of Camera One SARL, JSI SC, the Domaine de Luchin SC and FMS SNC
- **Representative** of MSI SAS, Board member of Airport Communication SA and Managing Partner of MSEB et Cie SNC
- **Managing Partner** of Liberté 25 Citadelle SC
- **Attorney** for the Société Navale Industrielle et de Plaisance SAS

Functions and offices ceased within the last five years

- **Member of the Supervisory board** of Foot Production SA (April 2011 to December 2012)
- **Chairman** of Les Cabrettes (until November 2011 following merger of Société Nouvelle Les Cabrettes into Les Cabrettes SAS)
- **Manager** of the Groupement Forestier Les Cabrettes (until June 2011 following its conversion into a SAS), Société Nouvelle Les Cabrettes SC (June 2011 to November 2011) and SEBI SC (until March 2011)
- **Member of the Management committee** of Lepapivore SAS (until February 2011)
- **Member of the Supervisory board** of Gaumont SA (until May 2010)

Pénélope Seydoux

Born on May 25, 1966

French national

Number of Gaumont SA shares held at December 31, 2013: 460

Voting rights at December 31, 2013: 845

Business address

Chemin de Haute Brise 1A

1012 Lausanne

Switzerland

Family links with another Board member

Daughter of Nicolas Seydoux, Chairman of the Board of directors, and Marie Seydoux, Vice-Chairwoman of the Board of directors, sister of Sidonie Dumas, Vice-Chairwoman of the Board of directors and Chief Executive Officer, niece of Michel Seydoux, Board member.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2013 financial statements.
- **Member of the Audit committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Board member** of UMA Food and Beverages SA (Switzerland)
- **Manager** of La Fermière SARL (Switzerland)

Functions and offices ceased within the last five years

- **Member of the Supervisory board** of Gaumont SA (until May 2010)
- **Chairwoman** of Léman Hélicoptères (Switzerland) (until 2009)

Bertrand Siguier

Born on June 10, 1941

French national

Number of Gaumont SA shares held at December 31, 2013: 545

Voting rights at December 31, 2013: 855

Business address

191, rue de l'Université

75007 Paris

France

Biography

Graduate of the Paris Institut d'Etudes Politiques (IEP) in law, Bertrand Siguier began his career as a Financial analyst at Neuflize, Schlumberger, Mallet Bank (NSM), from 1967 to 1969. He joined Publicis Conseil in 1970 as Head of Advertising, Head of Group (1971-1972) then Group Director (1973-1974). From 1975 to 1979 he was Deputy Director and International Coordinator of the Publicis Intermarco-Farner Group. From 1980 to 1982, he was Chief Executive Officer of the Mc Cormick Publicis agency in London. From 1982 to 1988, he was Director of Publicis-Conseil. From 1988 to 2008, he was Vice-Chairman of Publicis FCB Communication, later Publicis Communication. From 1999 to 2008, he was a member of the Publicis Group's Executive board. Starting from 2008, he has been a Manager of Bertrand Siguier et Associés.

Family links with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2013 financial statements.
- **Member of the Audit committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Manager** of Bertrand Siguier et Associés SARL
- **Board member** of Hanmer MSL Communications (India), Publicis Yorum (Turkey), Saatchi & Saatchi Fallon Tokyo k.k. (Japan), Beacon Communications k.k. (Japan) and Saatchi & Saatchi (Korea)

Functions and offices ceased within the last five years

- **Chairman** of Buzz Advertising Network Group SAS
- **Board member** of Capital Advertising (India) (until 2012), HM Editions (until 2011)
- **Member of the Supervisory board** of Gaumont SA (until May 2010)

Marc Tessier

Born July 21, 1946

French national

Number of Gaumont SA shares held at December 31, 2013: 494

Voting rights at December 31, 2013: 678

Business address

27, rue d'Orléans

92200 Neuilly-sur-Seine

France

Biography

Having studied at the Ecole Nationale d'Administration (ENA), Marc Tessier become Inspector of Finances in 1971, Seminar Director at the Institut d'Etudes Politiques (IEP) Paris from 1972 to 1974, then Mission Head at the Department for External Economic Relations (DREE) from 1976 to 1978. He became Deputy General Director of energy and raw materials at the Ministry for Industry from 1978 to 1979 then Deputy Director of the cabinet to André Giraud (Minister of Industry) from 1980 to 1981. In 1982 he joined the Havas advertising agency as Chief Financial Officer (1982-1983) before becoming Chief Executive Officer (1983-1987). At the same time, he was Chief Executive Officer of Canal+ from 1984 to 1986. From 1987 to 1989, he was Advisor to the Chairman of Canal+ and Chief Executive Officer of the company for the Study and Exploitation of Satellite Television (SEETS), before becoming Chief Executive Officer of Canal+ International from 1989 to 1993 and then Chief Executive Officer and Head of Development at Canal+ from 1993 to 1995. He worked as Chief Executive Officer of the National Center for Cinematography (CNC) from 1995 to 1999. Marc Tessier chaired the Audiovisual and Telecommunications Institute in Europe (IDATE) from 1998 to 2000. From 1999 to 2005, he was Chairman of France Télévisions then of France Télévisions group. In January 2006 he began work for the Netgem group where he was successively Chief Executive Officer of Netgem Média Services, Chief Executive Officer of Glowria and, since May 2009, Chairman of Video Futur. He is Vice-Chairman of Ile-de-France regional channel IDF1. He is also currently Chairman of the Forum des Images. Since July 2011, he has been Advisor to the Chairman of Video Futur.

Family links with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2013 financial statements.
- **Chairman of the Audit committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Director** of Netgem SA, Ediradio SAS (RTL), Le Monde SA, Fondation de France and the Idate association
- **Non-voting member** of the Board of directors of G7 Entreprises SA
- **Chairman** of the Forum des Images Association

Functions and offices ceased within the last five years

- **Vice-Chairman** of Ensemble TV SAS (editorial company for the local channel IDF1)
- **Permanent representative** of J2H on the Board of directors of Netgem SA (until 2012) and of Netgem SA on the Board of directors of Mediaxim SA (Belgium)
- **Chairman** of Video Futur Entertainment Group SA (until July 2011) and Ensemble TV SAS
- **Member of the Supervisory board** of Gaumont SA (until May 2010)
- **Director** of Editis, Alternative Media Initiative (Canada) and Video Futur Entertainment Group SA (following the merger with Netgem SA at the end of 2013)
- **Chief Executive Officer** of Netgem Media Services SA

Jean Todt

Born on February 25, 1946

French national

Number of Gaumont SA shares held at December 31, 2013: 500

Voting rights at December 31, 2013: 1,000

Business address

2, rue des Granges

1204 Geneva

Switzerland

Biography

Jean Todt began his career as a rally co-driver from 1966 to 1981. In 1982 he took over as Director of Automotive Competition Peugeot, where he set up Peugeot Talbot Sport. He has been Director of PSA Peugeot-Citroën sporting activities since 1990. In 1993 he joined Ferrari (a Fiat Group company) as Director of Ferrari and Maserati sports management. Having been appointed as a Board member in 2001, he became Chief Executive Officer in 2004, then Deputy Board member in 2006 before leaving Ferrari in March 2009. He has been Chairman of FIA (the Fédération Internationale de l'Automobile) since October 2009.

Family links with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2013 financial statements.

Other functions and offices held in the Group:

- None

Other functions and offices held outside the Group:

- **Member of the Board of directors** of the Lucien Barrière SAS Group, Edmond de Rothschild SA (formerly Compagnie Financière Saint-Honoré) and the Société des Amis du Musée d'Art Moderne de la Ville de Paris
- **Chairman** of the Fédération Internationale de l'Automobile (FIA) and eSafety Aware (FIA)
- **Vice-Chairman** of the ICM Foundation, Institut du cerveau et de la moelle épinière
- **Member of the Board of trustees** of the FIA Foundation for the Automobile and Society
- **Member of the Consultative Board** of Hangar Bicocca (Italy)

Functions and offices ceased within the last five years

- **Member of the Supervisory board** of Gaumont SA (until May 2010)
- **Board member** of Ferrari SpA (Italy)
- **Chairman of the Board of directors** of Ferrari Asia Pacific (Shanghai) and Ferrari West Europe (until 2009)

4 SHARE CAPITAL AND SHAREHOLDERS

Shareholders

Shareholders holding over 5% of voting rights and treasury shares

Change in shareholding

	12.31.13				12.31.12				12.31.11			
	Breakdown of capital		Breakdown of voting rights[(1)]		Breakdown of capital		Breakdown of voting rights[(1)]		Breakdown of capital		Breakdown of voting rights[(1)]	
Shareholders	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Ciné Par[(2)(3)]	2,729,402	63.88	5,112,822	69.90	2,729,402	63.88	5,112,822	69.90	2,729,402	63.88	5,112,822	69.92
First Eagle Investment Management LLC (USA)	478,050	11.19	478,050	6.54	478,050	11.19	478,050	6.54	478,050	11.19	478,050	6.54
Bolloré	408,852	9.57	817,704	11.18	408,852	9.57	817,704	11.18	408,852	9.57	817,704	11.18
Groupe Industriel Marcel Dassault	232,670	5.45	465,340	6.36	232,670	5.45	465,340	6.36	232,670	5.45	465,340	6.36
Public	416,685	9.75	440,542	6.02	416,894	9.76	440,283	6.02	416,784	9.75	438,182	5.99
Shares held by Gaumont SA	6,871	0.16	-	-	6,662	0.16	-	-	6,772	0.16	-	-
TOTAL	**4,272,530**	**100.00**	**7,314,458**	**100.00**	**4,272,530**	**100.00**	**7,314,199**	**100.00**	**4,272,530**	**100.00**	**7,312,098**	**100.00**

(1) The fully paid up shares justifying a non-transferable registration for at least three years in the shareholder's name, who must be either of French nationality, a citizen of the European Union, or from a country participating in the European Economic Area, receive double voting rights.
(2) Company controlled by Nicolas Seydoux.
(3) At January 31, 2014, Ciné Par received double voting rights for 140,752 shares held since January 2011, which increased its voting rights to 5,253,574, or 70.47% of voting rights.

To Gaumont's knowledge, no shareholder other than those mentioned in the above table held directly, indirectly or together more than 5% of the share capital or voting rights.

To date, Gaumont was unable to estimate the exact number of its shareholders. At December 31, 2013, the number of registered shareholders was 86.

At December 31, 2013, as part of its liquidity contract, Gaumont held 6,871 treasury shares with a par value of €8, representing an investment of €259,714. These shares constituted 0.16% of the capital and carried no voting rights or dividend rights.

No controlled entity owns Gaumont shares.

Significant events that had an impact on shareholding structure during the last three years

On December 12, 2012, following the merger of the company Financière du Loch into the company Bolloré, the 408,852 Gaumont shares and associated 817,704 voting rights passed to Bolloré.

At January 31, 2014, Ciné Par received double voting rights for 140,752 Gaumont shares registered in its name since January 2011, following the universal transfer of assets from Socipar to Ciné Par which was carried out in September 2010.

Breaching of shareholding thresholds

To Gaumont's knowledge, no shareholding thresholds were exceeded during 2013 or up to the reporting date.

Trading in the company's own shares

To ensure the Gaumont share continues to be liquidly traded and regularly quoted on the market, the Group has a counterparty account with broker Exane BNP Paribas under a liquidity contract, drawn up in compliance with the AMAFI Code of conduct and signed on July 1, 2010, for tacitly renewable periods of one year.

The initial contributions of k€300 were supplemented by an additional k€100 in November 2010.

At December 31, 2013, resources allocated to this contract included 6,871 treasury shares and €46,014.78 in cash.

The liquidity contract is managed by Exane BNP Paribas, which is authorized to assess the need to intervene in the market solely for:

- facilitating the listing of the securities;
- improving the distribution of the share ownership;
- improving the security's liquidity in the market.

Gaumont carried out the following transactions in its own shares with regards to the liquidity contract:

	2013	2012
Number of shares purchased	4,474	4,828
Average purchase price	€37.86	€40.89
Number of shares sold	4,265	4,938
Average sale price	€38.56	€42.38
Trading fees	-	-
Number of shares held on December 31	6,871	6,662
Value of shares held on December 31	€259,714	€264,544
Percentage of capital held on December 31	0.16%	0.16%
Par value of shares	€8	€8

Employee and executive shareholding in the company

Executive shareholders

To Gaumont's knowledge, the members of its Board of directors together held directly, as at December 31, 2013, 5,170 shares representing 0.12% of share capital and 0.11% of the voting rights.

Trading in the company's shares by executive officers

Between May 28 and June 19, 2013, Ms. Sidonie Dumas acquired 800 shares in the company.

Employee shareholders

To Gaumont's knowledge, two of its employees together held 28 shares as at December 31, 2013.

To Gaumont's knowledge, there was no savings plan or fund invested in the company's shares for the benefit of its current or former employees.

Dividend policy

The distribution policy in relation to future dividends is based on various criteria, in particular, the company's investment requirement, its financial position and market practices.

Unclaimed dividends are forfeited five years after they become payable, as provided by article 2224 of the French Civil code *(Code civil)*. Such unpaid dividends are paid to the French Treasury, pursuant to article L. 1126-1 of the French State property code *(Code général de la propriété des personnes publiques)*.

Gaumont paid out the following dividends over the last five years:

Year	Number of shares paid[1]	Dividends paid for the fiscal year *(in euros)* Net	Tax credit	Total
2007	4,269,917	0.30	-	0.30
2008	4,271,516	0.30	-	0.30
2009	4,271,516	0.30	-	0.30
2010	4,265,797	0.30	-	0.30
2011	4,266,772	1.30	-	1.30
2012	4,265,835	1.00	-	1.00

(1) Excluding treasury shares at payment date.

Factors likely to have an impact in the event of a public offering

Reference shareholders

Gaumont's reference shareholder is Ciné Par, a company controlled by Nicolas Seydoux, which held 63.88% of the capital and 69.90% of the voting rights as at December 31, 2013.

The presence of independent members on the company's Board of directors (five out of ten members on the Board) and the fact that certain decisions are submitted to the Board of directors for prior approval, aim to ensure that the control of the company is properly exerted and not abused. In particular, the Board's prior approval is required for certain transactions carried out by the CEO.

Shareholders' agreements

To Gaumont's knowledge, there is no agreement between shareholders (in particular between officers) that could limit the transfer of shares and the exercise of voting rights.

Lock-up agreement

In April, 2014, Nicolas Seydoux, Anne-Marie Cahen-Salvador (married Seydoux), Pénélope Seydoux, Sidonie Dumas and Ciné Par renewed their collective share lock-up agreement, initially concluded on February 4, 2004 and renewed in March, 2008 pursuant to article 787-B of the French General tax code *(Code général des impôts)*, covering 2,700,004 Gaumont shares held by them, which represented 63.19% of the company's capital and 69.50% of the voting rights as at December 31, 2013. This agreement has a term of two years and is automatically renewable.

To the company's knowledge, there is no other provision that could delay, defer or prevent a change in its control.

Pledging of shares

There were no Gaumont shares pledged as collateral as at December 31, 2013, nor have any such shares been pledged to date.

Changes in share capital and share rights

Any change in the share capital or the rights attached to each share or each class of shares is subject to compliance with applicable laws. The bylaws do not place any conditions or restrictions on such transactions.

Company agreements with a specific change of control clause

To Gaumont's knowledge, agreements that are amended or that end in the event of change of control of the company, are as follows:

- a loan agreement of a maximum amount of k€125,000 signed on April 26, 2012;
- a financial investment agreement with the *Caisse des dépôts et consignations* for the restoration and digitization of titles in its catalog signed on July 6, 2012.

Information on share capital

Changes in Gaumont SA's share capital

On December 31, 2013, Gaumont's share capital stood at €34,180,240, divided into 4,272,530 shares with a par value of €8 each, which have all been fully paid-up and are all of the same class.

In all, there were 7,314,458 voting rights attached to shares, including 3,041,928 shares with double voting rights.

Gaumont had not issued any securities other than equity securities.

No event has impacted the company's capital over the last three years.

Potential capital

At December 31, 2013, 162,880 shares could potentially be issued upon the exercise of stock options granted to employees of Gaumont and other affiliated companies.

Of the 162,880 options outstanding, none showed a dilutive effect as at December 31, 2013.

The following table shows the effects on capital and earnings per share of exercising all the options that are dilutive.

	2013	2012	2011
Average number of shares	4,272,530	4,272,530	4,272,530
Consolidated net income attributable to owners of the parent *(in thousands of euros)*	12,690	21,220	26,605
Net income per share *(in euros)*	**2.97**	**4.97**	**6.23**
Number of stock options with a dilutive effect	-	-	-
Average potential number of shares	4,272,530	4,272,530	4,272,530
Diluted net income per share *(in euros)*	**2.97**	**4.97**	**6.23**
Percentage of dilution *(in %)*	-	-	-

History of stock option plans

Since December 1987, Gaumont has set up eight stock option plans for some of its employees, and in particular its executives, except for the Chairman of the Board of directors who does not receive any plan.

In accordance with the legal provisions for the protection of all employees' rights, the offer price and number of shares still to be subscribed were adjusted pursuant to article R. 228-91 of the French Commercial Code. These adjustments are made following dividend distributions.

In accordance with the provisions of article L. 225-184 of the French Commercial code, the information on options granted and exercised during 2013 with respect to corporate officers, as well as the ten employees that do not hold corporate offices who hold the largest number of options, is set out in the special report submitted by the Board of directors to the General meeting.

Stock option plans outstanding at December 31, 2012

Table 8 of the AMF recommendation of December 22, 2008

Plans I and II expired December 2, 2002 and December 22, 2003, respectively.

All options granted under the plans III and IV were exercised.

Plans V through VIII were still outstanding as at December 31, 2013. They have the following characteristics:

	Plan V	Plan VI	Plan VII	Plan VIII
Date of General meeting	06.02.94	04.25.96	04.30.98	04.29.04
Grant date	02.15.96(1)	03.12.98(1)	04.09.02(1)	02.28.05(2)
Type of option	Subscription	Subscription	Subscription	Subscription
Starting date of exercise of options	02.15.01	03.12.03	04.09.06	02.28.09
Expiry date	02.14.46	03.11.48	04.08.46	02.27.49
Exercise price *(in euros)*	€50.31	€64.03	€48.00	€64.00
Adjusted exercise price *(in euros)*	€46.29	€58.92	€44.17	€59.01
Total number of options granted	104,000	168,000	165,000	196,750
Total adjusted number of options granted	113,118	182,757	179,610	214,069
Aggregate number of options canceled at December 31, 2013	44,596	93,585	114,025	88,692
Aggregate number of options exercised at December 31, 2013	63,189	78,284	42,126	2,177
NUMBER OF OPTIONS OUTSTANDING AT DECEMBER 31, 2013	**5,333**	**10,888**	**23,459**	**123,200**
Including number of options that corporate officers may subscribe to				
• Sidonie Dumas	1,088	2,177	3,264	32,601
Including the number that may be subscribed to by the top ten employees with the highest number of options granted(3)	**4,245**	**8,711**	**12,569**	**57,633**

(1) Board of directors.
(2) Executive board.
(3) When more than 10 employees are concerned in equal terms, the number specified takes account of all concerned parties (including individuals who left the company).

Number of options held by top ten employees of the company granted the largest number of options

Table 9 of the AMF recommendation of December 22, 2008

During 2013, no share purchase or subscription options were granted to employees of Gaumont SA or any of its subsidiaries.

No options were exercised by these employees during the period.

Authorizations granted by the General meeting to the Board of directors with respect to capital transactions

	Current authorizations				Authorizations to be submitted to the GM on April 29, 2014		
	GM date (Resolution no.)	Term (expiry date)	Maximum amount or maximum ceiling	Use of the authorization in 2013	Resolution No.	Term	Maximum ceiling
INCREASE IN SHARE CAPITAL[1]							
While maintaining the preferential subscription right per issue:							
• of shares, securities or marketable securities	04.25.13 (9)	26 months (06.24.15)	k€15,000	Not used			
• of debt securities	04.25.13 (9)	26 months (06.24.15)	k€15,000	Not used			
By capitalization of reserves, profits or premiums	04.25.13 (10)	26 months (06.24.15)	k€15,000	Not used			
Reserved to employees of the Group, members of the company savings plan	04.25.13 (11)	26 months (06.24.15)	200,000 shares	Not used			
COMPANY'S PURCHASE OF ITS OWN SHARES							
Company's purchase of its own shares[2]	04.25.13 (6)	18 months (10.24.14)	k€17,090	Used	(5)	18 months	k€17,090
Reduction of share capital by cancellation of treasury shares	04.25.13 (8)	18 months (10.24.14)	10% of the capital on the date of the General meeting	Not used	(6)	18 months	10% of the capital on the date of the General meeting
STOCK OPTION PLANS							
Grant of share subscription and/or purchase options[3]	05.03.12 (9)	38 months (07.02.15)	Legal limit[4]	Not used			

(1) Share capital capped at a total nominal amount of k€15,000.
(2) Within the limit of 5% of the number of shares in the company's capital at the time of purchase.
(3) In favor of employees and corporate officers of the company and/or those affiliated to it.
(4) Article L. 225-182 and R. 225-143 of the French Commercial code: the total amount of shares granted that have not been exercised may not exceed a third of the capital.

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5 ADDITIONAL INFORMATION

2014 financial reporting timetable

Publication of revenue

April 29: First quarter of 2014 consolidated revenue
October 27: Third quarter of 2014 consolidated revenue

Publication of the financial statements

March 12: 2013 full-year results
July 28: 2014 half-year results

General meeting of shareholders

April 29: Combined Ordinary and Extraordinary General meeting called to approve the financial statements for the year ended December 31, 2013

Persons responsible for information

Person responsible for the Registration document

Sidonie Dumas

Chief Executive Officer

Certificate

After taking all reasonable measures to this effect, I certify that, to the best of my knowledge, the information contained in this Registration document is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of Gaumont and all entities included in the consolidated group, and that the management report provides a true and fair view of the business trends, results and financial position of the company and all entities included in the consolidated group, together with a description of the main risks and uncertainties that they face.

The audit report from the statutory auditors on the consolidated financial statements for the year ended December 31, 2013, provided on page 91, includes the following comment: “without qualifying our opinion, we draw your attention to the matter set out in note 2.1. “General principles”, to the consolidated financial statements regarding the change in presentation of the share of net income of associates in the consolidated income statement.”

I have obtained from the statutory auditors a completion report, in which they state that they have verified the information relating to the financial position and financial statements provided in this Registration document and that they have read the entire document.

Neuilly-sur-Seine, April 8, 2014

Sidonie Dumas

Chief Executive Officer

Persons responsible for auditing

Acting statutory auditors

Advolis	Ernst & Young et Autres
• Member of the Compagnie régionale de Paris	• Member of the Compagnie régionale de Versailles
• Address: 13, avenue de l'Opéra 75001 Paris	• Address: 1-2, place des Saisons 92400 Courbevoie - Paris-La Défense 1
• Represented by Patrick Iweins	• Represented by Bruno Bizet
• First appointment: General meeting of May 2, 2005, taking over from KPMG, formerly RSM Salustro Reydel.	• First appointment: General meeting of May 3, 2011, taking over from Ernst & Young Audit.

Alternate statutory auditors

Damien Bourg	Auditex
• Member of the Compagnie régionale de Paris	• Member of the Compagnie régionale de Versailles
• Address: 13, avenue de l'Opéra 75001 Paris	• Address: 1-2, place des Saisons 92400 Courbevoie - Paris-La Défense 1
• First appointment: General meeting of May 3, 2011, taking over from Patrick Iweins.	• First appointment: General meeting of May 3, 2011, taking over from Dominique Thouvenin

The terms of all statutory auditors will expire after the General meeting called to approve the financial statements for the year ended December 31, 2016.

Person responsible for financial information

Fabrice Batieau

Chief Financial Officer

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