







**2014**  
 REGISTRATION DOCUMENT  
 ANNUAL REPORT



This document is a free translation into English of some contents included in the French *Document de référence* filed with the AMF (*Autorité des marchés financiers*, the French financial markets authority) under the number D.15-0326 on April 13, 2015.





Message from the Chairman of the Board of directors	4
Message from the Chief Executive Officer	6



**1 MANAGEMENT REPORT 9**

Activities and results of the Gaumont group	10
Risk factors	16
Corporate social responsibility	22



**2 CONSOLIDATED FINANCIAL STATEMENTS 35**

Consolidated statement of financial position	36
Consolidated income statement	38
Consolidated statement of comprehensive income	39
Consolidated statement of changes in equity	40
Consolidated statement of cash flows	41
Notes to the consolidated financial statements	42
Statutory auditors' report on the consolidated financial statements	93



**3 INFORMATION ON CORPORATE OFFICERS 95**



**4 SHARE CAPITAL AND SHAREHOLDERS 105**

Shareholders	106
Information on share capital	110



**5 ADDITIONAL INFORMATION 113**

2015 financial disclosure timetable	114
Persons responsible for information	115





# Message from the Chairman of the Board of directors

120 years, that's a grand age! In human terms it's very old, in terms of monuments it's very young but for Gaumont, it's its history, the history of cinema. Gaumont did not invent the cinema, nor did it produce the first film. Gaumont was simply born the year cinema was invented and has grown and developed around this invention in which it had so much belief, and indeed it still does. 120 years, that's nothing....

On March 22, 1895, Léon Gaumont, Attorney to Félix Richard's *Comptoir Général de la Photographie*, attended the world premiere of the first screening at *La Société d'Encouragement pour l'Industrie Nationale*. Forty years later, he said that this moment was *crucial in determining his vocation for the movie industry*.

Three months later, on July 6, 1895, Léon Gaumont bought the *Comptoir* and founded the company *L. Gaumont et Cie* on September 2, 1895.

Léon Gaumont worked tirelessly alongside George Demeny on what would become the *Chronophotographe*.

Léon Gaumont believed in the future of this new piece of equipment and conducted research in all fields. According to Alice Guy, *Léon Gaumont was obsessed by the desire to add sound, color and depth to his images*. After building sound systems under Lumière patents, he created the *Chronophone* in 1903, the *Chronomégaphone* in 1905 and the *Elgéphone* in 1906.

In 1911 he developed the *Chronochrome*, a projector that recorded footage in the three primary colors, trichromy, and the precursor to *Technicolor*. More than anyone, Gaumont believed in the future of cinema. With the purchase of the *Hippodrome*, built for the 1900 World Expo, he created *Gaumont Palace*, the largest movie theater in the world, which was inaugurated on September 30, 1911. To fill his movie theaters and boost sales of his projection devices, Gaumont authorized Alice Guy to produce movies, *provided that they were not too expensive and were made outside working hours*. Finally, after sending technicians to film the arrival of Tsar Nicholas II for the laying of the first stone of the Alexandre III bridge on October 7, 1896, as did the Lumière brothers, and having shown scenes before the main program, he created a news service in 1908 which later became a weekly journal on October 8, 1910.

Along with his fellow movie producers Lumière, Méliès and Pathé, Gaumont established France as the leader in world cinematography up to the Great War.

Through numerous crises and conflicts, Gaumont continued to make its daisies bloom around the world, building today the history of tomorrow.

Having been reserved for large external screens - movie theaters - for 50 years, then featured on fixed screens in homes - television sets - for the next 50, the animated image has been given a new lease of life over the last 20 years. It is present on every screen, even the tiniest, but without ever overlooking the larger formats...

Cinema is one of the major players in the exceptional cultural revolution that has transformed our hearts and minds for 120 years.

The changes are not due to pipelines, but to what these pipelines convey. Pipelines allow for better, more voluminous, faster and more diversified routing over longer distances but it is not the high voltage lines that heat our homes, it is the electricity that they transport.

What would the Internet be without animated images? Of course, tweets are essentially "literary", but what else is the Internet made up of? It is full of images filmed by amateurs or journalists, of the young Colombian who died before our eyes in a landslide caused by a volcanic eruption<sup>(1)</sup>, the Twin Towers collapsing in New York, the tsunami in Thailand, the landing of Philae on a planet, the helicopters carrying *Dropped* star athletes that crashed in Argentina... However, it is images of professionals that highlight the talents of, sorry sirs, Brigitte, Catherine, Isabelle, Jeanne, Marion, Martine, Mélanie, Michèle, Mireille, Musidora, Renée, Romy, Simone, Sophie, and those we have created since our birth and will continue to create for centuries to come.

I believe in the future of cinema.

Of cinema in movie theaters. Far from the cellphones that lovers look at on their honeymoon in Venice, which light up their faces at the *Florian* and on gondolas.

The movie theater remains a haven of peace where, cut off from the outside world, the audience can watch a film, from start to finish, with nobody channel hopping or interrupting. They leave enthusiastic or disappointed. We then move on to the next film. Movies can live on for decades on all screens, small or large, provided that the rights of those who produced them are protected and illegal downloading, the

(1) *The Nevado del Ruiz volcano erupted on November 13, 1985. Omayra Sanchez died after three days in front of the world's cameras owing to a lack of rescue resources.*

*The Twin Towers in New York were attacked on September 11, 2001. There were close to 3,000 victims.*

*The tsunami in Thailand struck on December 26, 2004. More than 200,000 people died.*

*On November 12, 2014, as part of the Rosetta mission, and after a journey lasting 10 years, the Philae robot landed on Churyumov-Gerasimenko, some 500 million km away.*

*While shooting the TV show Dropped for TF1, two helicopters crashed mid-air on March 10, 2015 killing 10 people including Florence Arthaud, sailor, winner of the Route du Rhum 1990, Camille Muffat, Olympic champion in the 400 m freestyle in London, and Alexis Vastine, military boxing champion.*

cancer of creativity, is eradicated, and provided that uneducated politicians in Brussels do not tear down a building that has been painstakingly constructed stone by stone over two centuries.

No, intellectual property is not theft. Turn your iPhone over, *designed in California, manufactured in China* is written on the back.

What are the famous GAFA, an acronym for Google, Apple, Facebook and Amazon, if not software companies that thrive on intellectual property. This is the future of all developed societies.

It is our responsibility to make films that bring the public together. It is the responsibility of society to protect the rights of those who make these films.

The political tone has changed, thanks to Manuel Valls who declared on September 15: *we need to defend the rights of creators. We have without doubt underestimated the impact of mass piracy. It is however a real source of impoverishment for the entire creative industry.*

Given the campaign promises of the President of the Republic, and the feebleness of parliamentarians, whether right-wing or left, to take on young Internet users, our action continues *within the current legal framework*. This implies a more effective mobilization of police services, who seem receptive, as well as the justice departments.

On Monday March 23, a *charter of best practices* was signed between the rightholders and the advertising networks, under the patronage of the Ministry of Culture and communication. Advertising networks have agreed to no longer place advertisements on piracy websites. This charter is to be followed by another relating to payment methods. Even if the road is long, the vehicle is out of the mud and is now on the move.

Aside from illegal downloading, the cancer that has not been cured but the dangers of which are better understood, there is another danger that should not be underestimated: the future of copyright. It has an adversary, namely Europe. I am a European through and through. Each of the previous generations have all experienced their war with Germany, three fratricidal wars in 70 years. We have had peace in Europe for 70 years. It has been so long that some people are beginning to forget the contribution of Europe's

founding fathers: diversity and above all cultural diversity. To establish a single market for cultural goods and services would be to throw away languages, traditions, customs and culture, with or without a capital C.

How could we dare entrust the report on copyright to the only deputy of the pirate party if only to make the most convinced Europeans anti-European.

Copyright is threatened.

France is mobilized at the highest level to get other important political figures involved in this fight, starting with Angela Merkel. Hopefully it will succeed, with support from all talents.

Despite all this, I believe more than ever in the future of cinema, meaning specific images meant firstly for movie theaters. For beyond its physical and technical features, the movie theater is a place of collective emotion. In this increasingly individualistic world, men and women need to come together to share common emotions. The Zénith concert stadiums constructed in the 70s and the stadiums built for the World Cup less than 20 years ago are already too small today.

*Man shall not live on bread alone.*

Looking back on these 120 years is not an encounter with outdated nostalgia, rather the testimony of pioneers who have as much faith in their own boldness as in the taste of their contemporaries.

The most recent chapters of the history of French cinema, particularly those of Gaumont, clearly prove that their successors are worthy heirs, appropriating the words of Louis Feuillade written in 1921, *the only thing that matters is to know if, in this movie, a sleeping princess will be woken by a magician under the rays of a magic lamp...*

**Nicolas SEYDOUX**, March 30, 2015



## Message from the Chief Executive Officer

2014 was a very good year for French cinema.

208 million cinema tickets sold, 15 million more than in 2013. After 2011, which totaled 217 million tickets sold, this is the second record since 1967.

2014 was also the year of €4 tickets for those aged under 14, fewer American films, high theater attendance during the school holidays and Tuesday evenings thanks to promotional rates, and the success of popular films in the provinces, in contrast with Paris.

French movies, and French comedy in particular, took pride of place: *Serial (Bad) Weddings*, *Superchondriac*, *Lucy* and *The Belier Family* occupied the top spots in the 2014 ranking, ensuring a 44% market share for French cinema.

Against this favorable backdrop for French movies, Gaumont performed respectfully.

Without ever discarding its core business, namely the cinema, Gaumont has also diversified its activity in recent years and has seen a significant rise in its television production activity, for both cartoons and drama, in France and abroad.

As a result, Gaumont's consolidated revenue increased 12% to €190 million in 2014 compared to €169 million in 2013.

Gaumont released 13 movies and, like last year, box-office sales exceeded 10 million. *Samba* by Eric Toledano and Olivier Nakache and *La French* by Cédric Jimenez accounted for nearly half of the year's box-office sales. The reception given to other films was rather more mixed, and the movies *Grace of Monaco* and *Mea Culpa* were disappointing. Revenue for theatrical distribution amounted to €25.7 million in 2014, versus €25.5 million in 2013.

The video market continued to slump, losing 14% in value in 2014. The video on demand market has remained stable for almost three years and therefore, does not offset the fall in the physical video market which has receded by more than 60% in 10 years. Revenue from video distribution and video on demand in France amounted to €13.8 million in 2014, compared with €12.8 million in 2013. This increase is primarily due to the year's two major hits, *Belle and Sebastian* on video and *Me Myself and Mum* on video on demand, with more than 300,000 transactions.

In a year in which soccer captured audiences on TF1, with the help of the World Cup, the movie *Untouchable* achieved top position in the cinema category with more than 13.9 million viewers and a 49% audience share, thus confirming the prominent place of cinema in the program schedules of TV networks. Almost 250 Gaumont movies were shown on all TV channels in 2014, generating revenue of €17.3 million compared to €23.5 million in 2013.

Internationally, Gaumont's revenue remained high at €32.6 million compared to €31.6 million in 2013 thanks to new releases such as *The Young and Prodigious Spivet*, *Mea Culpa*, *Belle and Sebastian* and *Untouchable*, which is still a big draw since its release in 2011.

The Gaumont Pathé Archives business was promising and in line with forecasts, achieving stable revenue in the region of €2 million, thanks in particular to the commemoration of World War I and the nearly forty documentaries to which we contributed on this subject.

More than 600 hours of original French drama were produced by almost 70 producers in 2014. In a market where TV shows are experiencing an all-time high with audiences, French drama has fallen some way behind other major European countries and especially English-language TV drama, now a dominant feature on French networks. As a result, French drama needs to develop while adapting to the changing audiovisual landscape. Viewing habits are changing. The public now want to watch all episodes at once, a trend that encourages illegal downloads but also promotes the emergence of new players such as Netflix.

Gaumont Télévision business in France grew significantly in 2014 as a result of the completion of internal projects such as *Résistance* (series of 6 x 52-minute episodes) for TF1, *Hôtel de la plage* (series of 6 x 52-minute episodes) for France 2, *Interventions* (series of 6 x 52-minute episodes) for TF1 and the 90-minute drama *La trouvaille de Juliette* for France 3, totaling more than 17 hours of drama. In 2015, France 2 will show season 2 of *Hôtel de la plage* and a new series will be produced for M6 in the second half of the year, *Blanc* by Pascal Chaumeil.

The business of producing cartoon series involves a long manufacturing process. Production and delivery may sometimes be spread over several years. The series of 104 episodes of *Calimero*, delivery of which began in 2013, will fully be delivered to TF1 in 2015. *Noddy* is currently under production for France Télévision and *Welcome to Bric-à-Broc* for Canal+. The cartoon series *Belle and Sebastian* for M6 should enter production in 2015.

Revenue from French drama and cartoon series amounted to €25 million compared to €8.4 million in 2013.

Gaumont International Television business in the United States has also been very intense since its inception less than five years ago. The US series *Hannibal* and *Hemlock Grove* were released in 2013. The main partners for the first series are NBC, AXN-Sony and ProSieben, Canal+ and Sky in Europe; and Netflix for the second. Both series have since been renewed for a third season. Two new series are currently in production for Netflix and will be delivered in 2015. *Narcos*, which is currently shooting in Colombia and *F is for Family*, a cartoon series made in collaboration with Gaumont Animation in France.



Revenue from US dramas amounted to €64.4 million compared to €57.2 million in 2013.

Finally, Les Cinémas Gaumont Pathé, 34% owned by Gaumont, is pursuing its development policy and reorganization of its movie theaters, i.e. a pool of close to 1,000 screens in France, the Netherlands and Switzerland. Revenue amounted to €686.3 million in 2014 compared to €668.2 million in 2013. This rise was primarily due to the French market, where box-office sales grew by more than 5% in line with the market trend.

It is difficult to list all of the developments because there are so many. Gaumont now wants to create a real synergy between business lines and internal departments, to work with as many broadcasters as possible in France, Europe and elsewhere, and to open gateways for creation, along with artists, so that feature films may be turned into television drama and vice-versa.

14 movies will be released in 2015. Without being excessively pro-youth, Gaumont is particularly dedicated to discovering new talents who are producing their first movies. The first of the first-time movies is *Coming in* by Mathieu Govare and Noémie Saglio, which picked up two awards at the Festival de l'Alpe d'Huez. This will be followed by *Adama* by Mathieu Vadepied, who was Director of Photography on *Untouchable*, *Through the Air* by Fred Grivois and *All three of us* by Kheiron.

We will also be showcasing female directors such as Emma Luchini with *My Men*, and Noémie Saglio and Eloïse Lang with their famous *The Bitch Project*. There are also authors we wish to keep tabs on: Philippe Guillard with *We Were Young*, Jérôme Enrico with *Cerise* and Rémi Bezançon with *Our Futures*. Other talents will also make their debut at Gaumont: Christian Vincent with *Courted*, Philippe Leguay with *Florida* and Jean-Patrick Benes with *Ares*. Finally, we will end the year with the new opus of *Belle and Sebastian*, *the adventure continues* directed by Christian Duguay.

Gaumont will celebrate 120 years of existence in 2015. The Lumière brothers were just a few months ahead of Léon Gaumont in the creation of cinema. While an exhibition at the Grand Palais pays tribute to these pioneers, Gaumont will unfold its history in a fun review open to all for three months at the Centquatre in the 19th arrondissement of Paris.

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.

**Sidonie DUMAS**, April 1, 2015



# 1 MANAGEMENT REPORT

Activities and results of the Gaumont group 10

Risk factors 16

Corporate social responsibility 22



# Activities and results of the Gaumont group

## Key figures

	2014		2013		change
	in thousands of euros	as a % of revenue	in thousands of euros	as a % of revenue	
Revenue	190,074	100%	169,106	100%	12%
Operating income from cinema and television production and distribution <sup>(1)</sup>	31,649	17%	35,537	21%	-11%
Operating income from movie theater operations <sup>(1)</sup>	22,688	12%	17,763	11%	28%
Operating income after share of net income of associates	21,267	11%	19,254	11%	10%
Consolidated net income	18,386	10%	12,776	8%	44%
Investments in cinema production	37,583	20%	53,035	31%	-29%
Investments in television production	88,044	46%	73,195	43%	20%

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

## Consolidated results

### Revenue by business activity

Gaumont's consolidated revenue amounted to k€190,074 in 2014, compared with k€169,106 in 2013. The increase in revenue is due to the development of the television production business.

### Movie production and distribution

Revenue from the cinema production business amounted to k€96,832 in 2014, versus k€99,741 in 2013.

### Movie theatre distribution

Revenue from the release of films in movie theaters in France stood at k€25,662 at December 31, 2014, versus k€25,502 at December 31, 2013.

Thirteen feature films were 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;
- *Mea Culpa*, directed by Fred Cavayé, starring Gilles Lellouche, Vincent Lindon and Nadine Labaki, released on February 5;
- *Diplomacy*, directed by Volker Schlöndorff, starring Niels Arestrup and André Dussollier, released on March 5;
- *My Summer in Provence*, directed by Rose Bosch, starring Jean Reno and Ana Galiena, released on April 2;
- *Nice and Easy*, directed by Benjamin Guedj, starring Baptiste Lecaplain, Charlotte Le Bon, Félix Moati and Denis Podalydès released on May 7;
- *Grace de Monaco* directed by Olivier Dahan, starring Nicole Kidman and Tim Roth, released on May 14;
- *Takeaway Romance*, directed by Amelle Chahbi, starring Amelle Chahbi and Noom Diawara, released on May 28;
- *The Grad Job*, directed by Antoine Blossier, starring Marc Lavoine, Samy Seghir and Thomas Solivères, released on July 9;
- *Gemma Boveri*, directed by Anne Fontaine, starring Gemma Arterton and Fabrice Luchini, released on September 10;
- *Samba*, directed by Eric Toledano and Olivier Nakache, starring Omar Sy, Charlotte Gainsbourg and Tahar Rahim released on October 15;
- *Breathe*, directed by Mélanie Laurent, starring Isabelle Carré, Joséphine Japy and Lou de Laâge, released on November 12;
- *La French*, directed by Cédric Jimenez, starring Jean Dujardin, Gilles Lellouche, Benoît Magimel and Mélanie Doutey, released on December 3;
- *The Gate*, directed by Régis Wargnier, starring Raphaël Personnaz and Olivier Gourmet, released on December 17.

As last year, Gaumont's movies resulted in over 10 million ticket sales, for 13 movies released during the year. Two movies accounted for nearly half of the year's ticket sales: *Samba* with 3.2 million tickets sold and *La French* selling 1.3 million tickets. The last two films released in 2013, *Me Myself and Mum*, and *Belle and Sebastian* sold 2.2 million tickets in 2014, reaching 2.9 and 3 million tickets respectively for their distribution as a whole.

In comparison, Gaumont released 11 movies in theaters in 2013.



### Video publishing and video on demand

Revenue from video distribution and video on demand in France amounted to k€13,785 in 2014, compared with k€12,777 in 2013.

Physical video sales in France rose to k€10,454 in 2014, versus k€9,362 in 2013. They were driven by sales of new releases, 12 recent movies published in 2014 versus 9 in 2013, and particularly by sales of *Belle and Sebastian* and *Me Myself and Mum*. In line with the market trend, sales of catalog films fell in relation to last year. Physical video sales represented 1.6 million units sold.

Video on demand sales were stable and amount to k€3,331 in 2014, versus k€3,415 in 2013. They benefited from sales of the movie *Me Myself and Mum* which accounted for almost 25% of revenue, thus becoming the best selling Gaumont video on demand, with 320,000 orders.

### Sales of television broadcasting rights

Revenue from sales of broadcasting rights to French television channels amounted to k€17,329 in 2014, compared with k€23,510 in 2013.

As Gaumont prioritized lump-sum contributions when investing in recent productions, no pre-sales of new films to television channels were recognized during the year, whereas in 2013 pre-sales for the movie *Turning Tide* amounted to k€4,760.

Sales of catalog films remained at a good level, both on historical television channels and digital channels, which accounted for 46% and 39% of French television revenue in 2014, respectively. Nearly 220 films have been sold since the beginning of the year, including *The Visitors II*, *The Closet*, *The Conquest*, *The Fifth Element*, the *Fantômas Trilogy* and *The Brain*.

### International sales of rights

Revenue from international sales amounted to k€32,598 in 2014, versus k€31,647 in 2013, when sales still benefited from the success of *Untouchable* abroad. Sales of new movies were satisfactory, especially those of *The Young and Prodigious Spivet*, *Samba*, *Mea Culpa* and *Belle and Sebastian*.

### Other businesses

Revenue from other business activities amounted to k€7,458 in 2014, compared with k€6,305 in 2013. It mainly corresponded to the distribution of archive images by Gaumont Pathé Archives, music publishing, revenue related to media merchandise trade, and sales of spin-off products.

### Production and distribution of dramas and cartoon series for television

Revenue from the production of television programs amounted to k€89,429 in 2014, compared with k€65,522 in 2013.

Sales of American drama series represented revenue of k€64,398 in 2014, versus k€57,163 in 2013. In 2014, the following programs were delivered:

- the second season of the 10-episode series *Hemlock Grove*, to Netflix. This series, produced by Eli Roth, starring Famke Janssen and Bill Skarsgard, has been available since July 11, 2014 on the operator's online video-on-demand platform;
- the second season of the 13-episode series *Hannibal*. Directed by David Slade, with Mads Mikkelsen, Hugh Dancy and Laurence Fishburne, the series was sold in particular to NBC in the United States,

Rogers in Canada, Sky in England, Canal+ in France, Prosieben in Germany, Mediaset in Italy and Axn (Sony Group) for its global pay television network, and was broadcast by NBC starting on February 28, 2014.

Revenue generated from French dramas and cartoon series amounted to k€25,031 in 2014, versus k€8,359 in 2013, and comprised sales of:

- the 6-episode series *Résistance*, directed by David Delrieux and starring Fanny Ardant, Richard Berry and Isabelle Nanty, delivered to TF1 and broadcasted starting on May 19, 2014;
- the first season of 6 episodes of the series *Hôtel de la plage*, delivered to France 2. Directed by Christian Merret-Palmair and starring Bruno Solo and Jonathan Zaccàï, it aired starting on July 16, 2014;
- the 6-episode series *Interventions*, directed by Eric Summer, starring Anthony Delon, which was broadcast on TF1 starting on November 24, 2014;
- the television drama *La trouvaille de Juliette*, delivered to France 3. This television drama directed by Jérôme Navarro, with Macha Méril and Hélène Vincent, was broadcast on December 16, 2014;
- 26 new episodes of the cartoon series *Calimero*, delivered to TF1. Broadcasting began on February 9, 2014.

### Trademark royalties

Income from trademark royalties paid by Les Cinémas Gaumont Pathé totaled k€3,813 in 2014, against k€3,843 in 2013.

### 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, excluding overheads, amounted to k€31,649 in 2014, versus k€35,537 in 2013, and includes:

- the share of income attributed to feature films for k€18,969 in 2014, versus k€22,968 in 2013, including the share of net income of the Légende group;
- the share of income attributed to cartoon series and television dramas for k€12,680 in 2014, versus k€12,569 in 2013, including k€11,167 for American series in 2014 and k€1,513 for French dramas and cartoon series, after taking into consideration a non-recurring goodwill impairment loss of k€2,250 for Gaumont Animation.

### Operating income from movie theater operations

Operating income from movie theater operations after share of net income of associates, excluding overheads, amounted to k€22,688 in 2014, versus k€17,763 in 2013, and includes:

- income from trademark royalties paid by Les Cinémas Gaumont Pathé for k€3,813 in 2014, against k€3,843 in 2013;
- the share of net income of associates for k€18,875 in 2014, against k€13,920 in 2013. This share mainly includes the income of Les Cinémas Gaumont Pathé, 34% owned, which amounted to k€18,731 in 2014, versus k€13,813 in 2013.



## MANAGEMENT REPORT

Activities and results of the Gaumont group

Les Cinémas Gaumont Pathé operated a total of 995 screens at the end of December 2014 in three countries: France (756 screens), the Netherlands (171 screens) and Switzerland (68 screens).

Consolidated revenue for Les Cinémas Gaumont Pathé totaled k€686,307 in 2014, compared with k€668,216 in 2013.

Les Cinémas Gaumont Pathé sold 65.7 million tickets in 2014, a 2% increase compared with 2013. This situation is different depending on the country in which the Group operates:

- in France, ticket sales reached 49.5 million, a 5% increase in a market that recorded an increase of almost 8% as a whole. The market share of Les Cinémas Gaumont Pathé was approximately 24%;
- in Switzerland, ticket sales were down by 8% compared with 2013 to 3.1 million tickets;
- in the Netherlands, attendance decreased by 4%, with an overall total of 13.1 million cinema tickets sold.

Operating income totaled k€101,460 in 2014, compared with k€93,918 in 2013.

Net financial expenses amounted to k€10,426 in 2014, versus k€11,885 in 2013.

Non-recurring income in 2014 amounted to a loss of k€5,931, compared with a k€5,616 loss in 2013.

Consolidated net income, group share, came to k€52,070 in 2014, versus k€40,316 in 2013. The share of income attributable to Gaumont, after IFRS adjustments, reached k€18,731 in 2014, compared with k€13,813 in 2013.

Investments by Les Cinémas Gaumont Pathé amounted to k€94,242 in 2014, versus k€241,344 in 2013. In 2013, investments included k€166,349 of acquisitions of shares, linked, in particular, to acquisitions of shares held by Pathé SAS in the capital of Pathé Holding BV. In 2014, share acquisitions totaled k€15,895.

Group net financial debt amounted to k€294,231 at December 31, 2014, versus k€290,829 at December 31, 2013.

As of December 31, 2014, equity of Les Cinémas Gaumont Pathé group totaled k€537,530, versus k€501,238 at December 31, 2013, with a balance sheet total of k€1,132,966 at December 31, 2014, compared with k€1,103,296 at December 31, 2013.

### Operating income after share of net income of associates

Operating income after share of net income of associates represented a profit of k€21,267 in 2014, versus k€19,254 in 2013, 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€33,070 in 2014 versus k€34,046 in 2013.

### Net income

In 2014, net income stood at k€18,386, compared with k€12,776 in 2013, and includes:

- operating income after share of net income of associates, as detailed above;
- the cost of net financial debt of k€6,557 in 2014, versus k€6,215 the previous year;
- other net financial income of k€4,768, which mainly includes financial expenses incorporated into the costs of films and series until the release date, and k€2,892 in foreign exchange gains related to favorable changes in the dollar over the year;
- a tax expense of k€1,092, mainly consisting of a deferred tax liability of k€870 and tax on dividends of k€134.

The share of net income attributable to minority shareholders was k€64 in 2014, versus k€86 in 2013.

The share of net income attributable to the Group totaled k€18,323 in 2014, versus k€12,690 in 2013.

### Financial structure and cash flows

As at December 31, 2014, equity totaled k€254,289, compared with k€243,061 as at December 31, 2013, for a consolidated financial position of k€573,947, compared with k€513,914 the previous year.

### Net Borrowings

Group net debt amounted to k€178,444 at December 31, 2014, versus k€171,710 at December 31, 2013.

This debt mainly comprises:

- net borrowings aimed at financing operating needs of Gaumont and its subsidiaries, which amounted to k€105,442 at December 31, 2014, versus k€109,180 at December 31, 2013;
- net borrowings relating to French and American “self-liquidating” production loans, based on the receivables of the series financed, which amounted to k€67,027 at December 31, 2014, versus k€58,304 at December 31, 2013;
- other borrowings, which totaled k€5,975 at December 31, 2014, versus k€4,226 at December 31, 2013.

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

In the United States, the Group anticipates to continue to resort to bank loans dedicated to production and guaranteed exclusively by assets held by American subsidiaries, 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.



## Corporate debt

In 2014, Gaumont restructured the part of its financial liabilities intended to finance its operating needs and those of its subsidiaries. This transaction, conducted in November and December 2014, led to:

- a new revolving credit facility being signed with a banking pool on November 5, 2014 for a maximum amount of k€80,000 for a period of 5 years, without guarantees, but with three covenants to be met every semester;
- the issue, in two phases, on November 14 then December 22, 2014, of a bond in the form of a listed euro private placement (EuroPP), of a total amount of k€60,000 in two parts, maturing on November 15, 2021 and November 15, 2024 and with an annual coupon of 4.75% and 5.125%, respectively. The bond features the same covenants as the revolving credit facility signed on November 5, 2014;
- the early repayment on November 14, 2014 of the balance of its revolving credit facility for a maximum amount of k€125,000, signed on April 26, 2012, *i.e.* k€107,000, and the release of all pledges related to this credit facility.

The characteristics of the revolving credit facility and the bond, in addition to the accompanying covenants, are set out in notes 3.12 and 6.4, respectively, to the consolidated financial statements.

At December 31, 2014, the unused amount of the revolving credit facility stood at k€12,000.

## Self-liquidating production loans

In order to finance its television production, the Group regularly contracts self-liquidating production loans, based on the receivables of the financed productions.

With regard to financing American series, seven production loans have been taken out since 2012. These loans were granted to production companies, subsidiaries of Gaumont International Television, by American credit institutions specializing in the financing of 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.

The first of seven loans, taken out in 2012 to finance the first season of the series *Hannibal*, matured in 2014. The loan balance was repaid in the fourth quarter 2014. The six outstanding loans were granted to Gaumont International Television subsidiaries for an overall amount of k\$268,994 and represented a cumulative outstanding balance of k\$84,361 at December 31, 2014, k\$14,998 of which was payable in 2015. Three of these loans were taken out as part of the financing of series currently in production, representing an available amount of k\$ 76,437 at December 31, 2014. The individual characteristics of these production loans are set out in note 3.12 of the notes to the consolidated financial statements.

In order to finance French television production, the Group made use of the assignment of receivables under the Dailly Law. Assignments within the framework of these contracts are generally linked to pre-financing the production, such as pre-sales to the main broadcaster, contributions of co-producers, or funds for supporting the audiovisual industry. At December 31, 2014, the outstanding amount of the assignments of receivables was k€5,549. The unused amount of these loans stood at k€5,463.

## Other borrowings

At the end of 2014, they comprised, in particular, k€2,785 of debts to the *Caisse des dépôts et consignations* in respect of its investment in the back catalog restoration and digitization program.

## Cash flows

In 2014, the Group's business activities generated k€142,770 in net cash flows, versus k€101,536 in 2013.

Net cash flows from investment activities amounted to k€131,107 in 2014, compared with k€126,372 in 2013.

In terms of financing activities, 2014 shows a k€4,266 dividend payout, an k€18,855 increase in debt and a k€4,618 interest payment on loans.

At December 31, 2014 the Group had k€27,478 in cash, compared with k€5,264 at the beginning of the year, *i.e.* a positive change of k€22,214.

## Investments

Over the last two years, investments were as follows:

<i>(in thousands of euros)</i>	2014	2013
Intangible assets	125,818	126,864
Property, plant and equipment	1,500	1,060
Financial assets	47	1,867
Acquisition of shares in consolidated companies	874	1,700
<b>TOTAL INVESTMENTS</b>	<b>128,239</b>	<b>131,491</b>

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

Investments in intangible assets for the 2014 fiscal year included:

- movie production for k€37,583, versus k€53,035 in 2013;
- production of American television series for €67,337, versus k€50,893 in 2013;
- production of French cartoon series and television dramas for k€20,707, versus k€22,302 in 2013;
- other intangible items for k€191 in 2014, versus k€634 in 2013.

Investments in the production of movies were financed by the revolving credit facility.

Investments in the production of cartoon series and dramas in France and the United States were mainly financed by self-liquidating production loans.

Acquisitions of consolidated shares correspond to the acquisition by Gaumont of an additional 3.77% stake in the share capital of Légende in June 2014.





## MANAGEMENT REPORT

Activities and results of the Gaumont group

### Pre-sales and coverage rates

#### Cinema production

Of the thirteen films produced or co-produced by Gaumont in 2014, none of them was financed as executive producer. All of the films received a lump-sum contribution. This type of contribution enables Gaumont to limit its financial risk to the amount invested. In exchange, the majority of the film cost and financing, such as coproduction investments and pre-sales, are recorded in the executive producer's accounts.

#### French television production

The Group produced and delivered five programs in 2014. The total coverage rate exceeded 100%.

#### American television production

The Group has produced and delivered the second season of two American series, *Hemlock Grove* and *Hannibal*. The total coverage rate of the productions stood at 96%.

### 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 recognizes said costs as soon as they are incurred and they have to be considered in addition to investments.

For 2014, preliminary costs incurred, net of disposals, for film projects amounted to k€1,943, compared with k€1,649 in 2013. Preliminary costs related to cartoon series and television drama projects totaled k€603 in 2014, versus k€416 in 2013.

### 2015 outlook

Fourteen feature films are scheduled to be released in 2015:

- *Coming In*, directed by Noémie Saglio and Maxime Govare, starring Pio Marmai and Franck Gastambide. Released on January 28, the film had sold 420,000 cinema tickets as of the end of February 2015;
- *Cerise*, directed by Jérôme Enrico, starring Jonathan Zaccai and Zoé Adjani-Vallat, will be released on April 1;
- *The Bitch Project*, directed by Noémie Saglio and Eloise Lang, starring Camille Cottin, will be released on April 29;
- *We Were Young*, directed by Philippe Guillard, starring Kad Merad, Benoît Magimel, Charles Berling and Vincent Moscato, will be released on June 3;
- *Through the Air*, directed by Fred Grivois, starring Ludivine Sagnier and Reda Kateb, will be released on June 17;
- *All Three of Us*, directed by Kheiron and Christophe Vassort, starring Kheiron and Leila Bekhti;
- *Adama*, directed by Mathieu Vadepied, starring Balamine Touré and Ali Bidanessy;
- *My Men*, directed by Emma Luchini, starring Manu Payet and Fabrice Luchini;
- *Florida*, directed by Philippe Le Guay, starring Jean Rochefort and Sandrine Kiberlain;
- *Courted*, directed by Christian Vincent, starring Fabrice Luchini and Sidse Knudsen;
- *Our Futures*, directed by Rémy Bezançon, starring Pierre Rochefort and Pio Marmai;
- *Arès*, directed by Jean-Patrick Benes, starring Ola Rapace;
- *Belle and Sebastian, the Adventure Continues*, directed by Christian Duguay, starring Tcheky Karyo and Félix Bossuet;
- *The Boy and the Beast*, an animated feature film directed by Mamoru Hosada.

Seven television series will be delivered in 2015:

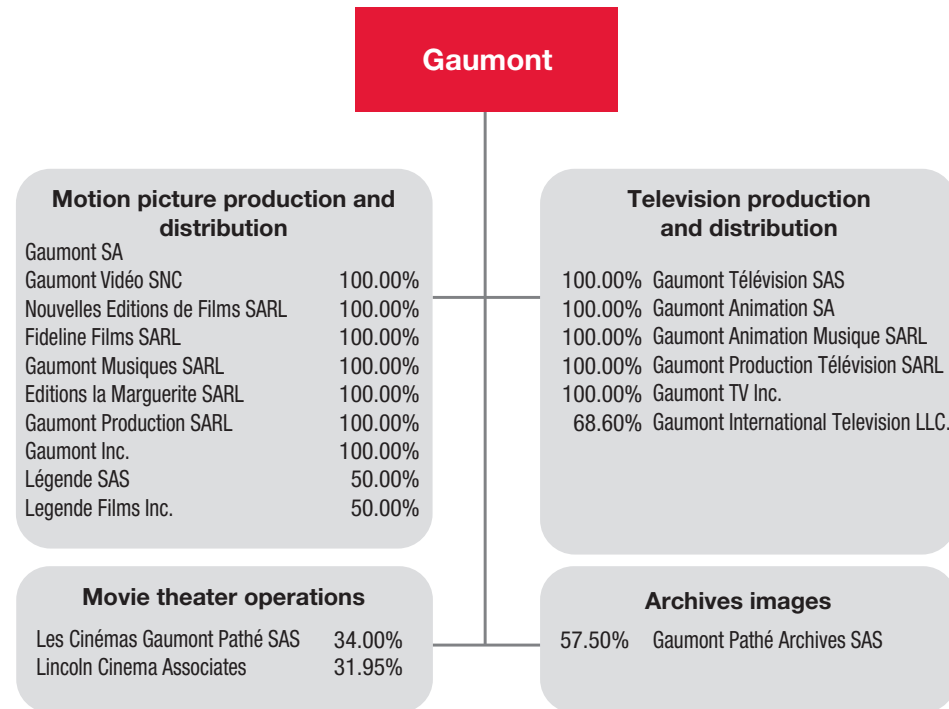
- *Hemlock Grove Season 3*, a 10-episode American drama directed by Eli Roth and starring Famke Janssen, Bill Skarsgard and Dougray Scott, on Netflix;
- *Hannibal Season 3*, a 13-episode American drama directed by Bryan Fuller and starring Mads Mikkelsen, Hugh Dancy and Laurence Fishburne, airing on NBC and on the same channels as previous seasons;
- *Narcos*, a 10-episode American drama directed by José Padilha, starring Wagner Moura and Pedro Pascal, on Netflix;
- *F is for Family*, a 6-episode cartoon series, on Netflix;
- *Hôtel de la plage Season 2*, a 6-episode French drama starring Bruno Solo, Jonathan Zaccai and Yvon Back, on France 2;
- *Calimero*, a 52-episode cartoon series on TF1;
- *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, 2014.



In June 2014, Gaumont SA acquired an additional 3.77% stake in the Légende group for an acquisition price of k€874. Meanwhile, in June 2014, Légende SAS acquired 17.5% of its treasury shares before canceling these shares. This transaction resulted in increasing the Gaumont stake in Légende from 41.25% to 50%.



# 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. Considering recent years, and the figures for 2014 in particular, cinema remains a preferred past-time, accessible to households, which remains even more attractive as the offering is very diversified.

Television remains the most popular medium. Nevertheless, since the business model of the audiovisual groups is closely linked to the advertising revenue, which is affected by the economic crisis, the investments of broadcasters in cinema and television productions can be impacted.

### Risks associated with the competitive environment

#### The movie production market

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.

Gaumont cannot guarantee the commercial success of the films it produces, co-produces and distributes. In fact, even though artistic and technical qualities are essential, the success of a film depends on other factors which are difficult to evaluate and quantify, such as the public's awareness of the subject broached, the popularity of the actors when the film is released, the number of films available during a given period, the appeal of competing films, and even the weather.

Gaumont will be celebrating its 120<sup>th</sup> anniversary in 2015. For over a century, the company has been operating in this competitive market and considers that its experience and know-how enable it to continue its policy of developing a diverse range of feature films. Furthermore, Gaumont always seeks to partner with experienced professionals, therefore ensuring quality productions for a demanding audience, which needs to be seduced at the right time.

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

#### The television production market

In France, television production operations present a significant dependence risk on the broadcasters, which are relatively few and highly concentrated. The number of series produced by television channels is constantly increasing, and television series play a major primetime role today. However, faced with the profusion of American series and light entertainment dominating television schedules, French series sometimes struggle to find their audience.

Within this competitive context, Gaumont is developing its television production by keeping its operating costs under control and by optimizing the use of its overheads. The involvement of French companies in co-producing international series also contributes to this approach.

In the United States, in a highly competitive market, the Group aims to develop American series projects with a strong international potential and has chosen a straight-to-series production and delivery model rather than pilots, thereby optimizing general expenses and development costs associated with this activity.

Gaumont and its subsidiaries have decided to develop a diversified production of television dramas, in France and abroad, and is permanently seeking to gain a foothold in new markets, in North America, Europe and 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 as competitive as the offering is wide and broadcasting times are limited.

An increasing number of animated feature film are available within the audiovisual landscape. They tend to be scheduled in theaters during school vacations or close to Christmas, in order to increase the chances for the movies to stand out. 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 children-themed channels 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, in accordance with the decree dated July 9, 2009, releasing a movie must follow a predefined media chronology, which sets a film's succession of release windows starting from its release in theaters: on video and video on demand (after four months), then on pay television channels (after ten or twelve months), followed by free television (after twenty-two, twenty-four or thirty months), then on subscription video on demand (after thirty-six months), and lastly on free video on demand (after forty-eight months).

The success of a work is defined on the duration of its release. The sequence of the different releases and their timing influences their success, because all these media, even though they represent various sources of revenue, are also competitive between themselves. Any change to the chronology of the media would therefore necessarily impact revenue and results of the Group.

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

### Risks related to the transformation of the French audiovisual landscape

In France, television channels represent one of the main sources of financing and outlets for films and constitute the primary 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. The increase in cinema-themed channels and terrestrial digital television partly offsets the decline in the volume of movies purchased by historical television channels, with, however, a reduction in the average price of the sales of broadcasting rights. In this environment, Gaumont endeavors to optimize the marketing of the 1,000 plus titles in its film catalog.

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

Faced with this situation, Gaumont has chosen to produce American dramas through its American subsidiary, Gaumont International Television, to develop international and European series and to develop business synergies between its movies and television dramas catalogs.

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, Gaumont and its subsidiaries endeavor 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 require significant investments for all of the players in the industry.

### Risks related to digitization

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

In the last four years, in order to enable digital films to be screened, significant investments have been made in theaters. Virtually all 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 digital format.

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. Since 2009, Gaumont has put in place digitization and restoration programs for over 400 films in its catalog. However, the new technology race and the speed of change in standards may require significant new investments.

### Risks associated with impacts from new technologies in the video market

Restoring and digitizing its catalog also enables Gaumont to offer new films previously unedited on video, and enlarge its digitized 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 growing thanks in particular to the emergence of new online video platforms and to subscription video on demand offerings. However, revenue from this market still remains considerably below that of physical video, the economic model being generally less favorable to publishers.

The development of all online services enabling programs to be downloaded at home is changing the movie distribution and broadcasting chain as well as consumers' habits. The arrival of operators offering affordable unlimited downloading subscriptions is contributing to these transformations.

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



#### Risk of pirating

Advances in digital technology, and notably the Internet, have led to the growth of illegal downloading of works 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 (*Haute autorité pour la diffusion des œuvres et la protection des droits sur Internet* – an institution for protecting intellectual property rights on the internet). The different areas of intervention and assignments of the Hadopi are defined in the Code of intellectual property, and notably aim at protecting works from the violation of their respective rights as part of the “calibrated response”.

Nevertheless, the dilution of the calibrated response system confirmed by the decree of July 8, 2013 removing the possibility of blocking Internet access in the case of illegal downloading, jeopardizes this protective system.

In 2014, a survey into using illegal Internet video sites, namely direct download (DDL), peer-to-peer (P2P) and streaming was conducted by Médiamétrie upon the request of the Chairman of the ALPA (*Association de lutte contre la piraterie audiovisuelle* – a society to combat audiovisual pirating) with the collaboration of 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). Nearly one Internet user out of three visits a site dedicated to audiovisual infringement at least once a year. Each of the three protocols used (DDL, P2P and streaming) roughly accounts for a third of uses, even though streaming is the most used protocol today.

Furthermore, the digitizing of movies facilitates the creation, transmission and sharing of high-quality unauthorized copies.

Gaumont is particularly sensitive to the risks that pirating causes to its distribution business, and supports the development of warning and penalty measures introduced by the Hadopi Law authorizing the agency to record infringements, to monitor the dissemination of films and to protect rights on the Internet. Gaumont considers that this system favors the dissemination and protection of creativity on the Internet.

Additionally, as a preventative measure, Gaumont strictly supervises the conditions around manufacture, promotion and release of its works in order to limit the risk of fraudulent copies. In particular, Gaumont 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.

Gaumont’s productions are declared with TMG, a technical platform commissioned by ALPA to detect fraud. The ALPA then supplies the Hadopi with data pertaining to illegal connections allowing it to proceed with the “calibrated response”.

Gaumont also monitors online public communication networks, enabling it to detect the unauthorized presence of a movie and limit the risk of pirating, particularly when a film is released in theaters, in video on demand and, more generally, whenever it is disseminated, regardless of the medium.

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. 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’s automatic support fund system for its production, distribution and video publishing 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 varied audiovisual production in France, in terms of nature, genre and budget of the programs, 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 original French-language 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.

Consequently, television channels represent an important source of funding for movie production and, on average, contribute approximately a third of a movie’s budget, divided between pre-sales and co-production contributions. The reduction in time slots for films in the program schedule, especially on 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 associated with the operations of Gaumont and its subsidiaries

### 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 is involved as executive producer or co-producer, it is tasked with organizing the financing of the film prior to production beginning. 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 obtained, mainly including co-production contributions, pre-sales of rights to television channels, pre-sales to foreign distributors, and distribution minimum guarantees. When Gaumont 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 generally have a limited useful life. 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, Gaumont and its subsidiaries make sure that a financing plan is drawn up for each drama or series prior to starting 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.

Gaumont pays careful attention to the pre-financing of productions of American television series and only decides to start production when the financial coverage rate is deemed satisfactory, given, in particular, pre-sales of rights and tax credits. The Group also ensures that the project's international sales prospects are sufficient.

### Risks related to controlling production costs

#### Production delays and feature films production budget overruns

Several external events can cause production delays, inflation in production costs and related financial charges, or induce 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 contingencies, usually set at 10% of production costs. Insurance can also be taken out to cover financial hazards;
- 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, Gaumont 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 Gaumont 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

As the long-term sales potential of French television productions is limited, prior financing usually covers the entire production budget. 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 line for contingencies 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.





## MANAGEMENT REPORT

### Risk factors

#### 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 titles.

These growth transactions present limited risk, insofar as Gaumont has good knowledge of the market through its own businesses.

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, Gaumont 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

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##### 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 permit, 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 CSA (*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 related to obtaining the operating permit, Gaumont and its subsidiaries endeavours to produce and distribute films and series that are 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 disputes concerning the property rights of a film as much as possible, when Gaumont, or one of its subsidiaries, is the executive producer, it always states that it is the holder of the copyright and related rights enabling the production and distribution of the films and ensures the protection of material.

When Gaumont is not the executive producer of a film, it is co-producer and/or distributor and is exposed to the risk of non-validity of the chain of rights. In order to reduce this risk, Gaumont ensures the chain of rights is respected by demanding the delivery of the contracts when it acts as a co-producer or distributor. Gaumont insists on all of the contracts being forwarded to it no later than before the release of the film, and analyzes them thoroughly. In the event of a dispute, the Group also has the right to take legal action against its co-contractor. 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 management.

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

In 2014, the Group's top ten customers accounted for 62.6% of consolidated revenue.

Customer	Consolidated revenue	
	<i>in thousands of euros</i>	<i>as a %</i>
1. Netflix	37,839	19.9%
2. TF1 group	21,808	11.5%
3. France Télévisions group	18,056	9.5%
4. Les Cinémas Gaumont Pathé group	9,992	5.3%
5. NBC	8,012	4.2%
6. Canal+ group	6,444	3.4%
7. SONY group	5,549	2.9%
8. CCP Spivet Film Holdings, LLC	4,443	2.3%
9. Amazon	3,567	1.9%
10. UGC group	3,188	1.7%
<b>TOTAL</b>	<b>118,898</b>	<b>62.6%</b>
<b>CONSOLIDATED REVENUE</b>	<b>190,074</b>	<b>100.0%</b>

### 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.

Gaumont regularly conducts a special review of its liquidity risk and believes that it has adequate means to honor its commitments and to guarantee the continuity of its business.

The financial structure and cash flows are presented on pages 12-13 of this Registration document.

### 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 20<sup>th</sup> century, Gaumont has been involved in cinematic production, with Alice Guy, the first female director, then with Louis Feuillade, famous for *The Vampires*, *Fantômas* and *Judex*.

Throughout the 20<sup>th</sup> 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. From the end of the eighties onwards, 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.

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.

### 120 years of cinema in 2015

In order to celebrate its 120<sup>th</sup> anniversary, Gaumont is organizing an exhibition at the Centquatre, 104 rue d'Aubervilliers, Paris 19<sup>th</sup> Arrondissement, from April 15 to August 5, 2015. This exhibition is an opportunity to introduce the general public to the history of cinema through the production, authors, actors and history of Gaumont. This event will enable visitors to see what happens behind the scenes and discover unknown treasures, thanks to educational workshops, screening of "heritage movies" on a large screen and an interactive exhibit based on objects from the Gaumont Museum.

Three books will be published during the year to honor this anniversary:

- a first book published by Editions de la Martinière and written by Jean-Luc Douin will come out in April 2015. It will retrace the 120-year history of Gaumont in the way of an exhibit brochure and will be illustrated by 400 photos provided by the Gaumont Museum;
- in September, an updated edition of "*Gaumont, un siècle de cinéma*" (Gaumont, a Century of Cinema) by François Garçon, will be published. It was originally published by Découverte Gallimard editions in 1994;
- lastly, in the fall, a book completely dedicated to Gaumont posters with over 1,000 illustrations will be released by Glénat editions.

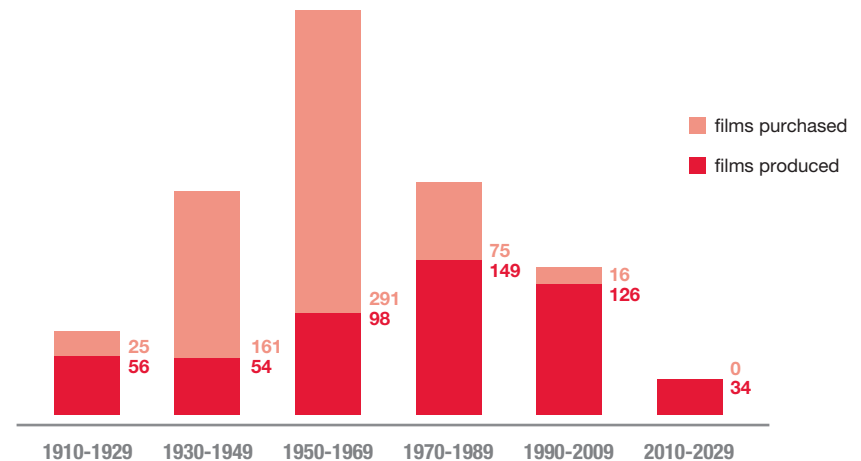
Gaumont Vidéo will be releasing 9 DVD boxsets dedicated to the Gaumont heritage. The first, made up solely of silent movies and covering the period from 1895 to 1929, will be available in April. After that, two boxsets will be released every month until September, showcasing the wealth of the Gaumont catalog and French film.

In addition, several foreign countries indicated their desire to celebrate this anniversary. A series of events will take place throughout the year, notably in Spain, Portugal, Italy and the United States.

### 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 the 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. 240 visitors attended this event in 2014.

Lastly, Gaumont Pathé Archives, a company created in 2003 by Gaumont and Pathé, is the first French-language bank of black & white and color motion picture images and brings together over 250,000 documents and 17,000 films and documentaries illustrating the history of the 20<sup>th</sup> century and the news of the 21<sup>st</sup> century. These images mainly come from weekly film journals, Gaumont Actualités, Eclair Journal and Pathé Journal, which were shown in movie theaters in the mid 20<sup>th</sup> century, before films were projected.

### Cinema, promoter of French culture abroad

Gaumont actively participates in preserving the legacy of French film and promoting French film in France and abroad through its business and its heritage, which contributes to France's cultural representation and influence across the world.

Today, French cinema is strong in its own territory with around 44% market share in 2014, an exception in Europe. It is also the second exporter of movies after the United States, with two-thirds of French films being exported to at least one foreign country. This represents:

- 600 French films released in movie theaters each year worldwide;
- 30 to 40 French films per day broadcast on televisions channels abroad;
- 70 million viewers of French films each year in movie theaters worldwide;
- €400 million in annual revenue from foreign movie theaters\*.

Sources: *Unifrance* ([www.unifrance.org](http://www.unifrance.org)), "*Bilan 2013 du cinéma français à l'International*" and "*Box Office monde*"; *European Audiovisual Observatory* ([www.obs.coe.int](http://www.obs.coe.int)).

Gaumont distributes its film catalog in over 70 territories worldwide and close to 300 feature films were sold abroad in 2014. One of Gaumont's biggest hits 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. With more than \$440 million in revenue from movies theaters, it is the biggest hit of all time for a French-language film.

\* Average over 10 years.

<i>Untouchable</i> – 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
<b>TOTAL</b>	<b>43.6</b>
<b>Share of the total number of cinema tickets</b>	<b>85%</b>

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.

Against this backdrop, since the end of the 2000's, Gaumont has added television drama production to its historic movie production and distribution business. After the acquisition of Alphanim, one of the leading French cartoon production studios, at the end of 2008, Gaumont created in 2010 two companies dedicated to producing television dramas: Gaumont Télévision in France and Gaumont International Television in Los Angeles. The first dramas produced by these subsidiaries were hits: in the United States, the original series *Hannibal* and *Hemlock Grove* were renewed for a 3<sup>rd</sup> season, while in France, *Hôtel de la plage*, the television adaptation of the film bearing the same name, was renewed by France 2.

### Relationships with stakeholders

#### Stakeholders

To date, Gaumont is conducting its television production and distribution business in addition to the role it plays at all the 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 almost 1,000 screens in total.



## MANAGEMENT REPORT

Corporate social responsibility

Gaumont, therefore, has direct relations with all of the players in the motion picture and audiovisual 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 and series;
- players in the technical industry who assist Gaumont in manufacturing and storing the "source material" and distribution material for the works, in 35 mm and 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 movies, 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 financiers of new productions, with which Gaumont signs co-production and pre-sale television broadcast rights agreements, and which make up the main outlet for television productions and 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 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 movie theaters in all of their diversity – large national companies, small and medium-sized operators, 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, with one of its board members being Gaumont's Director of distribution in France, represents distributors at different festivals and industry events and organizes "distributors day" with the FNCF, a major professional event;
- the SEVN (*Syndicat de l'édition vidéo 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 Vice-Chairman of the Executive committee, has 17 members, publishers representing the majority of the publishing – distribution market, and 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 a member of the Executive Committee, works closely with UniFrance Films at designing and carrying 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 Executive Committee, is responsible for promoting French cinema throughout the world. It supports French movies in international markets, from their sale to their release, 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, and of which the Gaumont Animation Chief Executive Officer is a member of the Board.

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 lends free copies of its films released each year;
- the Centre des monuments nationaux (a civil entity in charge of preserving and managing about 100 French national monuments). Within the context of exhibitions, Gaumont renews its support and has provided items from its collections such as costumes, decor elements, posters, photos or operating equipment free of charge since 2010.

In addition, Gaumont regularly acts as an exhibition partner, as with the following events taking place in 2014:

- "The Fashion World of Jean Paul Gaultier" exhibition, which continued its tour throughout the world and to which Gaumont loaned the original costume drawings for Luc Besson's film *The Fifth Element*;
- "Musique et Cinéma", presented in Sao Paulo from September 11, 2014 to January 11, 2015;
- "The Eiffel Tower and Cinema" taking place on the 1<sup>st</sup> floor of the Eiffel Tower until 2019;
- "Gabin/Ventura" at the Musée Jean Gabin in Mériel, for which the museum loaned posters, photos and the scenario of the film *Le rouge est mis* by Jean Delannoy.



Lastly, Gaumont regularly takes part in books and exhibition brochures about cinema such as, in 2014:

- the catalog of “Le cinema s’affiche pendant la grande guerre”, an exhibition in Compiègne;
- the catalog of the exhibition entitled “Le musée imaginaire d’Henri Langlois” published by Editions Flammarion;
- “Il était une fois le cinéma”, a work by Jean-Michel Frodon, published by Gallimard Jeunesse editions.

### Territorial, economic and labor impact of the business

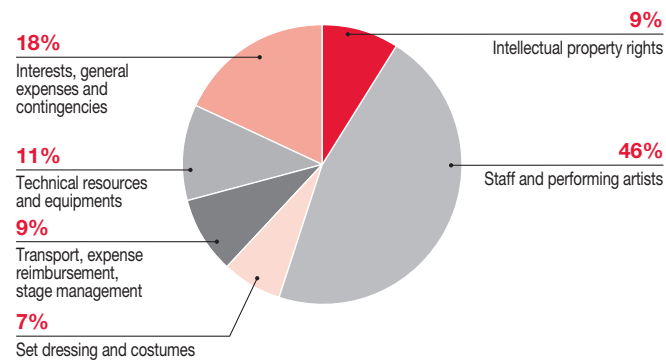
#### Gaumont’s economic imprint

Gaumont wishes to continue producing movies and television dramas to enhance its catalog and help talented individuals express their artistic creativity.

In 2014, French film production represented approximately 258 feature films with a total investment budget of €1 billion, *i.e.* an average budget of €3.9 million per movie<sup>(1)</sup>.

Gaumont produces around ten films per year on average. In 2014, Gaumont produced or co-produced 13 movies (excluding animation), which will be released in 2015, representing a total production budget of roughly €86 million, *i.e.* 5% of French national production in volume and 8.7% in value. 5 of these 13 movies were partially shot outside France, 3 of which in the European Union.

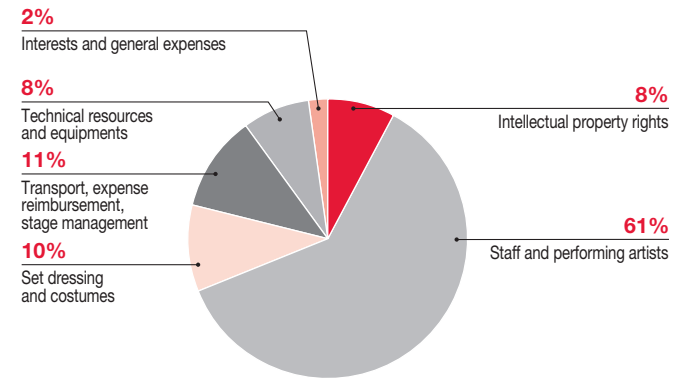
#### Breakdown of cinema production expenses by type



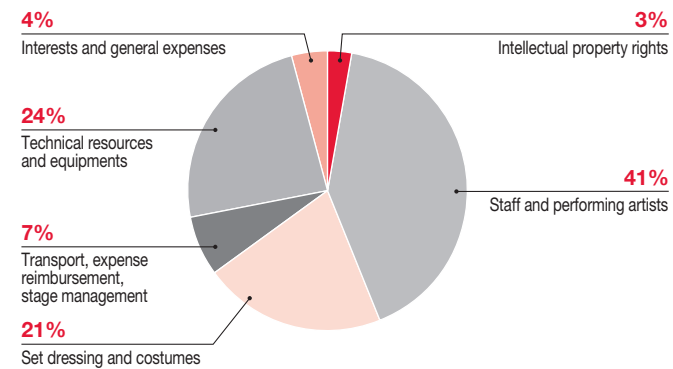
Within the context of its television productions, in 2014, Gaumont produced approximately 10 hours of French dramas and 20 hours of American dramas, representing an accumulated production budget of €13 million for French series and \$83 million for American series. Filming took place in France, North America and Colombia.

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

#### Breakdown of French television production expenses by type



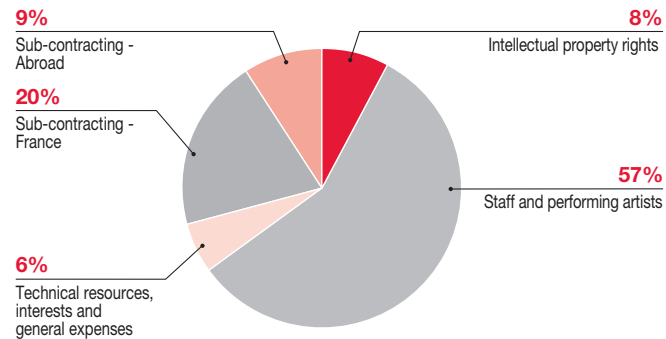
#### Breakdown of American television production expenses by type



In terms of cartoon production, in 2014, Gaumont produced around 17 hours of cartoon series, representing an accumulated production budget of €6 million.



**Breakdown of cartoon production expenses by type**



As a whole, production budgets in 2014 amounted to just under €170 million, with over 50% being used to compensate the authors, actors, artists and technicians involved in the productions. To produce animated films and cartoon series, Gaumont regularly uses subcontractors to face temporary increase

in work and overcome the cyclical effects of the business. The Group ensures that it only works with recognized French and foreign cartoon studios that respect international conventions concerning labor conditions. Consequently, subcontracting spending essentially corresponds to the cost of external personnel.

**Impact of the business in terms of employing contract workers**

The Gaumont group uses contract workers for short-term jobs in the production of films and series. As a producer, Gaumont is led to intervene in various ways, each position having its own responsibilities, notably in relation to labor law. Therefore, when Gaumont or its subsidiaries are the line producer of a film or series, they establish contracts directly with contract workers employed for the production and assume 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 as a non executive co-producer, the employer responsibility is assumed by the line producer, acting under the direction of the executive producer.

In 2014, as line producer, the Group directly employed 1,950 contract workers for a total of approximately 205,000 hours. Furthermore, in executive productions where it was not line producer, the Group contributed to the employment of some 9,588 people, in France and the United States, representing roughly 695,000 working hours, approximately 540,000 of which were spent working 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:

Business segment	2014					2013				
	Number of contract workers by profession				Volume of hours <sup>(1)</sup> (in thousands)	Number of contract workers by profession				Volume of hours <sup>(1)</sup> (in thousands)
	Technicians	Artists/Actors	Extras	TOTAL		Technicians	Artists/Actors	Extras	TOTAL	
Feature film production	568	257	1,142	1,967	150	1,043	357	3,080	4,480	273
Animated films and series production	173	3	-	176	84	196	6	-	202	110
Television series and dramas production	3,123	570	5,702	9,395	662	2,809	522	2,995	6,326	728
<b>TOTAL</b>	<b>3,864</b>	<b>830</b>	<b>6,844</b>	<b>11,538</b>	<b>896</b>	<b>4,048</b>	<b>885</b>	<b>6,075</b>	<b>11,008</b>	<b>1,112</b>
France	1,181	495	1,946	3,622	329	1,775	592	4,675	7,042	528
United States	2,683	335	4,898	7,916	562	2,273	293	1,400	3,966	584

(1) The daily number of hours worked depends in particular on the collective agreement, the duration of the contract and the duties of each contract worker. By way of example: technicians work 7 hours a day in animation, 8 hours in French television drama and movie production, and have workdays length varying from 8 to 12 hours, depending on agreements, in American productions.  
 (2) Data for 5 films out of 6 produced in 2014 as executive producer. Data for the last film is not available.

In the United States, 17% of contract workers employed on productions in 2014 were members of a union.



Contract workers directly employed by the Group's French companies are covered, depending on the type of production concerned, by the collective agreement for the production of animated films, audiovisual production, or the cinema production collective agreement, signed in 2012 by the main production unions. Contract workers employed by Gaumont's partners when these partners have the role of executive producer, are covered by their own collective agreement or by Labor Law. In 2014, a total of 49% of contract workers employed on the Group's French productions were covered by a collective agreement.

Both the French collective agreements and the American unions set out scales of minimum wages applicable to technicians. In addition, French collective agreements include a capping system for working hours and set mandatory payment of overtime and night hours.

As a distributor, Gaumont also employs contract workers during promotional events, tours and festivals. In 2014, 54 people were employed for these purposes totaling 3,108 hours.

### 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 three 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 7<sup>th</sup> Art. Two Gaumont employees are 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 the quality of Paramount's sales force in France. 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, 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, in order to allow for the peaceful enjoyment of the work over a long period of time.

At the end of 2014, more than 2,000 author contracts were active and subject to internal management. Additionally, in 2014, 138 contracts concerning 85 different authors and 104 movies were subject to a renewal of copyright. These figures are higher than in previous years.

### Transparency in compensation to rights holders

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

Whether it is a case of artists and their representatives (agents, heirs, etc.), production companies, financial partners or professional bodies (CNC, SACD, ADAMI, etc.), Gaumont seeks to forge and maintain relationships based on trust and transparency, ensuring that contractual and inter-professional undertakings are respected to the letter.





## MANAGEMENT REPORT

Corporate social responsibility

With this in mind, Gaumont has developed its own IT tools for over 15 years and has put in place procedures ensuring that royalties are reliable and can be audited. The Group employs a team of seven people in its royalties department who endeavor to provide the most precise responses as quickly as possible to questions asked.

Every year, almost 3,000 copyright statements are prepared by this team in line with the recommendations concerning transparency<sup>(1)</sup> between producers, distributors, authors and other beneficiaries. Approximately half of the copyright statements give rise to compensation.

### Gaumont, player in combating 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 the request of Gaumont, an ISAN (International standard audiovisual number) is given to each new audiovisual 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.

Moreover, Gaumont and its subsidiaries endeavor to build in protection making copies secure and traceable by marking works or putting an imprint on them. This detection system blocks the dissemination of copyright-protected content. 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.

Lastly, to further reinforce the fight against pirating, Gaumont works in collaboration with ALPA, chaired by Mr. Nicolas Seydoux.

### Human rights

Gaumont conducts its business mainly 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. This 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 sometimes spontaneously advises operators of disturbing scenes included in its movies.

<sup>(1)</sup> René Bonnell's report "Le droit des auteurs dans le domaine cinématographique : coûts, recettes et transparence" ("Film copyright: costs, receipts and transparency"), December 2008, and Michel Gomez's report "Mission sur la transparence de la filière cinématographique – la relation entre le producteur et ses mandataires" ("Transparency in the film industry – the relationship between the producer and its agents"), September 2011.

### 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

At December 31, 2014, the Group had 202 employees, excluding contract workers.

The average workforce in 2014 totaled 193 full-time equivalent workers. The breakdown within the Group's workforce is as follows:

Business segment	2014			2013		
	Men	Women	Total	Men	Women	Total
Gaumont SA	46	86	132	43	83	126
Feature film production and distribution subsidiaries <sup>(1)</sup>	9	11	20	8	13	21
Animated films and series production	8	7	15	10	7	17
Television series and dramas production	14	12	26	8	11	19
<b>AVERAGE WORKFORCE</b>	<b>77</b>	<b>116</b>	<b>193</b>	<b>69</b>	<b>114</b>	<b>183</b>
France	67	107	174	63	105	168
United States	10	9	19	6	9	15

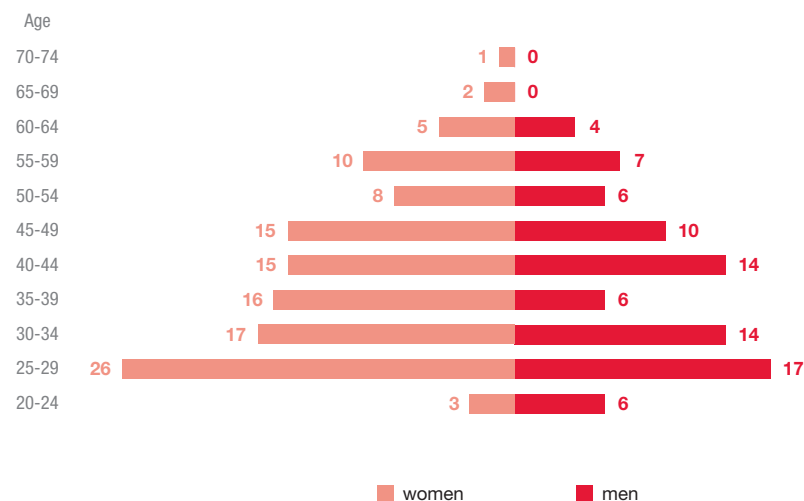
<sup>(1)</sup> Archive images management companies are included in this scope.



The Group's workforce is growing, essentially due to the development of television program production in France and the United States. Open-ended contracts accounted for 86% of the average total workforce. Overall, the workforce was made up of 60% women and 40% men.

The average age of employees present at December 31, 2014 was 40 for women and 39 for men.

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



### Hiring of interns

The Group is keen to be 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 2014, the Group employed 61 paid interns, representing approximately 3,551 work days, *i.e.* 14 full-time equivalents.

Furthermore, Gaumont actively participates in the actions of the French educational system designed to introduce pupils to the world of work. Each year, numerous middle school students spend time with the company as part of their "discovery" internship. In 2014, 43 students spent 1 to 2 weeks with the Group for individual internships.

In order to make these internships as educational as possible, the human resource department has built a special program organized into half-days enabling students to discover the different jobs existing in the company, to visit the Gaumont Museum, to attend the screening of films before their release and, if possible, to visit a technical laboratory or spend some time on a shooting.

### Hires and layoffs

The average length of service is down slightly compared with 2013, at 10 years for women and 8 years for men.

Changes that affected the Group's permanent workforce in 2014 were as follows:

	Men	Women	Total
Hires	11	9	20
Resignations	3	4	7
Layoffs & contractual terminations	1	3	4
Retirements	1	2	3

The Group's permanent workforce increased by 8.7% between January 1 and December 31, 2014, which corresponds to the employment of an additional 14 people. This growth is essentially linked to the increase in French and American television production.

The Group employed on average 28 people on fixed-term contracts in 2014, compared with 23 in 2013. 35 new fixed-term contracts were signed during the period, including 2 in the United States. Among these contracts, 8 were linked to temporary professional events and, in particular, the Cannes Festival. Moreover, 9 fixed-term contracts were converted into permanent contracts in 2014.

### Salaries

#### Overall gross compensation

The overall amount of gross compensation paid in 2014 by Gaumont and its fully consolidated subsidiaries amounted to k€14,268, compared with k€12,412 in 2013, *i.e.* a 15% increase. The average annual salary came to k€74 in 2014, versus k€68 in 2013.

#### 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).

UES employees benefit from an agreement providing for the payment of an incentive bonus calculated based on the consolidated net income before tax. 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 2014, the overall amount of incentive bonuses paid totaled k€363, representing an average of k€2 per employee. The employer contribution on the amounts invested totaled k€87. The incentive bonus amount due in respect of 2014 earnings and accounted for as of December 31, 2014 totaled k€539.



## MANAGEMENT REPORT

Corporate social responsibility

The employees of Gaumont Pathé Archives, who are not part of the UES, benefit from a distinct company savings plan. Voluntary payments are made to the latter by employees who are members of it. 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 2014, 13 employees joined this plan. Payments under the savings plan amounted to €13, and employer contributions paid by the company totaled €22.

### Employee profit sharing

UES employees also receive, in accordance with the law, a profit-sharing benefit calculated in accordance with legislation currently in effect. In 2014, the Group made a total payment of €77, supplemented with a €17 employer contribution on the amount invested. For 2014, the special reserve for profit-sharing recognized in the financial statements amounted to €72.

### 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 still in effect as of December 31, 2014 are given on pages 110-111 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. In 2014, a rider was added to this agreement, enabling employees concerned by the collective fixed weekly hour system to add together the compensatory rest days they have acquired or add them to their paid leave.

Employees who have real autonomy in the organization of their work time, and where the 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 number of working days legally not worked.

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 1 man and 12 women, equivalent to 7 full-time employees, *i.e.* 4% of the Group's average workforce.

### Absenteeism

The Group has a generally low level of absenteeism among its employees. Consequently, in 2014, the Group's employees accumulated 1,783 days absent, excluding annual leave and rest days related to the reduction of working hours *i.e.* a rate of absenteeism<sup>(1)</sup> of 4%.

40% of absences during the period were related to maternity and/or paternity leave, and 304 days of absence out of the total related to a person on long-term 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 12 employee representatives in 2014, versus 8 in 2013. 2 employee representatives, members of the works' council, are affiliated with union organizations.

In 2014, 25 meetings were held with the different works councils or employee representatives, for all entities combined.

### Summary of collective agreements

In 2014, following the outcome of the negotiations stated the year before, an agreement concerning workplace equality between men and women was signed in addition to a rider to the working hours agreement.

## Health and safety at work

Issues related to health and safety at work are of major concern to the Group. Within UES, no collective agreement has been signed concerning health and safety at work; nevertheless, these subjects are tackled with the *Comité d'hygiène et de sécurité* (Health and Safety committee) in quarterly meetings, and permanent measures for improving the environment and working conditions have been implemented.

Every other year, employees who have a workplace first-aid qualification follow a refresher course in order to maintain their knowledge. Every year, new employees are trained in relation to this qualification whose goal is to be able to provide first aid to any victims of a workplace accident or illness while working, as well as being a player in prevention in the company. In 2014, 8 employees followed training concerning health and safety at work.

The number of occupational accidents recorded in the Group is generally very low. In 2014, no workplace accidents were reported, versus 6 in 2013.

The Group recorded no cases of occupational illness in 2014.

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





## 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 2014, 44 employees received training, representing 23% of the average workforce. 1,009 hours of training were delivered, representing an average of 23 hours per employee.

These training courses cover all Group's businesses and are available to employees, regardless of their age or status. In 2014, 17 employees having worked for the company for more than 10 years took training courses. They received a total of 438 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	49	60	109
Supervisors	10	31	41
Employees	18	25	43
<b>TOTAL</b>	<b>77</b>	<b>116</b>	<b>193</b>
<i>as a % of the whole</i>	<i>40%</i>	<i>60%</i>	

Overall, the Group employs 60% women and 40% men.

This gender equality can be observed at all hierarchical levels and is reflected in the most recent hires:

- the Group's executive staff is made up of 55% women and 45% men;
- the Management committee, chaired by the Chief Executive Officer, which meets each week in the presence of the Chairman of the Board of directors, comprises 14 members who are employed by the company. The Board is made up of 7 women and 7 men;
- of the employees who have been with the Group for less than two years, 45% are men and 55% are women.

Moreover, for an identical average age of around 40, on average, women worked for the company longer than men.

## 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 2014, disabled workers represented only 1% of the Group's average workforce.

### Non-discrimination

In accordance with legal obligations, posters are displayed in the offices and other premises concerning measures relating to fighting workplace discrimination.

As part of its recruitment policy 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 2014, the Group's companies directly employed 71 children under 16 years of age for feature film productions and television series, for a total of 2,010 hours of work. In addition, 219 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-Élysées 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 2014, out of 258 feature films produced in France, Gaumont was involved in the production of 13 films, but it was not executive producer for any of them.

In the case of television programs 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. Together, Gaumont Animation and Gaumont Télévision produced fewer than 30 hours of programs for television, 25 of which as executive producer, out of approximately 800 hours of drama and 300 hours of cartoon programs produced in France each year. In the United States, in 2014, Gaumont International Television produced approximately 20 hours of programs, in other terms, the equivalent of two 12-episode series, in a market which, every year, counts almost a hundred renewed series and the same number of pilots of original series ordered.

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 3% 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. Overall, energy spending accounted for less than 1% of production costs.

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 tons of CO<sub>2</sub>, annually, *i.e.* less than 0.2% of total CO<sub>2</sub> 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 broadcasting 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

This section is drawn up in accordance with article L. 225-102-1 of the French Commercial code, stipulated in its implementation by decree No. 2012-557 of April, 24, 2012, codified in articles R. 225-104, R. 225-105, R. 225-105-1 and R. 225-105-2 of the French Commercial code.

### 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 forwarded is the responsibility of the departments concerned. A consistency check is carried out at Group level on consolidation.

### 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 the 2014 fiscal year, unless otherwise indicated.



MANAGEMENT REPORT

# 2

## CONSOLIDATED FINANCIAL STATEMENTS

<u>Consolidated statement of financial position</u>	<u>36</u>	<u>Consolidated statement of cash flows</u>	<u>41</u>
<u>Consolidated income statement</u>	<u>38</u>	<u>Notes to the consolidated financial statements</u>	<u>42</u>
<u>Consolidated statement of comprehensive income</u>	<u>39</u>	<u>Statutory auditors' report on the consolidated financial statements</u>	<u>93</u>
<u>Consolidated statement of changes in equity</u>	<u>40</u>		



## CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

# Consolidated statement of financial position

<b>Assets</b> (in thousands of euros)	<b>Note</b>	<b>12.31.14</b>	<b>12.31.13</b>	<b>12.31.12</b>
Goodwill	3.1	12,035	14,285	14,285
Films and audiovisual rights	3.2	157,992	145,091	124,833
Other intangible assets	3.3	787	962	690
Property, plant and equipment	3.4	32,293	31,999	32,339
Investments in associates	3.5	207,305	197,245	224,668
Other financial assets	3.6	1,125	1,961	592
Non-current deferred tax assets	4.8	1,663	1,605	3,749
<b>Non-current assets</b>		<b>413,200</b>	<b>393,148</b>	<b>401,156</b>
Inventories	3.7	503	584	524
Trade receivables	3.8	90,306	74,885	37,554
Current tax assets	3.8	1,600	2,551	1,966
Other receivables and current financial assets	3.8	40,818	36,952	42,717
Cash and cash equivalents	3.9	27,520	5,794	10,754
<b>Current assets</b>		<b>160,747</b>	<b>120,766</b>	<b>93,515</b>
<b>TOTAL ASSETS</b>		<b>573,947</b>	<b>513,914</b>	<b>494,671</b>



<b>Liabilities and equity</b> (in thousands of euros)	<b>Note</b>	<b>12.31.14</b>	<b>12.31.13</b>	<b>12.31.12</b>
Capital		34,180	34,180	34,180
Retained earnings and comprehensive income		217,217	205,965	230,270
<b>Equity attributable to the shareholders of the parent company</b>		<b>251,397</b>	<b>240,145</b>	<b>264,450</b>
<b>Non-controlling interests</b>		<b>2,892</b>	<b>2,916</b>	<b>2,826</b>
<b>Equity</b>	<b>3.10</b>	<b>254,289</b>	<b>243,061</b>	<b>267,276</b>
Non-current provisions	3.11	3,079	2,655	2,711
Non-current deferred tax liabilities	4.8	1,927	1,440	1,167
Non-current financial liabilities	3.12	185,491	151,509	142,332
Other non-current liabilities	3.13	706	820	940
<b>Non-current liabilities</b>		<b>191,203</b>	<b>156,424</b>	<b>147,150</b>
Current provisions	3.11	1,262	1,087	1,492
Current financial liabilities	3.12	20,473	25,995	6,517
Trade payables	3.13	12,856	16,739	10,310
Current tax liabilities	3.13	-	78	79
Other payables	3.13	93,864	70,530	61,847
<b>Current liabilities</b>		<b>128,455</b>	<b>114,429</b>	<b>80,245</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>573,947</b>	<b>513,914</b>	<b>494,671</b>



# Consolidated income statement

<i>(in thousands of euros)</i>	Note	2014	2013	2012
<b>Revenue</b>	<b>4.1</b>	<b>190,074</b>	<b>169,106</b>	<b>105,144</b>
Purchases		-2,014	-2,153	-2,096
Personnel costs	4.2	-25,257	-26,588	-27,810
Other current operating income and expenses	4.3	-36,897	-26,763	-30,892
Impairment, depreciation, amortization and provisions	4.4	-121,017	-108,121	-36,631
<b>Current operating income (loss)</b>		<b>4,889</b>	<b>5,481</b>	<b>7,715</b>
Other non-current operating income and expenses	4.5	-1,967	-10	-644
<b>Operating income (loss)</b>		<b>2,922</b>	<b>5,471</b>	<b>7,071</b>
Share of net income of associates	4.7	18,345	13,783	16,439
<b>Operating income after share of net income of associates</b>		<b>21,267</b>	<b>19,254</b>	<b>23,510</b>
Gross borrowing costs		-6,560	-6,220	-4,674
Income from cash and cash equivalents		3	5	14
<b>Net borrowing costs</b>		<b>-6,557</b>	<b>-6,215</b>	<b>-4,660</b>
Other financial income and expenses	4.6	4,768	1,055	1,331
<b>Net income (loss) before tax</b>		<b>19,478</b>	<b>14,094</b>	<b>20,181</b>
Income tax	4.8	-1,092	-1,318	1,093
<b>NET INCOME</b>		<b>18,386</b>	<b>12,776</b>	<b>21,274</b>
Share attributable to non-controlling interests		64	86	54
Share attributable to the shareholders of the parent company		18,322	12,690	21,220
<b>Earnings per share attributable to the shareholders of the parent company</b>				
• Average number of shares in circulation	4.9	4,272,530	4,272,530	4,272,530
• In euros per share		4.29	2.97	4.97
<b>Diluted earnings per share attributable to the shareholders of the parent company</b>				
• Average potential number of shares	4.9	4,272,530	4,272,530	4,272,530
• In euro per share		4.29	2.97	4.97



# Consolidated statement of comprehensive income

<i>(in thousands of euros)</i>	Note	2014	2013	2012
<b>Net income (loss)</b>		<b>18,386</b>	<b>12,776</b>	<b>21,274</b>
Translation adjustments of foreign operations		703	-160	-48
Share in currency adjustments of foreign operations of associates		230	-279	-2,023
Change in fair value of available-for-sale financial assets		-	-	-
Change in fair value of hedging financial instruments	6.5	-1,060	1,320	-964
Share of changes in fair value of hedging financial instruments of associates		-1,470	-3,625	-
Income tax on gains and losses recognized directly in equity	4.8	435	-476	362
<b>Other elements of comprehensive income that could be reclassified later in net income</b>		<b>-1,162</b>	<b>-3,220</b>	<b>-2,673</b>
Change in asset revaluation surplus		-	-	-
Actuarial gains and losses on defined benefit plans	3.11	-30	254	-631
Share of actuarial gains and losses of associates		-313	32	-237
Income tax on gains and losses recognized directly in equity	4.8	10	-85	210
<b>Other elements of comprehensive income that cannot be reclassified in net income</b>		<b>-333</b>	<b>201</b>	<b>-658</b>
<b>Total of other elements of comprehensive income after taxes</b>		<b>-1,495</b>	<b>-3,019</b>	<b>-3,331</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>16,891</b>	<b>9,757</b>	<b>17,943</b>
Share attributable to non-controlling interests		61	90	33
Share attributable to the shareholders of the parent company		16,830	9,667	17,910



## CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in equity

# Consolidated statement of changes in equity

Changes in equity (in thousands of euros)	Attributable to the shareholders of the parent company							Attributable to non-controlling interests	Total equity
	Number of shares	Capital	Additional paid in capital <sup>(1)</sup>	Treasury shares	Retained earnings	Other comprehensive income	Total		
<b>AS OF DECEMBER 31, 2012</b>	<b>4,272,530</b>	<b>34,180</b>	<b>27,771</b>	<b>-265</b>	<b>182,741</b>	<b>20,023</b>	<b>264,450</b>	<b>2,826</b>	<b>267,276</b>
Net income for the year	-	-	-	-	12,690	-	12,690	86	12,776
Other comprehensive income	-	-	-	-	-	-3,023	-3,023	4	-3,019
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,690</b>	<b>-3,023</b>	<b>9,667</b>	<b>90</b>	<b>9,757</b>
Capital transactions	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-4,266	-	-4,266	-	-4,266
Elimination of treasury shares	-	-	-	5	-10	-	-5	-	-5
Other <sup>(2)</sup>	-	-	-	-	-29,701	-	-29,701	-	-29,701
<b>AS OF DECEMBER 31, 2013</b>	<b>4,272,530</b>	<b>34,180</b>	<b>27,771</b>	<b>-260</b>	<b>161,454</b>	<b>17,000</b>	<b>240,145</b>	<b>2,916</b>	<b>243,061</b>
Net income for the year	-	-	-	-	18,322	-	18,322	64	18,386
Other comprehensive income	-	-	-	-	-	-1,492	-1,492	-3	-1,495
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,322</b>	<b>-1,492</b>	<b>16,830</b>	<b>61</b>	<b>16,891</b>
Capital transactions	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-4,266	-	-4,266	-85	-4,351
Elimination of treasury shares	-	-	-	8	15	-	23	-	23
Other <sup>(3)</sup>	-	-	-	-	-1,335	-	-1,335	-	-1,335
<b>AS OF DECEMBER 31, 2014</b>	<b>4,272,530</b>	<b>34,180</b>	<b>27,771</b>	<b>-252</b>	<b>174,190</b>	<b>15,508</b>	<b>251,397</b>	<b>2,892</b>	<b>254,289</b>

(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.

(3) Mainly the impact of the purchase and cancellation of a part of its own shares by Légende, accounted for under the equity method.



# Consolidated statement of cash flows

<i>(in thousands of euros)</i>	Note	2014	2013	2012
<b>Operating activities</b>				
Consolidated net income (including non-controlling interests)		18,386	12,776	21,274
Net allowances for depreciation, amortization and provisions	5.1	121,860	107,911	36,560
Impairment of goodwill	3.1	2,250	-	440
Gain on a bargain purchase	1.3	-	-	-
Unrealized gains and losses related to changes in fair value	6.5	-566	-6	83
Expenses and income related to stock options and similar		-	-	-
Other calculated income and expenses		-3,161	-	32
Gains and losses on disposal of assets		-3	-308	541
Share of net income of associates	4.7	-18,345	-13,783	-16,439
Dividends received from associates	5.2	6,266	7,638	9,666
<b>Cash flow from operating activities after tax and net borrowing costs</b>		<b>126,687</b>	<b>114,228</b>	<b>52,157</b>
Net borrowing costs		6,557	6,215	4,660
Tax expenses (including deferred tax)	4.8	1,092	1,318	-1,093
<b>Cash flow from operating activities before tax and net borrowing costs</b>		<b>134,336</b>	<b>121,761</b>	<b>55,724</b>
Tax paid		-260	-230	16
Change in working capital requirement related to operating activities	5.3	8,694	-19,995	5,516
<b>(A) Net cash flow from operating activities</b>		<b>142,770</b>	<b>101,536</b>	<b>61,256</b>
<b>Investment activities</b>				
Proceeds from sales of fixed assets		366	645	494
Acquisition of fixed assets	5.4	-127,365	-129,791	-85,398
Change in liabilities on property, plant, equipment and intangible assets	5.5	-3,234	4,496	-3,681
Net impact of changes in scope, net of cash acquired	5.6	-874	-1,722	-3,067
<b>(B) Net cash flow from investment activities</b>		<b>- 131,107</b>	<b>-126,372</b>	<b>-91,652</b>
<b>Financing activities</b>				
Gaumont SA capital increase	3.10	-	-	-
Dividends paid to Gaumont SA shareholders	3.10	-4,266	-4,266	-5,547
Dividends paid to non-controlling interests in consolidated companies		-85	-	-
Change in treasury shares		23	-5	12
Change in borrowings	3.12	18,855	28,777	43,544
Interest paid		-4,618	-5,228	-3,777
<b>(C) Net cash flow from financing operations</b>		<b>9,909</b>	<b>19,278</b>	<b>34,232</b>
<b>(D) Impact of changes in foreign exchange rates</b>		<b>642</b>	<b>88</b>	<b>-131</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS: (A) + (B) + (C) + (D)</b>		<b>22,214</b>	<b>-5,470</b>	<b>3,705</b>
Cash and cash equivalents at beginning of period		5,794	10,754	7,391
Bank overdraft at beginning of period		-530	-20	-362
<b>Cash position at beginning of period</b>		<b>5,264</b>	<b>10,734</b>	<b>7,029</b>
Cash and cash equivalents at end of period	3.9	27,520	5,794	10,754
Bank overdraft at end of period	3.12	-42	-530	-20
<b>Cash position at end of period</b>		<b>27,478</b>	<b>5,264</b>	<b>10,734</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>		<b>22,214</b>	<b>-5,470</b>	<b>3,705</b>



# Notes to the consolidated financial statements

Note	Page	Note	Page	Note	Page
<b>1. The Gaumont group ..... 43</b>		<b>3. Notes to the consolidated statement of financial position ..... 55</b>		<b>5. Notes to the consolidated statement of cash flows ..... 74</b>	
1.1. Group's businesses ..... 43		3.1. Goodwill ..... 55		5.1. Analysis of net allowance to depreciation, amortization, provisions and impairment of non-current assets ..... 74	
1.2. Highlights ..... 43		3.2. Films and audiovisual rights ..... 56		5.2. Dividends received from associates ..... 74	
1.3. Scope of consolidation ..... 43		3.3. Other intangible assets ..... 57		5.3. Change in net operating working capital requirement ..... 74	
<b>2. Accounting principles and methods ..... 45</b>		3.4. Property, plant and equipment ..... 57		5.4. Breakdown of acquisitions of fixed assets ..... 76	
2.1. General principles ..... 45		3.5. Investments in associates ..... 58		5.5. Change in liabilities on investments ..... 76	
2.2. Changes to the IFRS accounting principles ..... 45		3.6. Other financial assets ..... 59		5.6. Impact of changes in scope ..... 76	
2.3. Consolidation methods ..... 47		3.7. Inventories ..... 59		<b>6. Other information ..... 77</b>	
2.4. Business combinations ..... 47		3.8. Trade receivables and other current assets ..... 59		6.1. Average workforce broken down by category ..... 77	
2.5. Measurement and presentation of the consolidated financial statements ..... 48		3.9. Cash and cash equivalents ..... 60		6.2. Compensation of corporate officers ..... 77	
2.6. Intangible assets ..... 49		3.10. Equity ..... 60		6.3. Commitments and contingent liabilities ..... 77	
2.7. Property, plant and equipment ..... 50		3.11. Current and non-current provisions ..... 62		6.4. Financial risks ..... 79	
2.8. Impairment of assets ..... 50		3.12. Financial liabilities ..... 66		6.5. Financial instruments ..... 82	
2.9. Inventories ..... 51		3.13. Trade payables and other liabilities ..... 69		6.6. Operating segments ..... 86	
2.10. Financial assets and liabilities ..... 51		<b>4. Notes to the consolidated income statement ..... 69</b>		6.7. Statutory auditors' fees ..... 92	
2.11. Equity instruments ..... 52		4.1. Revenue ..... 69		6.8. Subsequent events ..... 92	
2.12. Provisions and contingent liabilities ..... 52		4.2. Personnel costs ..... 69			
2.13. Employee benefits ..... 52		4.3. Other current operating income and expenses ..... 70			
2.14. Income tax and other taxes ..... 53		4.4. Impairment, depreciation, amortization and provisions ... 70			
2.15. Operating segments ..... 53		4.5. Other non-current operating income and expenses ..... 71			
2.16. Revenue ..... 53		4.6. Other financial income and expenses ..... 71			
2.17. Government grants and assistance ..... 54		4.7. Share of net income of associates ..... 71			
2.18. Operating income ..... 55		4.8. Income tax ..... 71			
2.19. Earnings per share ..... 55		4.9. Earnings per share ..... 73			



## 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

At the end of 2014, Gaumont SA restructured its financial debt and issued a k€60,000 bond with 7 to 10 year maturities in addition to a new revolving credit facility for a maximum amount of k€80,000 over 5 years, replacing the previous k€125,000 line of credit.

Details of these transactions can be found in note 3.12.

### 1.3. Scope of consolidation

#### Change in scope of consolidation

In June 2014, Gaumont SA acquired an additional stake of 3.77% in the Légende group for an acquisition price of k€874.

The final purchase price allocation is specified below.

*(in thousands of euros)*

<b>Acquisition cost (A)</b>	<b>874</b>
Net equity after fair value adjustment	7,967
Percentage of net equity acquired	3.77%
<b>Net equity acquired after fair value adjustments (B)</b>	<b>300</b>
<b>GOODWILL (G = A - B)</b>	<b>574</b>

Moreover, in June 2014, Légende SAS acquired 17.5% of its own shares before canceling these shares. This transaction resulted in increasing Gaumont's ownership interest in Légende from 41.25% to 50%.

For Gaumont, the reduction of Légende's share capital led to a reduction of the value of investments in associates and the Group's equity of k€1,333.

As part of these transactions, the Group reassessed its ownership in the Legende group in regards of the control criteria provided for by IFRS 10 and concluded that Gaumont has no control over Légende. Légende and its subsidiaries therefore continue to be included in the consolidated financial statements using the equity method.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### Main consolidated companies

Company and legal form	Registered office	Siren	% interest	% control	Consolidation method
<b>Parent company:</b>					
Gaumont SA	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	562 018 002	100.00		F.C.
<b>French companies:</b>					
<b>Motion picture production and distribution:</b>					
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	50.00	50.00	E.A.
<b>Production of television dramas and cartoon series:</b>					
Gaumont Télévision SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	340 538 693	100.00	100.00	F.C.
Gaumont Production Télévision SARL	5, rue du Colisée, 75008 Paris	322 996 257	100.00	100.00	F.C.
Gaumont Animation SA	142, rue de Charonne, 75011 Paris	411 459 811	100.00	100.00	F.C.
Gaumont Animation Musique SARL	142, rue de Charonne, 75011 Paris	433 438 769	100.00	100.00	F.C.
<b>Movie theater operations:</b>					
Les Cinemas Gaumont Pathé SAS	2, rue Lamennais, 75008 Paris	392 962 304	34.00	34.00	E.A.
<b>Archives:</b>					
Gaumont Pathé Archives SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	444 567 218	57.50	57.50	F.C.
<b>Foreign companies:</b>					
<b>United States:</b>					
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	50.00	50.00	E.A.
Gaumont TV Inc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	100.00	F.C.
Gaumont International Television Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Ouroboros Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Chiswick Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Narcos Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Leodoro Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	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, 2014 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 standards and interpretations as adopted by the European Union on December 31, 2014 and available from the website: [http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

These accounting principles are consistent with those used when preparing the annual consolidated financial statements for the reporting period ended December 31, 2013, with the exception of the IFRS standards and IFRIC interpretations applicable from January 1, 2014 and standards possibly applied in advance, the details and individual impact of which are described in note 2.2.

### 2.2. Changes to the IFRS accounting principles

#### Impact of IFRS standards and IFRIC interpretations applicable from January 1, 2014

Standard		Effective date <sup>(1)</sup>	Impact on the consolidated financial statements of the Gaumont group
Revised IAS 27	Separate financial statements	01/01/2014	Not applicable
Revised IAS 28	Investments in associates and joint ventures	01/01/2014	No impact on the consolidated financial statements
IFRS 10	Consolidated financial statements	01/01/2014	No impact on the consolidated financial statements
IFRS 11	Joint arrangements	01/01/2014	No 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	Transition guidance	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).

The Group also applies 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 businesses run by associates are 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 euros, unless otherwise specified.

The Group's consolidated financial statements at December 31, 2014 were approved by the Board of directors on March 5, 2015. They shall be submitted for approval to the shareholders at the General meeting on May 5, 2015.





## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### Texts adopted by the European Union and not yet compulsory as at December 31, 2014

Standard		Effective date <sup>(1)</sup>	Impact on the consolidated financial statements of the Gaumont group
IFRIC 21	Levies	06/17/2014	No significant impact on the consolidated financial statements
Annual improvements	2011-2013 cycles	01/01/2015	No significant impact on the consolidated financial statements

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

With regard to the IFRIC 21 interpretation adopted by the European Union on June 17, 2014 and applicable to the reporting periods beginning on or after this date, the Group did not wish to take up the option of an early application on January 1, 2014.

### Consequences for the Group of standards, amendments and interpretations published by the IASB but not yet adopted by the European Union as at December 31, 2014

Standard		Effective date <sup>(1)</sup>	Impact on the consolidated financial statements of the Gaumont group
IFRS 9	Financial instruments	01/01/2018	On hold – the process of adoption of this standard by the EU has been suspended
IFRS 14	Regulatory deferral accounts	01/01/2016	Not applicable
IFRS 15	Revenue from contracts with customers	01/01/2017	The impacts of the standard are being valued
Amendments to IFRS 9, IFRS 7 and IAS 39	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
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations	01/01/2016	No significant impact on the consolidated financial statements
Amendments to IFRS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	01/01/2016	The impacts of the standard are being valued
Amendments to IAS 16 and IAS 41	Agriculture: bearer plants	01/01/2016	Not applicable
Amendments to IAS 27	Equity method in separate financial statements	01/01/2016	Not applicable
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint-venture	To be determined	Not applicable
Amendments to IAS 1	Disclosure initiative	01/01/2016	No significant impact on the consolidated financial statements
Amendments to IFRS 10, IFRS 12, IAS 28	Investment entities: Applying the consolidation exception	01/01/2016	Not applicable
Annual improvements	2010-2012 cycles	07/01/2014	No significant impact on the consolidated financial statements
Annual improvements	2012-2014 cycles	01/01/2016	No significant impact on the consolidated financial statements

(1) Unless otherwise specified, applicable to reporting periods 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 adopted.

### 2.3. Consolidation methods

The coming into force on January 1, 2014 of IFRS 10, 11 and 12 concerning consolidation led the Group to update its accounting principles and methods, and, in particular, the notes relating to consolidation methods. However, the application of these new standards has not impacted the Gaumont consolidated financial statements, apart from some additions to the information provided concerning associates.

#### Controlled entities

An entity is a subsidiary consolidated using the fully-consolidated method when the parent company exercises direct or indirect control on the subsidiary.

In accordance with IFRS 10, there is control when the following criteria are all satisfied:

- the parent company has power over an entity;
- the parent company is exposed or has the right to variable returns depending on the performance of the entity, from its involvement with the entity;
- the parent company has the ability to use its power to affect the amount of the returns it obtains from the entity.

Power is defined as the existing rights of all types conferring on the parent company the current ability to direct the relevant activities of the entity, independently of the actual exercising of these rights. Relevant activities are those that significantly affect the entity's returns.

The parent company must present consolidated financial statements in which the assets, liabilities, equity, income, expenses and flows of the parent company and its subsidiaries are measured and recognized using uniform accounting methods as those of a single economic entity.

Subsidiaries are consolidated from the date on which the parent company obtains control. Changes to the percentage of interest in a subsidiary which do not result in the loss of control are equity transactions. When the parent company loses control of a subsidiary, the assets and liabilities of this subsidiary are derecognized from the consolidated financial statements, and the profit or loss related to the loss of control is recognized in the income for the year. If appropriate, the residual investment retained in the entity is measured at fair value on the date of loss of control.

A non-controlling interest, defined as the share in equity of a subsidiary not attributable, directly or indirectly, to the parent company must be presented separately from the equity attributable to the parent company's shareholders.

One parent company only can control a subsidiary. In the event of collective control, no investor is deemed to have sole control of the entity, and each investor recognizes its interest in the entity using the method recommended by the applicable standard. A non-controlled entity can be classified as a joint arrangement pursuant to IFRS 11, associate or joint venture pursuant to IAS 28 revised, or a financial instrument pursuant to IFRS 9.

In accordance with IFRS 10, the companies controlled by Gaumont are consolidated. The share of net assets and net income 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.

#### Associates and joint ventures

In accordance with IFRS 11 and IAS 28 revised, interests held in a joint venture or an associate are accounted for using the equity method.

A joint venture is a company over which two investors or more exercise joint control and have rights to the net assets. Joint control means the contractually agreed sharing of control of the entity and only exists when the decisions relating to relevant activities require the unanimous agreement of the parties sharing control. An associate is an entity over which the investor has significant influence, defined as the power to participate in the financial and operating policy decisions without exercising control over these policies.

The equity method consists of initially recognizing the investment at cost, then adjusting its value after the acquisitions, to take into account the changes of the investor's share in the net assets of the entity. Goodwill is included in the carrying amount of the investment.

Financial statements used by the investor to determine its share in the entity's net assets shall be prepared using the same accounting methods as the investor.

The investor's net income includes the share of net income of equity-accounted entities. Other comprehensive income of the investor includes its share in the other comprehensive income of those entities. Adjustments are made to the investor's share of net income to account for in particular, amortization and depreciation of the fair value of the assets and liabilities acquired or impairment losses of goodwill.

If the investor's share in the losses of an equity-accounted entity exceeds its interest in the latter, the investor discontinues recognizing its share of further losses. After the interest is reduced to zero, additional losses are the subject of a provision and a liability is recognized, provided the investor has a legal or implicit obligation to cover these losses. When the entity returns to profit, the investor only starts to recognize its proportional share of profits when it exceeds its proportional share of unrecognized losses.

In accordance with IAS 28, the companies in which Gaumont has a significant influence or joint control are recognized using the equity method. The share of net assets of equity-accounted entities is reported as an asset on the statement of financial position in the "Investments in associates" line item. Where applicable, this share is supplemented by taking into account any fair-value adjustments attributable to the assets and liabilities of the companies concerned and goodwill recorded during the acquisition.

### 2.4. Business combinations

#### Recognizing business combinations

In accordance with IFRS 3, business combinations 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.

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.



## CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the consolidated financial statements

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 twelve-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 sold) is recognized in equity.

#### Goodwill measurement

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.

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

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

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.

For its past acquisitions, the Group has defined each entity acquired as a cash-generating unit.

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

For movie and television production and distribution activities, cash flows are based on a two-year minimum business plan, then extrapolated by applying a growth rate over a defined or undefined period depending on the activity considered. Cash flows are discounted using an appropriate rate for the type of business. Assumptions retained to conduct the impairment test are described in note 3.1 for each individually significant goodwill.

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 equity-accounted entities is presented in the "Investments in associates" line item.

## 2.5. Measurement and presentation of the consolidated financial statements

#### Basis of preparation of consolidated financial statements

The consolidated financial statements have been drawn up according to the historical cost principle, with the exception of some land and buildings measured at fair value at January 1, 2004. Moreover, some of the IFRS standards may provide for other measurement principles applicable to specific categories of assets and liabilities. Measurement principle used for each category of assets and liabilities are described in the following notes.

#### Use of estimates

When preparing the consolidated financial statements, Group Management made estimates relying on 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 estimates are based on past experience and other factors deemed to be reasonable in view of the circumstances. They form a basis for determining accounting values of assets and liabilities which cannot be directly obtained from other sources. These estimates are re-examined on an ongoing basis. However, the final amounts appearing in Gaumont's future consolidated financial statements may differ from the amounts currently estimated. Using of estimations concerns, in particular, measurement of tangible and intangible assets, accumulated amortization of films, measurement of the loss of value on financial assets, recognition of deferred tax assets, and current and non-current provisions. Specifications relating to the estimates are provided in the notes below.

#### 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.

The consolidated financial statements of these subsidiaries are converted into euros, the operating currency of the parent company, when being integrated into the consolidated financial statements. In accordance with IAS 21, their statement of financial position is translated into euros at the closing rate, and their income statement is translated at the average exchange rate of the period concerned. Differences resulting from the translation are recognized as translation adjustments in consolidated equity and reported to the net income when the entity cease to be consolidated.



### Foreign currency transactions

IAS 21 “Effects of changes in foreign exchange rates” defines recognition and measurement of transactions in foreign currencies. Pursuant to this 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.

### 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.

## 2.6. Intangible assets

In accordance with IAS 38, identifiable items are only recognized as an asset if, and only if, it is probable that the future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably.

### Preliminary costs

Preliminary costs represent the expenses, such as searches for themes or 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.

### Films and audiovisual rights

Films and audiovisual rights include:

- the production costs 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;

- the acquisition value of rights allowing distribution of an audiovisual work.

The gross value reported as an asset in the financial statement is constituted in particular of:

- the production costs of movie and television programs productions, net of contributions from co-producers, when the Group was involved in the production of the work as executive producer;
- the amounts invested as lump-sum contributions, when the Group was involved in the production as co-producer;
- the amount of the non-refundable advances paid to the executive producer when the Group was involved as a distributor;
- the acquisition cost of rights when the Group was not involved in the production of the work.

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

### Amortization of films and audiovisual rights

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 Gaumont’s share of net proceeds received for the year and estimated net proceeds, over a maximum period of 10 years from release date.

Management reviews the estimated net proceeds regularly and adjusts them, if need be, taking into account operating profits, 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.

As from the 2011 reporting period, 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 from release date. 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.

### 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.

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.

**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.

**2.7. Property, plant and equipment****Measurement of property, plant and equipment**

In accordance with IAS 16, identifiable items are only recognized as an asset if, and only if, it is probable that the future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably.

The gross value of property, plant and equipment corresponds to their acquisition cost, with the exception of some fixed assets acquired before December 31, 1976 which were revalued in 1978.

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-Élysées, 75008 Paris.

Said revaluations were made based on independent appraisals.

**Accumulated amortization of property, plant and equipment**

In accordance with the provisions of IAS 16, fixed assets are amortized over their expected useful life. Each individually significant component is separately measured and amortized.

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

**Useful life**

Buildings <sup>(1)</sup>	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.

**Property, plant and equipment held under finance lease**

IAS 17 defines a finance lease as a lease that transfers the lessee substantially all the risks and rewards incidental to ownership of an asset. Classification of lease contract is determined independently of the effective transfer of title at the end of the lease.

Pursuant to IAS 17, at the commencement of the leasing term, the asset held under finance lease is recognized as asset and liabilities at amounts equal to the fair value of the leased property or, if it is lower, to the net present value of the minimum lease payments. The discount rate to be used to calculate the present value of the minimum lease payments is the implicit interest rate of the lease.

When due, minimum lease payments are broken down between the financial cost and the reduction of the outstanding liability.

Depreciation is calculated over the expected useful life, using a method consistent with the one applied to the Group's wholly-owned assets. If there is a reasonable certainty that the Group will become the owner of the asset at the end of the operating lease, the expected useful life is the period during which the asset can be used, otherwise the asset is depreciated over the shorter of the lease term and its useful life.

**2.8. Impairment of assets**

Under the provision of IAS 36, 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. The method of conducting impairment tests on goodwill is presented in note 2.4.

For intangible assets that have a definite useful life and property, plant and equipment, if there is an indication of impairment, the Group estimates the recoverable amount of the asset defined as the higher of the fair value, less cost of disposal, and the 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 that 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.

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).



## 2.9. 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 becomes less than the carrying amount.

## 2.10. Financial assets and liabilities

In reference to IAS 39, IFRS 13 and IFRS 7, financial assets are divided into three separate categories:

- financial assets valued at amortized cost, which essentially comprises loans and receivables;
- financial assets held for transaction purposes, measured at fair value through profit and loss;
- available-for-sale financial assets, measured at fair value through equity.

Financial liabilities mainly include borrowings, which are valued at amortized cost.

Furthermore, IFRS 13 and IFRS 7 classify financial assets and liabilities measured at fair value according to three hierarchical levels, depending on the more or less observable nature of the fair value of the instrument:

- level 1 instruments are financial instruments listed on an active market;
- level 2 instruments are those for which measurement at fair value requires using techniques based on observable market data;
- level 3 instruments are measured using techniques based on non-observable data.

### Measurement of financial assets

#### Investments in non-consolidated companies

Investments in non-consolidated companies represent the Group's interest in the share capital of non-consolidated companies.

Investments in non-consolidated companies are analyzed as being available for sale and are therefore recognized at their fair value. Changes in fair value are recognized directly in equity.

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.

If there is an objective indication that a financial asset may be impaired, and in particular if there is a significant or permanent decrease in the asset's value, an impairment loss is recognized in the income statement. 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 as an expense and is reversible when there is an improvement in recoverable value.

#### Trade receivables and other receivables

Trade receivables are recognized at amortized cost. Their value in the statement of financial position corresponds to their nominal value, after deducting accumulated impairment losses on the 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.

#### 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.

These financial instruments are measured at their fair value through profit and loss.

### Measurement of financial liabilities

#### Loans and borrowings

Loans and other borrowings are measured at amortized cost based on the effective interest rate of the transaction, including the cost of the loan issue fees.

#### Soficas

The rights to a share of proceeds of Soficas guaranteed by Gaumont are measured at amortized cost and recorded for their nominal value in the liabilities of the statement of financial position. The payback of the share of proceeds to which Soficas are entitled is directly recognized as an offset to these liabilities.

#### Sale and buyout commitments

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 measured at their net present value.

The Group recognizes a financial liability against a reduction of the share of equity attributable to the non-controlling shareholders and, if applicable, as goodwill for the balance. Subsequent changes in value are recognized as re-classifications within equity without any impact on income.



### Derivatives and hedging operations

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 as well as forward contracts to purchase or sell currencies.

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.

### 2.11. Equity instruments

#### Stock options

Stock options were awarded to certain executive officers and employees of the Group. These options give rise, when being exercised, to new shares being issued by a capital increase.

In accordance with the provisions of IFRS 2, the fair value of the options is valued on the grant date, using the Black & Scholes mathematical model as a basis. Fair value is reported as personnel costs on a straight-line basis over the period of acquiring the rights and recognized in exchange for equity.

#### 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.

### 2.12. Provisions and contingent liabilities

In accordance with IAS 37, 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.

### 2.13. Employee benefits

#### Provisions for post employment benefits

The provision for post employment benefits relates 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, 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 assumption of the retirement date varying based on the employees’ job category and date of birth, in order to take into account the regulations in force;
- an estimated turnover rate based on past experience;
- 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 + 10 years”).





In accordance with IAS 19:

- commitments are all recognized as a liability on the consolidated statement of financial position;
- past service costs, profits and losses on liquidation and the net interest on the liabilities recognized in respect of the services defined are recognized as net income for the year and presented in “Personnel costs”;
- the actuarial gains and losses are recognized in “Other comprehensive income”;
- impacts of plan amendments are immediately recorded in net income;
- the expected rate of return on plan assets is the same as the discount rate applied to the defined benefit obligation.

The Group has no assets in respect of its defined benefit plans.

### Seniority bonuses

The Group also recognizes 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.

## 2.14. Income tax and other taxes

### Deferred tax

In accordance with IAS 12, 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 on tax loss carryforwards are recognized when their recovery is considered probable based on recent business plans. 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.

## 2.15. 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 feature films and cartoon and drama series *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.

## 2.16. Revenue

Revenue linked to the distribution of movies and television productions is reported as income from ordinary operations once the majority of the risks and rewards have been transferred to the customer, provided all the contractual obligations of Gaumont and its subsidiaries have been satisfied.

Until all the below-mentioned recognition criteria have been met, revenue is recognized as prepaid income on the statement of financial position under the “Other payables” item.

### Proceeds from ticket sales France

Film rentals to cinemas are recognized over the screening period, in accordance with the weekly box office.

### Video sales in France

Revenue generated from the sale of works released on video is recognized based on monthly sales, as sales figures are transmitted by the distributor or the publisher.

A provision is recognized for estimated returns and discounts granted to customers. Said provision is charged against revenue.

### Video on demand distribution in France

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



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### Sale of television broadcasting rights France

In accordance with IAS 18.14, risks and rewards are deemed to having been transferred to the customer when the following cumulated conditions have been met:

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

An exception is made in for pre-sale transactions, for which the economic benefits are deemed transferred:

- for feature films, from the first time the movie is released in theaters, subject to the contracts being signed and the broadcasting material being accepted;
- for television productions, following the delivery and acceptance of the broadcasting material by the principal broadcaster, independently of the vesting of rights window.

### International sales of rights

In accordance with IAS 18.14, risks and rewards are deemed to having been transferred to the customer when the following cumulated conditions have been met:

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

When the contract provides for the payment of royalty, in proportion of the sales, once the initial advance is recovered by the client, the corresponding revenue is recognized on the rendering of account, unless there is a significant risk non-recovery.

An exception is made in for pre-sale transactions, for which the economic benefits are deemed transferred:

- for feature films, from the first time the movie is released in theaters, subject to the contracts being signed and the broadcasting material being accepted;
- for television productions, following the delivery and acceptance of the broadcasting material by the principal broadcaster, independently of the vesting of rights window.

## 2.17. Government grants and assistance

### 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 income account. 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.

### Other 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 material by the principal television broadcasters.

### Tax credits linked to current operations

#### Audiovisual and cinema tax credit

The tax credit granted to production companies is recognized in the consolidated financial statements in current operating income. It is recognized, from the first screening of films in theaters or from the date of delivery and acceptance of the broadcasting material in the case of dramas and cartoons, on a prorata basis of the accumulated amortization of the film which it helped finance.

#### Employment competitiveness tax credit

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

## 2.18. Operating income

Operating income integrates current and non-current items related to operations.

The non-current operating income represents non-recurring operations not directly related to ordinary activities.

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.

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.

## 2.19. Earnings per share

In accordance with IAS 33, the base result of earnings per share is 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 beginning of the reporting period.

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. Options and share warrants have a dilutive effect when their exercise would incur the issue of ordinary shares at a price below the average market price for ordinary shares during the year. Options and share warrants only have a dilutive effect when the average market price of ordinary shares during the year exceeds the strike price of the options or share warrants.

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

	12.31.14	Movements of the period			12.31.13	12.31.12
		+	-	Other <sup>(1)</sup>		
Gaumont Animation	15,794	-	-	-	15,794	15,794
Arkéion Films	-	-	-	-	-	241
Autrement Productions	-	-	-	-	-	53
Gaumont Production	-	-	-	-	-	1,815
Léonis Productions	-	-	-	-	-	740
LGM Participations	491	-	-	-	491	491
<b>Gross value</b>	<b>16,285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,285</b>	<b>19,134</b>
Gaumont Production	-	-	-	-	-	-1,271
<b>Accumulated amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,271</b>
Gaumont Animation	-4,250	-2,250	-	-	-2,000	-2,000
Arkéion Films	-	-	-	-	-	-241
Autrement Productions	-	-	-	-	-	-53
Gaumont Production	-	-	-	-	-	-544
Léonis Productions	-	-	-	-	-	-740
<b>Accumulated impairment losses</b>	<b>-4,250</b>	<b>-2,250</b>	<b>-</b>	<b>-</b>	<b>-2,000</b>	<b>-3,578</b>
<b>CARRYING VALUE</b>	<b>12,035</b>	<b>-2,250</b>	<b>-</b>	<b>-</b>	<b>14,285</b>	<b>14,285</b>

(1) Changes in percentage interest, disposals.

As an exception to the accounting principles set out in note 2.4, the goodwill relating to Gaumont Animation includes acquisition costs, in accordance with IFRS 3 applicable prior to December 31, 2009. Goodwill is tested for impairment at each reporting date, in accordance with the provisions of IAS 36 and under the assumptions described in note 2.4.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

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

	CGU category	Projection period	Discount rate	Perpetual growth rate	Other key assumptions	12.31.14	12.31.13	12.31.12
Gaumont Animation	Animated films and series production	Indefinite	7.5%	1.5%	Two-year budget <sup>(1)</sup> and going concern	11,544	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.

Impairment test of goodwill revealed a loss in value of Gaumont Animation at December 31, 2014, resulting in the recognition of an impairment loss of k€2,250.

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 additional impairment loss for the asset concerned.

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

Perpetual growth rate	Discount rate		
	8.50%	7.50%	6.50%
1.00%	-4,263	-1,442	2,392
1.50%	-3,221	-	4,496
2.00%	-2,019	1,705	7,066

### 3.2. Films and audiovisual rights

	12.31.14	Movements of the period			12.31.13	12.31.12
		+	-	Other <sup>(1)</sup>		
Films and cinema rights	1,645,436	30,353	-	-	1,615,083	1,543,613
Television series, dramas and broadcasting rights	180,238	61,756	-1,925	34,859	85,548	19,293
Animated films and series	154,173	3,539	-	125	150,509	138,747
Musical productions	2,823	-	-	-	2,823	2,819
Video games	1,525	-	-	-	1,525	1,525
Movies in production	7,230	7,230	-	-	-	1,313
Television series and dramas in production	47,116	20,174	-62	-15,602	42,606	48,207
Animated films and series in production	6,978	2,575	-	-125	4,528	7,851
<b>Gross value</b>	<b>2,045,519</b>	<b>125,627</b>	<b>-1,987</b>	<b>19,257</b>	<b>1,902,622</b>	<b>1,763,368</b>
Films and cinema rights	-1,579,471	-38,505	1,870	-	-1,542,836	-1,482,229
Television series, dramas and broadcasting rights	-158,807	-78,405	1,925	-12,019	-70,308	-18,983
Animated films and series	-144,901	-5,386	524	1	-140,040	-132,979
Musical productions	-2,823	-1	-	-	-2,822	-2,819
Video games	-1,525	-	-	-	-1,525	-1,525
<b>Accumulated, amortization and impairment</b>	<b>-1,887,527</b>	<b>-122,297</b>	<b>4,319</b>	<b>-12,018</b>	<b>-1,757,531</b>	<b>-1,638,535</b>
<b>CARRYING VALUE</b>	<b>157,992</b>	<b>3,330</b>	<b>2,332</b>	<b>7,239</b>	<b>145,091</b>	<b>124,833</b>

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



The increase in gross value of films and cinema rights was mainly driven by investment in movies released in 2014, or those due to be released in 2015.

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

At December 31, 2014, the movies, television dramas and cartoon series in production correspond to works that will be delivered or released in theaters in 2015 and 2016. These include:

- for television series: *Hemlock Grove Season 3*, *Hannibal Season 3*, *Narcos Season 1* and *Hôtel de la Plage Season 2*;
- for cartoon series and films: *Calimero* and *Noddy*.

At the end of 2014, movies in production included an amount of k€5,291 corresponding to advances paid to producers in respect of the minimum guarantees for films awaiting an operating visa. At the end of 2013 and at the end of 2012, these advances amounted to k€4,646 and k€11,329 respectively, and were included in other current receivables.

Reductions in assets primarily reflect rights disposed of during the period.

Films released in theaters between the reporting date and approval by the board can be the subject of accumulated impairment losses when the expected income is lower than investments. These accumulated impairment losses are reversed when the film is released and the corresponding amount is included in the amortization for the year.

### 3.3. Other intangible assets

	Movements of the period					
	12.31.14	+	-	Other <sup>(1)</sup>	12.31.13	12.31.12
Franchises, patents, licenses, brands and software	3,507	191	-155	34	3,437	2,761
Other intangible assets	166	-	-	-	166	166
Other intangible assets in progress	-	-	-	-34	34	80
<b>Gross value</b>	<b>3,673</b>	<b>191</b>	<b>-155</b>	<b>-</b>	<b>3,637</b>	<b>3,007</b>
Franchises, patents, licenses, brands and software	-2,786	-365	155	-	-2,576	-2,220
Other intangible assets	-100	-1	-	-	-99	-97
<b>Accumulated amortization and impairment losses</b>	<b>-2,886</b>	<b>-366</b>	<b>155</b>	<b>-</b>	<b>-2,675</b>	<b>-2,317</b>
<b>CARRYING VALUE</b>	<b>787</b>	<b>-175</b>	<b>-</b>	<b>-</b>	<b>962</b>	<b>690</b>

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

### 3.4. Property, plant and equipment

	Movements of the period					
	12.31.14	+	-	Other <sup>(1)</sup>	12.31.13	12.31.12
Land	20,260	-	-	-	20,260	20,260
Buildings and fittings	31,551	773	-101	5	30,874	30,397
Operating equipment	2,113	38	-16	2	2,089	1,836
Other property, plant and equipment	5,454	674	-908	9	5,679	5,488
Property, plant and equipment held under finance lease	451	451	-	-	-	-
Property, plant and equipment in progress	15	15	-	-5	5	5
<b>Gross value</b>	<b>59,844</b>	<b>1,951</b>	<b>-1,025</b>	<b>11</b>	<b>58,907</b>	<b>57,986</b>
Land	-310	-	-	-	-310	-310
Buildings and fittings	-20,858	-859	100	-	-20,099	-19,277
Operating equipment	-1,789	-86	15	-1	-1,717	-1,624
Other property, plant and equipment	-4,556	-433	665	-6	-4,782	-4,436
Property, plant and equipment held under finance lease	-38	-38	-	-	-	-
<b>Accumulated depreciation and impairment losses</b>	<b>-27,551</b>	<b>-1,416</b>	<b>780</b>	<b>-7</b>	<b>-26,908</b>	<b>-25,647</b>
<b>CARRYING VALUE</b>	<b>32,293</b>	<b>535</b>	<b>-245</b>	<b>4</b>	<b>31,999</b>	<b>32,339</b>

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

#### Property, plant and equipment held under finance lease

In 2013, Gaumont signed a finance lease with one of its sub-contractors for the technical layout of a private copy storage facility. These facilities were delivered and put into use in 2014. The current value of the fixtures and fittings provided totaled k€451 and was reported as Gaumont assets. The finance lease was signed for a firm period of 12 years, without title being transferred. In accordance with IAS 17, the amortization of the assets is calculated over the duration of the finance lease.

The breakdown of the lease commitments and the net present value of the future cash flows are set out in note 6.3.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### 3.5. Investments in associates

Company	% Interest	12.31.14	12.31.13	12.31.12
Les Cinémas Gaumont Pathé	34.00%	202,402	191,372	218,637
Lincoln Cinema Associates (USA)	31.95%	400	353	407
Légende	50.00%	4,503	5,520	5,624
<b>Gross value</b>		<b>207,305</b>	<b>197,245</b>	<b>224,668</b>
Accumulated impairment losses		-	-	-
<b>CARRYING VALUE</b>		<b>207,305</b>	<b>197,245</b>	<b>224,668</b>

#### Summarized financial information of associates

	Les Cinémas Gaumont Pathé	Lincoln Cinema Associates (USA)	Légende
Non-current assets	918,815	1,246	6,168
Current assets	139,396	120	16,572
<b>Total assets</b>	<b>1,058,211</b>	<b>1,366</b>	<b>22,740</b>
Equity attributable to the shareholders of the parent company	412,501	1,232	2,404
Non-controlling interests	24,803	-	-
Non-current liabilities	274,321	-	6,244
Current liabilities	346,586	134	14,092
<b>Total equity and liabilities</b>	<b>1,058,211</b>	<b>1,366</b>	<b>22,740</b>
Revenue	686,307	3,928	20,917
Net income (loss)	55,091	453	-791

The summarized financial data presented for Les Cinémas Gaumont Pathé and Légende are representative of the consolidated financial statements of the sub-groups concerned prepared in accordance with the IFRS accounting principles and adjusted, if necessary, for impacts on the harmonization of accounting rules and methods or fair value adjustments made on the date of their acquisition.

### Interests held by the Group in the associates

The interests held by the Group in the associates are presented in the table below.

	Les Cinémas Gaumont Pathé	Lincoln Cinema Associates (USA)	Légende
Equity of the associate	412,501	1,232	2,404
<b>% Interest</b>	<b>34.00%</b>	<b>31.95%</b>	<b>50.00%</b>
Share attributable to the shareholders of the parent company	140,250	394	1,202
Adjustments on share:			
cancellation of internal results	-	6	-556
Fair value of assets and liabilities, net value	47,328	-	-
Goodwill, net value	14,824	-	3,857
<b>INVESTMENTS IN ASSOCIATES</b>	<b>202,402</b>	<b>400</b>	<b>4,503</b>

### Transactions with associates

Only Gaumont SA enters into transactions with associated companies. These transactions come under ordinary operations and are concluded under normal market conditions.

	12.31.14	12.31.13	12.31.12
Trade receivables	4,496	4,580	2,882
Other receivables	-	-	2,035
Non-current liabilities	706	820	940
Trade payables	31	164	108
Liabilities on property, plant and equipment and intangible assets	825	-	50
Other payables	167	315	673
Revenue and other current income	11,221	9,610	9,747
Other current expenses	1,125	1,235	353

### 3.6. Other financial assets

	12.31.14	Movements of the period			12.31.13	12.31.12
		+	-	Other <sup>(1)</sup>		
Investments in non consolidated entities	3	-	-	-	3	3
Loans, deposits and bonds and other financial assets	1,125	47	-56	-827	1,961	589
<b>Gross value</b>	<b>1,128</b>	<b>47</b>	<b>-56</b>	<b>-827</b>	<b>1,964</b>	<b>592</b>
Investments in non consolidated entities	-	-	-	-	-	-
Loans, deposits and bonds and other financial assets	-3	-	-	-	-3	-
<b>Accumulated impairment losses</b>	<b>-3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3</b>	<b>-</b>
<b>CARRYING VALUE</b>	<b>1,125</b>	<b>47</b>	<b>-56</b>	<b>-827</b>	<b>1,961</b>	<b>592</b>

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

At the end of 2014, these loans included an advance in respect of an investment for an amount of k€920 excluding interest, granted to a co-producer for a cinema production.

Other changes in the year corresponded to transfer of non-current financial assets into current financial assets.

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

	12.31.14	Movements of the period		12.31.13	12.31.12
		+	-		
Gross value	1,373	-	-90	1,463	1,453
Accumulated impairment losses	-870	-	9	-879	-929
<b>CARRYING VALUE</b>	<b>503</b>	<b>-</b>	<b>-81</b>	<b>584</b>	<b>524</b>

### 3.8. Trade receivables and other current assets

	12.31.14	12.31.13	12.31.12
Trade receivables	90,439	75,033	37,668
Current financial assets	1,381	119	2,391
Advances and prepayments to suppliers	620	1,248	2,578
Payroll receivables	58	52	117
Tax receivables	18,463	11,544	4,508
Subsidies receivable	15,378	12,764	18,569
Current tax assets	1,600	2,551	1,966
Current accounts	1	1	1
Other receivables	3,555	11,524	14,347
Derivatives	1,466	675	188
Prepaid expenses	982	930	1,694
<b>Gross value</b>	<b>133,943</b>	<b>116,441</b>	<b>84,027</b>
Trade receivables	-133	-148	-114
Current accounts	-	-	-
Other receivables	-1,086	-1,905	-1,676
<b>Accumulated impairment losses</b>	<b>-1,219</b>	<b>-2,053</b>	<b>-1,790</b>
<b>CARRYING VALUE</b>	<b>132,724</b>	<b>114,388</b>	<b>82,237</b>
Maturities:			
• less than one year	119,380	111,541	81,746
• one to five years	13,344	2,847	491
• over five years	-	-	-

At the end of 2014, outstanding trade receivables mainly consisted of the portion of receivables not due linked to pre-sales, and the sales of the American series. The level of receivables is impacted by volumes and the schedule of deliveries of American series.

At December 31, 2014, tax receivables included k€14,027 in tax credits for American productions.

The reduction in other receivables is mainly due to the re-classification of the advances paid to producers in respect of the minimum guarantees of films awaiting an operating visa, which are included in the productions in progress starting in 2014. At the end of 2013, and at the end of 2012, these advances amounted to k€4,646 and k€11,329, respectively.





## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### Breakdown of accumulated impairment losses

	12.31.14	Movements of the period			12.31.13	12.31.12
		+	-	Other <sup>(1)</sup>		
Trade receivables	-133	-16	31	-	-148	-114
Current accounts	-	-	-	-	-	-
Other receivables	-1,086	-	819	-	-1,905	-1,676
<b>ACCUMULATED IMPAIRMENT LOSSES</b>	<b>-1,219</b>	<b>-16</b>	<b>850</b>	<b>-</b>	<b>-2,053</b>	<b>-1,790</b>

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

### 3.9. Cash and cash equivalents

	12.31.14	12.31.13	12.31.12
Cash equivalents	11,320	-	-
Bank accounts and petty cash	16,200	5,794	10,754
<b>TOTAL</b>	<b>27,520</b>	<b>5,794</b>	<b>10,754</b>

Cash equivalents comprised SICAV money market funds, immediately transferable, and which do not present a significant risk of impairment. The particularly high level of cash at the end of 2014 was linked to the calendar of the debt restructuring operations in November and December 2014.

### 3.10. Equity

#### Share capital of the parent company

At December 31, 2014, 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 2014.

	12.31.14	Movements of the period			12.31.13	12.31.12
		+	-			
Number of shares	4,272,530	-	-	4,272,530	4,272,530	
Par value	€8			€8	€8	
<b>CAPITAL (in euros)</b>	<b>34,180,240</b>	<b>-</b>	<b>-</b>	<b>34,180,240</b>	<b>34,180,240</b>	

### Treasury shares

At December 31, 2014, Gaumont SA held 6,495 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)	12.31.14	12.31.13	12.31.12
Dividends paid	4,266,045	4,265,835	5,546,804
Dividends per share	1.00	1.00	1.30

### 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 2014.

The Combined ordinary and extraordinary general meeting of Gaumont SA on April 29, 2014 approved a dividend of €1.00 per share paid on May 7, 2014, by drawing on the company's income. 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.

Plan	Initial grant		Adjusted grant		Options at end of period			
	Price	Number	Price	Number	Canceled	Subscribed	Outstanding	Exercisable
Plan V (February 1996)	€50.31	104,000	€45.10	116,133	45,785	64,873	5,475	5,475
Plan VI (March 1998)	€64.03	168,000	€57.40	187,624	96,079	80,367	11,178	11,178
Plan VII (April 2002)	€48.00	165,000	€43.03	184,422	117,908	43,249	23,265	23,265
Plan VIII (February 2005)	€64.00	196,750	€57.49	219,788	92,743	2,235	124,810	124,810
<b>TOTAL</b>		<b>633,750</b>		<b>707,967</b>	<b>352,515</b>	<b>190,724</b>	<b>164,728</b>	<b>164,728</b>



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

Plan	Grant date	Exercice period		12.31.14	Movements of the period				12.31.13
		start	end		Adjusted	Granted	Canceled	Subscribed	
Plan V	02.15.96	02.15.01	02.14.46	5,475	142	-	-	-	5,333
Plan VI	03.12.98	03.12.03	03.11.48	11,178	290	-	-	-	10,888
Plan VII	04.09.02	04.09.06	04.08.46	23,265	635	-	-829	-	23,459
Plan VIII	02.28.05	02.28.09	02.27.49	124,810	3,273	-	-1,663	-	123,200
<b>TOTAL</b>				<b>164,728</b>	<b>4,340</b>	-	<b>-2,492</b>	-	<b>162,880</b>

Plan	Grant date	Financial period		12.31.13	Movements of the period				12.31.12
		start	end		Adjusted	Granted	Canceled	Subscribed	
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
<b>TOTAL</b>				<b>162,880</b>	<b>4,598</b>	-	<b>-16,264</b>	-	<b>174,546</b>

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, 2014, the outlook for available cash was uncertain and the Group therefore recognized no financial liability in respect of these instruments.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### 3.11. Current and non-current provisions

	12.31.14	Movements of the period				12.31.13	12.31.12
		Increases	Uses	Reversals <sup>(1)</sup>	Other <sup>(2)</sup>		
Provisions for pension and similar benefits	3,079	601	-190	-17	30	2,655	2,711
<b>Non-current provisions</b>	<b>3,079</b>	<b>601</b>	<b>-190</b>	<b>-17</b>	<b>30</b>	<b>2,655</b>	<b>2,711</b>
Provisions for legal proceedings relating to intellectual property rights over works	130	10	-	-	-	120	208
Provisions for legal proceedings with personnel	286	86	-	-	43	157	-
Provisions for commercial legal proceedings	-	-	-	-	-	-	158
Provisions for other legal proceedings	561	14	-	-15	-	562	639
Provisions for risks on investments in associates	-	-	-	-	-	-	-
Provisions for risks on creative works	-	-	-	-40	-	40	-
Other provisions for miscellaneous risks	107	-	-	-35	-26	168	301
Provisions for property-related expenses	-	-	-	-	-	-	-
Provisions for personnel costs	-	-	-	-	-17	17	186
Provisions for income taxes	178	178	-	-	-	-	-
Provisions for other costs	-	-	-23	-	-	23	-
<b>Current provisions</b>	<b>1,262</b>	<b>288</b>	<b>-23</b>	<b>-90</b>	<b>-</b>	<b>1,087</b>	<b>1,492</b>
<b>TOTAL</b>	<b>4,341</b>	<b>889</b>	<b>-213</b>	<b>-107</b>	<b>30</b>	<b>3,742</b>	<b>4,203</b>
Impact on current operating income		889	-213	-107	-		
Impact on non-current operating income		-	-	-	-		
Impact on share of net income of associates		-	-	-	-		
Impact on other comprehensive income		-	-	-	30		

(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.

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, 2014, 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.

The provision for tax expenses was recognized during the year following an income tax audit.

#### 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 break down as follows:

	12.31.14	12.31.13	12.31.12
Pensions	2,952	2,532	2,589
Seniority bonuses	127	123	122
<b>TOTAL</b>	<b>3,079</b>	<b>2,655</b>	<b>2,711</b>

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

	2014	2013	2012
<b>Expected payments in the next ten years</b>			
less than one year	230	204	194
one to five years	561	576	189
five to ten years	933	941	513
<b>Average duration of the commitment (in years)</b>	<b>12.75</b>	<b>12.60</b>	<b>12.73</b>



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

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

	2014			2013			2012		
	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total
<b>ACTUARIAL LIABILITY AT THE BEGINNING OF THE YEAR</b>	<b>2,532</b>	<b>123</b>	<b>2,655</b>	<b>2,589</b>	<b>122</b>	<b>2,711</b>	<b>1,957</b>	<b>106</b>	<b>2,063</b>
Current service cost	194	11	205	215	10	225	132	7	139
Plan amendments	296	-	296	-	-	-	-	-	-
Benefits paid	-173	-17	-190	-87	-8	-95	-218	-8	-226
<b>Service cost</b>	<b>317</b>	<b>-6</b>	<b>311</b>	<b>128</b>	<b>2</b>	<b>130</b>	<b>-86</b>	<b>-1</b>	<b>-87</b>
Discounting effect	73	4	77	69	3	72	87	5	92
<b>Interest expense</b>	<b>73</b>	<b>4</b>	<b>77</b>	<b>69</b>	<b>3</b>	<b>72</b>	<b>87</b>	<b>5</b>	<b>92</b>
Actuarial gains/losses recognized in income	-	6	6	-	-4	-4	-	12	12
<b>Net expense recognized in income</b>	<b>390</b>	<b>4</b>	<b>394</b>	<b>197</b>	<b>1</b>	<b>198</b>	<b>1</b>	<b>16</b>	<b>17</b>
Experience gains/losses	-79	-	-79	-178	-	-178	85	-	85
Changes in demographic assumptions	-65	-	-65	2	-	2	1	-	1
Changes in financial assumptions	174	-	174	-78	-	-78	545	-	545
<b>Actuarial gains/losses recognized in comprehensive income</b>	<b>30</b>	<b>-</b>	<b>30</b>	<b>-254</b>	<b>-</b>	<b>-254</b>	<b>631</b>	<b>-</b>	<b>631</b>
<b>Amounts recognized in other comprehensive income</b>	<b>30</b>	<b>-</b>	<b>30</b>	<b>-254</b>	<b>-</b>	<b>-254</b>	<b>631</b>	<b>-</b>	<b>631</b>
Changes in scope	-	-	-	-	-	-	-	-	-
<b>ACTUARIAL LIABILITY AT THE END OF THE YEAR</b>	<b>2,952</b>	<b>127</b>	<b>3,079</b>	<b>2,532</b>	<b>123</b>	<b>2,655</b>	<b>2,589</b>	<b>122</b>	<b>2,711</b>

Plan amendments mainly correspond to an adjustment of past services following an amendment in the interpretation of the cinema distribution collective agreement.



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

	Pensions			Seniority bonuses		
	12.31.14	12.31.13	12.31.12	12.31.14	12.31.13	12.31.12
Discount rate	2.00%	3.00%	2.75%	2.00%	3.00%	2.75%
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Inflation rate	1.50%	2.00%	2.00%	1.50%	2.00%	2.00%
Average expected increase in salaries	1.50%	2.00%	2.00%	1.50%	2.00%	2.00%

In 2014, Gaumont decided to revise the inflation rate and the rate of wage increases in order to better take into account recent changes in these two parameters.

Applying the actuarial assumptions, the expected charge for 2015 breaks down as follows:

	2015		
	Pensions	Seniority bonuses	Total
Current service cost	213	11	224
Plan amendment	-	-	-
<b>Service cost</b>	<b>213</b>	<b>11</b>	<b>224</b>
Discounting effect	57	3	60
<b>Interest expense</b>	<b>57</b>	<b>3</b>	<b>60</b>
<b>EXPECTED CHARGE FOR THE PERIOD</b>	<b>270</b>	<b>14</b>	<b>284</b>

The table below shows the sensitivity of the commitment and future charge to a 0.25 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.

Assumptions	Change in present value of liability			Change in service costs in 2015		
	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total
<b>Discount rate</b> (base rate: 2.00%)						
1.75%	94	4	98	10	1	11
2.25%	-90	-3	-93	-9	-	-9



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### 3.12. Financial liabilities

	12.31.14	Movements of the period			12.31.13	12.31.12
		+	-	Other <sup>(1)</sup>		
Credit facility	66,542	68,000	-114,000	-439	112,981	94,472
Bonds	59,442	60,000	-	-558	-	-
Finance lease debt	413	451	-38	-	-	-
Production loans <sup>(2)</sup>	68,022	73,238	-57,290	7,597	44,477	47,860
Assignments of receivables	5,549	7,646	-17,524	-	15,427	4,180
Financial contribution from the Caisse des dépôts	2,785	1,820	-594	-1	1,560	-
Other loans	1,147	238	-24	-	933	771
Advances repayable on distribution proceeds	1,347	-	-37	-	1,384	1,374
Deposits received	116	-	-2	-	118	118
Bank overdraft	42	-	-491	3	530	20
Accrued interest	559	538	-76	3	94	54
<b>TOTAL</b>	<b>205,964</b>	<b>211,931</b>	<b>-190,076</b>	<b>6,605</b>	<b>177,504</b>	<b>148,849</b>
Maturities:						
• less than 1 year	20,473				25,995	6,517
• 1 to 5 years	125,237				151,509	142,332
• over 5 years	60,254				-	-

(1) Changes in scope and amortization of borrowing costs, translation adjustments.

(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.

In late 2014, Gaumont decided to restructure the part of its debt intended to finance its operating needs and those of its subsidiaries, and to issue bonds in order to diversify its sources of financing.

### Credit facility

On November 5, 2014, Gaumont signed a new revolving credit facility for k€80,000 maturing on November 4, 2019, to replace the previous credit facility of k€125,000 maturing on April 25, 2016. The new credit facility was signed with a banking pool made up of the main banks that had already signed the previous credit facility: BNP Paribas, Crédit Agricole, Neufilize OBC and Banque Palatine.

The new revolving credit facility has similar characteristics to the previous line, with the exception of the collaterals, which were released. The loan has the following characteristics:

- the maximum loan amount is k€80,000;
- interest is variable rate, Euribor-based;
- the loan is tied to financial covenants that must be met half-yearly, see note 6.4.

Given the qualitative similarity of the two credit facility, and after confirmation by a quantitative test, Gaumont concluded to the continuation of its debt for the fraction equal to the amount of the new credit facility. The remaining issue costs borne by the credit facility of k€125,000 were carried forward to the new loan, on a prorata basis of the maximum authorized amount i.e. 64%. Continuity was also guaranteed with regard to the requirements of IAS 39 concerning hedging financial instruments. Hedging qualification of the instruments in place was therefore transferred to the new credit facility.

The balance of the amounts drawn from the credit facility of k€125,000 signed on April 26, 2012, i.e. k€107,000 was entirely repaid on November 14, 2014.

At December 31, 2014, k€68,000 of the credit facility for a maximum amount of k€80,000 had been used and it was hedged by k€50,000. This left Gaumont with confirmed drawing rights of k€12,000.

### Effective interest rate

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

	12.31.14	12.31.13	12.31.12
Before hedging	2.94%	2.67%	2.70%
After hedging	3.62%	3.02%	3.53%

### Average interest rate

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

	2014	2013	from 04.26.12 to 12.31.12
Before hedging	2.27%	2.26%	2.52%
After hedging	2.70%	2.99%	3.40%





**Bond**

In addition to the new agreement for a revolving credit facility with a maximum amount of k€80,000, Gaumont issued a bond on November 14, and December 22, 2014 in the form of a listed Euro private placement (EuroPP) for a total amount of k€60,000. This bond is made up of two separate parts whose respective characteristics are presented below.

	Part 1	Part 2
Listing market	Euronext Paris	
ISIN	FR0012303170	FR0012303188
Par value	k€45,000	k€15,000
Maturity	7 years	10 years
Expiration date	November 14, 2021	November 14, 2024
Annual coupon	4.75%	5.125%
Payment of the coupon	annually in arrears	
Repayment	<i>in fine</i> – no premium	
Collaterals	None	
Covenants	3 covenants to be respected every 6 months	

The bond features the same covenants as the revolving credit facility signed on November 5, 2014, which are specified in note 6.4.

At December 31, 2014, the accrued coupon was 0.625% for part 1 and 0.674% for part 2 of the bond.

The effective interest rate of the bond was 4.86% at December 31, 2014, and the average rate for the period was 4.84%.

**Production loans**

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

On June 1, 2012, Ouroboros Productions Llc, a subsidiary of Gaumont International Television, 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, 2014, the balance of this loan stood at k\$1,141.

On August 31, 2012, Chiswick Productions Llc, a subsidiary of Gaumont International Television Llc, signed a loan agreement for up to k\$35,993, maturing on May 31, 2014, with Union Bank, N.A. exclusively to finance the production of Season 1 of *Hannibal*. The balance of this loan was fully repaid in 2014.

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, 2014, the balance of this loan stood at k\$15,127.

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, 2014, the balance of this loan stood at k\$13,858.

On July 30, 2014, Narcos Productions Llc, a subsidiary of Gaumont International Television Llc, agreed a loan of up to k\$50,596 maturing on August 1, 2017 with MUFG Union Bank, N.A. exclusively to finance the production of Season 1 of *Narcos*.

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, 2014, k\$28,496 had been used, i.e. 56% of the total available.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

On October 10, 2014, Chiswick Productions Llc, agreed a loan of up to k\$44,758 maturing on October 10, 2016 with MUFG Union Bank, N.A. exclusively to finance the production of Season 3 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, 2014, k\$17,490 had been used, i.e. 39% of the total available.

On December 3, 2014, Ouroboros Productions 3 Llc, a subsidiary of Ouroboros Productions Llc, agreed a loan of up to k\$40,600, maturing on March 1, 2017, with Union Bank, N.A. exclusively to finance the production of Season 3 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 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, 2014, k\$8,249 had been used, i.e. 20% of the total available.

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

### Effective interest rate

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

	12.31.14	12.31.13	12.31.12
Before hedging	4.90%	5.26%	4.60%
After hedging	-	-	-

### Average interest rate

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

	2014	2013	2012
Before hedging	4.10%	3.30%	2.39%
After hedging	-	-	-

### Assignments of receivables

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

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 dramas, contracts are negotiated individually for each production.

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, 2014, outstanding assigned receivables, net of payments received, totaled k€11,196, k€5,959 of which was reported as assets on the statement of financial position and k€5,237 as financing commitments received, from a total authorized facility of k€15,000.

### Effective interest rate

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

	12.31.14	12.31.13	12.31.12
Before hedging	1.38%	1.44%	1.51%
After hedging	-	-	-

### Average interest rate

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

	2014	2013	2012
Before hedging	1.47%	1.41%	1.58%
After hedging	-	-	-

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

On July 6, 2012, Gaumont signed a financial investment agreement with the *Caisse des dépôts et consignations*, for a maximum amount of k€9,828 for the restoration and digitization of 270 films in its catalog over five years. This financial investment is repayable when receipts are earned on the restored films over a maximum 15-year period, and is guaranteed by the pledge of the assets concerned, as detailed in note 6.3.

At December 31, 2014, outstanding debt to *Caisse des dépôts et consignations* amounted to k€2,785.



### 3.13. Trade payables and other liabilities

	12.31.14	12.31.13	12.31.12
Tax liabilities	-	-	-
Current accounts	706	820	940
Payables on acquisitions	-	-	-
Other payables	-	-	-
<b>Total other non-current liabilities</b>	<b>706</b>	<b>820</b>	<b>940</b>
Trade payables	9,673	10,632	8,332
Liabilities on films and audiovisual rights	3,183	6,107	1,978
Advances and deposits received	140	152	1,886
Payroll liabilities	6,531	6,584	7,066
Tax liabilities	2,185	2,533	2,499
Current tax liabilities	-	78	79
Current accounts	114	120	121
Payables on acquisitions	-	375	375
Liabilities on other property, plant and equipment and intangible assets	365	577	275
Other payables	28,459	21,831	22,230
Derivatives	2,526	1,199	2,065
Deferred income	53,544	37,159	25,330
<b>Total other current liabilities</b>	<b>106,720</b>	<b>87,347</b>	<b>72,236</b>
<b>TOTAL</b>	<b>107,426</b>	<b>88,167</b>	<b>73,176</b>
Maturities:			
• less than 1 year	106,720	87,347	72,236
• 1 to 5 years	448	450	458
• over 5 years	258	370	482

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

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

	2014	2013	2012
<b>Movie production and distribution</b>	<b>96,832</b>	<b>99,741</b>	<b>92,085</b>
France	63,869	67,750	57,035
Export	32,963	31,991	35,050
<b>Production and distribution of dramas and series for television</b>	<b>89,429</b>	<b>65,522</b>	<b>9,010</b>
France	26,482	7,286	5,524
Export	62,947	58,236	3,486
<b>Trademark royalties</b>	<b>3,813</b>	<b>3,843</b>	<b>4,049</b>
<b>TOTAL</b>	<b>190,074</b>	<b>169,106</b>	<b>105,144</b>

Cinema and television production and distribution each represented around half of total consolidated revenue in 2014.

The Group generated 50% of its revenue outside France in 2014, compared with 53% in 2013 and 37% in 2012.

### 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 2014, €247 in accrued income for the Employment competitiveness tax credit was recognized against social security contributions.

	2014	2013	2012
Salaries	-18,350	-18,992	-19,441
Social security contributions	-6,442	-7,320	-8,290
Employee profit-sharing	-71	-77	-62
Pensions and similar benefits	-394	-199	-17
Share based payments expense	-	-	-
<b>TOTAL</b>	<b>-25,257</b>	<b>-26,588</b>	<b>-27,810</b>



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### 4.3. Other current operating income and expenses

	2014	2013	2012
Audiovisual support fund	9,985	8,773	8,141
Other subsidies	706	509	516
Audiovisual and cinema tax credit	12,781	11,234	1,694
Purchases of materials and supplies	-13,462	-11,247	-5,164
Subcontracting	-3,389	-4,921	-4,503
Rentals and rental expenses	-1,293	-1,443	-1,182
Maintenance and repairs	-1,042	-1,085	-1,083
Insurance premiums	-158	-162	-156
Other purchases of studies and services	-3,977	-3,444	-2,706
Outside personnel	-606	-450	-422
Fees	-7,428	-7,185	-5,560
Advertising, publications and public relations	-1,642	-1,021	-1,262
Transport	-468	-328	-327
Travel and entertainment expenses	-3,659	-2,915	-2,696
Postal costs and telecommunications costs	-331	-339	-372
Bank services	-217	-221	-233
Other external expenses	-206	-733	-197
Taxes and similar payments	-2,954	-2,973	-3,239
Foreign exchange gains and losses on operating activities	957	-429	-136
Copyrights, royalties and similar	-7,896	-7,816	-7,669
Shares of co-producers and guaranteed minima	-22,381	-14,395	-20,285
Income from the sale of operating assets	95	318	-130
Other income and expenses	9,688	13,510	16,079
<b>NET OTHER CURRENT OPERATING INCOME/EXPENSES</b>	<b>-36,897</b>	<b>-26,763</b>	<b>-30,892</b>

The audiovisual and cinema tax credits are recognized at the same pace as the amortization of the works that generate them. In 2014, the item included k€10,930 for American series.

Shares of co-producers and minimum guarantees represent amounts due to co-producers and other partners of a film or series. This item is dependent on the method of financing and the success of the movies and series delivered during the year.

### 4.4. Impairment, depreciation, amortization and provisions

	2014	2013	2012
<b>Intangible assets</b>			
• Reversals of impairment losses	2,394	133	592
• Depreciation expense and impairment losses	-122,663	-107,056	-36,247
<b>Subtotal</b>	<b>-120,269</b>	<b>-106,923</b>	<b>-35,655</b>
<b>Property, plant and equipment</b>			
• Reversals of impairment losses	-	-	-
• Depreciation expense and impairment losses	-1,416	-1,390	-1,327
<b>Subtotal</b>	<b>-1,416</b>	<b>-1,390</b>	<b>-1,327</b>
<b>Current assets</b>			
• Reversals of impairment losses	859	117	483
• Impairment losses	-16	-330	-554
<b>Subtotal</b>	<b>843</b>	<b>-213</b>	<b>-71</b>
<b>Risks and expenses</b>			
• Reversals of provisions	113	855	1,185
• Increases in provisions	-288	-450	-763
<b>Subtotal</b>	<b>-175</b>	<b>405</b>	<b>422</b>
<b>TOTAL</b>	<b>-121,017</b>	<b>-108,121</b>	<b>-36,631</b>

In 2014, amortization expense on intangible assets included k€57,636 for amortization of American series, against k€52,852 in 2013, the year when the first productions were delivered.



#### 4.5. Other non-current operating income and expenses

	2014	2013	2012
Proceeds from disposals of assets	208	-	-
Carrying value of assets sold or disposed of	-300	-10	-204
Earnout adjustment	375	-	-
Impairment losses on goodwill	-2,250	-	-440
Gains on bargain purchases	-	-	-
<b>TOTAL</b>	<b>-1,967</b>	<b>-10</b>	<b>-644</b>

#### 4.6. Other financial income and expenses

	2014	2013	2012
Income from investments	-	-	-
Interest expense capitalized	1,044	-1,567	-1,840
Interest from assets and liabilities excluding cash equivalents	266	26	-32
Proceeds from disposals of financial assets	-	-	-
Accumulated impairment losses and financial provisions	-	-3	28
Foreign exchange gains and losses	2,892	-541	-418
Changes in fair value	566	6	-83
Other financial income and expenses	-	-	-4
<b>NET OTHER FINANCIAL INCOME/ EXPENSES</b>	<b>4,768</b>	<b>1,055</b>	<b>1,331</b>

Capitalized interest expenses concern movie and television series productions. They rise and fall in line with the productions each year.

Foreign exchange gains recorded over the period mainly relate to the favorable change of the US dollar against the euro.

#### 4.7. Share of net income of associates

Company	% Interest	2014	2013	2012
Les Cinémas Gaumont Pathé	34.00%	18,731	13,813	16,649
Lincoln Cinema Associates (USA)	31.95%	144	106	372
Légende	50.00%	-530	-136	-582
<b>SHARE OF NET INCOME OF ASSOCIATES</b>		<b>18,345</b>	<b>13,783</b>	<b>16,439</b>

#### 4.8. Income tax

##### Breakdown of the tax expense or benefit

	2014	2013	2012
Current income tax	-222	44	-44
Deferred tax	-870	-1,362	1,137
<b>TOTAL INCOME TAX (EXPENSE) BENEFIT</b>	<b>-1,092</b>	<b>-1,318</b>	<b>1,093</b>

##### 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, Nouvelles Editions de Films SARL and Fideline 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€76 for the year.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### Deferred tax

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

	12.31.14	12.31.13	12.31.12
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:

	12.31.14	Change	Other changes <sup>(1)</sup>	12.31.13	12.31.12
Deferred tax assets	1,663	633	-575	1,605	3,749
Deferred tax liabilities	-1,927	-1,058	571	-1,440	-1,167
<b>NET DEFERRED TAX</b>	<b>-264</b>	<b>-425</b>	<b>-4</b>	<b>165</b>	<b>2,582</b>

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

The origin of the net deferred tax is presented below.

	12.31.14	Change	Other changes <sup>(1)</sup>	12.31.13	12.31.12
Unused tax losses	19,140	-249	923	18,466	20,548
Fair value of films	-2,397	392	-	-2,789	-2,227
Fair value of land and buildings	-7,239	75	-	-7,314	-7,388
Accelerated amortization of films	-7,793	777	-	-8,570	-8,921
Long term capital gains on Les Cinémas Gaumont Pathé shares	-1,062	-	-	-1,062	-1,062
Other temporary differences	-913	-1,420	-927	1,434	1,632
<b>NET DEFERRED TAX</b>	<b>-264</b>	<b>-425</b>	<b>-4</b>	<b>165</b>	<b>2,582</b>

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

At December 31, 2014, 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€80,378.

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, 2014, recognized consolidated tax losses were k€48,248, compared with k€48,994 at the end of 2013.

A total of k€2,712 in individual tax loss carryforwards related to reporting periods prior to tax consolidation were also recognized at December 31, 2014.

At December 31, 2014, net deferred tax assets, of companies outside the scope of tax consolidation, stood at k€80. American companies reported a net deferred tax liability of k€343.

### Reconciliation of recorded tax and theoretical tax

	2014	2013	2012
Net income of companies before tax	19,478	14,094	20,181
Current tax rate applicable to the parent company	33.33%	33.33%	33.33%
<b>Theoretical tax</b>	<b>-6,493</b>	<b>-4,698</b>	<b>-6,727</b>
Reduced tax rate differentials	-	-	-
Tax rate differentials between France and abroad	-254	-283	-368
Share of net income of associates	6,067	4,559	5,356
Permanent differences	-901	-362	-375
Change in unrecognized tax loss carryforwards	-135	-2,031	1,586
Tax consolidation	76	764	117
Tax credits in operating income <sup>(1)</sup>	699	662	655
Income tax without base and tax credits	-151	71	113
<b>Effective tax benefit (expense)</b>	<b>-1,092</b>	<b>-1,318</b>	<b>1,093</b>
Effective tax rate	5.60%	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**

	2014			2013			2012		
	Gross amount	Tax effect	Carrying value	Gross amount	Tax effect	Carrying value	Gross amount	Tax effect	Carrying value
<b>Other comprehensive income</b>									
Translation adjustments of foreign operations	703	-	703	-162	-	-162	-48	-	-48
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-
Change in fair value of hedging financial instruments	-1,060	435	-625	1,320	-476	844	-964	362	-602
Change in asset revaluation surplus	-	-	-	-	-	-	-	-	-
Actuarial gains (losses) on defined benefit plans	-30	10	-20	254	-85	169	-631	210	-421
Share in other comprehensive income of associates	-1,553	-	-1,553	-3,875	-	-3,875	-2,260	-	-2,260
<b>TOTAL</b>	<b>-1,940</b>	<b>445</b>	<b>-1,495</b>	<b>-2,463</b>	<b>-561</b>	<b>-3,024</b>	<b>-3,903</b>	<b>572</b>	<b>-3,331</b>

The share of other comprehensive income of associates mainly includes impacts relating to the recognition of actuarial gains and losses and changes in fair value of financial instruments for 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.

	2014	2013	2012
Number of shares at January 1	4,272,530	4,272,530	4,272,530
Capital increases relating to the exercise of stock options ( <i>prorata temporis</i> )	-	-	-
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.

	2014	2013	2012
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.





## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### 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

	2014	2013	2012
<b>Intangible assets</b>			
• Reversals of impairment losses	2,394	133	592
• Depreciation expense and impairment losses	-122,663	-107,056	-36,247
<b>Subtotal</b>	<b>-120,269</b>	<b>-106,923</b>	<b>-35,655</b>
<b>Property, plant and equipment</b>			
• Reversals of impairment losses	-	-	-
• Depreciation expense and impairment losses	-1,416	-1,390	-1,327
<b>Subtotal</b>	<b>-1,416</b>	<b>-1,390</b>	<b>-1,327</b>
<b>Financial assets</b>			
• Reversals of impairment losses	-	-	-
• Impairment losses	-	-3	-
<b>Subtotal</b>	<b>-</b>	<b>-3</b>	<b>-</b>
<b>Risks and expenses</b>			
• Reversals of provisions	113	855	1,185
• Increases in provisions	-288	-450	-763
<b>Subtotal</b>	<b>-175</b>	<b>405</b>	<b>422</b>
<b>TOTAL</b>	<b>-121,860</b>	<b>-107,911</b>	<b>-36,560</b>

#### 5.2. Dividends received from associates

Company	% Interest	2014	2013	2012
Les Cinémas Gaumont Pathé	34.00%	6,122	7,490	9,183
Lincoln Cinema Associates (USA)	31.95%	144	148	370
Légende	50.00%	-	-	113
<b>TOTAL</b>		<b>6,266</b>	<b>7,638</b>	<b>9,666</b>

#### 5.3. Change in net operating working capital requirement

	2014	2013	2012
Change in operating assets	-10,003	-32,615	17,436
Change in operating liabilities	18,265	12,173	-11,837
Premiums paid on financial instruments	-	-26	-40
Current income tax expense	-222	44	-44
Tax paid	260	230	-16
Pension and similar benefit expenses	394	199	17
<b>TOTAL</b>	<b>8,694</b>	<b>-19,995</b>	<b>5,516</b>



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 disburseable).

	12.31.14	Change in working capital requirement	Other changes <sup>(1)</sup>	12.31.13	Change in working capital requirement	Other changes <sup>(1)</sup>	12.31.12	Change in working capital requirement	Other changes <sup>(1)</sup>	12.31.11
Inventories	503	-81	-	584	60	-	524	-189	-	713
Trade receivables	90,306	10,540	4,881	74,885	38,026	-695	37,554	-30,769	61	68,262
Current financial assets	1,381	298	964	119	-2,350	78	2,391	2,273	-47	165
Advances and prepayments to suppliers	620	-628	-	1,248	-1,330	-	2,578	307	1	2,270
Payroll receivables	58	2	4	52	-68	3	117	61	-2	58
Tax receivables	18,463	5,457	1,462	11,544	7,307	-271	4,508	1,101	-4	3,411
Subsidies receivable	15,378	2,614	-	12,764	-5,805	-	18,569	1,613	-	16,956
Current tax assets	1,600	-965	14	2,551	587	-2	1,966	330	-	1,636
Current accounts	1	-	-	1	-	-	1	-	-	1
Other receivables	2,469	-7,283	133	9,619	-3,048	-4	12,671	7,313	-31	5,389
Prepaid expenses	982	49	3	930	-764	-	1,694	524	-	1,170
<b>ASSETS CONSTITUTING THE WORKING CAPITAL REQUIREMENT</b>	<b>131,761</b>	<b>10,003</b>	<b>7,461</b>	<b>114,297</b>	<b>32,615</b>	<b>-891</b>	<b>82,573</b>	<b>-17,436</b>	<b>-22</b>	<b>100,031</b>

(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.

	12.31.14	Change in working capital requirement	Other changes <sup>(1)</sup>	12.31.13	Change in working capital requirement	Other changes <sup>(1)</sup>	12.31.12	Change in working capital requirement	Other changes <sup>(1)</sup>	12.31.11
Trade payables	9,673	-1,043	84	10,632	2,307	-7	8,332	1,905	139	6,288
Advances and deposits received	140	-12	-	152	-1,734	-	1,886	1,680	-	206
Payroll liabilities	6,531	-61	8	6,584	-492	10	7,066	-571	7	7,630
Tax liabilities	2,185	-348	-	2,533	24	10	2,499	-1,372	-	3,871
Current tax liabilities	-	-78	-	78	-1	-	79	1	-	78
Current accounts	820	-120	-	940	-121	-	1,061	-120	-	1,181
Other payables	28,459	6,255	373	21,831	-65	-334	22,230	-23,018	86	45,162
Deferred income	53,544	13,672	2,713	37,159	12,255	-426	25,330	9,658	-117	15,789
<b>LIABILITIES THAT CONSTITUTE THE WORKING CAPITAL REQUIREMENT</b>	<b>101,352</b>	<b>18,265</b>	<b>3,178</b>	<b>79,909</b>	<b>12,173</b>	<b>-747</b>	<b>68,483</b>	<b>-11,837</b>	<b>115</b>	<b>80,205</b>

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



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### 5.4. Breakdown of acquisitions of fixed assets

	Note	2014	2013	2012
Acquisition of intangible assets	3.2 & 3.3	125,818	126,864	82,839
Acquisition of property, plant and equipment	3.4	1,500	1,060	2,416
Acquisition of financial assets	3.6	47	1,867	143
<b>TOTAL</b>		<b>127,365</b>	<b>129,791</b>	<b>85,398</b>

### 5.5. Change in liabilities on investments

	12.31.14	Changes	Other changes <sup>(1)</sup>	12.31.13	Changes	Other changes <sup>(1)</sup>	12.31.12	Changes	Other changes <sup>(1)</sup>	12.31.11
Liabilities on property, plant and equipment and intangible assets	3,548	-3,234	98	6,684	4,496	-65	2,253	-3,681	-	5,934
Payable on acquisition of Légende	-	-	-375	375	-	-	375	-	-	375
<b>TOTAL</b>	<b>3,548</b>	<b>-3,234</b>	<b>-277</b>	<b>7,059</b>	<b>4,496</b>	<b>-65</b>	<b>2,628</b>	<b>-3,681</b>	<b>-</b>	<b>6,309</b>

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

### 5.6. Impact of changes in scope

	2014	2013	2012	
	Légende	Fideline Films	Nouvelles Editions de Films	Léonis Productions
Price paid	874	1,700	3,111	200
Cash acquired	-	22	-244	-
<b>IMPACT OF CHANGES IN SCOPE</b>	<b>874</b>	<b>1,722</b>	<b>2,867</b>	<b>200</b>



## 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:

	2014	2013	2012
Managers	109	100	91
Supervisors	41	42	44
Employees	43	41	41
<b>TOTAL WORKFORCE</b>	<b>193</b>	<b>183</b>	<b>176</b>

### 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:

	2014	2013	2012
Total gross compensation <sup>(1)</sup>	2,159	2,353	2,724
Post-employment benefits <sup>(2)</sup>	-	-	-
Termination or end of contract benefits	-	-	-
Other long term benefits	-	-	-
Share-based payments <sup>(3)</sup>	-	-	-

(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

	12.31.14	12.31.13	12.31.12
<b>Commitments given</b>	<b>117,783</b>	<b>60,881</b>	<b>62,986</b>
Guarantees	-	-	-
Other commitments given:			
• Contracts to research and develop film projects	1,788	2,051	1,305
• Production of films and project development	113,296	56,454	61,209
• Commitments to employees	2,699	2,376	472
<b>Commitments received</b>	<b>134,263</b>	<b>135,087</b>	<b>105,861</b>
Unused credit facility	83,049	46,719	49,331
Other commitments received:			
• Purchases of rights and financing of films and series	50,832	88,051	56,530
• Contracts to research and develop film projects	382	317	-
• Bills of exchange received as security for trade receivables	-	-	-

Authorized unused loans consist of:

- k€12,000 in respect of the k€80,000 credit facility arranged by Gaumont SA;
- k\$79,628 in respect of production loans arranged for US activities;
- k€5,463 in respect of authorizations to draw down amounts under the Dailly Law.

At December 31, 2014, Gaumont and its subsidiaries had committed to invest k€115,084 in film and series production and project development. At the same time, the Group had received commitments for the purchase of rights and contributions by co-producers for films and series totaling k€51,214, in addition to the amounts reported in receivables.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### Pledging of assets

In guarantee of the k€125,000 revolving credit facility signed on April 26, 2012, Gaumont had pledged to its creditors all of its shares in its subsidiaries Gaumont Animation and Gaumont Télévision, as well as the main films of its catalog. These guarantees were terminated simultaneously with the repayment of the debt on November 14, 2014.

In guarantee of the financial contribution from the *Caisse des dépôts et consignations* for the digitization of 270 films from its catalog, Gaumont pledged the works restored with the help of this funding. At December 31, 2014, this concerned 141 films from Gaumont's catalog, with a net value of k€7,084.

In guarantee of the k\$51,791 production loan arranged 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 the k\$40,200 production loan arranged on September 25, 2013, the Group pledged all 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 the k\$41,049 production loan arranged on August 9, 2013, the Group pledged all the assets held by Chiswick Productions 2 Llc, producer of the series *Hannibal Season 2*, which is wholly owned by Chiswick Productions Llc.

In guarantee of the k\$50,596 production loan arranged on July 30, 2014, the Group pledged all the assets held by Narcos Productions Llc, producer of the series *Narcos Season 1*, which is wholly owned by Gaumont International Television Llc.

In guarantee of the k\$44,758 production loan arranged on October 10, 2014, the Group pledged all the assets held by Chiswick Productions Llc, producer of the series *Hannibal Season 3*, which is wholly owned by Gaumont International Television Llc.

In guarantee of the k\$40,600 production loan arranged on December 3, 2014, the Group pledged all the assets held by Ouroboros Productions 3 Llc, producer of the series *Hemlock Grove Season 3*, which is wholly owned by Ouroboros Productions Llc.

At December 31, 2014, the pledges made by Gaumont and its subsidiaries had a total net carrying amount of k€99,494.

Type of pledges/mortgages	12.31.14	12.31.13	12.31.12
On intangible assets	54,640	202,008	210,627
On property, plant and equipments	-	-	-
On financial assets	-	30,676	26,686
On receivables	39,506	21,370	4,051
On cash accounts	5,348	1,281	4,785
<b>TOTAL</b>	<b>99,494</b>	<b>255,334</b>	<b>246,149</b>

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

Type of pledges/mortgages	12.31.14	Expiration date		
		Less than 1 year	1 to 5 years	Over 5 years
On intangible assets	54,640	6,172	41,385	7,084
On property, plant and equipments	-	-	-	-
On financial assets	-	-	-	-
On receivables	39,506	17,237	22,268	-
On cash accounts	5,348	98	5,250	-
<b>TOTAL</b>	<b>99,494</b>	<b>23,507</b>	<b>68,903</b>	<b>7,084</b>

### 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 Fidelity 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 reporting period ended December 31, 2012, and/or notified for reporting periods 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 uncontested 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 uncontested 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 reporting periods 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, 2014.



## Other contractual obligations

Contractual obligations	12.31.14	Payments due by period.		
		Less than 1 year	1 to 5 years	Over 5 years
Operating leases	6,323	877	3,180	2,266
Finance leases	553	69	277	207
<b>TOTAL</b>	<b>6,876</b>	<b>946</b>	<b>3,457</b>	<b>2,473</b>

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

At December 31, 2014, the present value of future payments in respect of finance leases totaled k€405.

## 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, 2014, exposure to credit risk was as follows:

	12.31.14	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	80,260	67,270	4,363	5,239	385	433	1,479	1,091
Net receivables on movies and series	2,841	2,838	3	-	-	-	-	-
<b>TOTAL</b>	<b>83,101</b>	<b>70,108</b>	<b>4,366</b>	<b>5,239</b>	<b>385</b>	<b>433</b>	<b>1,479</b>	<b>1,091</b>

### Liquidity risk

The k€80,000 credit facility and the k€60,000 bond, whose key features are described in note 3.12, come with three covenant ratios that must be met half-yearly.

The R1 ratio requires the value of the Group's main assets to be at least equal to 2.75 times its net borrowings, plus outstanding financial advances granted by Gaumont SA to its subsidiary Gaumont International Television. The Group's principle assets comprise the film catalog, the interest in Les Cinémas Gaumont Pathé and Gaumont Animation and the real estate assets on the Group's balance sheet.

The R2 ratio requires the Group to keep borrowings below equity.

The R3 ratio requires the Group to maintain net average revenue from its catalog at a minimum of 15% of its net debt at the calculation date.

For the R1, R2 and R3 ratios, borrowing costs are defined excluding *Caisse des dépôts et consignations'* financial investment and excluding American production loans, as long as they are without recourse against the Group.

At December 31, 2014, these ratios were met and stood at 3.77, 0.53 and 0.27 respectively.

### Market risks

#### Interest rate risk

In France, the Group funds its general requirements through external borrowing, composed of a k€60,000 fixed-rate bond and a revolving credit facility for a maximum of k€80,000, syndicated from a banking pool. French productions are financed either by drawing on the credit facility, or by assigning receivables in accordance with the Dailly Law.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

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.

The key features of these credit lines are described in note 3.12.

At December 31, 2014, the Group's interest rate exposure was as follows:

	12.31.14	Maturity schedule		
		Less than 1 year	1 to 5 years	Over 5 years
Fixed-rate financial assets	-	-	-	-
Variable-rate financial assets	27,520	27,520	-	-
Financial assets not exposed	-	-	-	-
<b>Financial assets<sup>(1)</sup></b>	<b>27,520</b>	<b>27,520</b>	<b>-</b>	<b>-</b>
Fixed-rate financial liabilities	-62,642	-681	-1,780	-60,181
Variable-rate financial liabilities	-140,712	-17,270	-123,442	-
Financial liabilities not exposed	-2,610	-2,522	-15	-73
<b>Financial liabilities<sup>(2)</sup></b>	<b>-205,964</b>	<b>-20,473</b>	<b>-125,237</b>	<b>-60,254</b>

(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, 2014, 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:

	12.31.14	Maturity schedule			Fair value
		Less than 1 year	1 to 5 years	Over 5 years	
Interest rate swaps	35,000	20,000	15,000	-	-562
Interest rate cap	15,000	10,000	5,000	-	-
<b>TOTAL</b>	<b>50,000</b>	<b>30,000</b>	<b>20,000</b>	<b>-</b>	<b>-562</b>

The fair value of financial instruments at December 31, 2014 is presented excluding non-performance risk. The net risk of banking partners defaulting, which is determined based on secondary market values, is zero. Gaumont's default risk is estimated at k€6.

Allowing for the rate hedging portfolio, net exposure to rate risk is as follows:

	Total	Fixed rate	Variable rate	Not exposed
Financial assets <sup>(1)</sup>	27,520	-	27,520	-
Financial liabilities <sup>(2)</sup>	-205,964	-62,642	-140,712	-2,610
<b>Net position before hedging</b>	<b>-178,444</b>	<b>-62,642</b>	<b>-113,192</b>	<b>-2,610</b>
Hedging	-	-50,000	50,000	-
<b>Net position after hedging</b>	<b>-178,444</b>	<b>-112,642</b>	<b>-63,192</b>	<b>-2,610</b>
Sensitivity <sup>(3)</sup>	-632	-	-632	-

(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 9.6%, or k€632.

### 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 2014, revenue invoiced in a currency other than that of the company behind the transaction amounted to k€23,387, or 12.30% of total revenue, and breaks down as follows:

(in thousands of euros)	Total	USD	CAD	GBP	CHF	JPY	EUR <sup>(1)</sup>	AUD	Others
Revenue	23,387	16,519	829	1,523	1,030	30	2,826	132	498

(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, 2014, 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, the pound sterling and Colombian peso against the US dollar.





	Currency	Counterparty	Notional amount (in thousands of currency)	Expiration date				Fair value (in thousands of US dollars)
				Less than 90 days	From 90 to 180 days	From 180 to 360 days	Over 360 days	
Forward currency sales	CAD	USD	-25,300	-16,600	-	-8,700	-	1,484
Forward currency sales	EUR	USD	-1,433	-20	-19	-1,394	-	121
Forward currency sales	GBP	USD	-1,845	-365	-	-740	-740	106
Forward currency purchases	COP	USD	5,200,000	5,200,000	-	-	-	-604
Forward currency purchases	CAD	USD	54,400	46,000	8,400	-	-	-1,780
<b>TOTAL</b>								<b>-673</b>

At December 31, 2014, the Group's exposure to operating foreign exchange risk was as follows:

	Risk related to a change in the euro value								
	Total (in thousands of euros)	USD/EUR	CAD/EUR	GBP/EUR	CHF/EUR	JPY/EUR	DKK/EUR	HUF/EUR	SEK/EUR
Assets	7,867	7,711	89	13	20	19	-	-	15
Liabilities	-1,983	-1,983	-	-	-	-	-	-	-
Off balance sheet	312	1,275	-	-963	-	-	-	-	-
<b>Net position before hedging</b>	<b>6,196</b>	<b>7,003</b>	<b>89</b>	<b>-950</b>	<b>20</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>15</b>
Hedging	-1,815	-1,815	-	-	-	-	-	-	-
<b>Net position after hedging</b>	<b>4,381</b>	<b>5,188</b>	<b>89</b>	<b>-950</b>	<b>20</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>15</b>
Sensitivity	-43	-52	-1	10	-	-	-	-	-

An across-the-board, one euro cent increase against all of the above-mentioned currencies would have a negative impact of k€43 on the Group's net income.

	Risk related to a change in the dollar value			
	Total (in thousands of US dollars)	CAD/USD	GBP/USD	USD
Assets	21,034	17,834	2,999	201
Liabilities	-5	-	-	-5
Off balance sheet	-32,090	-29,298	-	-2,792
<b>Net position before hedging</b>	<b>-11,061</b>	<b>-11,464</b>	<b>2,999</b>	<b>-2,596</b>
Hedging	26,068	26,257	-2,980	2,791
<b>Net position after hedging</b>	<b>15,007</b>	<b>14,793</b>	<b>19</b>	<b>195</b>
Sensitivity	-150	-148	-	-2

An across-the-board, one dollar cent increase against all of the above-mentioned currencies would have a negative impact of k\$150 on the Group's net income.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

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, 2014, 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	USD
Assets	29,294	29,294	2,164	1,889	275
Liabilities	-	-	-	-	-
Off balance sheet	-	-	-	-	-
<b>Net position before hedging</b>	<b>29,294</b>	<b>29,294</b>	<b>2,164</b>	<b>1,889</b>	<b>275</b>
Hedging	-	-	-	-	-
<b>Net position after hedging</b>	<b>29,294</b>	<b>29,294</b>	<b>2,164</b>	<b>1,889</b>	<b>275</b>
Sensitivity	-293	-293	-22	-19	-3

A one euro cent increase against the dollar would have a negative impact of k€293 on the Group's net income. A one cent increase in the US dollar against the Canadian dollar and the Colombian peso would have a negative impact of k\$22 on the Group's 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, 2014, the Group's exchange rate exposure from foreign investments was as follows:

(in thousands of euros)	USD/EUR
Assets	109,149
Liabilities	-109,484
Off balance sheet	37,060
<b>Net position before hedging</b>	<b>36,725</b>
Hedging	-
<b>Net position after hedging</b>	<b>36,725</b>
Sensitivity	-367

An increase of one euro cent against the US dollar would have a negative impact of k€367 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, 2014, Gaumont held 6,495 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€252.

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 2014, 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.

	12.31.14		12.31.13		12.31.12	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	56	563	133	732	179	1,517
Foreign exchange derivatives	1,410	1,963	542	467	9	548
<b>TOTAL</b>	<b>1,466</b>	<b>2,526</b>	<b>675</b>	<b>1,199</b>	<b>188</b>	<b>2,065</b>

Changes in the fair value of derivatives were recorded in financial income or other comprehensive income, in accordance with the provisions of IAS 39.



	12.31.14	Other comprehensive income	Net income (loss)	Currency translation adjustments	Premiums paid	12.31.13
Derivative instruments – assets	1,466	-	653	138	-	675
Derivative instruments – liabilities	-2,526	-1,060	-87	-180	-	-1,199
<b>TOTAL</b>	<b>-1,060</b>	<b>-1,060</b>	<b>566</b>	<b>-42</b>	<b>-</b>	<b>-524</b>

In November 2014, Gaumont renewed its revolving credit line and replaced the k€125,000 credit line arranged on April 26, 2012, with a k€80,000 line with substantially identical features within the meaning of IAS 39. To show that its debt would remain proportional to the new credit facility, Gaumont also conducted a quantitative continuity test to compare the net present value of each credit. The test results indicated a ratio of 2.039%, which is within the 10% limit required by IAS 39.

Having demonstrated the continuity of the debt, the hedge was maintained under the new credit agreement.

At December 31, 2014, derivatives designated as hedging instruments against the Group's interest rate exposure had the following characteristics:

	Start date	Expiration date	Notional amount (in thousands of euros)
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
<b>TOTAL</b>			<b>50,000</b>

At December 31, 2014, the net fair value of these instruments totaled -k€562. The ineffective portion of the interest rate caps, which was recognized in income for the period, was a profit of k€2.

Derivatives designated as hedging instruments against the Group's foreign exchange exposure have the following characteristics:

	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	-25,300	-16,600	-	-8,700	-
Forward currency sales	EUR	USD	-1,433	-20	-19	-1,394	-
Forward currency sales	GBP	USD	-1,845	-365	-	-740	-740
Forward currency purchases	COP	USD	5,200,000	5,200,000	-	-	-
Forward currency purchases	CAD	USD	54,400	46,000	8,400	-	-

At December 31, 2014, the net fair value of these instruments totaled -k€673. The ineffective portion recognized in income for the period for these contracts was a charge of k\$13.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### 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.

	12.31.14		Breakdown by category of instruments					Hierarchical level
	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	
Investments in non consolidated entities	3	3	-	3	-	-	-	na
Other non-current financial assets	1,122	1,122	-	-	1,122	-	-	na
Other current financial assets	130,276	130,276	-	-	130,276	-	-	na
Derivative instruments – assets	1,466	1,466	-	-	-	-	1,466	2
Cash and cash equivalents	27,520	27,520	27,520	-	-	-	-	1
<b>Financial assets</b>	<b>160,387</b>	<b>160,387</b>	<b>27,520</b>	<b>3</b>	<b>131,398</b>	<b>-</b>	<b>1,466</b>	
Non-current financial liabilities	185,491	185,491	-	-	-	185,491	-	na
Other non-current financial liabilities	706	706	-	-	-	706	-	na
Current financial liabilities	20,473	20,473	-	-	-	20,473	-	na
Other current financial liabilities	50,650	50,650	-	-	-	50,650	-	na
Derivative instruments – liabilities	2,526	2,526	-	-	-	-	2,526	2
<b>Financial liabilities</b>	<b>259,846</b>	<b>259,846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257,320</b>	<b>2,526</b>	

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.



	12.31.13		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
<b>Financial assets</b>	<b>121,213</b>	<b>121,213</b>	<b>5,794</b>	<b>3</b>	<b>114,741</b>	<b>-</b>	<b>675</b>	
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
<b>Financial liabilities</b>	<b>228,512</b>	<b>228,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>227,313</b>	<b>1,199</b>	

	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
<b>Financial assets</b>	<b>91,889</b>	<b>91,889</b>	<b>10,754</b>	<b>3</b>	<b>80,944</b>	<b>-</b>	<b>188</b>	
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
<b>Financial liabilities</b>	<b>196,695</b>	<b>196,695</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>194,630</b>	<b>2,065</b>	



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### 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 feature films and cartoon and drama series 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.

The Group applies ANC recommendation 2013-01 of April 4, 2013 pertaining to the share of net income of associates in the consolidated income statement and in segment information.

#### Income statement

2014	Cinema production	Television production	Cinema operation	Non-allocated	Total
<b>Revenue</b>	<b>96,832</b>	<b>89,429</b>	<b>3,813</b>	-	<b>190,074</b>
Operating income from cinema and television production and distribution <sup>(1)</sup>	18,969	12,680	-	-	31,649
Operating income from movie theater operations <sup>(1)</sup>	-	-	22,688	-	22,688
Overheads	-9,135	-8,510	-	-15,425	-33,070
<b>Operating income after share of net income of associates</b>	<b>9,834</b>	<b>4,170</b>	<b>22,688</b>	<b>-15,425</b>	<b>21,267</b>
Net borrowing costs	-	-2,570	-	-3,987	-6,557
Other financial income and expenses	-	1,044	-	3,724	4,768
Income tax	-209	-1,409	-	526	-1,092
<b>NET INCOME</b>	<b>9,625</b>	<b>1,235</b>	<b>22,688</b>	<b>-15,162</b>	<b>18,386</b>

(1) After share of net income of associates



2013	Cinema production	Television production	Cinema operation	Non-allocated	Total
<b>Revenue</b>	<b>99,741</b>	<b>65,522</b>	<b>3,843</b>	-	<b>169,106</b>
Operating income from cinema and television production and distribution <sup>(1)</sup>	22,968	12,569	-	-	35,537
Operating income from movie theater operations <sup>(1)</sup>	-	-	17,763	-	17,763
Overheads	-9,235	-8,331	-	-16,480	-34,046
<b>Operating income after share of net income of associates</b>	<b>13,733</b>	<b>4,238</b>	<b>17,763</b>	<b>-16,480</b>	<b>19,254</b>
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
<b>NET INCOME</b>	<b>14,240</b>	<b>1,794</b>	<b>17,763</b>	<b>-21,021</b>	<b>12,776</b>

(1) After share of net income of associates

2012	Cinema production	Television production	Cinema operation	Non-allocated	Total
<b>Revenue</b>	<b>92,085</b>	<b>9,010</b>	<b>4,049</b>	-	<b>105,144</b>
Operating income from cinema and television production and distribution <sup>(1)</sup>	32,867	1,800	-	-	34,667
Operating income from movie theater operations <sup>(1)</sup>	-	-	21,070	-	21,070
Overheads	-9,208	-6,893	-	-16,126	-32,227
<b>Operating income after share of net income of associates</b>	<b>23,659</b>	<b>-5,093</b>	<b>21,070</b>	<b>-16,126</b>	<b>23,510</b>
Net borrowing costs	-	-964	-	-3,696	-4,660
Other financial income and expenses	-	964	-	367	1,331
Income tax	54	1,039	-	-	1,093
<b>NET INCOME</b>	<b>23,713</b>	<b>-4,054</b>	<b>21,070</b>	<b>-19,455</b>	<b>21,274</b>

(1) After share of net income of associates.





## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### Consolidated statement of financial position

12.31.14	Cinema production	Television production	Cinema operation	Non-allocated	Total
Goodwill	491	11,544	-	-	12,035
Films and audiovisual rights	73,195	84,797	-	-	157,992
Other intangible assets	779	8	-	-	787
Property, plant and equipment	31,872	421	-	-	32,293
Investments in associates	4,503	-	202,802	-	207,305
Other financial assets	1,081	44	-	-	1,125
Non-current deferred tax assets	-	-	-	1,663	1,663
Inventories	503	-	-	-	503
Trade receivables	31,523	58,783	-	-	90,306
Current tax assets	1,494	106	-	-	1,600
Other receivables and current financial assets	14,815	26,003	-	-	40,818
Cash and cash equivalents	19,914	7,606	-	-	27,520
<b>TOTAL ASSETS</b>	<b>180,170</b>	<b>189,312</b>	<b>202,802</b>	<b>1,663</b>	<b>573,947</b>
Equity	-	-	-	254,289	254,289
Non-current provisions	2,815	264	-	-	3,079
Non-current deferred tax liabilities	-	-	-	1,927	1,927
Non-current financial liabilities	-	56,600	-	128,891	185,491
Other non-current liabilities	706	-	-	-	706
Current provisions	679	583	-	-	1,262
Current financial liabilities	-	16,970	-	3,503	20,473
Trade payables	9,225	3,631	-	-	12,856
Current tax liabilities	-	-	-	-	-
Other payables	48,165	45,699	-	-	93,864
<b>TOTAL LIABILITIES</b>	<b>61,590</b>	<b>123,747</b>	<b>-</b>	<b>388,610</b>	<b>573,947</b>
Investments in films and audiovisual rights	37,583	88,044	-	-	125,627



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
Property, plant and equipment	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
<b>TOTAL ASSETS</b>	<b>185,431</b>	<b>135,153</b>	<b>191,725</b>	<b>1,605</b>	<b>513,914</b>
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
<b>TOTAL LIABILITIES</b>	<b>64,793</b>	<b>87,021</b>	<b>-</b>	<b>362,100</b>	<b>513,914</b>
Investments in films and audiovisual rights	53,035	73,195	-	4	126,234



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

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
Property, plant and equipment	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
<b>TOTAL ASSETS</b>	<b>169,823</b>	<b>102,055</b>	<b>219,044</b>	<b>3,749</b>	<b>494,671</b>
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
<b>TOTAL LIABILITIES</b>	<b>62,787</b>	<b>66,632</b>	<b>-</b>	<b>365,252</b>	<b>494,671</b>
Investments in films and audiovisual rights	21,351	61,016	-	-	82,367



## Information by region

### Revenue

At December 31, 2014, revenue broken down per region is as follows:

	2014	2013	2012
French companies	126,396	111,943	105,144
American companies	63,678	57,163	-
<b>TOTAL</b>	<b>190,074</b>	<b>169,106</b>	<b>105,144</b>

### 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:

	12.31.14			12.31.13			12.31.12		
	France	Americas	Total	France	Americas	Total	France	Americas	Total
Goodwill	12,035	-	12,035	14,285	-	14,285	14,285	-	14,285
Films and audiovisual rights	96,536	61,456	157,992	100,574	44,517	145,091	76,736	48,098	124,834
Other intangible assets	787	-	787	962	-	962	689	-	689
Property, plant and equipment	32,261	32	32,293	31,971	28	31,999	32,307	32	32,339
Investments in associates	206,905	400	207,305	196,892	353	197,245	224,261	407	224,668
Other financial assets	1,125	-	1,125	1,144	817	1,961	571	21	592
<b>TOTAL NON-CURRENT ASSETS</b>	<b>349,649</b>	<b>61,888</b>	<b>411,537</b>	<b>346,647</b>	<b>44,896</b>	<b>391,543</b>	<b>348,849</b>	<b>48,558</b>	<b>397,407</b>

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 together accounted for 62.6% of the Group's consolidated revenue. The breakdown between customers varies significantly from one year to the next.

In 2014, sales to Netflix and to the TF1 Group represented 19.9% and 11.5% of consolidated revenue, respectively. No other single customer contributed more than 10% of the Group's consolidated revenue.

Revenue below is broken down by clientele commercialization zone:

	2014	2013	2012
<b>France</b>	<b>94,164</b>	<b>78,879</b>	<b>66,608</b>
• Europe	30,934	27,360	29,709
• Americas	58,231	54,431	4,771
• Asia/Russia	3,424	6,588	2,748
• Africa/Middle East	2,502	1,443	1,082
• Rest of the world	819	405	226
<b>International</b>	<b>95,910</b>	<b>90,227</b>	<b>38,536</b>
<b>TOTAL</b>	<b>190,074</b>	<b>169,106</b>	<b>105,144</b>



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

### 6.7. Statutory auditors' fees

The fees of the statutory auditors and members of their network paid by the Group in 2013 and 2014 are as follows:

	Total				Advolis				EY			
	2014		2013		2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Auditing</b>												
<b>Certification and review of separate and consolidated financial statements</b>												
• Issuer	232		256		85		83		147		173	
• Consolidated subsidiaries	176		129		-		-		176		129	
<b>Related services</b>												
• Issuer	35		-		12		-		23		-	
• Consolidated subsidiaries	-		6		-		6		-		-	
<b>Subtotal</b>	<b>443</b>	<b>100%</b>	<b>391</b>	<b>100%</b>	<b>97</b>	<b>100%</b>	<b>89</b>	<b>100%</b>	<b>346</b>	<b>100%</b>	<b>302</b>	<b>100%</b>
<b>Other services</b>												
<b>Legal, tax, labor</b>												
• Issuer	-		-		-		-		-		-	
• Consolidated subsidiaries	-		-		-		-		-		-	
<b>Other</b>												
• Issuer	-		-		-		-		-		-	
• Consolidated subsidiaries	-		-		-		-		-		-	
<b>Subtotal</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
<b>TOTAL</b>	<b>443</b>	<b>100%</b>	<b>391</b>	<b>100%</b>	<b>97</b>	<b>100%</b>	<b>89</b>	<b>100%</b>	<b>346</b>	<b>100%</b>	<b>302</b>	<b>100%</b>

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 material event has taken place at Gaumont since January 1, 2015.



# Statutory auditors' report on the consolidated financial statements

## Year ended December 31, 2014

In compliance with the assignment entrusted to us by your Annual general meeting, we hereby submit our report for the year ended December 31, 2014, on:

- the audit of the accompanying consolidated financial statements of Gaumont;
- the justification for our assessment;
- the specific verification required by law.

The 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 required us to plan and perform the audit to obtain reasonable assurances as to whether the consolidated financial statements were 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 formed by the companies and other entities included within the consolidation scope, and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

### II. Justification for our assessment

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 2.4 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 2.6 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 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 2.6 to the consolidated financial statements provides the relevant information;
- notes 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 17, 2015

The statutory auditors

ADVOLIS  
Patrick Iweins

ERNST & YOUNG et Autres  
Bruno Bizet



**CONSOLIDATED FINANCIAL STATEMENTS**



# 3 INFORMATION ON CORPORATE OFFICERS



## INFORMATION ON CORPORATE OFFICERS

### Nicolas Seydoux

Born July 16, 1939

French national

Number of Gaumont SA shares held at December 31, 2014: 26

Voting rights at December 31, 2014: 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) Paris (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. From 2008 to 2014, Chairman of the Forum d'Avignon association.

#### *Family ties 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 2016 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** de 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)
- **Honorary Chairman** of the Forum d'Avignon association
- **Chairman** of 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 Forum d'Avignon association (until October 2014)
- **Chairman of the Supervisory board** of Gaumont SA (until May 2010)
- **Chairman** of Socipar SAS (merged into Ciné Par SAS in 2010)
- **Chairman** of The Visitors Inc. (USA) (late December 2013)
- **Board member** of the Cinémathèque Française (until 2010) and Schlumberger Ltd (Netherlands Antilles) (until 2010)



### Marie Seydoux

Born October 4, 1941

French national

Number of Gaumont SA shares held at December 31, 2014: 500

Voting rights at December 31, 2014: 1,000

#### *Business address*

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

#### *Family ties 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 2016 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, 2014: 1,165

Voting rights at December 31, 2014: 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 and has been developing the television production business in the United States alongside film 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 a million 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 2<sup>nd</sup> largest French blockbuster smash of all time.

#### *Family ties 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 office expires at the end of the General meeting called to approve the 2016 financial statements.
- **Chief Executive Officer** since May 6, 2010, appointed for an indefinite term



## 3 INFORMATION ON CORPORATE OFFICERS

### *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, 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 Neuflyze OBC SA
- **Board member** of the Forum des Images Association

### *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 (end of December 2011), Léonis Productions SAS (end 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, 2014: 500

Voting rights at December 31, 2014: 1,000

#### *Business address*

9, rond-point des Champs-Élysées – 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 2006D, L Capital, Oletis, OpenTrust, Wallix, YouScribe.com.

He is Deputy CEO of Groupe Industriel Marcel Dassault (GIMD) and chairs the boards of: Bluwan, Dassault Belgique Aviation, Dassault Médias (Le Figaro), Gaumont, GIMD, Halys, OpenTrust, Particulier et Finances Editions, and Wallix.

He is also a member of YouScribe's Strategy committee.

He is Chairman of the 58<sup>th</sup> national session of the Institute of Higher National Defense Studies (IHEDN), Knight of the Legion of Honor and Colonel in the French Air Force 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 ties 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 office expires at the end of the General meeting called to approve the 2016 financial statements.

#### *Other functions and offices held in the Group*

- None

#### *Other functions and offices held outside the Group*

- **Chief Operating Officer, Vice-Chairman and Member of the Supervisory board** of the 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), Dassault Belgique Aviation SA (Brussels) and Société du Figaro SAS
- **Member of the Supervisory board** of Particulier et Finances Editions SA and Bluwan SA (since January 2014)
- **Permanent representative** of TDH SC on the Boards of directors of Halys SAS and IF Research SAS (Wallix)

#### *Functions and offices ceased within the last five years*

- **Board member** of Bluwan SA (until January 2014)
- **Non-voting Board member** at Veolia Environnement SA (until March 2014)
- **Member of the Supervisory board** of Gaumont SA (until May 2010) and Veolia Eau-Compagnie Générale des Eaux SCA (until March 2014)

#### **Antoine Gallimard**

Born on April 19, 1947

French national

Number of Gaumont SA shares held at December 31, 2014: 400

Voting rights at December 31, 2014: 800

#### *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 Honor and an Officer of the National Order of Merit.

#### *Family ties 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 office expires at the end of the General meeting called to approve the 2016 financial statements.
- **Member of the Appointments and compensation committee**

#### *Other functions and offices held in the Group*

- None



### INFORMATION ON CORPORATE OFFICERS

#### *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 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 SAS

#### *Functions and offices ceased within the last five years*

- **Board member** of Scérén and BNF, public-sector organizations (until 2014)
- **Chairman** of Gallimard Jeunesse SAS (until March 2009) and of Eden Livres SAS (until 2011)
- **Member of the Supervisory board** of Gaumont SA (until May 2010)

#### **Michel Seydoux**

Born on September 11, 1947

French national

Number of Gaumont SA shares held at December 31, 2014: 580

Voting rights at December 31, 2014: 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 Mikhalkov (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), *Le Paradis*, directed by Alain Cavalier (2014).

#### *Family ties 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 2016 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 and Socle SA
- **Board member** of the Groupement de Luchin GIE and Financière Bon SA
- **Member of the Management board** of Pathé SAS
- **Member of the Management committee** of 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

*Functions and offices ceased within the last five years*

- **Attorney** for the Société Navale Industrielle et de Plaisance SAS (until December 2013)
- **Member of the Supervisory board** of Gaumont SA (until May 2010) and Foot Production SA (from April 2011 to December 2012)
- **Chairman** of Les Cabrettes SAS (until November 2011 following the merger of Société Nouvelle Les Cabrettes to become Les Cabrettes SAS)
- **Manager** of the Groupement Forestier Les Cabrettes (until June 2011), of 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)

**Pénélope Seydoux**

Born on May 25, 1966

French national

Number of Gaumont SA shares held at December 31, 2014: 530

Voting rights at December 31, 2014: 915

*Business address*

Chemin de Haute Brise 1A

1012 Lausanne

Switzerland

*Family ties 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 office expires at the end of the General meeting called to approve the 2016 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 La Fermière SARL (Switzerland)

*Functions and offices ceased within the last five years*

- **Board member** of UMA Food and Beverages SA (Switzerland) (until 2014)
- **Member of the Supervisory board** of Gaumont SA (until May 2010)
- **Chairwoman** of Léman Hélicoptères (Switzerland) (until 2009)





## INFORMATION ON CORPORATE OFFICERS

### Bertrand Siguier

Born on June 10, 1941

French national

Number of Gaumont SA shares held at December 31, 2014: 545

Voting rights at December 31, 2014: 895

#### *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 Neufize, 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 ties 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 2016 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) (late-2012), HM Editions (late-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, 2014: 494

Voting rights at December 31, 2014: 988

#### *Business address*

27, rue d'Orléans

92200 Neuilly-sur-Seine

France

#### *Biography*

Having studied at the Ecole Nationale d'Administration (ENA), Marc Tessier became 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 Chairman of Video Futur. He is also currently Chairman of the Forum des Images. Since July 2011, he has been Advisor to the Chairman of Video Futur.

#### *Family ties 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 2016 financial statements.
- **Chairman** of the Audit committee

#### *Other functions and offices held in the Group*

- None

#### *Other functions and offices held outside the Group*

- **Board member** of Netgem SA, Ediradio SAS (RTL) and Fondation de France
- **Member of the Supervisory board** of Société Editrice du Monde SA
- **Non-voting member of the Board of directors** of G7 Entreprises SA
- **Chairman** of the Forum des Images Association
- **Manager** of NJEE Productions SARL with a controlling interest (since January 2015)

#### *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), Ensemble TV SAS and Idate, a telecoms, internet and media think-tank (until 2014)
- **Member of the Supervisory board** of Gaumont SA (until May 2010)
- **Board member** of Editis, Alternative Media Initiative (Canada), Video Futur Entertainment Group SA (following the merger with Netgem SA at the end of 2013), and Idate (until 2014)
- **Chief Executive Officer** of Netgem Media Services SA



## INFORMATION ON CORPORATE OFFICERS

### Jean Todt

Born on February 25, 1946

French national

Number of Gaumont SA shares held at December 31, 2014: 500

Voting rights at December 31, 2014: 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 ties 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 2016 financial statements.

#### *Other functions and offices held in the Group*

- None

#### *Other functions and offices held outside the Group*

- **Chairman** of the Fédération Internationale de l'Automobile (FIA) and eSafety Aware (FIA)
- **Chairman of the Board of directors** of the SUU Foundation
- **Vice-Chairman** of the ICM Foundation, Institut du Cerveau and La Moelle Epinière
- **Member of the Board of directors** of the Lucien Barrière SAS Group, Edmond de Rothschild SA and the Société des Amis du Musée d'Art Moderne de la Ville de Paris
- **Member of the Board of Trustees** of the FIA Foundation for the Automobile and Society
- **Member of the Advisory board** of Sotheby's International

#### *Functions and offices ceased within the last five years*

- **Member of the Advisory board** of Hangar Bicocca (Italy) (until 2014)
- **Member of the Supervisory board** of Gaumont SA (until May 2010)
- **Board member** of Ferrari SpA (Italy) (until March 2009)
- **Chairman of the Board of directors** of Ferrari Asia Pacific (Shanghai) (until March 2009) and Ferrari West Europe (until April 2009)

# 4 SHARE CAPITAL AND SHAREHOLDERS

Shareholders 106

Information on share capital 110



## SHARE CAPITAL AND SHAREHOLDERS

Shareholders

# Shareholders

## Shareholders holding over 5% of voting rights and treasury shares

### Change in shareholding

Shareholders	12.31.14				12.31.13				12.31.12			
	Breakdown of capital		Breakdown of voting rights <sup>(1)</sup>		Breakdown of capital		Breakdown of voting rights		Breakdown of capital		Breakdown of voting rights	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Ciné Par <sup>(2)</sup>	2,729,402	63.88	5,253,574	66.22	2,729,402	63.88	5,112,822	69.90	2,729,402	63.88	5,112,822	69.90
First Eagle Investment Management Llc (USA)	478,078	11.19	956,017	12.05	478,050	11.19	478,050	6.54	478,050	11.19	478,050	6.54
Bolloré	408,852	9.57	817,704	10.31	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	5.87	232,670	5.45	465,340	6.36	232,670	5.45	465,340	6.36
Public	417,033	9.76	441,332	5.56	416,685	9.75	440,542	6.02	416,894	9.76	440,283	6.02
Shares held by Gaumont SA	6,495	0.15	-	-	6,871	0.16	-	-	6,662	0.16	-	-
<b>TOTAL</b>	<b>4,272,530</b>	<b>100.00</b>	<b>7,933,967</b>	<b>100.00</b>	<b>4,272,530</b>	<b>100.00</b>	<b>7,314,458</b>	<b>100.00</b>	<b>4,272,530</b>	<b>100.00</b>	<b>7,314,199</b>	<b>100.00</b>

(1) In accordance with the Florange act of March 29, 2014, a double voting right is conferred to all shares that are registered in the name of the same shareholder for at least three years, regardless of nationality.

(2) Company controlled by Nicolas Seydoux.

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.

Gaumont is unable to estimate the exact number of its shareholders to date. At December 31, 2014, the number of registered shareholders was 85.

At December 31, 2014, as part of its liquidity contract, Gaumont held 6,495 treasury shares with a par value of €8, representing an investment of €251,549. These shares constituted 0.15% 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.

On April 25, 2014, First Eagle Investment Management received double voting right for the 478,050 Gaumont shares registered in its name, under law No. 2014-384 of March 29, 2014 (the "Florange Law") amending article L. 225-123 of the French Commercial code.



## Breaching of shareholding thresholds

On May 1, 2014, First Eagle Investment Management disclosed to Gaumont and AMF that the shareholding threshold of 10% of Gaumont voting rights had been exceeded following the assignment of double voting right to its 478,050 registered Gaumont shares under law No. 2014-384 dated March 29, 2014 (the “Florange Law”), amending article L. 225-123 of the French Commercial code.

On May 2, 2014, First Eagle Investment Management sent a statement of intent to Gaumont and to the AMF.

This information was made public by the AMF.

## 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, 2014, resources allocated to this contract included 6,495 treasury shares and €64,524.50 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:

	2014	2013
Number of shares purchased	9,947	4,474
Average purchase price	€39.09	€37.86
Number of shares sold	10,323	4,265
Average sale price	€38.45	€38.56
Trading fees	-	-
Number of shares held on December 31	6,495	6,871
Value of shares held on December 31	€251,549	€259,714
Percentage of capital held on December 31	0.15%	0.16%
Par value of shares	€8	€8

## Employee and executive shareholding in the company

### Executive shareholders

To Gaumont's knowledge, the Board members together directly held 5,240 shares, representing 0.12% of the share capital and 0.11% of the voting rights at December 31, 2014.

### Trading in the company's shares by executive officers and directors

None

### Employee shareholders

To Gaumont's knowledge, two of its employees together held 28 shares at December 31, 2014.

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 <sup>(1)</sup>	Dividends paid for the fiscal year (in euros)		
		Net	Tax credit	Total
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
2013	4,266,045	1.00	-	1.00

(1) Excluding treasury shares at payment date.



## SHARE CAPITAL AND SHAREHOLDERS

Shareholders

### 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 66,22% of the voting rights as at December 31, 2014.

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 Executive management.

#### 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

On April 2, 2014, Nicolas Seydoux, Anne-Marie Seydoux, Pénélope Seydoux, Sidonie Dumas, and the company Ciné Par renewed the collective lock-up agreement signed on February 4, 2004, and subsequently renewed on March 17, 2008, for the 2,700,004 Gaumont shares held by them, representing 63.19% of the company's share capital and 68.06% of its voting rights at December 31, 2014.

As at December 31, 2014, the features of the lock-up agreement are as follows:

Applicable legal regime	Article 787-B of the French General tax code on donations
Signature date	April 2, 2014
Term of the lock-up agreement	Two years from the date of registration with the tax office
Contractual term of the shareholders' agreement	April 2, 2014 to April 2, 2016
Renewal arrangements	After two years, may be renewed for periods of three months at a time
Percentage of the share capital covered by the shareholders' agreement at the signature date of that agreement	63%
Percentage of voting rights covered by the shareholders' agreement on the signature date of that agreement	70%
Names of signatories who are executive officers	Nicolas Seydoux Sidonie Dumas
Names of signatories related to executive officers	Anne-Marie Seydoux Pénélope Seydoux Ciné Par SAS
Names of signatories holding at least 5% of the company's share capital and/or voting rights	Ciné Par SAS

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 at December 31, 2014, 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 Articles of Incorporation 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 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;
- a revolving credit facility dated November 5, 2014, for a maximum amount of k€80,000;
- a bond for a total of k€60,000, maturing on November 14, 2021 and November 14, 2024.



## SHARE CAPITAL AND SHAREHOLDERS

Information on share capital

# Information on share capital

## Changes in Gaumont SA's share capital

On December 31, 2014, 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 7,933,967 voting rights attached to shares, including 3,661,437 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, 2014, 164,728 shares could potentially be issued upon the exercise of stock options granted to employees of Gaumont and other affiliated companies.

Of the 164,728 options outstanding, none showed a dilutive effect at December 31, 2014.

The following table shows the effects on capital and earnings per share of exercising all the options that are dilutive.

	2014	2013	2012
Average number of shares	4,272,530	4,272,530	4,272,530
<b>Consolidated net income attributable to owners of the parent</b> (in thousands of euros)	18,322	12,690	21,220
<b>Net income per share</b> (in euros)	<b>4.29</b>	<b>2.97</b>	<b>4.97</b>
Number of stock options with a dilutive effect	-	-	-
Average potential number of shares	4,272,530	4,272,530	4,272,530
<b>Diluted net income per share</b> (in euros)	<b>4.29</b>	<b>2.97</b>	<b>4.97</b>
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, information on the options granted and exercised in 2014 concerning corporate officers, as well as ten non-executive employees, can be found in the special report submitted by the Board of directors to the General meeting.

## Stock option plans outstanding at December 31, 2014

Table 8 of the AMF recommendation No. 2014-14

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 to VIII were still outstanding at December 31, 2014. 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 <sup>(1)</sup>	03.12.98 <sup>(1)</sup>	04.09.02 <sup>(1)</sup>	02.28.05 <sup>(2)</sup>
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)	€45.10	€57.40	€43.03	€57.49
Total number of options granted	104,000	168,000	165,000	196,750
Total adjusted number of options granted	116,133	187,624	184,422	219,788
Aggregate number of options canceled at December 31, 2014	45,785	96,079	117,908	92,743
Aggregate number of options exercised at December 31, 2014	64,873	80,367	43,249	2,235
<b>NUMBER OF OPTIONS OUTSTANDING AT DECEMBER 31, 2014</b>	<b>5,475</b>	<b>11,178</b>	<b>23,265</b>	<b>124,810</b>
<b>Including number of options that corporate officers may subscribe to</b>				
• Sidonie Dumas	1,117	2,235	3,351	33,463
<b>Including the number that may be subscribed to by the top ten employees with the highest number of options granted<sup>(3)</sup></b>	<b>4,358</b>	<b>8,943</b>	<b>19,873</b>	<b>54,134</b>

(1) Board of directors.

(2) Executive board.

(3) When more than ten 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 No. 2014-14

During 2014, 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.



## SHARE CAPITAL AND SHAREHOLDERS

Information on share capital

### 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 May 5, 2015		
	GM date (Resolution no.)	Term (expiry date)	Maximum amount or maximum ceiling	Use of the authorization in 2014	Resolution No.	Term	Maximum ceiling
<b>INCREASE IN SHARE CAPITAL<sup>(1)</sup></b>							
By issuing shares, securities or marketable securities with shareholder pre-emption rights	04.25.13 (9)	26 months (06.24.15)	k€15,000	Not used	(8)	26 months	k€15,000
By capitalization of reserves, profits or premiums	04.25.13 (10)	26 months (06.24.15)	k€15,000	Not used	(9)	26 months	k€15,000
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	(10)	26 months	200,000 shares
<b>COMPANY'S PURCHASE OF ITS OWN SHARES</b>							
Company's purchase of its own shares <sup>(2)</sup>	04.29.14 (5)	18 months (10.28.15)	k€17,090	Used	(5)	18 months	k€17,090
Reduction of share capital by cancellation of treasury shares	04.29.14 (6)	18 months (10.28.15)	10% of the share capital on the date of the GM	Not used	(6)	18 months	10% of the share capital on the date of the GM
<b>STOCK OPTION PLANS</b>							
Grant of share subscription and/or purchase options <sup>(3)</sup>	05.03.12 (9)	38 months (07.02.15)	Legal limit <sup>(4)</sup>	Not used	(7)	38 months	Legal limit <sup>(4)</sup>

(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) Articles L. 225-182 and R. 225-143 of the French Commercial code: the total amount of options granted and not exercised may not exceed one third of the share capital.

# 5 ADDITIONAL INFORMATION

2015 financial disclosure timetable 114

Persons responsible for information 115



## 2015 financial disclosure timetable

In accordance with article L. 451-1-2 of the French Monetary and financial code (*Code monétaire et financier*), as amended by article 9 of French act No. 2014-1662 dated December 30, 2014, and pursuant to AMF recommendation No. 2015-03 dated February 3, 2015, Gaumont has decided to no longer publish quarterly financial information.

### Publication of the financial statements

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March 9: 2014 full-year results

July 28: 2015 half-year results

### General meeting of shareholders

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May 5: Combined Ordinary and Extraordinary General meeting called to approve the financial statements for the year ended December 31, 2014



# Persons responsible for information

## Person responsible for the Registration document

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### **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.

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 13, 2015

Sidonie Dumas  
Chief Executive Officer





## Persons responsible for auditing

---

### Acting statutory auditors

#### Advolis

- Member of the Compagnie régionale de Paris
- Address: 13, avenue de l'Opéra 75001 Paris
- Represented by Patrick Iweins
- First appointment: General meeting of May 2, 2005, taking over from KPMG, formerly RSM Salustro Reydel

#### Ernst & Young et Autres

- Member of the Compagnie régionale de Versailles
- Address: 1-2, place des Saisons 92400 Courbevoie – Paris-La Défense 1
- Represented by Bruno Bizet
- First appointment: General meeting of May 3, 2011, taking over from Ernst & Young Audit

### Alternate statutory auditors

#### Damien Bourg

- Member of the Compagnie régionale de Paris
- Address: 13, avenue de l'Opéra 75001 Paris
- First appointment: General meeting of May 3, 2011, taking over from Patrick Iweins

#### Auditex

- Member of the Compagnie régionale de Versailles
- Address: 1-2, place des Saisons 92400 Courbevoie – Paris-La Défense 1
- 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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