2012

Registration Document
Annual Report

Gaumont

REGISTRATION DOCUMENT 2012

ANNUAL REPORT

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Message from the Chairman of the Board of Directors

What a bizarre end to the year. You prepare the fire in the chimney and think that the newspaper you just finished reading can help stoke the fire. A few days later, the entire press is talking about nothing else but this article that went up in smoke. Certainly, it hardly deserved better, but it set spirits ablaze, and not only film-makers, who took advantage of it to call their fragile ecosystem into question.

The French people must get used to the fact that their directors, authors and talents are not existentially more gifted than their Italian, German, or English counterparts. On the other hand, they are well within their rights to state that they shoot more films, that these are often well-received by the audience and that they are happy about it. They do this thanks to the work of industry professionals, the *"professionnels de la profession"* dear to Jean-Luc Godard, who have spent more than 50 years patiently, obstinately, inventing and developing a system that, even if it is not perfect, like any human endeavor, is certainly the least disagreeable, and therefore the best.

The equilibrium within the French motion picture industry is based on three pillars: the Support Fund, the prefinancing of films by all broadcasters and the fight against audiovisual piracy.

Following the end of the Second World War, after the Blum-Byrnes agreements were signed regarding the free circulation of films, a special additional tax on movie theater tickets was created. And thus the Support Fund was invented. Its result was special drawing rights for the film's producer and distributor, as well as the movie theater operators who welcomed the viewer. Only European operators can benefit from this, on the condition that some invest in the production of a new film and others in constructing a movie theater.

The motion picture industry succeeded in convincing the public authorities to subject the new distributors to this tax (1) as soon as they appeared; television first, then video and Internet service providers last. The implementation of this tax ignited an intense debate that, unfortunately, is still on-going, since the basis on which this tax is founded is consistently called into question by the operators, starting with Free.

The characteristics of the Support Fund are as follows. The viewers contribute to it rather than the French government. All films make up the foundation, but only the producers of European films benefit from it. It is a forced savings fund which can only be reinvested in motion pictures, instead of running the risk of being used for purchasing pharmacies or Madoff securities.

Over time, the mechanism became more and more redistributive, benefitting producers of films with limited success and small and medium-sized operators.

The second pillar of French motion picture financing is television. In the mid-seventies, the motion picture industry dreamed only of television strikes. Even if films supplied television with their best audiences, they were hardly compensated. A few professionals therefore began to campaign for fair compensation of films.

The decisive battle was led with Canal+ to establish film payments based on the percentage of revenue from the new channel. If this failed, the motion picture industry could not attribute the decrease in tickets to the channel and would not recuperate much financially. If this succeeded, the producers would compensate for the decrease in the number of viewers with additional revenue. The success of Canal+ allowed the French motion picture industry to keep its financing capacity, despite the decline in viewers.

Co-production and financing obligations could then be imposed on all of the television channels in a much more unassuming manner (2).

The third pillar, which I am only citing for the record since I have had the opportunity to mention it for the last several years, is the fight against illegal downloading, all the more effective since the penalties, even if they are rare, are credible, and with the public authorities encouraging the defense of literary and artistic property.

(1) *The tax rates on movie theater tickets, collected directly by the CNC since January 1, 2010, has been 10.72% since 2006. The rates are 5% for television, 2% for video and 5% for Internet service providers, respectively.*
In 2011, revenue totaled €806 million. 78% came from television and 18% from cinema.
Grants amounted to €720 million, of which €309 million, i.e. 43% went for cinema and 40% for television.
The €309 million given to cinema was partially divided between automatic and selective support, 44% of which for exploitation, 36% for production and 11% for distribution.
In 2011, automatic support represented 5.5% of film financing, selective grants was 2.2% and regional support was 1.7%.

(2) *In 2011, pre-sales made by the television channels represented 28.3% of film financing and co-productions 4.2%. Canal+ represented 56% of channels' investments.*

These three pillars have allowed the French motion picture industry to become the second largest in the western world, through thick and thin - very far behind American film, but well ahead of the third. This year, thanks in particular (but not exclusively) to Gaumont and the exceptional international success of *Untouchable*, French film has achieved record export levels. National attendance levels remain high with more than 200 million viewers, and should physical video revenue continue to fall, with a 40% decline in revenue over eight years, that of video on demand is continuing its progression to reach €250 million with roughly 10,000 film titles available.

For all that, these footings remain fragile. Even though the report for the Lescure mission has not been completed, the government is looking for revenue everywhere, and for the first time in history, the motion picture industry is no longer subject to reduced VAT rates for cultural goods and services, so vigilance must be the order of the day.

For decades, industry professionals have had to battle against Americans to protect cultural exception. Today, the battle must be fought even within the European Commission. Brussels finds the French system atypical and has regularly requested that the French authorities justify themselves. Instead of attempting to expand a culturally virtuous system, from fixed book prices to the motion picture Support Fund, Brussels is only led by consumerism, which can encourage lowering prices, forgetting that cultural wealth is founded on the diversity of choices.

As these lines are being written, heavy clouds are forming on the horizon. On March 13, 2013, the European Commission adopted a draft mandate which does not exclude audiovisual services from the Free Trade Zone project between the United States and Europe, in order to potentially be able to exchange cultural exception, for coastal trade.

The French motion picture industry did not need a Trojan horse, but do not fear, it will continue to fight.

Nicolas Seydoux, March 24, 2013

Message from the Chief Executive Officer

In a global environment in economic crisis where the people's morale is low, the French motion picture industry is faring well. For the fourth consecutive year, more than 200 million people visited movie theaters to escape the daily grind and dream.

A total of 727 films were distributed in theaters, 226 of which were French films. 18 movies surpassed the two million ticket milestone, 7 of which were French feature films.

With more than 204 million viewers in 2012, the year is slightly down in terms of movie theater attendance. This decrease is most likely due to the prevailing atmosphere and to the films themselves, the endless American sequels and the gambles made on French films, which failed to fulfill their promise and were therefore disappointing.

Gaumont's revenue went down from €120 million in 2011 to €105 million in 2012. Despite this slight decrease, in a gloomy context, Gaumont and its subsidiaries have played their cards right.

Les Cinémas Gaumont Pathé continued their policy of development and theater renovation; almost all theaters are now equipped in digital. Les Cinémas Gaumont Pathé's revenue amounted to €681 million in 2012, versus €680 million in 2011.

Gaumont released six films in theaters in 2012, three of which were great hits: *Porn in the Hood*, *The Dandelions* and *Camille Rewinds*. Unfortunately, *F.B.I. Frog Butthead Investigators* did not enjoy such success. For 2012, revenue from distribution to theaters totaled €12 million, versus €55 million in 2011. This decline is due to the extraordinary figures from *Untouchable*, made in 2011.

2012 was a good year for our films broadcast on historical television channels and digital terrestrial channels. Today, one third of our revenue is generated from digital terrestrial channels (one quarter last year), with an increase of more than 50% in the average price. Revenue tied to sales of broadcasting rights to television channels, which amounted to close to €22 million in 2011, increased to more than €26 million in 2012. In total, 210 Gaumont films were broadcast in 2012 on all of the channels combined. *Monsieur Gangster* was broadcast for the fourteenth time in black and white on France 2 at the beginning of December and was quite a success, beating *Taxi 3* broadcast on TF1.

The yearly decline of the physical video market is relentless, partly due to piracy and partly due to the shift towards dematerialization within the consumer world. Gaumont Vidéo anticipated this drop by strengthening its offering. The Video on demand (VoD) market reached €250 million in revenue; however this does not make up for the one billion in lost revenue from physical video since 2000. Nevertheless, regarding our films, A *Gang Story* performed very well in video and VoD, and *The Chef* achieved more than 39% conversion rate in VoD. Revenue for video publishing and video on demand in France remained steady between 2011 and 2012 at around €14 million.

2012 is a record year in terms of French film attendance abroad. 140 million viewers saw French films outside of France: *Taken 2* (46 million), *Untouchable* (31 million), and *The Artist* (12 million). *Untouchable*, our record-breaking film, contributed to the explosion of our export revenue, and for a smaller, but significant part nonetheless, *The Chef* captivated foreign gourmets. However, conditions changed between The Cannes Festival and the American Film Market (AFM) in November, and the market became tense. Despite this, Gaumont had good pre-sales of *Turning Tide*, *Belle and Sebastian* and *The Young and Prodigious Spivet*. *Vive la France*, while being a comedy, also made good sales. Catalog films continue to see very good sales. Revenue from VoD abroad also doubled in one year, as a result of the boom in this market. Revenue tied to international sales grew sharply from close to €16 million to €35 million.

For Gaumont Pathé Archives, the year was in line with budgetary forecasts. Numerous non-fiction programs used archives in 2012: television news, "Capital", LCI (French cable news channel), "Des Racines et des Ailes" or "Sept à Huit", as well as the following exhibitions: "Hopper" at the Grand Palais and "Dali" at the Centre Georges Pompidou.

Gaumont has always had a very strong heritage policy to preserve and restore its catalog in the best conditions. This is why we have signed a major contract as part of the "Grand emprunt" (an economic incentive package launched by the French government in 2010) for restoring and digitizing 270 films over a period of four years.

We have also acquired the company that owns almost all of the films by Louis Malle, the NEF, which owns a catalog of 20 films, including *Elevator to the Gallows*, *Lacombe Lucien* and *Milou in May*.

Regarding Alphanim in the cartoon market, 2012 was marked by a certain decline of orders from distributors due to apprehension caused by the economic crisis, which seems to have permanently changed mentalities in terms of publishing risk. Alphanim notably delivered *Spencer* to Disney. Several productions are in the process of being made, including the series *Calimero* and the new adventures of Santa's apprentice in the animated feature film *The Magic Snowflake*.

In France, Gaumont Télévision's business was focused on project development and agreements were signed with television channels. *Claire's Law* was broadcast on M6 and met with reasonable success.

In the United States, Gaumont International Television produced two series during summer 2012. The first, of which shooting has finished, is *Hemlock Grove*, directed by Eli Roth, starring Famke Janssen, Bill Skarskard and Dougray Scott. The thirteen 60-minute episodes have been delivered to Netflix and will be available from April 19, 2013. The second series, *Hannibal*, directed by Bryan Fuller, starring Mads Mikkelsen, Hugh Dancy and Laurence Fishburne is currently being delivered. The first episode will be broadcast on NBC on April 4, 2013.

In 2012, revenue from cartoon series and drama production activities in France and the United States amounted to €9 million, versus €5.7 million in 2011.

Therefore, the group's net income for 2012 totaled €21 million.

Twelve new films will be released in 2013. On January 16, we released *Paulette*, starring Bernadette Lafont, Jérôme Enrico's first film. Still currently in theaters, it totals more than one million tickets, just like *Vive la France*, the comedy directed by Michaël Youn starring José Garcia, which has surpassed one million tickets since its release on February 20. We will also be releasing major popular comedies such as *The Brats*, directed by Anthony Marciano, and films from ambitious directors: Anne Fontaine with *Two Mothers*, the Larrieu brothers with *Love is the Perfect Crime* and Jean-Pierre Jeunet with his first 3D film, *The Young and Prodigious Spivet*. Lastly, Gaumont will launch three directorial debut films: *Paris or Perish*, directed by Reem Kherici, *Pop Redemption*, directed by Martin Le Gall, and in November, *Turning Tide*, directed by Christophe Offenstein, the head cameraman for the films *Little White Lies* and *Tell No One*. We will finish up the year with a cartoon movie *The Magic Snowflake* and lastly, *Belle and Sebastian*, directed by Nicolas Vanier.

I would like to thank all of the shareholders for their support and loyalty, all staff for their contribution to the Company's various operations, and the members of the Works' Council or professional delegations who have contributed to the proper operation of the legal institutions and employee benefit schemes.

The charm of *Untouchable*, which captivated more than 50 million people worldwide, has allowed Gaumont to experience exceptional moments.

Gaumont is ambitious in its choices, in its eclecticism, in its desire to work with all talents.

Television, cinema's little sister, is a new challenge. It is up to us to rise to the challenge.

Sidonie DUMAS, March 25, 2013

1 2012 MANAGEMENT REPORT

Activities and results of the Gaumont group

Key figures

	2012		2011		
	in thousands of euro	*as a % of revenue*	*in thousands of euro*	*as a % of revenue*	change
Revenue	105,144	100%	119,504	100%	-12%
Operating income from films and series	35,690	34%	33,107	28%	8%
Operating income	7,071	7%	5,945	5%	18%
Share of net income of associates	16,439	16%	19,947	17%	-18%
Consolidated net income	21,274	20%	26,630	22%	-20%
Investments	88,709	84%	36,738	31%	141%

In 2012, the Group's business continued to be supported by the success of the film *Untouchable*. Still in movie theaters during the first quarter of 2012, *Untouchable* totaled 19.4 million cinema tickets in France, 2.7 million of which in 2012, and 30 million tickets abroad, as of the end of December 2012. It has become the biggest hit overseas for a French-language movie.

As part of its new business producing series intended for the American market, Gaumont International Television, in Los Angeles, began shooting two 13-episode series during the summer of 2012, *Hemlock Grove* and *Hannibal*. Investments as of the end of December 2012 included k€48,021 pertaining to production in progress for these two series, which have been financed with dedicated loans. No revenue was recorded in 2012 for these series as they will be delivered in 2013. *Hemlock Grove* will be made available worldwide on Netflix on April 19, 2013 and *Hannibal* will be broadcast on NBC from April 4, 2013.

Consolidated results

Revenue by business activity

Gaumont's consolidated revenue amounted to k€105,144 in 2012, compared to k€119,504 in 2011.

Movie production and distribution

Revenue from the cinema business amounted to k€92,085 in 2012, versus k€111,666 in 2011.

Cinema distribution

Revenue from the release of films in theaters in France totaled k€12,323 in 2012, compared to k€55,357 in 2011.

Six films were released in movie theaters throughout 2012:

- *Someday my Dad Will Come*, directed by Martin Valente, starring Gérard Jugnot, Olivia Ruiz and François Berléand, released on January 4;
- *The Chef*, directed by Daniel Cohen, starring Jean Reno and Michaël Youn, released on March 7;
- *Porn in the Hood*, directed by Franck Gastambide, starring Franck Gastambide, Medi Sadoun and Jib Pochtier, released on July 11;
- *The Dandelions*, directed by Carine Tardieu, starring Agnès Jaoui, Isabelle Carré and Denis Podalydès, released on August 22;
- *Camille Rewinds*, directed by Noémie Lvovsky, starring Noémie Lvovsky, Samir Guesmi, Judith Chemla and India Hair, released on September 12;
- *F.B.I. Frog Butthead Investigators*, directed by Kad Merad and Olivier Baroux, starring Kad Merad, Olivier Baroux, Audrey Fleurot, Laurent Lafitte and Omar Sy, released on December 5.

6 million cinema tickets were sold in 2012, 2.7 million of which for *Untouchable*. Among the six films released in 2012, *Porn in the Hood* sold over 1 million tickets, *Camille Rewinds* close to 900,000 tickets and *The Dandelions* reached 600,000 tickets.

In comparison, 11 films were released in 2011, accounting for a historic record of 22 million cinema tickets as of the end of December. *Untouchable*, directed by Eric Toledano and Olivier Nakache alone representing 16.7 million cinema tickets.

Video publishing and video on demand

Revenue from video distribution and video on demand in France amounted to k€13,915 in 2012, compared to k€13,872 in 2011. These businesses are primarily backed by new releases in 2012, particularly *A Gang Story* and *War of the Buttons*, and by royalties received for the video and video on demand release of *Untouchable*.

Physical video sales in France came to k€11,294 in 2012, versus k€11,739 in 2011. During 2012, Gaumont Video edited six recent films: *A Happy Event*, *A Gang Story*, *Someday my Dad Will Come*, *War of the Buttons*, *The Chef* and *Porn in the Hood*. Physical video sales represented 1.5 million units sold, nearly 1 million units of which for catalog titles.

Video on demand sales significantly increased compared to 2011 to reach k€2,621 in 2012, compared to k€2,133 in 2011. New films releases account for 70% of revenue.

Sales of television rights

Revenue from sales of distribution rights to French television channels amounted to k€26,253 in 2012, compared to k€21,858 in 2011.

Pre-sales of new movies to television channels amounted to k€3,881 for *The Chef*, versus k€5,606 last year with two movies *(The Straight Line, A Happy Event)*.

Sales from catalog titles rose for both historical television channels and TNT (Télévision Numérique Terrestre, digital terrestrial television channels). 210 films were sold in 2012, of which in particular *A Widow at Last*, *Palais Royal*, *The Dinner Game*, *The Visitors*, *Monsieur Gangster*, *Leon: The Professional*, *Nikita* and *Fantomas*.

International sales of rights

Revenue from international sales rose sharply, from k€15,719 in 2011 to k€34,711 in 2012.

This increase is mainly tied to the success of *Untouchable*, which sold more than 31 million cinema tickets to date in over 70 countries outside of France. The countries where the film exceeded 1 million tickets are: Germany (8.7 million), Italy (2.5 million), Spain (2.1 million), Switzerland (1.5 million), South Korea (1.7 million), Mexico (1.6 million), Japan (1.3 million), Brazil (1.1 million) and the Netherlands (1.1 million).

Other businesses

Revenue from other business activities amounted to k€4,883 in 2012, compared to k€4,860 in 2011. It primarily corresponds to the sale of archive images by Gaumont Pathé Archives, music publishing and sales of spin-off products.

Production and distribution of dramas and series for television

Revenue from the production of television programs totaled k€9,010 in 2012, compared to k€5,702 in 2011.

During 2012, the following programs were delivered:

- 39 episodes of the cartoon series *Pok & Mok* Season 2, delivered to France 3 in June 2012;
- 52 episodes of the cartoon series *Spencer*, delivered to Disney in December 2012;
- 52 episodes of the cartoon series *Gawayn* Season 2, delivered to Canal+ in October 2012;
- the first 90-minute episode drama *Claire's Law* starring Michèle Laroque, broadcast on M6 in October 2012.

Trademark royalties

Profit from trademark royalties paid by Les Cinémas Gaumont Pathé amounted to k€4,049 in 2012 for the entire year, versus k€ 2,136 in 2011 for the second half of 2011, trademark royalties having been established in July 2011.

Operating income from films and series

Income from feature films, cartoon films and series and television series and dramas, excluding overheads, came to a profit of k€35,690 in 2012, compared to a profit of k€33,107 in 2011.

The portion of this income attributable to feature films amounted to k€33,449 in 2012, versus k€30,658 in 2011. The higher level of income from the last two years is due to the performance of recent films, and particularly the success of *Untouchable* in France and abroad.

The portion of this income attributable to cartoon series and television dramas totaled k€2,241 in 2012 compared to k€2,449 in 2011.

Operating income

In 2012, operating income generated a k€7,071 profit, compared to a k€5,945 profit in 2011, and includes:

- operating income from films and series detailed above;
- profit from Gaumont trademark royalties;
- overheads from different operating activities and functional services in the amount of k€32,024 in 2012, compared to k€29,954 in 2011;
- the elements that make up the non-current operating income. This item includes income from sales of tangible and intangible assets other than films and series, impairment loss on goodwill and gains on bargain purchases. Non-current operating income shows a k€644 loss in 2012, compared to a k€656 profit in 2011.

Movie theater business: Les Cinémas Gaumont Pathé

During the 2012 fiscal year, Les Cinémas Gaumont Pathé continued their policy of opening and renovating movie theaters by:

- opening three new complexes: Pathé Chambéry Les Halles (ten screens, 1,593 seats), Saran (nine screens, 1,996 seats) and Amersfoort in the Netherlands (eight screens, 1,717 seats);
- closing the Pathé Chamnord complex in Chambéry (six screens);
- selling Gaumont Bienvenue Montparnasse in Paris (two screens) and Cinéma Le Club in Grenoble (five screens).

Les Cinémas Gaumont Pathé therefore operated a total of 983 screens as of the end of December 2012, spread over three countries: France (746 screens), the Netherlands (167 screens) and Switzerland (70 screens).

Consolidated revenue for Les Cinémas Gaumont Pathé totaled k€681,332 in 2012, compared to k€679,361 in 2011.

Les Cinémas Gaumont Pathé sold 66.8 million tickets in 2012, a 4% decrease compared to 2011. This situation is different depending on the country in which the Group is established:

- in France, tickets reached 49.6 million, i.e. a 6% decline in line with that of the entire industry. The market share of Les Cinémas Gaumont Pathé is 24%;
- in Switzerland, tickets sales were stable compared to 2011 at 3.9 million tickets;
- in the Netherlands, attendance increased by 2% and reached 13.3 million tickets.

Operating income was a profit that totaled k€110,416 in 2012, compared to k€115,380 in 2011.

Net financial expenses amounted to k€12,071 in 2012, versus k€8,182 in 2011.

Non-recurring income in 2012 amounted to a loss of k€7,475, compared to a k€4,011 loss in 2011.

Consolidated net income, group share, came to k€49,024 in 2012, versus k€58,086 in 2011. The share of income attributable to Gaumont, after IFRS adjustments, reached k€16,649 in 2012, compared to k€19,707 in 2011.

As of December 31, 2012, equity of Les Cinémas Gaumont Pathé group totaled k€552,371, versus k€529,698 as of December 31, 2011, with a balance sheet total of k€1,023,520 as of December 31, 2012, compared to k€1,015,335 as of December 31, 2011.

The group's net financial debt was k€115,876 as of December 31, 2012, compared to k€125,505 on December 31, 2011.

In 2012, investments by Les Cinémas Gaumont Pathé totaled k€65,406 versus k€67,834 in 2011.

Net income

In 2012, net income generated a k€21,274 profit, compared to a k€26,630 profit in 2011, and includes:

- k€7,071 in operating income for 2012 versus k€5,945 in 2011;
- the share of net income of equity affiliates totaling k€16,439 in 2012 compared to k€19,947 in 2011. It mainly corresponds to the portion of the net income of Les Cinémas Gaumont Pathé, as detailed above;
- the cost of net financial debt of k€4,660 in 2012, versus k€2,734 the previous year;
- other net financial income of k€1,331 in 2012, notably of which financial expenses incorporated into the cost of films and series;
- income tax of k€1,093 mainly comprised of deferred tax income of k€1,137, k€1,478 of which is attributable to the Group's American operations.

The share of net income attributable to minority shareholders is a loss of k€54, compared to a k€59 loss the previous year.

The share of net income attributable to the Group resulted in a k€21,220 profit in 2012 versus a k€26,571 profit in 2011.

Group financial structure and cash flows

Financial structure

As of December 31, 2012, equity totaled k€267,276, compared to k€254,868 as of December 31, 2011(1), for a consolidated financial position of k€494,671, compared to k€451,370(1) the previous year.

Net financial debt of the French companies decreased by 1.4% and amounted to k€95,683 as of December 31, 2012, versus k€96,982 as of December 31, 2011.

On April 26, 2012, Gaumont signed a revolving credit agreement for a maximum amount of k€125,000 maturing on April 25, 2016 by renewing the previous line of credit concluded in 2008 that was due to expire in September 2012. The features of this agreement are presented in note 3.12 to the consolidated financial statements. The credit line has three financial ratios to comply with every six months, presented in note 6.4 to the consolidated financial statements. Concurrent to the implementation of this new agreement, the Group reimbursed in advance the balance of the redeemable credit subscribed for in 2007, for the acquisition of Alphanim. The balance of this credit amounted to k€5,000. As of December 31, 2012, the unused amount of the revolving credit line amounted to k€29,000.

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

On June 1, 2012, Ouroboros Productions Llc, a subsidiary of Gaumont International Television in the United States, signed a production loan agreement intended to finance the production of the series *Hemlock Grove*. This loan, in a total amount of k$51,791 maturing on April 1, 2015, is presented in note 3.12 to the consolidated financial statements. As of December 31, 2012, 90% of the loan has been used.

On August 31, 2012, Chiswick Productions Llc, a subsidiary of Gaumont International Television in the United States, signed a production loan agreement intended to finance the production of the series *Hannibal*. This loan, in a total amount of k$35,992 maturing on May 31, 2014, is presented in note 3.12 to the consolidated financial statements. As of December 31, 2012, 50% of the loan has been used.

As of December 31, 2012, the net financial debt of the American companies amounted to k€42,412.

As of December 31, 2012, the Group's net debt totaled k€138,095, i.e. 52% of consolidated equity.

The Group's capital needs are tied to production activities, which require significant investment before the works are released. This capital notably finances:

- the production costs of feature films, cartoon series and television dramas;
- its involvement in co-productions via the payment of co-production contributions and guaranteed minima for distributions;
- the purchase of distribution rights on films not produced by the Group, and, where applicable, the purchase of film catalogs.

(1) Data after taking into account the retroactive impact from the application of the revised IAS 19 standard. Before adjustment, at the end of 2011, equity amounted to k€254,994 and the total financial position k€451,370.

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

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

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

Cash flows

In 2012, the Group's business activities generated k€61,256 in net cash flow, versus k€47,544 in 2011. The increase is primarily due to an improvement in working capital following the receipt of receivables in 2012 associated with the release of *Untouchable* in theaters at the end of 2011.

Net cash flow related to investment activities amounted to k€91,652 in 2012, compared to k€41,845 in 2011. The rise in net investments is mainly due to the production of two American series by Gaumont International Television.

The financing of investment activities comes partly from cash flows obtained through Group business activities and from a k€43,544 increase in debt, exclusively related to the establishment of production loans dedicated to financing the American series.

In terms of financing activities, 2012 was marked by a k€5,547 dividend payout, a k€43,544 increase in debt and a k€3,777 interest payment.

As of December 31, 2012 the Group had k€10,734 in cash, compared to k€7,029 at the beginning of the year, i.e. a positive change of k€3,705.

Investments

Over the last two years, investments were as follows:

(in thousands of euro)	2012	2011
Intangible assets	82,839	35,715
Property, plant and equipment	2,416	459
Financial assets	143	200
Acquisition of shares in consolidated companies	3,311	364
TOTAL INVESTMENTS	**88,709**	**36,738**

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

Investments in intangible assets for the 2012 fiscal year included:

- production of the American television series in progress as of December 31, 2012 for k€48,021;
- movie production for k€21,351, compared to k€24,933 in 2011;
- production of cartoon series and French television dramas for k€12,995, versus k€10,625 in 2011;
- other intangible items for k€472 in 2012, versus k€157 in 2011.

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

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

The acquisitions of shares in consolidated companies correspond to Gaumont's acquisition of NEF (Nouvelles Editions de Films) in May 2012, a company founded in 1956 and owner of almost all of the films by Louis Malle, and Gaumont Télévision's purchase of shares held by minority shareholders of Léonis Productions in July 2012.

Pre-sales and coverage rates

Cinema production

Of the six films produced, co-produced or distributed by Gaumont in 2012, only *The Chef* was financed as an executive producer. It was subject to television broadcasting rights pre-sale contracts for k€ 3,881 and benefited from an overall coverage rate of 56%. The five other films were subject to a lump sum contribution: *Someday my Dad Will Come*, *Porn in the Hood*, *The Dandelions*, *Camille Rewinds*, *F.B.I. Frog Butthead Investigators*. This type of contribution allows Gaumont to limit its exposure to investment risks. In exchange, the majority of the film cost and financing, such as contributions and pre-sales, are recorded in the executive producer's accounts.

French Television production

The Group produced and delivered five programs in 2012. The total coverage rate stood at 83%.

American Television production

The Group is in the process of producing two American series, *Hemlock Grove* and *Hannibal*. The total coverage rate of these programs was 88% as of greenlight date.

Preliminary costs

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

For 2012, preliminary costs incurred for films amounted to k€1,701, compared to k€3,624 in 2011. In 2012, k€1,175 in preliminary costs were incurred for cartoon series and television dramas.

2013 Outlook

Gaumont is producer, co-producer or distributor of 13 feature films scheduled to be released in 2013:

- *Paulette*, directed by Jérôme Enrico, starring Bernadette Lafont and Dominique Lavanant. Released on January 16, the film totaled more than 900,000 tickets as of the end of February 2013;
- *Vive la France*, directed by Michaël Youn, starring Michaël Youn and José Garcia. Released on February 20, the movie sold 484,000 tickets during its first week in theaters;
- *Two Mothers*, directed by Anne Fontaine, starring Naomi Watts and Robin Wright will be released on April 3;
- *The Brats*, directed by Anthony Marciano, starring Alain Chabat, Max Boublil and Sandrine Kiberlain, will be released on April 17;
- *Pop Redemption*, directed by Martin Le Gall, starring Grégory Gadebois and Julien Doré;
- *Paris or Perish*, directed by Reem Kherici, starring Reem Kherici and Tarek Boudali;
- *Love is the Perfect Crime*, directed by Jean-Marie and Arnaud Larrieu, starring Mathieu Amalric, Maïwenn, Karin Viard, and Denis Podalydès;
- *The Young and Prodigious Spivet*, directed by Jean-Pierre Jeunet, starring Kyle Catlett and Helena Bonham Carter;
- *Turning Tide*, directed by Christophe Offenstein, starring François Cluzet, Virginie Efira and Guillaume Canet;
- *Me Myself and Mum*, directed by and starring Guillaume Gallienne;
- *The Magic Snow Flake*, an animated cartoon feature film directed by Luc Vinciguerra;
- *Belle and Sebastian*, directed by Nicolas Vanier, starring Tchéky Karyo and Dimitri Storoge;
- *Only God Forgives*, directed by Nicolas Winding Refn, starring Ryan Gosling, for which Gaumont holds the joint rights for international distribution.

Among the DVD and Blu-ray releases scheduled by Gaumont Vidéo, the following recent films are anticipated throughout the year: *Camille Rewinds*, *Paulette*, *Vive la France*, *The Brats*, etc. and new titles in the Gaumont Classiques and Gaumont Découverte collections.

Gaumont continues to develop its television program production business:

- in the United States, Gaumont will deliver the two new international television series in 2013: *Hemlock Grove*, which is scheduled to be made available on Netflix on April 19, 2013 and *Hannibal*, which is scheduled to be broadcast on NBC from April 4, 2013. Gaumont International Television is also developing new projects, such as the series *Barbarella* for Canal+ and *Narcos* for Netflix;
- in France, Gaumont will deliver the 52 episodes of the first season of the cartoon series *Calimero* to TF1 and 26 episodes of the cartoon series *Lanfeust* to M6. In addition, Gaumont is in advanced stages of development with TF1 and France 2 to produce and deliver two television dramas in 2013, *Interventions* and *The Beach Hotel*.

Change of scope

Organizational chart of Gaumont and its main subsidiaries on December 31, 2012

Gaumont

Motion picture production and distribution	
Gaumont SA	
Gaumont Vidéo SNC	100.00%
Nouvelles Editions de Films SARL	100.00%
Gaumont Musiques SARL	100.00%
Editions la Marguerite SARL	100.00%
Les Films du Dauphin SARL	100.00%
Gaumont Inc.	100.00%
Légende SAS	37.48%
Légende Films SARL	37.48%
Legende Films Inc.	37.48%

Television programs production and distribution	
Gaumont Télévision SAS	100.00%
Alphanim SA	100.00%
Alphanim Musique SARL	100.00%
Les Films du Loup SARL	100.00%
Gaumont TV Inc.	100.00%
Gaumont International Television Llc.	77.15%

Movie theater operation	
Les Cinémas Gaumont Pathé SAS	34.00%
Lincoln Cinema Associates	31.95%

Bank of motion picture images	
Gaumont Pathé Archives SAS	57.50%

On May 14, 2012, Gaumont acquired 100% of Nouvelles Editions de Films (NEF), a company founded in 1956 and owner of almost all of the films by Louis Malle for a purchase price of k€3,111 (excluding fees).

In July 2012, Gaumont Télévision acquired 7.21% of Léonis Productions, owned by minority shareholders, thus becoming a 100% owner of the subsidiary, before liquidating it without dissolution through universal transfer of assets.

In addition, the Group wound up Arkéion Films and Galaxy 7 without liquidation, through a universal transfer of assets to Gaumont and Gaumont Television respectively. The Arkéion trademark continues to exist as a commercial brand within the Gaumont catalog.

Risk factors

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

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

Risks inherent to the film and broadcasting industry

Risks related to the economic situation

In France, the film industry is not directly affected by the economic crisis. In fact, for several years, movie theater attendance and the number of films produced have reached record levels.

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

Risks associated with the competitive environment

The movie industry

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

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

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

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

The television production market

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

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

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

The cartoon market

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

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

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

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

Risks related to marketing

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

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

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

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

Risks related to the transformation of the French audiovisual landscape

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

The reduction of time slots attributed to films in television programming, notably of the historical television channels, could make it more difficult in the future to sell broadcasting rights for movies, even though the regulatory system in France still requires television stations to purchase and broadcast a minimum proportion of European-produced and French-language content. Nonetheless, the development of themed movie channels and digital terrestrial television partly offsets the decline in volumes of historical television channels' film purchases, even if a decrease in the average price of broadcast rights transfers is seen. In this environment, Gaumont endeavors to optimize the marketing of the 900 titles in its film catalog.

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

Faced with this situation, Gaumont chose to merge its French television production operations within a single company, Gaumont Télévision, and diversify its television activities by growing the production of American series for television through its subsidiary Gaumont International Television. This new business allows the Group to expand to American and European markets and thus level off the decreased demand in the French market.

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

Risks associated with technological changes

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

Risks related to digitalization

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

In two years, 90% of movie theaters in France have been equipped in digital. The law on financing the digital roll-out requiring distributors to participate in the financing of digital equipment of movie theaters, and national and regional assistance has greatly favored this rapid expansion of the number of digital theaters.

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

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

With a movie catalog of over 900 titles, Gaumont is particularly concerned by these transformations and took measures very early on to preserve its business. Therefore, since 2009, Gaumont has put in place a digitalization and restoration program for 150 titles in its film catalog. In 2012, the Group continued its actions by signing an agreement with the Caisse des dépôts et consignations (a civil banking entity serving general interest and economic development and responsible for keeping state funds) to restore and digitize 270 additional works over a four-year period.

Risks associated with impacts from new technologies in the video market

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

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

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

Furthermore, in order to take maximum advantage of growth in the video on demand market, Gaumont signed partnership agreements with the main players in the market, and pays close attention to the clauses defining compensation of the parties.

Risk of pirating

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

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

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

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

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

Lastly, contracts with video on demand operators and television channels also include a specific clause under which the third-party company undertakes to comply with Gaumont’s video protection systems.

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

Audiovisual support fund

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

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

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

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

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

Television channel pre-sales

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

Television channels represent an important source of financing for movie production, who contribute on average to approximately one third of a film’s budget, divided up between pre-sales and co-production contributions. The reduction in time slots for films in the program schedule, especially historical television channels, could further complicate the financing of new films.

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

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

Risks related to the Group’s operations

Risks associated with financing productions

Risks pertaining to the ability to finance film production volume

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

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

- when it operates as executive producer or co-producer, the producer is in charge of financing the film before it is put into production, notably by securing co-production contributions and pre-sales to television channels, obtaining selective grants or distribution guarantee minima. During production, it is responsible for all of the decisions pertaining to the content of the work, both the artistic and financial aspects, and supports the potential budget overspending. The executive producer's objective is to increase as much as possible the coverage rate of the film from the pre-financing phase. 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 when the coverage rate is deemed to be satisfactory, taking into account firm commitments, mainly co-production contributions, pre-sales of rights to television channels, pre-sales to foreign distributors, and minimum distribution guarantees. When the Group participates in a production by providing a lump sum, and although its risk is limited to its contribution, it ensures that the executive producer has sufficient funding before making the decision to invest.

Risks related to television production financing

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

American series benefit from more international prospects and a longer run cycle: several series extend to at least two seasons and are released on video and video on demand, which amortizes the investments over a longer period.

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

In the case of American series, the Group decides to produce a series once the financial coverage forecast is deemed satisfactory considering the pre-sales of rights to the United States, in France or abroad, tax credits and the project's proceeds forecasts in other territories. The financing plan can also include co-production investments.

Risks related to controlling production costs

Production delays and feature films production budget overruns

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

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

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

Production delays and budget overruns of television dramas and cartoon series

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

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

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

Risks associated with the Group's growth

As the oldest French production company, Gaumont considers that it has to participate in the preservation of French film heritage. Consequently, the external growth transactions that the Group is led to carry out regularly pertain to independent production companies, such as the equity investment in the Légende group in 2010, or old production companies having kept a film catalog in their assets, like with the company Nouvelles Editions de Films in 2012 owner of almost all of the films by Louis Malle. These growth transactions present limited risk, insofar as the Group has good knowledge of the market through its own business.

In all cases, the Group works to maintain the overall balance which characterizes its economic model: partner up for 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 pulled from its investment in one of the main movie theater networks in France, Les Cinémas Gaumont Pathé.

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

Therefore, in 2010, Gaumont associated with a local partner to form a subsidiary based in Los Angeles to produce English-language series and dramas. Gaumont benefits from the know-how and market expertise of its partner and brings in return its technical expertise and its human and financial resources.

Legal Risks

Risks related to obtaining operating permits

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

Showing a film in movie theaters is subject to obtaining an operating visa, issued by the Minister of Culture to the distributor of the film. Regulatory texts governing the granting of this visa specify that this administrative authorization can only be refused for reasons pertaining to “child and youth protection or respect of human dignity”. This is why obtaining the visa is determined by an opinion from the Film Classification Commission.

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

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

Risks associated with intellectual property rights

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

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

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

When the Group is a lump sum contributor or acquires the distribution rights to a film, it is exposed to the risk of the chain of rights being broken. To mitigate this risk, Gaumont ensures compliance with the chain of rights by requiring delivery of contracts prior to the release of films, at the latest, and scrutinizes these contracts closely. In the event of a dispute, Gaumont also has recourse against the seller or executive producer. Conversely, when Gaumont is the executive producer and transfers the distribution rights to third parties, it guarantees the latter against recourse.

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

Commercial and employment litigation risks

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

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

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

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

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

Insurance and coverage of legal risks

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

These policies are the following:

- a property liability policy that covers the company’s assets (real-estate, filmography, information systems) against all direct physical damage caused to insured property, as well as fees and consecutive losses and additional fees resulting from said losses;
- a basket policy on works of art covering the works and the collections in the Gaumont Museum against all risks of loss, theft, fire and other physical damage;
- a professional civil liability policy covering against the consequences of civil liability for bodily injury, physical or non-physical, consecutive or not, caused to third parties which could fall on the company;
- a civil liability policy for its corporate officers, covering them against any claim submitted against its directors for joint and several liability for real or alleged professional misconduct in the exercise of their functions;

- a professional missions policy that covers risks or repatriation and medical expenses for persons on missions;
- a car insurance policy that covers risks during business trips made by staff using their own vehicles;
- a car insurance policy that covers risks inherent in the automobile fleet;
- a production insurance policy for each movie produced by Gaumont to cover the preparation and production stages up to the film budget, risks of accident/illness of the main actors and the director as well as the risk of damage to the negatives. Gaumont does not take out "completion guarantee" insurance for French films but does so for American films and series, in accordance with the industry's standard practices.

Financial risks

Credit and counterparty risks

Risk of customer default

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

Risks of dependency on customers

For the 2012 fiscal year, the Group's top ten customers represented 49.2% of consolidated revenue. The main customers were television channels and foreign distributors of the film *Untouchable*.

	Consolidated revenue	
Trade receivables	*in thousands of euro*	*as a %*
1. TF1 group	9,700	9.2%
2. Senator Film Verleih GmbH (Germany)	9,147	8.7%
3. France Télévisions group	7,346	7.0%
4. Les Cinémas Gaumont Pathé group	6,730	6.4%
5. M6 group	4,078	3.9%
6. Canal+ group	3,858	3.7%
7. Frenetic Films (Switzerland)	3,779	3.6%
8. Fnac group	2,803	2.7%
9. Victory Productions Sprl (Italy)	2,528	2.4%
10. The Weinstein Company (United States)	1,788	1.7%
TOTAL	**51,757**	**49.2%**
Consolidated revenue	**105,144**	**100.0%**

Other dependency risks

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

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

Liquidity risk

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

Market risks

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

Corporate social responsibility

Employee data

Employment

Breakdown of workforce

Salaried employees

As of December 31, 2012, the Group had 180 employees, excluding contract workers.

The average workforce in 2012 totaled 176 full-time equivalent workers. The breakdown in the Group's workforce is as follows:

	2012			2011		
Business segment	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Gaumont SA	41	81	122	44	71	115
Feature films production and distribution subsidiaries (1)	8	13	21	11	14	25
Cartoon films and series production	11	8	19	11	9	20
Television series and dramas production	6	8	14	5	7	12
AVERAGE WORKFORCE	**66**	**110**	**176**	**71**	**101**	**172**
France	*62*	*104*	*166*	*68*	*98*	*166*
United States	*4*	*6*	*10*	*3*	*3*	*6*

(1) The motion picture images distribution companies are included in this scope.

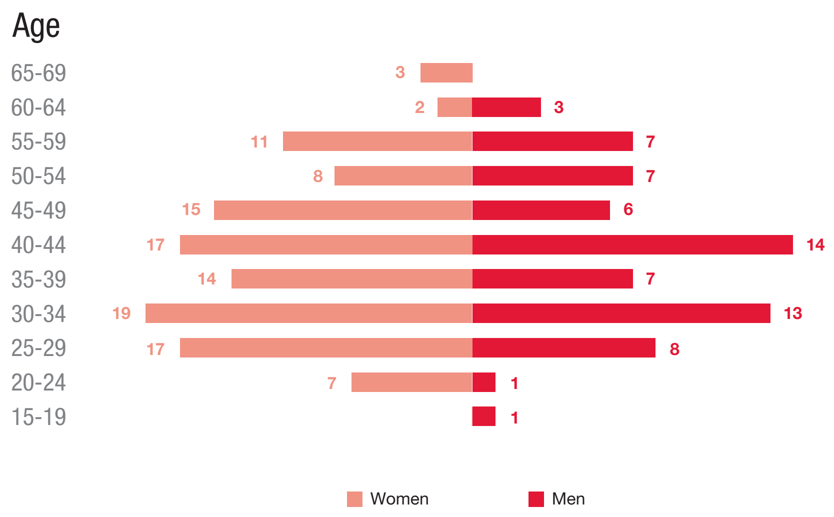
The Group's workforce is growing, essentially due to the development of new television program production activities in the United States.

Open-ended contracts represent 89% of the total workforce.

Overall, the workforce is made up of 62.5% women and 37.5% men.

The average age of employees present as of December 31, 2012 was 40 years old for women and 42 years old for men.

The breakdown of average workforce by age-section is presented below.



Employment of contract workers

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

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

In 2012, as line producer, the Group directly employed 1,307 contract workers for a total volume of approximately 202,200 hours. Furthermore, as part of the executive productions for which it does not intervene as line producer, the Group contributed to the employment of approximately 9,180 (2) people, in France and in the United States, representing roughly 861,000 working hours, approximately 712,000 of which were hours worked on the production of the 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:

	2012					2011				
	Number of contract workers by profession				Volume of hours	Number of contract workers by profession				Volume of hours
Business segment	Technicians	Actors	Extras	Total	*(in thousands)*	Technicians	Actors	Extras	Total	*(in thousands)*
Feature films production	896	251	2,829	3,976	201	904	242	1,534	2,680	135
Cartoon films and series production	228	2	-	230	128	71	-	-	71	69
Television series and dramas production	3,208	377	2,695	6,280	734	82	6	-	88	5
TOTAL	**4,332**	**630**	**5,524**	**10,486**	**1,063**	**1,057**	**248**	**1,534**	**2,839**	**209**
France	*1,240*	*306*	*3,060*	*4,606*	*351*	*1,057*	*248*	*1,534*	*2,839*	*209*
United States	*3,092*	*324*	*2,464*	*5,880*	*712*	-	-	-	-	-

Contract workers employed directly by the Group's companies benefit from, according to the type of production concerned, a collective agreement of cartoon production, audiovisual production, or a collective agreement (not extended) of film production, signed in 2012 by the major production unions.

For the film productions where it is not line producer, the Group encourages partners to apply the collective agreement of film production.

In 2012, in total, 47% of contract workers employed on the Group's productions benefited from a collective agreement.

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 2012, the Group welcomed 66 interns, which represented approximately 2,267 work days, i.e. nine full-time equivalents.

(2) Real data for the French productions and a portion of the American productions, i.e. 7,670 people. The balance was subject to estimates according to the number of episodes produced.

Hires and layoffs

Changes that affected the Group's permanent workforce in 2012 were as follows:

	France	United States	Total
Hires (incl. temporary)	34	6	40
Layoffs	2	-	2
Resignations, temporary contract ends and contracts terminated by mutual agreement	24	2	26
Retirements	1	-	1

The Group's permanent employee workforce increased 5% in 2012, corresponding to the hiring of eight additional people. This growth is essentially related to the development of the American business activities (four additional positions) and to its repercussions on the business of the French companies.

The average seniority remains stable compared to 2011 and amounts to 11 years for women and 10 years for men.

Salaries

Overall gross compensation

The overall amount of gross compensation paid in 2012 by Gaumont and its fully consolidated subsidiaries amounted to k€10,903, compared to k€10,792 in 2011, i.e. a 1% increase. The average annual salary amounted to k€62 in 2012, versus k€63 in 2011.

Incentive bonuses and Company Savings Plan

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

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

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

In 2012, overall incentive bonuses paid totaled k€655, representing an average of k€5 per employee. The employer contribution on amounts saved totaled k€175. The incentive bonus amount due in respect of 2012 earnings and accounted for as of December 31, 2012 totaled k€571.

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

Apart from the voluntary monthly payments, each member may make at least two exceptional payments per year on the dates of his or her choice. Gaumont Pathé Archives makes an additional employer contribution to the voluntary payments of employees, which is capped at €1,829.39 per employee. In 2012, 14 employees signed up for the plan. Payments under the savings plan amounted to k€15 and the total of the employer contributions paid by the Company amounted to k€24.

Employee profit sharing

The employees in the UES also receive, in accordance with the law, a profit-sharing benefit calculated in accordance with legislation currently in effect. In 2012, the Group processed a total payment of k€94 supplemented with a k€21 contribution on the amount invested. For 2012, the special reserve for profit sharing accounted for amounted to k€62.

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 on the stock option plans that are still in effect as of December 31, 2012 are presented on page 106 of this Registration document.

Organization of working time

Corporate agreements pertaining to the organization of work time

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

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

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

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

Part-time workforce

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

Absenteeism

The Group has a generally low level of absenteeism among its employees. In 2012, the Group's employees accumulated 1,335 days absence, excluding paid leave and days off associated with the reduction of working hours, i.e. an absentee rate [3] of approximately 3%, roughly half of which was related to sick days.

Social relations

Organization of social dialogue

Gaumont, Gaumont Vidéo, Gaumont Télévision, and Prestations et Services organized in an UES, as well as individually, Gaumont Pathé Archives and Alphanim, 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 nine employee representatives in 2012, versus eight in 2011. Three employee representatives, members of the works' council, are affiliated with union organizations.

In 2012, 19 meetings were held with the different works councils or employee representatives, all entities combined.

Summary of collective agreements

Two new collective agreements were signed during the period, concerning the profit sharing and incentive bonuses within the UES.

The profit sharing and incentive bonus agreements applicable to the UES were renewed with similar conditions to previous periods.

Health and safety at work

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

Permanent measures for improving the working environment and working conditions have been implemented. In 2012, following processes were undertaken: the office was rearranged and the dividing walls were taken down in order to increase natural lighting and the air conditioning system was changed, along with installing individual thermostats.

In addition, regular sessions for training and skills maintenance relating to safety in the workplace are organized in the Group, in order to raise the employees' awareness of these issues.

The number of occupational accidents recorded in the Group is generally very low. In 2012, three work related accidents were recorded. One of them required a 26-day work stoppage, the two other accidents led to a total of five days of incapacity.

The Group did not record any case of occupational illness in 2012.

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 2012, 48 employees received training, i.e. 27% of the average workforce. 1,101 hours of training were given, i.e. on average six hours per employee, versus ten hours on average in 2011.

These training courses cover all Group's businesses and are available to employees, regardless of their age or status. In 2012, 19 employees with over ten years of seniority received 432 hours of professional training.

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

Equal opportunity

Gender equality

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

Average workforce by category	Men	Women	Total
Managers	43	48	91
Supervisors	9	35	44
Employees	14	27	41
TOTAL	**66**	**110**	**176**
as a % of the whole	*38%*	*63%*	

Overall, the Group employs 62.5% women and 37.5% men. The Group's executive staff is made up of 53% women and 47% men.

For an average age of 40 years old for the women and 42 years old for the men, it is noted that, on average, women have slightly more seniority than men.

The proportion of men and women in the Group is also maintained in the most recent recruitments: workers with less than two years' seniority make up 40% of the men and 60% of the women.

The Directors committee, chaired by the Chief Executive Officer, is composed of five women and ten 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 2012, disabled workers represented only 1% of the Group's average workforce.

Non discrimination

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

Regardless of the type of candidate received, Gaumont's recruiting process is unique and strictly identical selection criteria are applied. Recruitment, compensation or career advancements are therefore only based on professional expertise and 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 respecting the liberty to assemble and right to collective negotiation, prohibiting forced or mandatory labor, and non-discrimination at the workplace, are conveyed in local law, 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);
- the child's conditions of employment (pace of shows, compensation, vacation and time off, health and safety, conservation of health and morality);
- the arrangements made with a view to ensuring the child has a normal education.

Working hours are strictly regulated.

In 2012, the Group's French companies directly employed 64 children under 16 years of age for feature film productions, 60 of which were extras and 4 actors, for a total of 294 hours of work. In addition, 19 children were employed by the Group's partners for shootings 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 set up in three sites in Paris and one site in Los Angeles and occupies small office areas (less than 100 sq.m.) in Angoulême and in New York. The Group owns its head office in Neuilly-sur-Seine, two commercial buildings on the Champs-Elysées in Paris and a group of apartments located in the Paris area.

For its film production business, the Group is responsible for decisions pertaining only to production when it acts as executive producer. For the last few years, the Group has mostly acted as non-executive co-producer and is therefore not directly responsible for decisions relating to productions that could have an impact on the environment. In 2012, out of 279 films produced in France, Gaumont was the co-producer of 13 films, only one of which was as executive producer.

In the case of television productions (series, dramas and cartoons), the Group almost always acts as executive producer, and is therefore responsible for the environmental impact from these productions. However, the Group's production remains very limited: together, Alphanim and Gaumont Télévision produced less than 50 hours of television programs, out of over 4,000 hours produced in France every year (all television program genres together).

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 activities do not bring about any significant air, water or soil pollution, nor any significant emission of environmental, sound 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. On its shootings, the use of raw materials is according to the specific needs of each film. However, the Group's environmental impact remains very limited insofar as only one to three films per year are produced by Gaumont as executive producer.

In terms of energy, the Group leads a well thought-out policy, including in particular the automatic regulation of the room temperature of the locations at night and on the weekends. In the case of productions, the Group's energy choices are adapted to the specific needs of each shooting.

As part of its video publishing activity, the Group produces approximately 2 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 use of soil is not significant. It is limited to the occupation of several buildings in an urban setting.

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 to 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 tonnes of CO_2, annually, i.e. less than 0.2% of the total CO_2 emissions in France (statistic data from the Ministry of Ecology and Sustainable Development/International Agency of Energy).

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

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

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

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

Social data

Territorial, economic and labor impact of the business

The business' footprint in terms of employment

The effects of the business in terms of employment, notably for the contract workers of the show, are presented in the employment part of the report.

Gaumont's social and cultural footprint in France and abroad

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

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

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

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

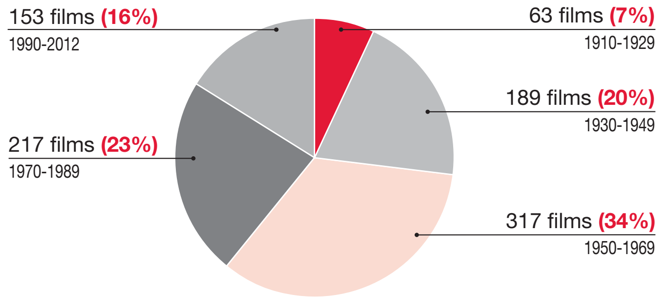
Gaumont also took up the production of works for television: cartoon series since 2008 and television series and dramas in France and in the United States since 2010.

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

An important portfolio of movies

Through its history and longevity, Gaumont has made a huge contribution to the creation of film and plays a vital role in preserving French film heritage. With more than 900 feature films, the Gaumont catalog, the second largest catalog in France in terms of number of works, loyally represents the entire history of French cinema from its origin to the present day.

Breakdown of Gaumont feature films by period



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

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

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

Cinema, promoter of French culture abroad

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

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

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

Source: Unifrance - Key figures 02/2013

Gaumont distributes its film catalog to more than 90 territories worldwide and more than 270 feature films were distributed abroad in 2012. Among Gaumont's big hits abroad is the movie *Untouchable*, directed by Eric Toledano and Olivier Nakache, starring François Cluzet and Omar Sy: since its release in France at the end of 2011, and in over 70 foreign territories, *Untouchable* sold more than 50 million cinema tickets, 31 million of which were outside of France. Today it is the most successful French language film across the world in all of history in terms of number of cinema tickets and box-office (over $440 million revenue in movie theaters).

Areas with over a million cinema tickets sold	number of cinema tickets *(in millions)*
France	19.4
Germany	8.7
Italy	2.8
Spain	2.5
South Korea	1.7
Mexico	1.6
United States and Canada	1.5
Switzerland	1.5
Japan	1.3
Netherlands	1.2
Brazil	1.1
TOTAL	**43.3**
Share of the total number of cinema tickets	**85%**

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

Gaumont's economic imprint

Gaumont wishes to continue producing movies to enhance its catalog of films and support talents in expressing their artistic creation, so that they become indispensable to French film both in France and abroad.

In 2012, French film production represented approximately 280 feature films for a total budget of €1.32 billion in investments, i.e. an average budget of €5 million per movie [4].

Gaumont produces on average around 10 films per year. These movies generally have higher budgets than the average. Throughout 2012, Gaumont produced or co-produced 13 films, representing a total production budget of roughly €130 million, i.e. 5% of the national production in volume and 10% of French production in value. Among these 13 films, only three were shot outside of French territory.

Relationships with stakeholders

Conditions of dialogue with stakeholders

Gaumont conducts its business at all levels of the value chain in the motion picture industry: film production, movie distribution in France or abroad through all medias (movie theaters, television, video, video on demand) and showing the movies in theaters through its investment in Les Cinémas Gaumont Pathé, one of the largest movie theater networks in Europe present in France, the Netherlands and Switzerland, with close to 1,000 screens.

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

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

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

- telecommunication operators which offer new marketing opportunities for movies in video on demand.

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 uniting the film production companies Gaumont, Pathé, MK2 and UGC, and of which Nicolas Seydoux is co-Chairman;
- the FNCF (*Fédération nationale des cinémas français*), a professional union of movie theater owners and operators, which unites almost all of the 5,000 French movie theaters in all of their diversity - large national companies, small and medium-sized operations, art house theaters, municipal movie theaters;
- the FNDF (*Fédération nationale des distributeurs de films*), which brings together more than 50 movie distribution companies. This federation, of which Nicolas Seydoux is Vice-Chairman, represents distributors within the context of different festivals and professional events and organizes the distributors' day with the FNCF, a now major professional event;
- the SEVN (*Syndicat de l'édition video numérique*), which unites publishers and distributors of programs and cinema works published in DVD, Blu-ray or marketed in video on demand rental or electronic sales. The SEVN, of which Gaumont's Director of video, television and new medias is a member of the Executive committee, has 17 members, publishers representing the majority of the publishing - distribution market, and the partner members belonging to peripheral industries such as technical industries (laboratories, press operators, etc.);
- the ADEF (*Association des exportateurs de films*), which unites almost all French feature film exporters. The ADEF, of which Gaumont's Deputy Director of international sales is Vice-Chairman and member of the Executive committee, works closely with UniFrance Films to design and carry out operations abroad in order to ensure the presence of French film and the exporters in the main festivals and international markets, and with the CNC, from which it receives financial aid;
- UniFrance, under the care of the CNC, which includes approximately 600 members, feature film and short film producers, exporters, directors, actors, writers and artistic agents. This organization, of which Gaumont's Director of International Sales is a member of the Directors' committee, is responsible for promoting French cinema throughout the world. It supports French movies in international markets, from their sale to their distribution, and organizes special events dedicated to French film;
- the Independent film and television alliance (IFTA), an international organization over 30 years old, that brings together close to 150 major film and television program production and distribution companies in the world, spread out over 23 countries. The IFTA is known, in particular, for organizing one of the largest film markets in the world, the American Film Market (AFM) in Los Angeles, uniting 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 cartoon film and series producers in France, including Alphanim, a subsidiary of Gaumont.

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

Support, partnerships or sponsorships

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

- the Association *Les toiles enchantées*. Since 1997, Gaumont has supported this association, which drives through France by truck and shows movie projections on big screens to hospitalized or disabled children for free. Within this context, Gaumont makes available copies of its films released each year for free;
- the *Centre des monuments nationaux* (a civil entity in charge of preserving and managing about 100 French national monuments). As part of its exhibitions, Gaumont has renewed its support, and since 2010, has loaned pieces of its collection for free - costumes, pieces of decor, posters, pictures, equipment, etc. In 2012, Gaumont made available film strips as part of its *Rêve de monuments* exhibition, which has been held at the Conciergerie in Paris since November 22, 2012;
- the *Cinemathèque française* (an association that aims at preserving and promoting French film archives). Partner since 1939, Gaumont signed an agreement in 2012 with the French film archive authorizing it to reproduce and use film strips up to a limit of four minutes and for non-commercial purposes, and collaborates in other events. In 2012, Gaumont participated, among other things, in the homage made to Georges Franju by collaborating in the *zoom sur Judex* project made available online on the French film archive site.

Gaumont also participates in different actions in favor of the 7th Art. Therefore:

- Gaumont, as sponsor, decided to support the creation of the *Ecole de la cité, cinema et television*, created by Luc Besson in 2012, with the goal of training the cinema and television professionals of tomorrow;
- Gaumont participates in the publishing of cinematographic works and in 2012, graciously provided iconographic material and archives which served in the creation of two books: *Alice Guy, Léon Gaumont et les débuts du film sonore*, by Maurice Gianatti and Laurent Manonni and available from John Libbey Publishing, and *Annales du cinéma français*. *Les voies du silence 1895-1929*, by Pierre Lherminier, available from Nouveau Monde Editions.

Lastly, Gaumont regularly intervenes as a partner in exhibitions, such as in 2012:

- the *Jean-Paul Gaultier 2011-2012* exhibition, for which Gaumont loaned original costume designs from the Luc Besson film *The Fifth Element*;
- the projection of two episodes of *Fantomas*, directed by Louis Feuillade and produced in 1913, in the great nave of the Musée d'Orsay;
- the second edition of the short-film festival *Le jour le plus court* at the Cinéma des Cinéastes, for which Gaumont made available a short film by Louis Malle for free.

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: the technical laboratories and video distributors.

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

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

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

Today, Gaumont represents close to 17% of Paramount Home Entertainment France's revenue, which allows it to be a stakeholder, as a publisher of its films, in the distribution policy of its products. Therefore, the release program is presented throughout the year to Paramount sales teams through movie screenings. The marketing and publicity plan, the product placement actions and the commercial operations are discussed in advance between Paramount and Gaumont's video teams.

Fair practice

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

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

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

Management of authors' contracts

Out of concern for preserving intellectual property and the chain of rights with authors, script writers or their rights holders, Gaumont endeavors to require contract models drawn up by Gaumont's legal service in compliance with law and in accordance with its representatives (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 starting from the release of the work in theaters, therefore allowing for a peaceful operation of the work over time.

At the end of 2012, more than 1,100 author contracts were active and subject to internal management. Additionally, in 2012, 110 contracts involving 51 different authors and 100 movies were subject to a renewal of copyright. These figures fall within the average for the last three years, as, since 2010, 94 author contracts have been renewed on average each year with approximately 48 authors on average and for 92 films.

Transparency in compensation to rights holders

Gaumont is willing to honor contractual agreements made with all film rights holders, who are considered as partners of the Company. Within this context, significant investments were implemented both in human and technical resources: a team of seven people works within the royalties department and in the late 90's tools were developed to automate the collection of information in internal databases (proceeds per movie, per media) and calculate compensations due to the rights holders.

For 2012, 858 positive copyright statements were paid to various rights holders and 437 statements to producers were set up. The catalog database allows Gaumont to ensure the royalties department staff has all access to contracts with financial implications for rights holders.

Gaumont maintains on-going ties with partners of its films or their representatives (companies, agents, successors, etc.) and endeavors to respond to the requests for explanations in real time and in total transparency.

On December 16, 2010, the API representing Gaumont, Pathé, MK2 and UGC, signed an agreement on the transparency of relationships between authors and producers. This agreement specifies certain obligations to provide information as well as calculation rules involving shareholding with rights holders, where applicable. Gaumont pays close attention with respect to complying with this agreement.

Lastly, Gaumont endeavors to maintain trusting relationships with the primary industry-related organizations such as the CNC, the ADAMI (*Administration des droits des artistes interprètes*), a society representing performance artists, and the SACD.

Gaumont, player in combating pirating

Gaumont, partner of the ALPA in combating pirating

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

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

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

Other actions to combat pirating

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

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

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

Consumer 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 bans: less than 12 years old, less than 16 years old, less than 18 years old, X rated and total ban. Its opinions, almost always followed by the Minister of Culture and Communication, are prescribed for movie theaters but also determine the broadcast schedule of films on television, and are used during physical video or video on demand releases. Bans must be displayed in the audiences’ view at the entrance of the movie theaters where the work is shown.

Without legal obligation, and in line with the commission’s opinion, Gaumont can spontaneously advise operators of disturbing scenes included in its movies. In 2012, this initiative was taken on the film *Porn in the Hood*.

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 consistently publishes its DVDs and Blu-rays with subtitles for the deaf and hearing-impaired and in audio description.

Human rights

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

2 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

Assets *(in thousands of euros)*	**Note**	**12.31.12**	**12.31.11** [(1)]	**12.31.10** [(1)]
Goodwill	*3.1*	14,285	14,616	15,066
Films and audiovisual rights	*3.2*	124,834	74,179	79,732
Other intangible assets	*3.3*	689	491	571
Property, plant and equipment	*3.4*	32,339	31,454	32,302
Investments in associates	*3.5*	224,668	220,165	210,017
Other financial assets	*3.6*	592	600	382
Non-current deferred tax assets	*4.8*	3,749	2,221	3,109
Non-current assets		**401,156**	**343,726**	**341,179**
Inventories	*3.7*	524	713	516
Trade receivables	*3.8*	37,554	68,262	36,144
Current tax assets	*3.8*	1,966	1,636	1,588
Other receivables and current financial assets	*3.8*	42,717	29,642	26,117
Cash and cash equivalents	*3.9*	10,754	7,391	4,457
Current assets		**93,515**	**107,644**	**68,822**
TOTAL ASSETS		**494,671**	**451,370**	**410,001**

(1) The financial statements as of 12.31.11 and 12.31.10 include impacts from the retroactive application of revised IAS 19 regarding the value of investments in associates.

Liabilities and equity *(in thousands of euros)*	**Note**	**12.31.12**	**12.31.11 (1)**	**12.31.10 (1)**
Capital		34,180	34,180	34,180
Retained earnings and comprehensive income		230,270	217,895	193,069
Equity attributable to the shareholders of the parent company		**264,450**	**252,075**	**227,249**
Non-controlling interests		**2,826**	**2,793**	**2,716**
Equity	*3.10*	**267,276**	**254,868**	**229,965**
Non-current provisions	*3.11*	2,711	2,063	1,938
Non-current deferred tax liabilities	*4.8*	1,167	547	2,773
Non-current financial liabilities	*3.12*	142,332	59	5,138
Other non-current liabilities	*3.13*	940	1,436	1,631
Non-current liabilities		**147,150**	**4,105**	**11,480**
Current provisions	*3.11*	1,492	1,913	2,253
Current financial liabilities	*3.12*	6,517	104,314	98,396
Trade payables	*3.13*	10,310	12,204	21,492
Current tax liabilities	*3.13*	79	78	67
Other payables	*3.13*	61,847	73,888	46,348
Current liabilities		**80,245**	**192,397**	**168,556**
TOTAL EQUITY AND LIABILITIES		**494,671**	**451,370**	**410,001**

(1) The financial statements as of 12.31.11 and 12.31.10 include impacts from the retroactive application of revised IAS 19 regarding the amount of other elements of comprehensive income included in equity.

Consolidated income statement

(in thousands of euro)	Note	2012	2011 (1)	2010 (1)
Revenue	*4.1*	**105,144**	**119,504**	**101,951**
Purchases		-2,096	-2,111	-2,589
Personnel costs	*4.2*	-27,810	-27,516	-22,155
Other current operating income and expenses	*4.3*	-30,892	-50,760	-22,919
Impairment, depreciation, amortization and provisions	*4.4*	-36,631	-33,828	-63,871
Current operating income (loss)		**7,715**	**5,289**	**-9,583**
Other non-current operating income and expenses	*4.5*	-644	656	-2,204
Operating income (loss)		**7,071**	**5,945**	**-11,787**
Gross borrowing costs		-4,674	-2,788	-2,614
Income from cash and cash equivalents		14	54	21
Net borrowing costs		**-4,660**	**-2,734**	**-2,593**
Other financial income and expenses	*4.6*	1,331	792	1,293
Share of net income of associates	*4.7*	16,439	19,947	25,166
Net income before tax		**20,181**	**23,950**	**12,079**
Income tax	*4.8*	1,093	2,680	50
NET INCOME		**21,274**	**26,630**	**12,129**
Share attributable to non-controlling interests		54	59	68
Share attributable to the shareholders of the parent company		21,220	26,571	12,275
Earnings per share attributable to the shareholders of the parent company				
• *Average number of shares in circulation*	*4.9*	*4,272,530*	*4,272,530*	*4,272,060*
• *In euro per share*		*4.97*	*6.22*	*2.87*
Diluted earnings per share attributable to the shareholders of the parent company				
• *Average potential number of shares*	*4.9*	*4,272,530*	*4,272,530*	*4,273,476*
• *In euro per share*		*4.97*	*6.22*	*2.87*

(1) The financial statements for the 2011 and 2010 fiscal years include the impacts from the retroactive application of revised IAS 19 regarding the amount of personnel expenses, tax for the period, earnings per share, and diluted earnings per share.

Consolidated statement of comprehensive income

(in thousands of euro)	Note	2012	2011 (1)	2010 (1)
Net income		**21,274**	**26,630**	**12,129**
Translation adjustments of foreign operations		-48	205	143
Share in currency adjustments of foreign operations of associates		-2,023	-32	-
Change in fair value of available-for-sale financial assets		-	-	-
Change in fair value of hedging financial instruments	*3.14*	-964	-1,092	-
Income tax on gains and losses recognized directly in equity	*4.8*	362	373	-
Other elements of comprehensive income that could be reclassified later in net income		**-2,673**	**-546**	**143**
Change in asset revaluation surplus		-	-	-
Actuarial gains and losses on defined benefit plans	*3.11*	-631	55	341
Share of actuarial gains and losses of associates		-237	39	-164
Income tax on gains and losses recognized directly in equity	*4.8*	210	-19	-114
Other elements of comprehensive income that cannot be reclassified in net income		**-658**	**75**	**63**
Total of other elements of comprehensive income after taxes		**-3,331**	**-471**	**206**
COMPREHENSIVE INCOME FOR THE YEAR		**17,943**	**26,159**	**12,335**
Share attributable to non-controlling interests		33	60	81
Share attributable to the shareholders of the parent company		17,910	26,099	12,254

(1) The financial statements for the 2011 and 2010 fiscal years include impacts from the retroactive application of revised IAS 19, on the amount of net income, actuarial gains and losses recorded in other elements of comprehensive income, the share of actuarial gains and losses in associates and tax on elements recognized directly in equity.

Consolidated statement of changes in equity

Changes in equity [1] *(in thousands of euros)*	Number of shares	Capital	Additional paid in capital [2]	Treasury stock	Retained earnings	Other comprehensive income	Total	Attributable to non controlling interests	Total equity
	Attributable to the shareholders of the parent company								
AS OF DECEMBER 31, 2010	**4,272,530**	**34,180**	**27,771**	**-343**	**141,836**	**23,805**	**227,249**	**2,716**	**229,965**
Net income for the year	-	-	-	-	26,571	-	**26,571**	59	**26,630**
Other comprehensive income	-	-	-	-	-	-472	**-472**	1	**-471**
Comprehensive income for the year	**-**	**-**	**-**	**-**	**26,571**	**-472**	**26,099**	**60**	**26,159**
Capital transactions	-	-	-	-	39	-	**39**	-	**39**
Share-based payments	-	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-1,280	-	**-1,280**	-	**-1,280**
Elimination of treasury shares	-	-	-	46	-59	-	**-13**	-	**-13**
Other	-	-	-	-	-19	-	**-19**	17	**-2**
Transactions with shareholders	**-**	**-**	**-**	**46**	**-1,319**	**-**	**-1,273**	**17**	**-1,256**
AS OF DECEMBER 31, 2011	**4,272,530**	**34,180**	**27,771**	**-297**	**167,088**	**23,333**	**252,075**	**2,793**	**254,868**
Net income for the year	-	-	-	-	21,220	-	**21,220**	54	**21,274**
Other comprehensive income	-	-	-	-	-	-3,310	**-3,310**	-21	**-3,331**
Comprehensive income for the year	**-**	**-**	**-**	**-**	**21,220**	**-3,310**	**17,910**	**33**	**17,943**
Capital transactions	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-5,547	-	**-5,547**	-	**-5,547**
Elimination of treasury shares	-	-	-	32	-20	-	**12**	-	**12**
Other	-	-	-	-	-	-	-	-	-
Transactions with shareholders	**-**	**-**	**-**	**32**	**-5,567**	**-**	**-5,535**	**-**	**-5,535**
AS OF DECEMBER 31, 2012	**4,272,530**	**34,180**	**27,771**	**-265**	**182,741**	**20,023**	**264,450**	**2,826**	**267,276**

(1) The statement of changes in equity includes the impacts from the retroactive application of revised IAS 19 on equity at the start of the period, net income and other elements of comprehensive income from the different periods.
(2) Issue premiums, contribution premiums, merger premiums, legal reserves.

Consolidated statement of cash flows

(in thousands of euro)	Note	2012	2011 [(1)]	2010 [(1)]
Operating activities				
Consolidated net income (including non-controlling interests)		21,274	26,630	12,129
Net allowances for depreciation, amortization and provisions	*5.1*	36,560	42,356	64,403
Impairment of goodwill	*3.1*	440	300	2,000
Gain on a bargain purchase	*1.2*	-	-973	-
Unrealized gains and losses related to changes in fair value	*3.14*	83	-254	-562
Expenses and income related to stock options and similar		-	-	-
Other calculated income and expenses		32	13	20
Gains and losses on disposal of assets		541	-1	193
Share of net income of associates	*4.7*	-16,439	-19,947	-25,166
Dividends received from associates	*5.2*	9,666	9,833	7,538
Cash flow from operating activities after tax and net borrowing costs		**52,157**	**57,957**	**60,555**
Net borrowing costs		4,660	2,734	2,593
Tax expenses (including deferred tax)	*4.8*	-1,093	-2,680	-50
Cash flow from operating activities before tax and net borrowing costs		**55,724**	**58,011**	**63,098**
Tax paid		16	1,535	3
Change in working capital requirement related to the business	*5.3*	5,516	-12,002	-13,495
(A) Net cash flow from operating activities		**61,256**	**47,544**	**49,606**
Investment activities				
Proceeds from sales of fixed assets		494	52	1,397
Acquisition of fixed assets	*5.4*	-85,398	-36,374	-40,233
Change in liabilities on acquisitions of fixed assets	*5.5*	-3,681	-5,159	1,049
Net impact of changes in scope, net of cash acquired	*5.6*	-3,067	-364	-6,022
(B) Net cash flow from investment activities		**-91,652**	**-41,845**	**-43,809**
Financing activities				
Gaumont SA capital increase	*3.10*	-	-	48
Dividends paid to Gaumont SA shareholders	*3.10*	-5,547	-1,280	-1,281
Dividends paid to non-controlling interests in consolidated companies		-	-	-
Change in treasury shares		12	-13	-350
Change in borrowings	*3.12*	43,544	274	-6,705
Interest paid		-3,777	-2,384	-2,286
(C) Net cash flow from financing operations		**34,232**	**-3,403**	**-10,574**
(D) Impact of changes in foreign exchange rates		**-131**	**276**	**198**
NET CHANGE IN CASH & CASH EQUIVALENTS: (A) + (B) + (C) + (D)		**3,705**	**2,572**	**-4,579**
Cash and cash equivalents at beginning of period		7,391	4,457	9,413
Bank overdraft at beginning of period		-362	-	-377
Cash position at beginning of period		**7,029**	**4,457**	**9,036**
Cash and cash equivalents at end of period	*3.9*	10,754	7,391	4,457
Bank overdraft at end of period	*3.12*	-20	-362	-
Cash position at end of period		**10,734**	**7,029**	**4,457**
NET CHANGE IN CASH & CASH EQUIVALENTS		**3,705**	**2,572**	**-4,579**

(1) The financial statements for the 2011 and 2010 fiscal years include the impacts from the retroactive application of revised IAS 19 regarding net income, tax expense for the period and the change in working capital related to the business.

Notes to the consolidated financial statements

1. The Gaumont group

1.1. Group's businesses

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

In 2012, the Group's business continued to be supported by the success of the film *Untouchable*. Still in movie theaters during the first quarter of 2012, *Untouchable* totaled 19.4 million cinema tickets in France, 2.7 million of which in 2012, and 30 million tickets abroad, as of the end of December 2012. It has become the biggest hit overseas for a French-language film.

As part of its new business producing series intended for the American market, Gaumont International Television, in Los Angeles, began shooting two 13-episode series during the summer of 2012, *Hemlock Grove* and *Hannibal*. Investments as of the end of December 2012 included k€48,021 pertaining to production in progress for these two series, which have been financed with dedicated loans. No revenue was recorded in 2012 for these series as they will be delivered in 2013. *Hemlock Grove* will be made available worldwide on Netflix on April 19, 2013 and *Hannibal* will be broadcast on NBC from April 4, 2013.

1.3. Scope of consolidation

Change in scope of consolidation

Acquisition of the company Nouvelles Editions de Films (NEF)

On May 14, 2012, Gaumont acquired 100% of NEF, a company founded in 1956 and owner of almost all of the films by Louis Malle, for a purchase price of k€3,111 (excluding fees).

Through this acquisition, Gaumont expanded its film catalog, already composed of more than 900 works, to almost all of the Louis Malle's works, including notably *Elevator to the Gallows*, *The Lovers*, *Atlantic City*, *Zazie in the Subway*, *Au Revoir les enfants*, *Lacombe Lucien*, and *Milou in May*, as well as Alain Cavalier's first film, *Le Combat dans l'Ile*.

The final allocation of the purchase price is as follows:

(in thousands of euro)	Book value	Fair value adjustment	Fair value
Films and cinema rights	-	3,810	3,810
Operating receivables	126	-	126
Operating liabilities	-167	-	-167
Deferred tax	-	-765	-765
Other miscellaneous assets and liabilities	-135	-	-135
Net cash	242	-	242
Net assets from Nouvelles Editions de Films as of May 14, 2012	**66**	**3,045**	**3,111**
Acquisition price (1)			**3,111**
NON-ALLOCATED GOODWILL			**-**

(1) Acquisition expenses recognized in income amount to k€91.

In accordance with revised IFRS 3, NEF is fully consolidated in the Gaumont group as of May 14, 2012.

Fair value of the film catalog and related deferred tax covers all of the difference between acquisition price and book value of net assets acquired. Fair value of the film catalog is amortized on a straight line basis over ten years starting from the acquisition date.

As of December 31, 2012, NEF contributed k€-244 to consolidated operating income and k€-144 to consolidated net income.

If the acquisition of NEF had taken place at the beginning of the financial reporting period, NEF's contribution to operating income would have amounted to k€-549, and its contribution to the Group's net income would have been k€-330.

Purchase of shares held by minority shareholders of Léonis Productions

In July 2012, Gaumont Télévision purchased shares from Léonis Production held by minority shareholders, representing 7.21% of share capital, for k€200.

At the beginning of the fiscal year, the Group presented a commitment to purchase to the minority shareholders valued at k€91, and presented a discounted fair value of k€59 on the balance sheet. In accordance with IFRS 3 (before revision), the purchase of minority interests led to the recognition of an additional goodwill in the amount of k€109.

Acquisition of Galaxy 7

On November 25, 2011, as part of the Group's development of television production activities, Gaumont Télévision acquired 100% of the capital of Galaxy 7, an audiovisual company formerly held by the Unimédia group, for a total amount of k€193.

Taking into consideration the fair value of the assets and liabilities of Galaxy 7 on the date of acquisition, the transaction was a bargain for the Group, represented by the recognition of a non-current operating profit of k€973 in the consolidated financial statements recorded as income as of December 31, 2011.

In accordance with revised IFRS 3, Galaxy 7 is consolidated in the Gaumont group from November 25, 2011.

The final allocation of the acquisition price is identical to that of December 31, 2011 and is broken down as follows:

(in thousands of euro)	Book value	Fair value adjustment	Fair value
Television dramas and series	368	-362	6
Cartoon films and series	376	-246	130
Support fund for audiovisual production - receivable	-190	1,545	1,355
Provisions for risks and expenses	-130	47	-83
Operating receivables	92	-	92
Operating liabilities	-167	-	-167
Other miscellaneous assets and liabilities	-141	-10	-151
Cash	-16	-	-16
Net assets of Galaxy 7 at November 25, 2011	**192**	**974**	**1,166**
Acquisition price (1)			**193**
PROFIT ON BARGAIN PURCHASES			**973**

(1) Acquisition expenses recognized in income as of December 21, 2011 amounted to k€53.

Internal restructuring with no impact on the consolidated financial statements

As part of rationalization of the Group's legal structures, the following transactions occurred in 2012:

- on January 5, Arkéion Films SAS was dissolved without liquidation by universal transfer of assets to Gaumont SA;
- on June 3, Galaxy 7 SARL was dissolved without liquidation by universal transfer of assets to Gaumont Télévision SAS;
- on October 22, Léonis Productions SAS was dissolved without liquidation by universal transfer of assets to Gaumont Télévision SAS.

Main consolidated companies

Company and legal form	Registered office	Siren	% interest	% control	Consolidation method
Parent company:					
Gaumont SA	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	562 018 002	100.00		F.C.
French companies:					
Motion picture production and distribution:					
Nouvelles Editions de Films SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	562 054 817	100.00	100.00	F.C.
Les Films du Dauphin 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	5, rue Lincoln, 75008 Paris	449 912 609	37.48	37.48	E.
Légende Films SARL	5, rue Lincoln, 75008 Paris	491 159 109	37.48	37.48	E.
Production of television dramas and cartoon series:					
Gaumont Télévision SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	340 538 693	100.00	100.00	F.C.
Les Films du Loup SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	322 996 257	100.00	100.00	F.C.
Alphanim SA	8, avenue des Minimes, 94300 Vincennes	411 459 811	100.00	100.00	F.C.
Alphanim Musique SARL	8, avenue des Minimes, 94300 Vincennes	433 438 769	100.00	100.00	F.C.
Movie theater operations					
Les Cinemas Gaumont Pathé SAS	2, rue Lamennais, 75008 Paris	392 962 304	34.00	34.00	E.
Archives:					
Gaumont Pathé Archives SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	444 567 218	57.50	57.50	F.C.
Foreign companies:					
United States:					
Gaumont Inc	520 West 43rd Street, New York, NY 10036	United States	100.00	100.00	F.C.
Lincoln Cinema Associates	1886 Broadway, New York, NY 10023	United States	31.95	31.95	E.
Legende Films Inc	15233 Ventura Blvd Ste 610, Sherman Oaks, CA 91403	United States	37.48	37.48	E.
Gaumont TV Inc	9200 W Sunset Blvd, West Hollywood, CA 90069	United States	100.00	100.00	F.C.
Gaumont International Television Llc	9200 W Sunset Blvd, West Hollywood, CA 90069	United States	100.00	77.15	F.C.
Ouroboros Productions Llc	9200 W Sunset Blvd, West Hollywood, CA 90069	United States	100.00	77.15	F.C.
Chiswick Productions Llc	9200 W Sunset Blvd, West Hollywood, CA 90069	United States	100.00	77.15	F.C.

F.C.: Fully consolidated.
E.: Equity Method

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, 2012 were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union and applicable on that date.

The accounting principles used to prepare the consolidated financial statements comply with IFRS and IFRS interpretations as adopted by the European Union at December 31, 2012 and available from the website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

These accounting principles are consistent with those used to prepare the annual consolidated financial statements for the year ended December 31, 2011, excluding the IFRS and IFRIC interpretations applicable starting January 1, 2012, it being noted that the Group opted for early implementation of revised IAS 19 on post-employment benefits. The principles result from the application:

- of all standards and interpretations endorsed by the European Union, mandatory as from January 1, 2012, and revised IAS 19;
- options taken and exemptions used upon transition to IFRS:
  - fair value assessment at January 1, 2004 of certain land and buildings,
  - non-restatement of business combinations completed prior to January 1, 2004,
  - recognition in opening equity of all cumulative actuarial gains and losses related to pensions and other employee benefits existing at January 1, 2004,
  - non-restatement of stock options granted by the Group to certain employees or management on or before November 7, 2002,
  - reclassification in the consolidated reserves of translation reserves on January 1, 2004 relating to the conversion into euro of the financial statements of subsidiaries operating in a foreign currency.

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

The Group's consolidated financial statements at December 31, 2012 were approved by the Board of Directors on February 28, 2013. They will be submitted for shareholder approval at the General meeting of April 25, 2013.

2.2. Effect of IFRS standards and IFRIC interpretations as from January 1, 2012

Standard		Effective date (1)	Impact on the consolidated financial statements of the Gaumont group
Amendment to IFRS 7	Disclosures: Transfers of financial assets	07.01.2011	The Group assigns some of its receivables under the «Dailly Law». See note 3.12 for details of these transactions.

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

2.3. Texts endorsed by the European Union and not yet compulsory at December 31, 2012

Standard		Effective date [1]	Impact on the consolidated financial statements of the Gaumont group
Revised IAS 19	Defined benefit plans	01.01.2013	Change of accounting method for actuarial gains and losses. Impact of application is explained in the notes.
Revised IAS 27	Separate financial statements	01.01.2014	Not applicable
Revised IAS 28	Investments in associates and joint ventures	01.01.2014	No significant impact on the consolidated financial statements
IFRS 10	Consolidated financial statements	01.01.2014	No significant impact on the consolidated financial statements
IFRS 11	Joint agreements	01.01.2014	No significant impact on the consolidated financial statements
IFRS 12	Disclosures of interests in other entities	01.01.2014	No significant impact on the consolidated financial statements
IFRS 13	Fair value measurement	01.01.2013	No significant impact on the consolidated financial statements
Amendments to IAS 1	Presentation of items in other comprehensive income	07.01.2012	No significant impact on the consolidated financial statements
Amendments to IAS 12	Deferred tax – recovery of underlying assets	01.01.2013	No significant impact on the consolidated financial statements
Amendments to IAS 32	Offsetting of financial assets and financial liabilities	01.01.2014	No significant impact on the consolidated financial statements
Amendments to IFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters	01.01.2013	No significant impact on the consolidated financial statements
Amendments to IFRS 7	Disclosures: Offsetting of financial assets and financial liabilities	01.01.2013	No significant impact on the consolidated financial statements
IFRIC 20	Stripping costs in the production phase of a surface mine	01.01.2013	Not applicable

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

In accordance with recommendations of the AMF (*Autorité des marchés financiers*, the French financial market authority), the Group adopted amended IAS 1 early as from December 31, 2011.

The Group also decided to adopt revised IAS 19 early. In accordance with the transitional provisions, the change of method was applied retrospectively in compliance with IAS 8. The impacts of the change are given in the notes to each balance sheet and income statement item affected, the main effects being covered in notes 3.5, 3.11, 4.2 and 4.8.

2.4. Consequences for the Group of standards, amendments and interpretations published by the IASB and not yet endorsed by the European Union at December 31, 2012

Standard		Effective date (1)	Impact on the consolidated financial statements of the Gaumont group
IFRS 9	Financial instruments	01.01.2015	On hold – the process of adoption of this standard by the EU has been suspended
Amendments to IFRS 9 and IFRS 7	Date of effect of IFRS 9 and disclosures on the transition	01.01.2015	On hold – the process of adoption of IFRS 9 by the EU has been suspended
Amendments to IFRS 1	First-time adoption of the international standards: Government loans	01.01.2013	Not applicable
2011 annual improvements	*See details below.*	01.01.2013	*See details below.*
Amendments to IFRS 10, IFRS 11, IFRS 12	Application during transitional period	01.01.2013	No significant impact on the consolidated financial statements
Amendments to IFRS 10, IFRS 12, IAS 27	Investment entities	01.01.2014	Not applicable

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

The following standards were affected by the 2011 annual improvements:

Relevant standard	Object of the amendment	Effective date (1)	Impact on the consolidated financial statements of the Gaumont group
IFRS 1	Repeated application of IFRS 1	01.01.2013	Not applicable
	Borrowing costs relating to qualifying assets for which the commencement date for capitalization is before the date of transition to IFRS	01.01.2013	Not applicable
IAS 1	Clarification of the requirements for comparative information	01.01.2013	No significant impact on the consolidated financial statements
	Consistency with the updated conceptual framework	01.01.2013	No significant impact on the consolidated financial statements
IAS 16	Classification of servicing equipment	01.01.2013	No significant impact on the consolidated financial statements
IAS 32	Tax effects of distributions to holders of equity instruments and costs of equity transactions (must comply with IAS 12)	01.01.2013	No significant impact on the consolidated financial statements
IAS 34	Interim reporting and segment information for total assets in a segment	01.01.2013	No significant impact on the consolidated financial statements

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

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

2.5. Basis of preparation of consolidated financial statements

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

2.6. Use of estimates

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

2.7. Consolidation

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

Revised IAS 27 presents the consolidated financial statements of a Group as those of a single economic entity with two categories of owners: the owners of the parent, on the one hand (Gaumont SA's shareholders), and the holders of non-controlling interests on the other (minority shareholders in the subsidiaries).

A non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent company ("minority interests").

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

Investment in subsidiaries

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

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

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

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

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

Moreover, from January 1, 2010, the share of income of non-controlling interests is attributed to them even if this results in a deficit balance of their share.

Investments in associates

In accordance with IAS 28, companies in which Gaumont directly or indirectly has a significant influence are accounted for using the equity method. A significant influence is presumed when Gaumont holds more than 20% of the voting rights. The companies in which the Group exercises joint control are also accounted for using the equity method.

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

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

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

2.8. Foreign currency translation

Financial statements of foreign subsidiaries

Foreign subsidiaries use their local currencies, i.e. currency of the economic environment in which the entity operates.

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

Foreign currency transactions

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

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

2.9. Business combinations

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

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

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

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

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

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

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

Subsequent earn outs give rise to recognition of goodwill.

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

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

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

Rules applicable to business combinations completed from January 1, 2010

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

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

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

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

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

2.10. Goodwill

The Group finalizes the analysis of the acquisition price allocation during the 12-month period following the acquisition date and at the end of which the allocation of the purchase price is considered final.

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

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

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

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

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

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

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

For the television series and drama production business:

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

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

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

Impairment losses on goodwill are irreversible.

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

2.11. Property, plant, equipment and intangible assets

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

In accordance with IAS 36 “Impairment of assets”, when events or changes to the market environment indicate a risk of impairment losses on intangible assets with definite useful lives and on property, plant and equipment, such assets shall be reviewed in detail to determine whether their net carrying amount has fallen below their recoverable value defined as the higher of the fair value (less costs to sell) 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 the recoverable amount is less than the net carrying value, an impairment loss is recognized for the difference between these two amounts.

Impairment losses on intangible assets with definite useful lives and on property, plant and equipment may be subsequently reversed where the net recoverable value rises back above the net carrying amount (by at most the amount of the initial impairment loss).

Gains or losses on the disposal of an intangible asset or an item of property, plant and equipment are determined as the difference between the proceeds from the sale and the net carrying value of the asset sold and is recognized under “Non-current operating income (loss)”.

Films and audiovisual rights

Films and audiovisual rights

The gross value of films and audiovisual rights, recognized in the statement of financial position, corresponds to the following items:

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

and includes, as from the end of shooting:

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

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

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

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

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

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

Cartoon series and television series and dramas

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

Series amortization is determined series by series, based on estimates of future proceeds over a seven-year period at most.

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.

At the reporting date, the series is tested for impairment, consisting of comparing the net carrying value of the series with the estimates of the Group’s share of net proceeds. If the net carrying value is less than estimated sales, the evaluation is deemed to be satisfactory. If, on the other hand, the net carrying value exceeds the sales estimates, additional amortization or an impairment loss is recognized.

Preliminary costs

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

Productions in progress

Feature films

The productions in progress include all direct costs and interest expenses incurred to produce the film up to the end of filming as well as a portion of overheads that are directly attributable to the production.

Cartoon series and television dramas

The transfer of items from intangible assets “in progress” to “completed” intangible assets takes effect upon the delivery and “technical” acceptance of all episodes of the series by the broadcaster (television channel).

Other intangible assets

Other intangible assets include:

- purchased software, amortized over a period between one and three years;
- musical rights, amortized over two years: 75% the first year and 25% the next year or following the straight line method over five years in the case of the purchase of catalogs.

Property, plant and equipment

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

Under IFRS 1, the Group took the option upon transition to IFRS to have land and buildings located in the heart of the Paris business district assessed at fair value. These include:

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

Said revaluations were made based on independent appraisals.

IAS 16 provides in particular for:

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

The main depreciation periods used are as follows:

Useful life *(in years)*

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

(1) Buildings that have been assessed at fair value, according to IFRS, are depreciated over 40 years as from the date of the reassessment.

2.12. Investments in associates

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

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

Any impairment losses are recognized under “Share of net income (loss) of associates”.

2.13. Other financial assets

Investments in non-consolidated companies

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

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

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

Their carrying value in the statement of financial position, measured at amortized cost, 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 the recoverable value is recognized in income and is reversible where there is an upswing in the recoverable value.

2.14. Impairment of assets

Under IAS 36 “Impairment of assets”, the carrying amount of goodwill, intangible assets and property, plant and equipment is tested whenever there is an indication of impairment, and reviewed at each reporting date. This test is carried out at least once a year for assets with indefinite useful lives, a category that for the Group is limited to goodwill.

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

2.15. Inventories

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

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

2.16. Trade receivables and other receivables

Receivables are recognized at their nominal value, less impairment for non recoverable amounts. Impairment is estimated when it is no longer probable that the full amount of receivables can be recovered. Receivables are written off when they are identified as being irrecoverable.

2.17. Cash and cash equivalents

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

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

2.18. Treasury shares

Pursuant to IAS 32, own equity instruments, including treasury shares, are deducted from equity, based on their purchase cost.

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

2.19. Current provisions

In accordance with IAS 37 “Provisions, contingent liabilities and contingent assets”, a provision for risks and expenses is recognized when the Group has a present obligation as a result of a past event, and when it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation.

2.20. Non-current provisions

Provisions for post employment benefits

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

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

- rights under agreements in relation to the seniority acquired by the various categories of personnel;
- an estimated retirement age of 63 for executives and supervisors and 62 for employees;
- the turnover rate;
- future salary and benefit levels that include a coefficient for applicable employer social security contributions;
- an annual rate of salary increase;
- mortality based on statistical tables;
- discount rate reviewed at each reporting date, based on long-term corporate bonds (“Euro zone AA rated corporate bonds +ten years”).

Revised IAS 19 makes some amendments to the accounting treatments of post-employment benefits measured in this way. The principle changes are as follows:

- recognition of all commitments on the consolidated statement of financial position and the end of the corridor method, under which past service costs could be amortized over the average vesting period of the rights;
- mandatory recognition of all actuarial gains and losses under «Other comprehensive income»;
- immediate recognition in income of the impact of pension plan amendments;
- the expected rate of return on plan assets will now be the same as the discount rate applied to the defined benefit obligation.

As from January 1, 2012 with retrospective effect on previous years, under revised IAS 19 past service costs, gains and losses on settlements and net interest on the defined benefit liability are recognized in income for the period and reported under “Personnel costs”. Actuarial gains and losses are recognized in full under “Other comprehensive income”. The Group has no assets in respect of its defined benefit plans.

Seniority bonuses

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

2.21. Stock option plan

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

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

2.22. Deferred tax

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

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

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

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

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

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. Consequently no deferred tax liability has been recognized.

2.23. Derivatives

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

Derivatives are initially recognized at fair value on the date of inception of the contracts and are subsequently carried at fair value pursuant to IAS 39. The fair value of derivatives is shown on the statement of financial position as "Other receivables" or "Other payables", depending on whether it results in an unrealized gain or loss.

Non-hedging derivatives

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

Hedging derivatives

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

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

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

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

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

2.24. Measurement of financial liabilities

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

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

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

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

2.25. Soficas

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

2.26. Structure of the consolidated statement of financial position

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

The breakdown is as follows:

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

2.27. Operating segments

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

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

- production and distribution of movies, which includes the various stages of marketing of a film: cinema distribution, sale to television channels, on video and video on demand, both in France and internationally;
- production and distribution of cartoon films and series, and television series and dramas via its subsidiaries Alphanim, Gaumont Télévision and Gaumont International Television in the United States;
- operation of movie theaters via its interest in Les Cinémas Gaumont Pathé.

2.28. Revenue

Cinema production business

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

Cinemas France

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

Video France

Revenue generated from the use of video rights is recognized based on monthly sales.

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

Video on demand France

Revenue from video on demand is recognized on the basis of monthly payments.

Television France

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

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

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

International

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

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

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

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

Television production business - cartoon series and dramas

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

Television France

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

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

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

International

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

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

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

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

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

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

2.30. Subsidies

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

2.31. Audiovisual and cinema tax credit

The cinema tax credit granted as from 2004 to encourage production companies to develop and produce their audiovisual and cinema works in France is recognized pro rata to the economic amortization in the consolidated financial statements as current operating income as from the first release of the relevant film in cinemas and from the date of delivery and acceptance of the relevant audiovisual work.

2.32. Operating income

Operating income includes current operating income as well as other non-current operating income or expenses, which include gains (losses) on the disposal of assets and impairment losses on non-current intangible assets (including goodwill) and on property, plant and equipment.

2.33. Net borrowing costs

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

2.34. Other financial income and expenses

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

2.35. Share of net income of associates

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

2.36. Earnings per share

Earnings per share are determined by dividing the parent company's shareholders' share of earnings by the average weighted number of shares issued and outstanding over the reporting period.

Diluted earnings per share are calculated on the basis of the average weighted number of shares in circulation during the period ended, increased by the number of shares generated from the exercise of all dilutive stock options granted at the reporting date. In particular, for 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 must be treated as an issue of ordinary shares with a dilutive effect.

When annual earnings are negative, diluted earnings per share are calculated on the basis of the number of shares at the reporting date, considering the accretive nature of the exercise of stock options.

3. Notes to the consolidated statement of financial position

3.1. Goodwill

	12.31.12	Movements of the period +	Movements of the period -	Movements of the period Other [(1)]	12.31.11	12.31.10
Alphanim	15,794	-	-	-	15,794	15,794
Arkéion Films	241	-	-	-	241	241
Autrement Productions	53	-	-	-	53	53
Les Films du Dauphin	1,815	-	-	-	1,815	1,815
Léonis Productions	740	-	-	109	631	782
LGM Participations	491	-	-	-	491	491
Gross value	**19,134**	**-**	**-**	**109**	**19,025**	**19,176**
Les Films du Dauphin	-1,271	-	-	-	-1,271	-1,271
Accumulated amortization	**-1,271**	**-**	**-**	**-**	**-1,271**	**-1,271**
Alphanim	-2,000	-	-	-	-2,000	-2,000
Arkéion Films	-241	-	-	-	-241	-241
Autrement Productions	-53	-	-	-	-53	-53
Les Films du Dauphin	-544	-	-	-	-544	-544
Léonis Productions	-740	-440	-	-	-300	-
Accumulated impairment losses	**-3,578**	**-440**	**-**	**-**	**-3,138**	**-2,838**
CARRYING VALUE	**14,285**	**-440**	**-**	**109**	**14,616**	**15,067**

(1) Changes in percentage interest.

In 2012, the buyout of non-controlling shareholders in Léonis Productions gave rise to k€109 of goodwill. When the subsidiary then ceased trading, the Group recognized an impairment loss which reduced to zero the net value of goodwill allocated to this company.

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

For the main goodwill items on the Group's balance sheet, the tables below set out the key assumptions applied and the sensitivity of their value in use to changes in these assumptions.

	CGU category	Projection period	Discount rate	Perpetual growth rate	Other key assumptions	Net carrying amount 12.31.12	Net carrying amount 12.31.11	Net carrying amount 12.31.10
Alphanim	Production of cartoon movies and series	perpetuity	7.5%	2.0%	two-year budget [(1)] and going concern	13,794	13,794	13,794

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

The values for each of the key assumptions which would, all else being equal, bring the value in use of the cash-generating unit (CGU) into line with its carrying amount are presented in the table below.

	Threshold assumption value: Projection period	Threshold assumption value: Discount rate	Threshold assumption value: Perpetual growth rate	Threshold assumption value: Other key assumptions
Alphanim	16 years [(1)]	11.5%	-4.0%	None

(1) On these key assumptions value in use equals net carrying amount after 16 years.

3.2. Films and audiovisual rights

	12.31.12	Movements of the period +	-	Other (1)	12.31.11	12.31.10
Films and cinema rights	1,543,613	20,038	-9	3,810	1,519,774	1,494,953
Television series, dramas and broadcasting rights	19,293	1,887	-	52	17,354	13,479
Cartoon films and series	138,747	4,260	-3,403	6,833	131,057	123,988
Video games	1,525	-	-	-	1,525	1,525
Movies in production	1,313	1,313	-	-	-	-
Television series and dramas in production	48,207	48,040	-	-60	227	-
Cartoon films and series in production	7,851	6,829	-	-6,833	7,855	1,260
Gross value	**1,760,549**	**82,367**	**-3,412**	**3,802**	**1,677,792**	**1,635,205**
Films and cinema rights	-1,481,920	-23,804	9	-	-1,458,125	-1,422,080
Television series, dramas and broadcasting rights	-18,781	-1,919	-	-2	-16,860	-13,184
Cartoon films and series	-132,864	-9,939	3,033	-	-125,958	-118,169
Video games	-1,525	-	-	-	-1,525	-1,525
Accumulated amortization	**-1,635,090**	**-35,662**	**3,042**	**-2**	**-1,602,468**	**-1,554,958**
Films and cinema rights	-309	-309	134	-	-134	-515
Television dramas and broadcasting rights	-202	-	-	-	-202	-
Cartoon films and series	-114	-2	697	-	-809	-
Accumulated impairment losses	**-625**	**-311**	**831**	**-**	**-1,145**	**-515**
CARRYING VALUE	**124,834**	**46,394**	**461**	**3,800**	**74,179**	**79,732**

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

The increase in the gross value of films and cinema rights was mainly driven by investments in movies released in 2012, or which have finished shooting and will be released during 2013, and by the first-time consolidation of Nouvelles Editions de Films.

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

At December 31, 2012, films and audiovisual rights in production correspond to works that will be delivered or released in 2013 and 2014, notably:

- films and cinema rights: *Belle and Sebastian* and *Mea Culpa*;
- television series and dramas: *Hemlock Grove* and *Hannibal*;
- cartoon films and series: *Calimero Season 1*, *Lanfeust* and the feature film *The Magic Snow Flake*.

Reductions in assets reflect rights disposed of during the period.

At December 31, 2012, a k€309 impairment loss was recognized for a movie whose estimated proceeds failed to cover its carrying amount. A reversal of impairment was also recognized for a cartoon series during the year after its delivery, the impairment having been included in the amortization charge for the period.

3.3. Other intangible assets

	12.31.12	Movements of the period +	-	Other (1)	12.31.11	12.31.10
Franchises, patents, licenses, brands and software	2,761	392	-	-2	2,371	2,247
Musical productions	2,819	-	-	-	2,819	2,819
Other intangible assets	166	-	-11	11	166	172
Other intangible assets in progress	80	80	-	-	-	-1
Gross value	**5,826**	**472**	**-11**	**9**	**5,356**	**5,237**
Franchises, patents, licenses, brands and software	-2,220	-251	-	2	-1,971	-1,840
Musical productions	-2,820	-22	-	-	-2,798	-2,733
Other intangible assets	-97	-1	11	-11	-96	-94
Accumulated depreciation and impairment losses	**-5,137**	**-274**	**11**	**-9**	**-4,865**	**-4,667**
CARRYING VALUE	**689**	**198**	**-**	**-**	**491**	**570**

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

3.4. Property, plant and equipment

	12.31.12	Movements of the period +	Movements of the period -	Other (1)	12.31.11	12.31.10
Land	20,260	-	-	-	20,260	20,260
Buildings and fittings	30,397	1,573	-900	19	29,705	29,530
Operating equipment	1,836	130	-35	-1	1,742	1,697
Other property, plant and equipment	5,488	708	-44	-1	4,825	5,042
Property, plant and equipment in progress	5	5	-	-19	19	13
Gross value	**57,986**	**2,416**	**-979**	**-2**	**56,551**	**56,542**
Land	-310	-	-	-	-310	-310
Buildings and fittings	-19,277	-884	697	-	-19,090	-18,182
Operating equipment	-1,624	-75	35	-	-1,584	-1,498
Other property, plant and equipment	-4,436	-365	43	-1	-4,113	-4,250
Accumulated depreciation and impairment losses	**-25,647**	**-1,324**	**775**	**-1**	**-25,097**	**-24,240**
CARRYING VALUE	**32,339**	**1,092**	**-204**	**-3**	**31,454**	**32,302**

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

3.5. Investments in associates

Company	% Interest	12.31.12	12.31.11	12.31.10
Les Cinémas Gaumont Pathé	34.00%	218,637	213,434	202,936
Lincoln Cinema Associates (USA)	31.95%	407	415	509
Légende	37.48%	5,624	6,316	6,572
Gross value		**224,668**	**220,165**	**210,017**
Accumulated impairment losses		-	-	-
CARRYING VALUE		**224,668**	**220,165**	**210,017**

The value of the investment in Les Cinémas Gaumont Pathé group reflects retrospective application of revised IAS 19, with the booking of actuarial gains/losses that went unrecognized under the old corridor method.

The impact of these restatements is as follows:

	12.31.12	12.31.11	12.31.10
Net value of investment, old method	218,984	213,560	203,101
Recognition of actuarial gains/losses, net of tax	-347	-126	-165
Net value of investment after application of revised IAS 19	218,637	213,434	202,936

The monitoring of the recoverable amounts did not show any impairment at December 31, 2012.

Summarized financial information of associates

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

	Les Cinémas Gaumont Pathé	Lincoln Cinema Associates (USA)	Légende
% Interest	**34.00%**	**31,95%**	**37.48%**
Non-current assets	289,267	382	7,344
Current assets	58,729	68	5,385
Total assets	**347,996**	**450**	**12,729**
Equity	187,286	401	2,341
Non-current liabilities	73,377	-	648
Current liabilities	87,333	49	9,740
Total equity and liabilities	**347,996**	**450**	**12,729**
Revenue	231,653	1,239	1,338
Net income (loss)	16,649	372	-582

Transactions with associates

Only Gaumont SA enters into transactions with associated companies.

	12.31.12	12.31.11	12.31.10
Trade receivables	2,882	9,101	1,296
Other receivables	2,035	406	406
Non-current liabilities	940	1,061	1,181
Trade payables	108	-	-
Liabilities on property, plant and equipment and intangible assets	50	-	-
Other payables	673	173	169
Revenue and other current income	9,747	13,606	4,096
Other current expenses	353	698	-

3.6. Other financial assets

	12.31.12	Movements of the period +	-	Other (1)	12.31.11	12.31.10
Investments in non consolidated entities	3	-	-	-	3	15
Loans	180	-	-23	-	203	222
Deposits and bonds	358	7	-6	2	355	157
Other financial assets	51	136	-124	-	39	-
Gross value	**592**	**143**	**-153**	**2**	**600**	**394**
Investments in non consolidated entities	-	-	-	-	-	-12
Accumulated impairment losses	**-**	**-**	**-**	**-**	**-**	**-12**
CARRYING VALUE	**592**	**143**	**-153**	**2**	**600**	**382**

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

Impairment testing of financial assets revealed no unrealized losses.

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

Investments in non-consolidated entities

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.

3.7. Inventories

	12.31.12	Movements of the period +	-	12.31.11	12.31.10
Gross value	1,453	214	-	1,239	1,020
Accumulated impairment losses	-929	-403	-	-526	-504
CARRYING VALUE	**524**	**-189**	**-**	**713**	**516**

3.8. Trade receivables and other current assets

	12.31.12	12.31.11	12.31.10
Trade receivables	37,668	68,447	36,237
Current financial assets	2,391	165	440
Advances and prepayments to suppliers	2,578	2,270	590
Payroll receivables	117	58	9
Tax receivables	23,077	20,367	8,615
Current tax assets	1,966	1,636	1,588
Current accounts	1	1	8,913
Other receivables	14,347	7,306	17,165
Derivatives	188	222	-
Prepaid expenses	1,694	1,170	953
Gross value	**84,027**	**101,642**	**74,510**
Trade receivables	-114	-185	-93
Current accounts	-	-	-8,913
Other receivables	-1,676	-1,917	-1,657
Accumulated impairment losses	**-1,790**	**-2,102**	**-10,663**
CARRYING VALUE	**82,237**	**99,540**	**63,847**
Maturities:			
• less than one year	81,746	98,152	72,950
• one to five years	491	1,388	1,560
• over five years	-	-	-

The significant changes in trade receivables are mainly due to receipts from the movie *Untouchable*, released late in 2011, which came in during the first quarter of 2012.

Breakdown of accumulated impairment losses

	12.31.12	Movements of the period +	Movements of the period -	Movements of the period Other (1)	12.31.11	12.31.10
Trade receivables	-114	-9	101	-20	-186	-93
Current accounts	-	-	-	-	-	-8,913
Other receivables	-1,676	-142	382	-	-1,916	-1,657
ACCUMULATED IMPAIRMENT LOSSES	**-1,790**	**-151**	**483**	**-20**	**-2,102**	**-10,663**

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

3.9. Cash and cash equivalents

	12.31.12	12.31.11	12.31.10
Bank accounts and other cash and cash equivalents	10,754	7,391	4,457
TOTAL	**10,754**	**7,391**	**4,457**

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

3.10. Equity

Share capital of the parent company

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

No changes occurred in 2012.

	12.31.12	Movements of the period +	Movements of the period -	12.31.11	12.31.10
Number of shares	4,272,530	-	-	4,272,530	4,272,530
Par value	€8			€8	€8
CAPITAL *(in euros)*	**34,180,240**	**-**	**-**	**34,180,240**	**34,180,240**

Treasury stock

At December 31, 2012, Gaumont SA held 6,662 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)	12.31.12	12.31.11	12.31.10
Dividends paid	5,546,803	1,279,886	1,281,455
Dividends per share	1.30	0.30	0.30

Stock options

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

No new stock plans were established in 2012.

The Combined ordinary and extraordinary General meeting of Gaumont SA on May 3, 2012 approved a dividend of €1.30 per share paid on May 10, 2012, by drawing on the Company's discretionary reserves. In accordance with the legal provisions for the protection of all employees' rights, the offer price and number of shares still to be subscribed were adjusted.

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

	Initial grant		Adjusted grant		Options at end of period			
Plan	Price	Number	Price	Number	Canceled	Subscribed	Outstanding	Exercisable
Plan V (February 96)	€50.31	104,000	€47.59	109,999	40,193	61,447	8,359	8,359
Plan VI (March 98)	€64.03	168,000	€60.57	177,722	85,715	76,129	15,878	15,878
Plan VII (April 02)	€48.00	165,000	€45.41	174,658	110,879	40,970	22,809	22,809
Plan VIII (February 05)	€64.00	196,750	€60.66	208,189	78,572	2,117	127,500	127,500
TOTAL		**633,750**		**670,568**	**315,359**	**180,663**	**174,546**	**174,546**

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

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

Plan	Grant date	Exercise period start	Exercise period end	12.31.11	Movements of the period Adjusted	Movements of the period Granted	Movements of the period Canceled	Movements of the period Subscribed	12.31.10
Plan V	02.15.96	02.15.01	02.14.46	8,106	54	-	-	-	8,052
Plan VI	03.12.98	03.12.03	03.11.48	16,425	125	-	-2,053	-	18,353
Plan VII	04.09.02	04.09.06	04.08.46	22,650	174	-	-1,448	-	23,924
Plan VIII	02.28.05	02.28.09	02.27.49	124,683	871	-	-2,054	-	125,866
TOTAL				**171,864**	**1,224**	**-**	**-5,555**	**-**	**176,195**

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, 2012, the outlook for available cash was uncertain and the Group therefore recognized no financial liability in respect of these instruments.

3.11. Current and non-current provisions

		Movements of the period					
	12.31.12	Increases	Uses	Reversals [(1)]	Other [(2)]	12.31.11	12.31.10
Provisions for pension and similar benefits	2,711	245	-226	-2	631	2,063	1,938
Non-current provisions	**2,711**	**245**	**-226**	**-2**	**631**	**2,063**	**1,938**
Provisions for legal proceedings relating to intellectual property rights over works	208	100	-705	-100	-	913	740
Provisions for legal proceedings with personnel	-	-	-80	-137	-	217	501
Provisions for commercial legal proceedings	158	158	-	-	-	-	-
Provisions for other legal proceedings	639	119	-	-	-	520	-
Provisions for risks on investments in associates	-	-	-	-	-	-	-
Provisions for risks on films	-	-	-	-36	-	36	737
Other provisions for miscellaneous risks	301	200	-	-	1	100	174
Provisions for property-related expenses	-	-	-	-	-	-	-
Provisions for personnel costs	186	186	-92	-35	-	127	100
Provisions for other costs	-	-	-	-	-	-	-
Current provisions	**1,492**	**763**	**-877**	**-308**	**1**	**1,913**	**2,252**
TOTAL	**4,203**	**1,008**	**-1,103**	**-310**	**632**	**3,976**	**4,190**
Impact on current operating income		1,008	-1,103	-310	-		
Impact on non-current operating income		-	-	-	-		
Impact on share of net income of associates		-	-	-	-		

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

Provisions for legal proceedings relating to intellectual property include ongoing disputes with authors or performing artists, being brought either directly or through their unions. Changes in this item over the period follow on from the signature on July 11, 2012, of an agreement between the collective rights management company ADAMI (*Administration des droits des artistes interprètes* - a society representing performance artists) and the main producers, on remuneration of performing artists for the exploitation of French films released before December 1, 1990 by methods and procedures that were not foreseen at the time.

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, 2012, provisions recognized for contingent liabilities were measured on the basis of the amounts for which the Group is being sued where it is considered probable that it will have to pay.

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

Provisions for pension and similar benefits

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

As from January 1, 2012 with retrospective effect on previous years, under revised IAS 19, past service costs, gains and losses on settlement and net interest on the defined benefit liability are recognized in income for the period and reported under “Personnel costs”. Actuarial gains and losses are recognized under “Other comprehensive income”.

Analysis of provisions for pension and similar benefits:

	12.31.12	12.31.11	12.31.10
Pensions	2,589	1,957	1,841
Seniority bonuses	122	106	97
TOTAL	**2,711**	**2,063**	**1,938**

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

	2012	2011	2010
Expected payments in the next ten years			
Less than one year	194	271	234
One to five years	189	405	405
Five to ten years	513	1,022	859
Average duration of the commitment *(in years)*	**12.73**	**10.48**	**10.83**

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

	2012			2011			2010		
	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total
ACTUARIAL LIABILITY AT THE BEGINNING OF THE YEAR	**1,957**	**106**	**2,063**	**1,841**	**97**	**1,938**	**1,938**	**108**	**2,046**
Current service cost	132	7	139	137	7	144	135	8	143
Plan amendment	-	-	-	-	-	-	75	-	75
Benefits paid	-218	-8	-226	-43	-10	-53	-57	-10	-67
Service cost	**-86**	**-1**	**-87**	**94**	**-3**	**91**	**153**	**-2**	**151**
Discounting effect	87	5	92	77	4	81	91	5	96
Interest expense	**87**	**5**	**92**	**77**	**4**	**81**	**91**	**5**	**96**
Actuarial gains/losses recognized in income	-	12	12	-	8	8	-	-14	-14
Net expense recognized in income	**1**	**16**	**17**	**171**	**9**	**180**	**244**	**-11**	**233**
Experience gains/losses	85	-	85	-7	-	-7	-432	-	-432
Changes in demographic assumptions	1	-	1	-1	-	-1	-3	-	-3
Changes in financial assumptions	545	-	545	-47	-	-47	94	-	94
Actuarial gains/losses recognized in comprehensive income	**631**	**-**	**631**	**-55**	**-**	**-55**	**-341**	**-**	**-341**
Amounts recognized in other comprehensive income	**631**	**-**	**631**	**-55**	**-**	**-55**	**-341**	**-**	**-341**
Changes in scope	-	-	-	-	-	-	-	-	-
ACTUARIAL LIABILITY AT THE END OF THE YEAR	**2,589**	**122**	**2,711**	**1,957**	**106**	**2,063**	**1,841**	**97**	**1,938**

The change in accounting methods as a result of the retrospective application of revised IAS 19, in accordance with IAS 8 paragraph 28, resulted in the reclassification of actuarial gains/losses, previously recognized in income, to other comprehensive income.

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

	Pensions			Seniority bonuses		
	12.31.12	12.31.11	12.31.10	12.31.12	12.31.11	12.31.10
Discount rate	2.75%	4.75%	4.50%	2.75%	4.75%	4.50%
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Average expected increase in salaries	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Applying the actuarial assumptions, the expected charge for 2013 breaks down as follows:

	2013		
	Pensions	Seniority bonuses	Total
Current service cost	215	10	225
Plan amendment	-	-	-
Service cost	**215**	**10**	**225**
Discounting effect	71	3	74
Interest expense	**71**	**3**	**74**
EXPECTED CHARGE FOR THE PERIOD	**286**	**13**	**299**

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 to the liability reported in the statement of financial position or to the expected charge for the next period.

	Change in present value of liability			Change in service costs in 2013		
Assumption	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total
Discount rate *(base rate: 2.75%)*						
2.50%	82	3	85	9	1	10
3.00%	-78	-3	-81	-9	-	-9

3.12. Financial liabilities

	12.31.12	Movements of the period			12.31.11	12.31.10
		+	-	Other (1)		
Credit line	94,526	96,054	-93,013	-1,320	92,805	88,523
of which accrued interest payable	54	54	-13	-	13	28
Acquisition loans	-	-	-5,004	68	4,936	9,868
of which accrued interest payable	-	-	-4	-	4	6
Production loans (2)	47,860	49,388	-	-1,528	-	-
Assignments of receivables	4,180	4,887	-5,076	-	4,369	3,063
Other loans	771	685	-30	-59	175	206
Advances repayable on distribution proceeds	1,374	75	-332	38	1,593	1,744
Deposits received	118	-	-15	-	133	130
Bank overdraft	20	-	-489	147	362	-
TOTAL	**148,849**	**151,089**	**-103,959**	**-2,654**	**104,373**	**103,534**
Maturities:						
• less than one year	6,517				104,314	98,396
• one to five years	142,332				46	5,035
• over five years	-				13	103

(1) Changes in scope and amortization of borrowing costs.
(2) Production loans are shown as having a maturity of more than one year because of their contractual maturity. However, they are repaid via pre-financing contracts and proceeds from the series, therefore part of the loans will start to be repaid as from 2013.

Credit line

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

The credit line has the following characteristics:

- the borrowing limit reduces over time from k€125,000 until December 31, 2013, to k€110,000 from January 1, 2014, and k€100,000 from January 1, 2015;
- interest is variable rate, Euribor-based;
- the loan is tied to financial covenants that must be met half-yearly, see note 6.4;
- collateral consists of a pledge of Alphanim SA and Gaumont Télévision SAS securities and the main films from the back catalog, see note 6.3.

The first drawdown from the credit line went to repay amounts outstanding from the previous line and to refinance in full the k€5,000 balance on the installment loan used for the Alphanim acquisition.

At December 31, 2012, k€96,000 had been drawn down under the credit line, which was hedged by k€65,000 in interest rate hedging instruments. This left Gaumont with confirmed drawing rights of k€29,000.

Effective interest rate

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

	12.31.12	12.31.11	12.31.10
Before hedging	2.70%	2.31%	2.04%
After hedging	3.53%	2.65%	2.24%

Average interest rate

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

	2012	2011	2010
Before hedging	2.28%	2.10%	1.47%
After hedging	3.09%	2.22%	2.05%

Acquisition loans

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

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

Effective interest rate

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

	04.26.12	12.31.11	12.31.10
Before hedging	3.40%	4.02%	2.92%
After hedging (1)	-	-	-

(1) The related interest rate hedging instrument expired on December 21, 2010.

Average interest rate

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

	01.01.12 to 04.26.12	2011	2010
Before hedging	2.47%	2.52%	1.97%
After hedging (1)	-	-	2.67%

(1) The related interest rate hedging instrument expired on December 21, 2010.

Production loans

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

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

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, 2012, k$46,827 had been used, i.e. 90% of the total available.

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

The loan has the following characteristics:

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

At December 31, 2012, k$17,853 had been used, i.e. 50% of the total available.

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

Based on the loans outstanding at December 31, 2012, the effective interest rate on production loans at December 31 was 4.60%.

The average interest rate on production loans over the period, from the first drawdown on June 21, 2012, was 2.39%.

Assignment of receivables

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

Receivables are assigned periodically as part of a general contract for managing cash deferrals. Most of the receivables assigned are linked to production financing: contributions from coproducers, 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, 2012, the outstanding assigned receivables totaled k€4,180, of which k€2,437 were reported as assets on the statement of financial position and k€1,743 as financing commitments received, from a total authorized facility of k€7,000.

Effective interest rate

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

	12.31.12	12.31.11	12.31.10
Before hedging	1.51%	2.33%	2.15%
After hedging	-	-	-

Average interest rate

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

	2012	2011	2010
Before hedging	1.58%	2.23%	1.90%
After hedging	-	-	-

3.13. Trade payables and other liabilities

	12.31.12	12.31.11	12.31.10
Tax liabilities	-	-	-
Current accounts	940	1,061	1,181
Payables on acquisitions	-	375	450
Other payables	-	-	-
Total other non-current liabilities	**940**	**1,436**	**1,631**
Trade payables	8,332	6,288	10,804
Liabilities on films and audiovisual rights	1,978	5,916	10,688
Advances and deposits received	1,886	206	245
Payroll liabilities	7,066	7,630	4,989
Tax liabilities	2,499	3,871	2,194
Current tax liabilities	79	78	67
Current accounts	121	120	120
Payables on acquisitions	375	-	145
Liabilities on other property, plant and equipment and intangible assets	275	18	215
Other payables	22,230	45,162	26,340
Derivatives	2,065	1,092	32
Deferred income	25,330	15,789	12,068
Total other current liabilities	**72,236**	**86,170**	**67,907**
TOTAL	**73,176**	**87,606**	**69,538**
Maturities:			
• less than one year	72,236	86,170	67,907
• one to five years	458	842	925
• over five years	482	594	706

The sharp rise in other payables in 2011 was due to amounts owed to co-producers and other partners following the blockbuster success of *Untouchable*, that have been paid in early 2012.

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

4. Notes to the consolidated income statement

4.1. Revenue

	2012	2011	2010
Cinema production	**92,085**	**111,666**	**93,235**
France	57,035	95,618	67,069
Export	35,050	16,048	26,166
Television production	**9,010**	**5,702**	**8,716**
France	5,524	4,042	6,262
Export	3,486	1,660	2,454
Trademark royalties	**4,049**	**2,136**	**-**
TOTAL	**105,144**	**119,504**	**101,951**

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.

As from January 1, 2012 with retrospective effect on previous years, under revised IAS 19, past service costs, gains and losses on settlement and net interest on the defined benefit liability are recognized in income for the period. Actuarial gains and losses are recognized under other comprehensive income.

	2012	2011	2010
Salaries	-19,441	-19,113	-15,408
Social security contributions	-8,290	-7,864	-6,487
Employee profit-sharing	-62	-359	-
Pensions and similar benefits	-17	-180	-260
Share based payments expense	-	-	-
TOTAL	**-27,810**	**-27,516**	**-22,155**

The amounts shown reflect retrospective application of revised IAS 19, with the reclassification of actuarial gains/losses previously recognized in income.

The impact of these restatements is as follows:

	2012	2011	2010
Pension and similar benefit expenses, old method	-648	-125	81
Reclassification of actuarial gains/losses to other comprehensive income	631	-55	-341
Pension and similar benefit expenses after application of revised IAS 19	-17	-180	-260

4.3. Other current operating income and expenses

	2012	2011	2010
Audiovisual support fund	8,141	7,413	13,496
Subsidies	516	1,113	1,401
Cinema tax credit	1,694	989	2,595
Re-billing of overheads to films	1,821	454	931
Other income	11,800	10,202	11,522
Expense transfers	7,842	4,602	3,060
Foreign exchange gains on operating activities	267	457	669
Income	**32,081**	**25,230**	**33,674**
Purchases of materials and supplies	-5,164	-11,508	-14,371
Subcontracting	-4,503	-2,452	-4,198
Rentals and rental expenses	-1,182	-1,200	-1,306
Maintenance and repairs	-1,083	-947	-928
Insurance premiums	-156	-165	-140
Other purchases of studies and services	-2,706	-4,764	-4,231
Outside personnel	-422	-379	-391
Fees	-5,560	-4,609	-5,935
Advertising, publications and public relations	-1,262	-1,402	-1,696
Transport	-327	-313	-342
Travel and entertainment expenses	-2,696	-2,107	-2,054
Postal costs and telecommunications costs	-372	-377	-393
Bank services	-233	-220	-228
Other external expenses	-197	-305	-155
Taxes and similar payments	-3,239	-2,962	-2,813
Purchase of rights and guaranteed minima	-18,351	-26,496	-8,914
Other expenses	-15,117	-15,430	-8,279
Foreign exchange losses on operating activities	-403	-354	-219
Expenses	**-62,973**	**-75,990**	**-56,593**
NET OTHER CURRENT OPERATING INCOME/ EXPENSES	**-30,892**	**-50,760**	**-22,919**

The high level of purchases of rights and guaranteed minima and other expenses in 2011 and 2012, is related to the hit movie *Untouchable*. These items include amounts due to the film's authors, co-producers and other production partners.

4.4. Impairment, depreciation, amortization and provisions

	2012	2011	2010
Intangible assets			
• Reversals of impairment losses	592	515	67
• Amortization expense	-35,936	-41,294	-62,932
• Impairment losses	-311	-704	-515
Subtotal	**-35,655**	**-41,483**	**-63,380**
Property, plant and equipment			
• Reversals of impairment losses	-	-	174
• Depreciation expense	-1,327	-1,307	-1,335
• Impairment losses	-	-	-
Subtotal	**-1,327**	**-1,307**	**-1,161**
Current assets			
• Reversals of impairment losses	483	8,699	627
• Impairment losses	-554	-159	-95
Subtotal	**-71**	**8,540**	**532**
Risks and expenses			
• Reversals of provisions	1,185	807	1,876
• Increases in provisions	-763	-385	-1,738
Subtotal	**422**	**422**	**138**
TOTAL	**-36,631**	**-33,828**	**-63,871**

4.5. Other non-current operating income and expenses

	2012	2011	2010
Proceeds from disposals of assets	-	1	1,300
Carrying value of assets sold or retired	-204	-18	-1,493
Other expenses	-	-	-11
Impairment losses on goodwill	-440	-300	-2,000
Gains on bargain purchases	-	973	-
TOTAL	**-644**	**656**	**-2,204**

4.6. Other financial income and expenses

	2012	2011	2010
Income from investments	-	-	-
Interest expense capitalized	1,840	479	661
Other interests and similar income	-	-	-
Proceeds from disposals of financial assets	-	-	-
Reversals of impairment losses and provisions	28	12	-
Foreign exchange gains	22	63	99
Unrealized gains related to changes in fair value	-	254	562
Income	**1,890**	**808**	**1,322**
Expenses from investments	-	-	-
Interest and similar expenses	-32	-13	-20
Carrying value of financial assets sold	-	-	-
Impairment losses and increases in provisions	-	-	-9
Foreign exchange losses	-440	-3	-1
Unrealized losses related to fair value changes	-83	-	-
Other financial expenses	-4	-	-
Expenses	**-559**	**-16**	**-30**
NET OTHER FINANCIAL INCOME/EXPENSES	**1,331**	**792**	**1,292**

Interest expense capitalized relates to feature films and American television series. They rise and fall in line with the productions each year.

4.7. Share of net income of associates

Company	% Interest	2012	2011	2010
Les Cinémas Gaumont Pathé	34.00%	16,649	19,707	24,639
Lincoln Cinema Associates (USA)	31.95%	372	331	527
Légende (1)	37.48%	-582	-91	-
SHARE OF NET INCOME OF ASSOCIATES		**16,439**	**19,947**	**25,166**

(1) Acquisition of Légende on December 16, 2010.

4.8. Income tax

Breakdown of the tax expense or benefit

	2012	2011	2010
Current income tax	-44	1,747	-218
Deferred tax	1,137	933	268
TOTAL INCOME TAX (EXPENSE) BENEFIT	**1,093**	**2,680**	**50**

The amounts shown reflect retrospective application of revised IAS 19, with the reclassification of actuarial gains/losses previously recognized in income.

The impact of these restatements is as follows:

	2012	2011	2010
Deferred tax, old method	1,347	914	154
Tax effect of reclassification of actuarial gains/losses to other comprehensive income	-210	19	114
Deferred tax after application of revised IAS 19	1,137	933	268

Current income tax

The current tax expense is equal to the amounts of income tax 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, Les Films du Dauphin SARL, Prestations et Services SARL, Alphanim SA, Alphanim Musique SARL, Gaumont Musiques SARL, Editions la Marguerite SARL and Les Films du Loup 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€324 for the year.

Deferred tax

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

	12.31.12	12.31.11	12.31.10
Standard tax rate of French companies	33.33%	33.33%	33.33%
Tax rate for companies based in California, USA	40.00%	40.00%	na

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

	12.31.12	Change	Translation differences	Other changes (1)	12.31.11	12.31.10
Deferred tax assets	3,749	1,059	-36	505	2,221	3,109
Deferred tax liabilities	-1,167	650	-	-1,270	-547	-2,773
NET DEFERRED TAX	**2,582**	**1,709**	**-36**	**-765**	**1,674**	**336**

(1) Changes in scope, transfers between items.

The origin of the net deferred tax is presented below.

	12.31.12	Change	Other changes (1)	12.31.11	12.31.10
Unused tax losses	20,548	3,101	460	16,987	14,480
Fair value of films	-2,227	517	-1,270	-1,474	-2,080
Fair value of land and buildings	-7,388	73	-	-7,461	-7,533
Accelerated amortization of films	-8,921	-2,253	-	-6,668	-4,402
Long term capital gains on Les Cinémas Gaumont Pathé shares	-1,062	-	-	-1,062	-1,062
Other temporary differences	1,632	271	9	1,352	933
NET DEFERRED TAX	**2,582**	**1,709**	**-801**	**1,674**	**336**

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

At December 31, 2012, 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€81,996 (compared to k€82,540 at December 31, 2011 after adjusting for tax loss carrybacks).

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, 2012, the recognized consolidated tax losses were k€52,664 compared to k€47,133 at the end of 2011.

A total of k€1,197 in individual tax loss carryforwards related to fiscal years prior to tax consolidation were also recognized at December 31, 2012.

At December 31, 2012, the net deferred tax assets of companies not within the scope of the tax consolidation group amounted to k€1,666, of which k€2,503 in respect of the American operations.

Reconciliation of recorded tax and theoretical tax

	2012	2011 (1)	2010 (1)
Net income of companies before tax	20,181	23,950	12,079
Current tax rate applicable to the parent company	33.33%	33.33%	33.33%
Theoretical tax	**-6,727**	**-7,982**	**-4,026**
Effect of reduced tax rate differentials	-	-	-
Share of net income of associates	5,356	6,539	8,213
Effect of permanent and temporary differences	1,324	3,516	-4,979
Effect of tax rate differentials between France and abroad	368	85	-38
Effect of the tax consolidation	117	16	15
Cinema tax credit (2)	655	506	865
Effective tax benefit (expense)	**1,093**	**2,680**	**50**
Effective tax rate	-	-	-

(1) Data for 2011 and 2010 include the impacts of retrospective application of revised IAS 19 to net income before tax.
(2) The cinema and audiovisual tax credit appears under the "Income tax" item in the separate financial statements. In the consolidated financial statements, this credit is reclassified under "Other current operating income and expenses".

Income tax on other comprehensive income

	2012			2011			2010		
Other comprehensive income	Gross amount	Tax effect	Carrying value	Gross amount	Tax effect	Carrying value	Gross amount	Tax effect	Carrying value
Translation adjustments for foreign operations	-48	-	-48	205	9	214	143	-	143
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-
Change in fair value of hedging financial instruments	-964	362	-602	-1,092	364	-728	-	-	-
Other asset revaluation adjustments	-	-	-	-	-	-	-	-	-
Actuarial gains (losses) on defined benefit plans	-631	210	-421	55	-19	36	341	-114	227
Share in other comprehensive income of associates	-2,260	-	-2,260	7	-	7	-164	-	-164
TOTAL	**-3,903**	**572**	**-3,331**	**-825**	**354**	**-471**	**320**	**-114**	**206**

Actuarial gains (losses) on defined benefit plans reflect the retrospective application of revised IAS 19. Until December 31, 2011, these items were recognized in income.

The share in other comprehensive income of associates includes recognition of actuarial gains and losses from Les Cinémas Gaumont Pathé: -k€221 in 2012, k€39 in 2011 and -k€165 in 2010.

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.

	2012	2011	2010
Number of shares at January 1	4,272,530	4,272,530	4,271,516
Capital increases relating to the exercise of stock options (prorata temporis)	-	-	544
Average number of ordinary shares	4,272,530	4,272,530	4,272,060

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.

	2012	2011	2010
Average number of ordinary shares	4,272,530	4,272,530	4,272,060
Number of stock options with a dilutive effect	-	-	1,416
Average potential number of ordinary shares	4,272,530	4,272,530	4,273,476

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

5. Notes to the consolidated statement of cash flows

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

	2012	2011	2010
Intangible assets			
• Reversals of impairment losses	592	515	67
• Depreciation expense	-35,936	-41,294	-62,932
• Impairment losses	-311	-704	-515
Subtotal	**-35,655**	**-41,483**	**-63,380**
Property, plant and equipment			
• Reversals of impairment losses	-	-	174
• Depreciation expense	-1,327	-1,307	-1,335
• Impairment losses	-	-	-
Subtotal	**-1,327**	**-1,307**	**-1,161**
Financial assets			
• Reversals of impairment losses	-	12	-
• Impairment losses	-	-	-
Subtotal	**-**	**12**	**-**
Risks and expenses			
• Reversals of provisions	1,185	807	1,876
• Increases in provisions	-763	-385	-1,738
Subtotal	**422**	**422**	**138**
TOTAL	**-36,560**	**-42,356**	**-64,403**

5.2. Dividends received from associates

Company	% Interest	2012	2011	2010
Les Cinémas Gaumont Pathé	34.00%	9,183	9,249	7,067
Lincoln Cinema Associates (USA)	31.95%	370	471	471
Légende	37.48%	113	113	-
TOTAL		**9,666**	**9,833**	**7,538**

5.3. Change in net operating working capital requirement

	2012	2011 (1)	2010 (1)
Change in operating assets	17,436	-34,178	-3,923
Change in operating liabilities	-11,837	21,784	-9,610
Premiums paid on financial instruments	-40	-	-
Current income tax expense	-44	1,747	-218
Tax paid	-16	-1,535	-3
Pension and similar benefit expenses	17	180	259
TOTAL	**5,516**	**-12,002**	**-13,495**

(1) Data for 2011 and 2010 include the impacts of retrospective application of revised IAS 19 to pension expenses.

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

	12.31.12	Change in working capital requirement	Other changes (1)	12.31.11	Change in working capital requirement	Other changes (1)	12.31.10	Change in working capital requirement	Other changes (1)	12.31.09
Inventories	524	-189	-	713	197	-	516	354	-	162
Trade receivables	37,554	-30,769	61	68,262	32,114	4	36,144	2,145	-	33,999
Current financial assets	2,391	2,273	-47	165	-225	-50	440	-2,794	-	3,234
Advances and prepayments to suppliers	2,578	307	1	2,270	1,680	-	590	-51	-	641
Payroll receivables	117	61	-2	58	49	-	9	-36	-	45
Tax receivables	23,077	2,714	-4	20,367	10,253	1,499	8,615	1,341	-	7,274
Current tax assets	1,966	330	-	1,636	41	7	1,588	-1,182	-	2,770
Current accounts	1	-	-	1	1	-	-	-	-	-
Other receivables	12,671	7,313	-31	5,389	-10,149	30	15,508	4,514	-2	10,996
Prepaid expenses	1,694	524	-	1,170	217	-	953	-368	-	1,321
ASSETS CONSTITUTING THE WORKING CAPITAL REQUIREMENT	**82,573**	**-17,436**	**-22**	**100,031**	**34,178**	**1,490**	**64,363**	**3,923**	**-2**	**60,442**

(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.

	12.31.12	Change in working capital requirement	Other changes(1)	12.31.11	Change in working capital requirement	Other changes(1)	12.31.10	Change in working capital requirement	Other changes(1)	12.31.09
Trade payables	8,332	1,905	139	6,288	-4,641	125	10,804	3,406	175	7,223
Advances and deposits received	1,886	1,680	-	206	-39	-	245	70	-1	176
Payroll liabilities	7,066	-571	7	7,630	2,622	19	4,989	519	-	4,470
Tax liabilities	2,499	-1,372	-	3,871	1,678	-1	2,194	781	-	1,413
Current tax liabilities	79	1	-	78	-67	78	67	67	-	-
Current accounts	1,061	-120	-	1,181	-193	73	1,301	-121	-	1,422
Other payables	22,230	-23,018	86	45,162	18,790	32	26,340	-4,999	55	31,284
Deferred income	25,330	9,658	-117	15,789	3,634	87	12,068	-9,333	-1	21,402
LIABILITIES THAT CONSTITUTE THE WORKING CAPITAL REQUIREMENT	**68,483**	**-11,837**	**115**	**80,205**	**21,784**	**413**	**58,008**	**-9,610**	**228**	**67,390**

(1) Changes in scope and foreign currency translation adjustments.

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

	Note	2012	2011	2010
Acquisition of intangible assets	3.2 & 3.3	82,839	35,715	39,631
Acquisition of property, plant and equipment	3.4	2,416	459	581
Acquisition of financial assets	3.6	143	200	21
TOTAL		**85,398**	**36,374**	**40,233**

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

	12.31.12	Changes	Changes in scope	12.31.11	Changes	Changes in scope	12.31.10	Changes	Changes in scope	12.31.09
Liabilities on property, plant and equipment and intangible assets	2,253	-3,681	-	5,934	-4,969	-	10,903	1,084	-	9,819
Payable on acquisition of Léonis Productions	-	-	-	-	-90	-30	120	-35	-40	195
Payable on acquisition of Arkéion Films	-	-	-	-	-100	-	100	-	-	100
Payable on acquisition of Légende	375	-	-	375	-	-	375	-	375	-
TOTAL	**2,628**	**-3,681**	**-**	**6,309**	**-5,159**	**-30**	**11,498**	**1,049**	**335**	**10,114**

5.6. Impact of changes in scope

	2012		2011		2010
	Nouvelles Editions de Films	Léonis Productions	Galaxy 7	Légende	Légende
Price paid	3,111	200	193	155	6,022
Cash acquired	-244	-	16	-	-
IMPACT OF CHANGES IN SCOPE	**2,867**	**200**	**209**	**155**	**6,022**

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:

	2012	2011	2010
Managers	91	91	90
Supervisors	44	41	36
Employees	41	40	42
TOTAL WORKFORCE	**176**	**172**	**168**

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:

	2012	2011	2010
Total gross compensation (1)	2,724	2,646	1,908
Post-employment benefits (2)	-	-	-
Termination or end of contract benefits	-	-	-
Other long term benefits	-	-	-
Share-based payments (3)	-	-	-

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

No compensation or attendance 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

	12.31.12	12.31.11	12.31.10
Commitments given	**62,986**	**46,161**	**27,672**
Assignments of receivables as security for loans	-	-	-
Guarantees	-	-	23
Other commitments given:			
• Contracts to research and develop film projects	1,305	207	1,200
• Production of films and project development	61,209	44,819	26,449
• Commitments to employees	472	1,135	-
Commitments received	**105,861**	**43,478**	**51,633**
Authorized unused loans	49,331	32,000	36,000
Other commitments received:			
• Purchases of rights and financing of films and series	56,530	11,478	15,633
• Bills of exchange received as security for trade receivables	-	-	-

Authorized unused loans consist of:

- k€29,000 from the k€125,000 credit line arranged by Gaumont SA;
- k€23,104 of production loans arranged in connection with the American businesses;
- k€2,820 authorized for assignment under the Dailly Law.

At December 31, 2012, Gaumont and its French subsidiaries had committed to invest k€61,209 for film production and project development. At the same time, the Group received commitments for the purchase of rights and contributions by co-producers of films of k€14,244 and commitments to buy rights to American series of k€42,286.

Pledging of assets

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

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

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

Type of pledges/mortgages	12.31.12	12.31.11	12.31.10
On intangible assets	210,627	-	-
On tangible assets	-	-	-
On financial assets	26,686	90,013	90,013
On receivables	4,051	-	-
On cash accounts	4,785	-	-
TOTAL	**246,149**	**90,013**	**90,013**

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

		Expiration date		
Type of pledges/mortgages	12.31.12	Less than one year	Five years	Over five years
On intangible assets	210,627	-	210,627	-
On tangible assets	-	-	-	-
On financial assets	26,686	-	26,686	-
On receivables	4,051	-	4,051	-
On cash accounts	4,785	-	4,785	-
TOTAL	**246,149**	**-**	**246,149**	**-**

On July 6, 2012, Gaumont agreed a financial investment agreement with the Caisse des Dépôts et Consignations, in a maximum amount of k€ 9,828 for the restoration and digitization of 270 films in its catalog over 4 years. This financial investment is repayable when receipts are earned on the restored films over a 15-years period maximum, and is guaranteed by the pledge of the assets concerned. At December 31, 2012, no debt and no pledges were reported. The first payments under the Caisse des Dépôts et Consignations' investment were made at the start of 2013.

Mortgage commitments

The Group has no mortgage over its assets.

Seller warranties received

Gaumont 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:

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

As security for the warranty underwritten by the sellers of the Nouvelles Editions de Films, Gaumont has a deposit from BNP Paribas under which the bank undertakes to pay, on behalf of the sellers, any sums that they may come to owe Gaumont in respect of the warranty commitments given, up to a maximum of k€150.

Complex commitments

The Group had not entered into any complex commitments at December 31, 2012.

Other contractual obligations

		Contractual obligations		
Total	12.31.12	Less than one year	Five years	Over five years
Operating leases	3,376	934	2,105	337
TOTAL	**3,376**	**934**	**2,105**	**337**

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

6.4. Financial risks

Credit and counterparty risk

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

At December 31, 2012, exposure to credit risk was as follows:

			Receivables owing					
	12.31.12	Outstanding amount	Less than 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	37,554	31,016	1,427	1,309	1,117	1,419	706	560
Other receivables	12,671	12,621	-	-	-	-	-	50
TOTAL	**50,225**	**43,637**	**1,427**	**1,309**	**1,117**	**1,419**	**706**	**610**

Liquidity risk

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

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

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

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

At December 31, 2012, all these ratios were met.

Market risks

Interest rate risk

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

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

Their main features are described in note 3.12.

At December 31, 2012, the Group's interest rate exposure was as follows:

		Maturity schedule		
	12.31.12	Less than one year	Five years	Over five years
Fixed-rate financial assets	-	-	-	-
Variable-rate financial assets	10,754	10,754	-	-
Financial assets not exposed	-	-	-	-
Financial assets (1)	**10,754**	**10,754**	**-**	**-**
Fixed-rate financial liabilities	-	-	-	-
Variable-rate financial liabilities	-146,532	-4,200	-142,332	-
Financial liabilities not exposed	-2,317	-2,317	-	-
Financial liabilities (2)	**-148,849**	**-6,517**	**-142,332**	**-**

(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, 2012, the Group had interest rate swap contracts with a total nominal value of k€55,000 and interest rate cap contracts with a nominal value of k€10,000. The maturity schedule of these contracts is as follows:

	12.31.12	Maturity schedule: Less than one year	Five years	Over five years	Market value
Interest rate swaps	55,000	25,000	30,000	-	-1,517
Interest rate cap	10,000	-	10,000	-	12
TOTAL	**65,000**	**25,000**	**40,000**	**-**	**-1,505**

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

	Total	Fixed rate	Variable rate	Not exposed
Financial assets (1)	10,754	-	10,754	-
Financial liabilities (2)	-148,849	-	-146,532	-2,317
Net position before hedging	**-138,095**	**-**	**-135,778**	**-2,317**
"Hedging"	-	-65,000	65,000	-
Net position after hedging	**-138,095**	**-65,000**	**-70,778**	**-2,317**
Sensitivity (3)	-708	-	-708	-

(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 15.19% or k€708.

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.

During 2012, revenue invoiced in foreign currencies, as broken down below, amounted to k€14,320, i.e. 13.6% of consolidated revenue.

(in thousands of euros)	Total	USD	CAD	GBP	CHF	JPY	ILS	AUD	Others
Revenue	14,320	8,040	391	90	5,222	49	307	94	127

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, 2012, 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 and Canadian dollar against the US dollar.

	Currency	Counterparty	Notional amount *(in thousands of currency)*	Expiration date: Less than 90 days	From 90 to 180 days	From 180 to 360 days	Over 360 days	Fair value *(in thousands of US dollars)*
Forward currency sales	CAD	USD	18,439	-	1,647	16,792	-	-468
Forward currency sales	EUR	USD	2,358	27	478	1,853	-	-73
Forward currency purchases	CAD	USD	-6,445	-6,445	-	-	-	-170
TOTAL								**-711**

At December 31, 2012, the Group's exposure to operating foreign exchange rate 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	CAD/EUR	GBP/EUR	HUF/EUR	CZK/EUR	Total *(in thousands of US dollars)*	CAD/USD
Assets	3,030	2,913	107	1	6	3	3,225	3,225
Liabilities	10	10	-	-	-	-	-446	-446
Off balance sheet	-2,584	-2,584	-	-	-	-	-	-
Net position before hedging	**456**	**339**	**107**	**1**	**6**	**3**	**2,779**	**2,779**
"Hedging"	450	450	-	-	-	-	-	-
Net position after hedging	**906**	**789**	**107**	**1**	**6**	**3**	**2,779**	**2,779**
Sensitivity	-9	-8	-1	-	-	-	-28	-28

An across-the-board increase of one euro cent against each currency would deduct k€9 to the Group's net income. A one cent increase in the US dollar against the Canadian dollar would deduct k$28 to Group net income.

The Group is exposed to financial foreign exchange risk via its bank accounts and advances denominated in currencies other than the functional currency of the company concerned. The Group endeavors to keep foreign currency balances in its accounts at a low level to ensure natural hedging between collection and disbursement flows of foreign currencies and to keep advances made in foreign currencies to a minimum.

At December 31, 2012, 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	CAD/EUR	GBP/EUR	HUF/EUR	CZK/EUR	Total *(in thousands of US dollars)*	CAD/USD
Assets	9,016	8,835	152	29	-	-	4,511	4,511
Liabilities	-	-	-	-	-	-	-	-
Off balance sheet	-	-	-	-	-	-	-	-
Net position before hedging	**9,016**	**8,835**	**152**	**29**	**-**	**-**	**4,511**	**4,511**
"Hedging"	-	-	-	-	-	-	-	-
Net position after hedging	**9,016**	**8,835**	**152**	**29**	**-**	**-**	**4,511**	**4,511**
Sensitivity	-90	-88	-2	-	-	-	-45	-45

An across-the-board increase of one euro cent against each currency would deduct k€90 to the Group's net income. A one cent increase in the US dollar against the Canadian dollar would deduct k$45 to Group net income.

As a result of its investments in subsidiaries based in the United States, the Group is also exposed to foreign exchange risk when it translates its subsidiaries accounts into the reporting currency of its consolidated financial statements. The impacts of this risk are recognized in equity.

At December 31, 2012, the Group's exchange rate exposure from foreign investments was as follows:

	USD/EUR
Assets	63,994
Liabilities	-69,322
Off balance sheet	41,260
Net position before hedging	**35,933**
"Hedging"	-
Net position after hedging	**35,933**
Sensitivity	-359

An across-the-board increase of one euro cent against the US dollar would deduct k€359 to 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, 2012, Gaumont held 6,662 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€265.

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 2012, 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.

	12.31.12		12.31.11		12.31.10	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	179	1,517	222	1,092	-	32
Foreign exchange derivatives	9	548	-	-	-	-
TOTAL	**188**	**2,065**	**222**	**1,092**	**-**	**32**

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

	12.31.12	Other comprehensive income	Net income	Premiums paid	12.31.11
Derivative instruments – assets	188	9	-83	40	222
Derivative instruments – liabilities	-2,065	-973	-	-	-1,092
TOTAL	**-1,877**	**-964**	**-83**	**40**	**-870**

Derivatives designated as hedging instruments against the Group's interest rate exposure have the following characteristics:

	Start date	Expiration date	Notional amount *(in thousands of euro)*
Interest rate swaps	07.29.11	12.31.13	25,000
Interest rate swaps	07.29.11	12.31.15	20,000
Interest rate swaps	09.30.12	06.30.16	10,000
Interest rate cap	09.30.12	06.30.15	10,000
TOTAL			**65,000**

At December 31, 2012, the net fair value of these instruments totaled -k€1,505. The ineffective portion of the interest rate cap, which was recognized in expense for the period, was k€24.

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

	Currency	Counterparty	Notional amount *(in k currency)*	Expiration date: Less than 90 days	From 90 to 180 days	From 180 to 360 days	Over 360 days
Forward currency sales	CAD	USD	18,439	-	1,647	16,792	-
Forward currency sales	EUR	USD	2,358	27	478	1,853	-
Forward currency purchases	CAD	USD	-6,445	-6,445	-	-	-

At December 31, 2012, the net fair value of these instruments totaled -k€539. No ineffective portion was recognized in income for the period.

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.

	12.31.12		Breakdown by category of instruments					
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables	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	2,391	2,391	-	-	2,391	-	-	na
Derivative instruments – assets	188	188	-	-	-	-	188	2
Cash and cash equivalents	10,754	10,754	10,754	-	-	-	-	1
Financial assets	**13,925**	**13,925**	**10,754**	**3**	**2,980**	**-**	**188**	
Non-current financial liabilities	142,332	142,332	-	-	-	142,332	-	na
Current financial liabilities	6,517	6,517	-	-	-	6,517	-	na
Derivative instruments – liabilities	2,065	2,065	-	-	-	-	2,065	2
Financial liabilities	**150,914**	**150,914**	**-**	**-**	**-**	**148,849**	**2,065**	

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.

	12.31.11		Breakdown by category of instruments					
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables	Liabilities at amortized cost	Derivatives	Hierarchical level
Investments in non consolidated entities	3	3	-	3	-	-	-	na
Other non-current financial assets	597	597	-	-	597	-	-	na
Other current financial assets	165	165	-	-	165	-	-	na
Derivative instruments – assets	222	222	-	-	-	-	222	2
Cash and cash equivalents	7,391	7,391	7,391	-	-	-	-	1
Financial assets	**8,378**	**8,378**	**7,391**	**3**	**762**	**-**	**222**	
Non-current financial liabilities	59	59	-	-	-	59	-	na
Current financial liabilities	104,314	104,314	-	-	-	104,314	-	na
Derivative instruments – liabilities	1,092	1,092	-	-	-	-	1,092	2
Financial liabilities	**105,465**	**105,465**	**-**	**-**	**-**	**104,373**	**1,092**	

	12.31.10		Breakdown by category of instruments					
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables	Liabilities at amortized cost	Derivatives	Hierarchical level
Investments in non consolidated entities	3	3	-	3	-	-	-	na
Other non-current financial assets	380	380	-	-	380	-	-	na
Other current financial assets	440	440	-	-	440	-	-	na
Derivative instruments – assets	-		-	-	-	-	-	2
Cash and cash equivalents	4,457	4,457	4,457	-	-	-	-	1
Financial assets	**5,280**	**5,280**	**4,457**	**3**	**820**	**-**	**-**	
Non-current financial liabilities	5,138	5,138	-	-	-	5,138	-	na
Current financial liabilities	98,396	98,396	-	-	-	98,396	-	na
Derivative instruments – liabilities	32	32	-	-	-	-	32	2
Financial liabilities	**103,566**	**103,566**	**-**	**-**	**-**	**103,534**	**32**	

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:

- production and distribution of movies, which includes the various stages of marketing of a film: cinema distribution, sale to television channels, on video and video on demand, both in France and internationally;
- production and distribution of cartoon films and series, and television series and dramas via its subsidiaries Alphanim, 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.

Income statement

2012	Cinema production	Television production	Cinema operation	Non-allocated	Total
Revenue	**92,085**	**9,010**	**4,049**	**-**	**105,144**
Operating income from films and television programs	33,449	2,241	-	-	35,690
Overheads	-25,131	-6,893	-	-	-32,024
Trademark royalties	-	-	4,049	-	4,049
Current operating income (loss)	**8,318**	**-4,652**	**4,049**	**-**	**7,715**
Other non-current operating income and expenses	-203	-441	-	-	-644
Net borrowing costs	-	-964	-	-3,696	-4,660
Other financial income and expenses	-	964	-	367	1,331
Share of net income of associates	-582	-	17,021	-	16,439
Income tax	54	1,039	-	-	1,093
NET INCOME	**7,587**	**-4,054**	**21,070**	**-3,329**	**21,274**

2011 (1)	Cinema production	Television production	Cinema operation	Non-allocated	Total
Revenue	**111,666**	**5,702**	**2,136**	**-**	**119,504**
Operating income from films and television programs	30,659	2,448	-	-	33,107
Overheads	-24,380	-5,574	-	-	-29,954
Trademark royalties	-	-	2,136	-	2,136
Current operating income (loss)	**6,279**	**-3,126**	**2,136**	**-**	**5,289**
Other non-current operating income and expenses	-17	673	-	-	656
Net borrowing costs	-	-	-	-2,734	-2,734
Other financial income and expenses	-	-	-	792	792
Share of net income of associates	-91	-	20,038	-	19,947
Income tax	1,787	889	-	4	2,680
NET INCOME	**7,958**	**-1,564**	**22,174**	**-1,938**	**26,630**

(1) Data include the impacts of retrospective application of revised IAS 19 on overheads and tax expense.

2010 (1)	Cinema production	Television production	Cinema operation	Non-allocated	Total
Revenue	**93,235**	**8,717**	**-**	**-**	**101,951**
Operating income from films and television programs	10,184	5,798	-	-	15,982
Overheads	-21,139	-4,426	-	-	-25,565
Current operating income (loss)	-10,955	1,372	-	-	-9,583
Other non-current operating income and expenses	**-196**	**-2,008**	**-**	**-**	**-2,204**
Net borrowing costs	-	-	-	-2,593	-2,593
Other financial income and expenses	-	-	-	1,293	1,293
Share of net income of associates	-	-	25,166	-	25,166
Income tax	-125	21	-	154	50
NET INCOME	**-11,276**	**-615**	**25,166**	**-1,146**	**12,129**

(1) Data include the impacts of retrospective application of revised IAS 19 on overheads and tax expense.

Consolidated statement of financial position

2012	Cinema production	Television production	Cinema operation	Non-allocated	Total
Goodwill	491	13,794	-	-	14,285
Films and audiovisual rights	63,009	61,825	-	-	124,834
Other intangible assets	663	26	-	-	689
Tangible assets	32,199	140	-	-	32,339
Investments in associates	5,624	-	219,044	-	224,668
Other financial assets	308	284	-	-	592
Non-current deferred tax assets	-	-	-	3,749	3,749
Inventories	524	-	-	-	524
Trade receivables	31,997	5,557	-	-	37,554
Current tax assets	1,966	-	-	-	1,966
Other receivables and current financial assets	28,680	14,037	-	-	42,717
Cash and cash equivalents	4,361	6,393	-	-	10,754
TOTAL ASSETS	**169,822**	**102,056**	**219,044**	**3,749**	**494,671**
Equity	-	-	-	267,276	267,276
Non-current provisions	2,433	278	-	-	2,711
Non-current deferred tax liabilities	-	-	-	1,167	1,167
Non-current financial liabilities	-	47,860	-	94,472	142,332
Other non-current liabilities	940	-	-	-	940
Current provisions	1,391	101	-	-	1,492
Current financial liabilities	-	4,180	-	2,337	6,517
Trade payables	7,427	2,883	-	-	10,310
Current tax liabilities	1	78	-	-	79
Other payables	50,595	11,252	-	-	61,847
TOTAL LIABILITIES	**62,787**	**66,632**	**-**	**365,252**	**494,671**
Investments in films and audiovisual rights	21,351	61,016	-	-	82,367

2011 (1)	Cinema production	Television production	Cinema operation	Non-allocated	Total
Goodwill	491	14,125	-	-	14,616
Films and audiovisual rights	61,515	12,664	-	-	74,179
Other intangible assets	490	1	-	-	491
Tangible assets	31,282	172	-	-	31,454
Investments in associates	6,316	-	213,849	-	220,165
Other financial assets	315	285	-	-	600
Non-current deferred tax assets	-	-	-	2,221	2,221
Inventories	713	-	-	-	713
Trade receivables	63,488	4,774	-	-	68,262
Current tax assets	1,535	101	-	-	1,636
Other receivables and current financial assets	18,294	9,212	2,136	-	29,642
Cash and cash equivalents	-	-	-	7,391	7,391
TOTAL ASSETS	**184,439**	**41,334**	**215,985**	**9,612**	**451,370**
Equity	-	-	-	254,868	254,868
Non-current provisions	1,899	164	-	-	2,063
Non-current deferred tax liabilities	-	-	-	547	547
Non-current financial liabilities	-	-	-	59	59
Other non-current liabilities	1,436	-	-	-	1,436
Current provisions	1,812	101	-	-	1,913
Current financial liabilities	-	-	-	104,314	104,314
Trade payables	11,231	973	-	-	12,204
Current tax liabilities	-	78	-	-	78
Other payables	68,268	5,620	-	-	73,888
TOTAL LIABILITIES	**84,646**	**6,936**	**-**	**359,788**	**451,370**
Investments in films and audiovisual rights	24,933	10,625	-	-	35,558

(1) Data include the impacts of retrospective application of revised IAS 19 on the value of investments in associates and equity.

2010[1]	Cinema production	Television production	Cinema operation	Non-allocated	Total
Goodwill	491	14,575	-	-	15,066
Films and audiovisual rights	72,729	7,003	-	-	79,732
Other intangible assets	569	2	-	-	571
Tangible assets	32,104	198	-	-	32,302
Investments in associates	6,572	-	203,445	-	210,017
Other financial assets	293	89	-	-	382
Non-current deferred tax assets	-	-	-	3,109	3,109
Inventories	516	-	-	-	516
Trade receivables	29,956	6,188	-	-	36,144
Current tax assets	1,588	-	-	-	1,588
Other receivables and current financial assets	16,781	9,336	-	-	26,117
Cash and cash equivalents	-	-	-	4,457	4,457
TOTAL ASSETS	**161,599**	**37,391**	**203,445**	**7,566**	**410,001**
Equity	-	-	-	229,965	229,965
Non-current provisions	1,797	141	-	-	1,938
Non-current deferred tax liabilities	-	-	-	2,773	2,773
Non-current financial liabilities	-	-	-	5,138	5,138
Other non-current liabilities	1,631	-	-	-	1,631
Current provisions	1,558	695	-	-	2,253
Current financial liabilities	-	-	-	98,396	98,396
Trade payables	20,278	1,214	-	-	21,492
Current tax liabilities	67	-	-	-	67
Other payables	42,260	4,088	-	-	46,348
TOTAL LIABILITIES	**67,591**	**6,138**	**-**	**336,272**	**410,001**
Investments in films and audiovisual rights	30,878	8,601	-	-	39,479

(1) Data include the impacts of retrospective application of revised IAS 19 on the value of investments in associates and equity.

Information by region

Revenue

For the three periods reported, revenue derives wholly from the French companies.

Revenue is broken down as follows:

	2012	2011	2010
France	**66,608**	**101,796**	**73,331**
• Europe	29,709	10,743	18,875
• Americas	4,771	3,358	5,387
• Asia/Russia	2,748	2,048	1,965
• Africa/Middle East	1,082	612	752
• Rest of the world	226	947	1,641
International	**38,536**	**17,708**	**28,620**
TOTAL	**105,144**	**119,504**	**101,951**

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:

	12.31.12			12.31.11 (1)			12.31.10 (1)		
	France	America	Total	France	America	Total	France	America	Total
Goodwill	14,285	-	14,285	14,616	-	14,616	15,066	-	15,066
Films and audiovisual rights	76,736	48,098	124,834	74,091	88	74,179	79,732	-	79,732
Other intangible assets	689	-	689	491	-	491	571	-	571
Tangible assets	32,307	32	32,339	31,423	31	31,454	32,263	39	32,302
Investments in associates	224,261	407	224,668	219,750	415	220,165	210,017	-	210,017
Other financial assets	571	21	592	578	22	600	361	21	382
TOTAL NON-CURRENT ASSETS	**348,849**	**48,558**	**397,407**	**340,949**	**556**	**341,505**	**338,010**	**60**	**338,070**

(1) Data include the impacts of retrospective application of revised IAS 19 on the value of investments in associates.

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, primarily French television channels and foreign distributors who bought the rights to *Untouchable*, represent 49.2% of the Group's consolidated revenue. The breakdown of revenue from these ten customers varies greatly from one year to the next.

In 2012, no other single customer contributed more than 10% of the Group's revenue.

6.7. Statutory auditors' fees

The fees of the statutory auditors and members of their network paid by the Group in 2011 and 2012 are as follows:

	Total				Advolis				Ernst & Young			
	2012		2011		2012		2011		2012		2011	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Auditing												
Certification and review of separate and consolidated financial statements												
• Issuer	204		211		77		79		127		132	
• Consolidated subsidiaries	95		102		-		6		95		96	
Related services												
• Issuer	-		-		-		-		-		-	
• Consolidated subsidiaries	-		16		-		-		-		16	
Subtotal	**299**	**100%**	**329**	**98%**	**77**	**100%**	**85**	**100%**	**222**	**100%**	**244**	**98%**
Other services												
Legal, tax, labor												
• Issuer	-		-		-		-		-		-	
• Consolidated subsidiaries	-		-		-		-		-		-	
Other												
• Issuer	-		-		-		-		-		-	
• Consolidated subsidiaries	-		4		-		-		-		4	
Subtotal	**-**	**0%**	**4**	**2%**	**-**	**0%**	**-**	**0%**	**-**	**0%**	**4**	**2%**
TOTAL	**299**	**100%**	**333**	**100%**	**77**	**100%**	**85**	**100%**	**222**	**100%**	**248**	**100%**

The Group deems that the information prescribed by Decree 2008-1487 of December 30, 2008 responds to the stipulations of Article 222-8 of the French Financial Markets Authority General Regulations.

6.8. Subsequent events

No major event has taken place at Gaumont since January 1, 2013.

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2012

To the Shareholders,

Pursuant to the mission entrusted to us by your General meeting of the shareholders, we hereby submit our report relating to the year ended December 31, 2012, on:

- the audit of the accompanying consolidated financial statements of Gaumont, as appended to this report;
- the basis 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 require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the annual 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 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.

Without qualifying our opinion above, we draw your attention to notes 2.3 and 2.20 to the consolidated financial statements which describe the change in accounting methods resulting from early adoption of revised IAS 19 on Post-employment benefits.

II. Basis for our assessment

Pursuant to article L. 823-9 of the French Commercial code *(Code de commerce)* on the basis of our assessment, we bring to your attention the following matters:

- notes 1.2, 3.10, 3.12, 4.8 and 6.3 to the consolidated financial statements describe the business of television series production for the American market and the main accounting treatments and impacts related to these activities. We have examined the accounting treatments applied and assessed the reasonableness of estimates used as well as the appropriateness of the information given in these notes;
- the group, at each year-end, carries out an impairment test on goodwill (see note 2.10) and also assesses whether there are indications of impairment of non-current assets. We have assessed the data and assumptions used for their principle estimates, particularly, the cash flow forecasts. As part of our audit, we have assessed the reasonableness of these estimates;
- as stated in note 2.11 consolidated financial statements, your group recognizes as an intangible asset all costs of films that meet the criteria provided for under IFRS as adopted by the European Union, and recognizes, as from 2011, a residual value for certain blockbuster films. We have reviewed the profitability forecasts used to justify this recognition in intangible assets, as well as policies applied for their amortization and for measurement of the recoverable value of the films, and we have checked that note 2.11 contains appropriate disclosures.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and thus contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As provided for by law, and in accordance with French professional standards, we also specifically verified the information presented in the Group's Management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Défense, March 19, 2013

The statutory auditors

ADVOLIS	ERNST & YOUNG et Autres
Patrick Iweins	Bruno Bizet

3 INFORMATION ON CORPORATE OFFICERS

Nicolas Seydoux

Born July 16, 1939

French national

Number of Gaumont SA shares held at December 31, 2012: 26

Voting rights at December 31, 2012: 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. Since 2008, Chairman of the Forum d'Avignon Association.

Family links with another Board member

Husband of Marie Seydoux, Vice-Chairwoman of the Board of Directors, father of Sidonie Dumas, Vice-Chairwoman of the Board of Directors and Chief Executive Officer, father of Pénélope Seydoux and brother of Michel Seydoux, Board members.

Independent member: no

Functions and offices held in Gaumont SA

- **Chairman of the Board of Directors** since first appointed to the Board on May 6, 2010. Term of appointment ends at the end of the General meeting called to approve the 2013 financial statements.
- **Chairman of the Appointments and Compensation committee**

Other functions and offices held in the Group

- **Chairman** of Ciné Par SAS, controlling shareholder of Gaumont
- **Chairman** of Gaumont Inc. (USA), Gaumont Distribution Inc. (USA) and The Visitors 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 Grands Vins de Pazac SCA
- **Chairman** of the Forum d'Avignon Association, ALPA and the C Génial Foundation
- **Vice-Chairman of the Supervisory Board** of Arte France SA
- **Board member** of the Val Richer SC and Fondation des Diaconesses de Reuilly

Functions and offices ceased within the last five years

- **Chairman of the Supervisory Board** of Gaumont SA (until May 2010)
- **Chairman** of Socipar SAS (merged into Ciné Par SAS in 2010)
- **Board member** of the Cinémathèque Française (until 2010) and Schlumberger Ltd (Netherlands Antilles) (until 2010)

Marie Seydoux

Born October 04, 1941

French national

Number of Gaumont SA shares held at December 31, 2012: 500

Voting rights at December 31, 2012: 1,000

Business address

30, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Family links with another Board member

Wife of Nicolas Seydoux, Chairman of the Board of Directors, mother of Sidonie Dumas, Vice-Chairwoman of the Board of Directors and Chief Executive Officer, mother of Pénélope Seydoux and sister-in-law of Michel Seydoux, Board members.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member and Vice-Chairwoman of the Board of Directors** since first appointed to the Board on May 6, 2010. Term of appointment ends at the end of the General meeting called to approve the 2013 financial statements.

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- None

Functions and offices abandoned within the last five years

- **Vice-Chairwoman and member of the Supervisory Board** of Gaumont SA (until May 2010)

Sidonie Dumas

Born April 28, 1967

French national

Number of Gaumont SA shares held at December 31, 2012: 365

Voting rights at December 31, 2012: 375

Business address

30, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Biography

In 1988 while still at law school, Sidonie Dumas made her cinematic debut as an intern at Luc Besson's Films du Loup, working on the filming of *Atlantis*. After a spell in feature film acquisitions and production at Warner in Los Angeles she returned to Europe to work in post-synchronization on *The Voyage of Captain Fracassa* directed by Ettore Scola and then in direction on Philippe de Broca's *The Keys to Paradise*. In 1991 she joined Gaumont as Head of New Projects (scenario development). From 1998 she began developing the new talent policy, producing her first features, and produced Alain Beigel's *Milestones*. In 2001, she was appointed Head of Gaumont Production and oversaw Michel Boujenah's *Father and Son* in 2003. From July 2004 to May 2010, she chaired Gaumont's Executive Board. While there, she led a courageous policy of producing films in radically different genres including first films such as *Virgil* directed by Mabrouk El Mechri (2005), *You are so Handsome* by Isabelle Mergault (2006) and *OSS 117: Cairo, Nest of Spies* by Michel Hazanavicius (2006), to name but a few, as well as films by established directors including *The Science of Sleep* by Michel Gondry. Since May 6, 2010, she has been Chief Executive Officer of Gaumont and produced numerous films attracting audience numbers in the millions. These included *Untouchable* - seen by nearly 20 million in France alone and more than 30 million worldwide, making it Gaumont's biggest ever hit and one of the biggest grossing French films since 1945 (as well as winning the «Best Actor» César) - *A Gang Story* directed by Olivier Marchal, *The Conquest*, *Jo's boy* and *The Roundup*. All these films were big box-office hits with theater audiences.

Family links with another Board member

Daughter of Nicolas Seydoux, Chairman of the Board of Directors, and Marie Seydoux, Vice-Chairwoman of the Board of Directors, sister of Pénélope Seydoux and niece of Michel Seydoux, Board members.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member and Vice-Chairwoman of the Board of Director**s since first appointed to the Board on May 6, 2010. Term of appointment ends at the end of the General meeting called to approve the 2013 financial statements.
- **Chief Executive Officer** since May 6, 2010, appointed for an indefinite term.

Other functions and offices held in the Group

- **Legal representative** of Gaumont, Manager of Gaumont Vidéo SNC
- **Permanent representative** of Gaumont, Member of the Board of Directors of Les Cinémas Gaumont Pathé SAS
- **Chairwoman of the Board of Directors** of Alphanim SA
- **Chairwoman** of Gaumont Télévision SAS
- **Chairwoman and member of the Management committee** of Gaumont Pathé Archives SAS
- **Chairwoman** of Gaumont TV Inc. (USA)
- **Board member** of Gaumont International Television LLC (USA)
- **Manager** of Editions La Marguerite SARL, Les Films du Dauphin SARL, Les Films du Loup SARL, Prestations et Services SARL, Alphanim Musique SARL, Gaumont Musiques SARL, Nouvelles Editions de Films SARL (since December 2012)

Other functions and offices held outside the Group

- **Board member** of the Cinémathèque Française (since June 2012)

Functions and offices abandoned within the last five years

- **Chairwoman and Chief Executive Officer** of Nouvelles Editions de Films SA (May to December 2012)
- **Chairwoman** of Alphanim Digital SAS (until December 2011) and Léonis Productions SAS (until September 2012)
- **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 March 26, 1957

French national

Number of Gaumont SA shares held at December 31, 2012: 500

Voting rights at December 31, 2012: 528

Business address

9, rond-point des Champs-Elysées - Marcel Dassault
75008 Paris
France

Biography

Thierry Dassault has real experience in the high-technology and media industries having previously worked as Head of Civil Equipment for Électronique Serge Dassault in Brazil between 1979 and 1981, as CEO of an alarm systems company from 1982 to 1984 and as 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. In 2004 he set up the company Keynectis (the French digital certification company) which he chairs. In 2006, he set up his emerging technology investment structure, TDH (shareholder in Aquarelle, Bernardaud, Keynectis, Halys, I-Ces, Oletis, Wallix and YouScribe.com). He is Chairman of the 58th national session of the Institute of Higher National Defense Studies (IHEDN), Chevalier de la Légion d'Honneur and Colonel in the French Air Force citizen reserve.

Family links with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the end of the General meeting called to approve the 2013 financial statements.

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Chairman and member of the Board of Directors** of Keynectis SA
- **Board member** of Dassault Médias SA (ex Socpresse), Dassault Belgique Aviation SA (Brussels) (since June 2012), and Société du Figaro SAS
- **Member of the Supervisory Board and Deputy CEO** of the Groupe Industriel Marcel Dassault SAS
- **Member of the Supervisory Board** of Particulier et Finances Editions SA (ex-Sté du Journal des Finances) and Veolia Eau SCA
- **Permanent representative** of TDH SC on the Boards of Directors of Halys SAS and IF Research SAS (Wallix)
- **Non-voting Board member** at Veolia Environnement SA
- **Member of the Management committee** of I-Ces SAS

Functions and offices abandoned within the last 5 years

- **Vice-Chairman** of the Groupe Industriel Marcel Dassault (until 2011)
- **Member of the Supervisory Board** of Gaumont SA (until May 2010)

Antoine Gallimard

Born April 19, 1947

French national

Number of Gaumont SA shares held at December 31, 2012: 400

Voting rights at December 31, 2012: 550

Business address

5, rue Sébastien Bottin
75007 Paris
France

Biography

Having begun his career in journalism, Antoine Gallimard joined the family publishing house in October 1972, where he oversaw the paperback collections («L'Imaginaire», «Folio», «Tel»). He was appointed Chief Executive Officer in 1981, then Chairman and CEO of the Group in 1988.

Family links with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the end of the General meeting called to approve the 2013 financial statements.
- **Member of the Appointments and Compensation committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Board member, Chairman and Chief Executive Officer** of Madrigall SA and Editions Gallimard SA
- **Board member** of Groupe Eyrolles SA, of Flammarion SA (since September 2012), and of Scérén and the BNF, state entities
- **Board member** and **Chairman** of RCS Livres SAS (since September 2012)
- **Permanent representative** of Editions Gallimard SA on the Board of POL Editeur SA and of Madrigall SA on the Boards of Editions de la Table Ronde SA and Mercure de France SA
- **Member of the Supervisory Board** of Electre SA and Sodefis SA

Functions and offices abandoned within the last five years

- **Chairman** of Eden Livres SAS (until 2011)
- **Member of the Supervisory Board** of Gaumont SA (until May 2010)
- **Chairman** of Gallimard Jeunesse SAS (until March 2009)

Michel Seydoux

Born September 11, 1947

French national

Number of Gaumont SA shares held at December 31, 2012: 580

Voting rights at December 31, 2012: 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 coproduced many films, including: *F as in Fairbanks* directed by Maurice Dugowson (1976), *Don Giovanni* by Joseph Losey (1979), *Hotel de France* by Patrice Chéreau (1987), *Cyrano de Bergerac* by Jean-Paul Rappeneau (1990), *Urga* by Nikita Mikhalkov (1991), *Prospero's Book* by Peter Greenaway (1991), *Toxic Affair* by Philomène Esposito (1993), *Smoking/No smoking* by Alain Resnais (1993), *Anna: from Six till Eighteen* and *Burnt by the Sun* by Nikita Mikhalkov (1994), *Same Old Song* by Alain Resnais (1997), *The Barber of Siberia* by Nikita Mikhalov (1999), *Rene* by Alain Cavalier (2002), *The Filmmaker* by Alain Cavalier (2005), *Ambitious* by Catherine Corsini (2006), *Leaving* by Catherine Corsini (2008), *Irene* by Alain Cavalier (2008), *Pater* by Alain Cavalier (2011).

Family links with another Board member

Brother of Nicolas Seydoux, Chairman of the Board of Directors, uncle of Sidonie Dumas, Vice-Chairwoman of the Board of Directors and Chief Executive Officer, uncle of Pénélope Seydoux, Board member and brother-in-law of Marie Seydoux, Vice-Chairwoman of the Board of Directors.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the end of the General meeting called to approve the 2013 financial statements.
- **Member of the Appointments and Compensation committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Chairman** of MSI SAS, Citadelle Invest SAS and Les Cabrettes SAS
- **Chairman of the Board of Directors** of LOSC Lille SA (ex LOSC Lille Métropole SASP) and Socle SA
- **Board member** of the Groupement de Luchin GIE and Financière Bon SA
- **Member of the Board of Directors** of Pathé SAS and Gaya Rive Gauche SAS
- **Member of the Supervisory Board** of Grand Lille TV SAS
- **Manager** of Camera One SARL, JSI SC, the Domaine de Luchin SC and FMS SNC
- **Representative** of MSI SAS, Board member of Airport Communication SA and Managing Partner of MSEB et Cie SNC
- **Managing Partner** of Liberté 25 Citadelle SC
- **Attorney** for the Société Navale Industrielle et de Plaisance SAS

Functions and offices abandoned within the last five years

- **Member of the Supervisory Board** of Foot Production SA (April 2011 to December 2012)
- **Chairman** of Les Cabrettes (until November 2011 following merger of Société Nouvelle Les Cabrettes into Les Cabrettes SAS)
- **Manager** of the Groupement Forestier Les Cabrettes (until June 2011 following its conversion into a SAS), 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)
- **Member of the Supervisory Board** of Gaumont SA (until May 2010)

Pénélope Seydoux

Born May 25, 1966

French national

Number of Gaumont SA shares held at December 31, 2012: 385

Voting rights at December 31, 2012: 770

Business address

Chemin de Haute Brise 1A
1012 Lausanne
Switzerland

Family links with another Board member

Daughter of Nicolas Seydoux, Chairman of the Board of Directors, and Marie Seydoux, Vice-Chairwoman of the Board of Directors, sister of Sidonie Dumas, Vice-Chairwoman of the Board of Directors and Chief Executive Officer, niece of Michel Seydoux, Board member.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the end of the General meeting called to approve the 2013 financial statements.
- **Member of the Audit committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Board member** of UMA Food and Beverages SA (Switzerland)
- **Manager** of La Fermière SARL (Switzerland)

Functions and offices abandoned within the last five years

- **Member of the Supervisory Board** of Gaumont (until May 2010)
- **Chairwoman** of Léman Hélicoptères (Switzerland) (until 2009)

Bertrand Siguier

Born June 10, 1941

French national

Number of Gaumont SA shares held at December 31, 2012: 450

Voting rights at December 31, 2012: 760

Business address

191, rue de l'Université
75007 Paris
France

Biography

Graduate of the Paris Institut d'Etudes Politiques (IEP) in law, Bertrand Siguier began his career as a financial analyst at Neuflize, Schlumberger, Mallet Bank (NSM), from 1967 to 1969. He joined Publicis-Conseil in 1970 as Head of Advertising, Head of Group (1971-1972) then Group Director (1973-1974). From 1975 to 1979 he was Deputy Director and International Coordinator of the Publicis-Intermarco-Farner Group. From 1980 to 1982, he was Chief Executive Officer of the Mc Cormick Publicis agency in London. From 1982 to 1988, he was Director of Publicis-Conseil. From 1988 to 2008, he was Vice-Chairman of Publicis FCB Communication, later Publicis Communication. From 1999 to 2008, he was a member of the Publicis Group's Executive Board.

Family links with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the end of the General meeting called to approve the 2013 financial statements.
- **Member of the Audit committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Chairman** of Buzz Advertising Network Group SAS
- **Board member** of Hanmer MSL Communications (India), Publicis Yorum (Turkey), of Saatchi & Saatchi Fallon Tokyo k.k. (Japan), Beacon Communications k.k. (Japan) and Saatchi & Saatchi (Korea)

Functions and offices abandoned within the last five years

- **Board member** of Capital Advertising (India) (until 2012), HM Editions (until 2011), Publicis Technology SA (until 2008), Gantois SA (until 2008)
- **Member of the Supervisory Board** of Gaumont (until May 2010)
- **Member of the Executive Board** of Publicis Group (until March 2008)
- **Chairman** and **Chief Executive Officer** of Multi Market Service France (until 2008)
- **Director** of Publicis Canada, Multi Market Services Ltd (UK), Publicis Hellas Advertising (Greece), Publicis Graphics Group Holding (Luxemburg), Publicis Communication Ltd (New Zealand), Publicis Mojo Ltd (New Zealand), Publicis Communication España (Spain), Publicis Publicidade Lda (Spain), Publicis Sp. z.o.o. (Poland), Publicis Wet Desert Sdn Bhd (Malaysia), Publicis Communication (Pty) Ltd (South Africa) (until 2008)
- **Deputy Chairman** d'iSe, International Sports and Entertainment AG (Switzerland) (until 2008)

Marc Tessier

Born July 21, 1946

French national

Number of Gaumont SA shares held at December 31, 2012: 494

Voting rights at December 31, 2012: 594

Business address

27, rue d'Orléans
92200 Neuilly-sur-Seine
France

Biography

Having studied at the Ecole Nationale d'Administration (ENA), Marc Tessier become Inspector of Finances in 1971, Seminar Director at the Institut d'Etudes Politiques (IEP) Paris from 1972 to 1974, then Mission Head at the Department for External Economic Relations (DREE) from 1976 to 1978. He became Deputy General Director of energy and raw materials at the Ministry for Industry from 1978 to 1979 then Deputy Director of the Cabinet to André Giraud (Minister of Industry) from 1980 to 1981. In 1982 he joined the Havas advertising agency as Chief Financial Officer (1982-1983) before becoming Chief Executive Officer (1983-1987). At the same time, he was Chief Executive Officer of Canal+ from 1984 to 1986. From 1987 to 1989, He was Advisor to the Chairman of Canal+ and Chief Executive Officer of the Company for the Study and Exploitation of Satellite Television (SEETS) before becoming Chief Executive Officer of Canal+ International from 1989 to 1993 and Chief Executive Officer and Head of Development at Canal+ from 1993 to 1995. He worked as Chief Executive Officer of the National Center for Cinematography (CNC) from 1995 to 1999. Marc Tessier chaired the Audiovisual and Telecommunications Institute in Europe (IDATE) from 1998 to 2000. From 1999 to 2005, he was Chairman of France Télévisions then of France Télévisions group. In January 2006 he began work for the Netgem group where he was successively Chief Executive Officer of Netgem Média Services, Chief Executive Officer of Glowria and, since May 2009, Chairman of Video Futur. He is Vice-Chairman of Ile-de-France regional channel IDF1. He is also currency Chairman of the Forum des Images. Since July 2011, he has been Advisor to the Chairman of Video Futur.

Family links with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the end of the General meeting called to approve the 2013 financial statements.
- **Chairman of the Audit committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Vice-Chairman** of Ensemble TV SAS (editorial company for the local channel IDF1)
- **Board member** of Netgem SA, Video Futur Entertainment Group SA, Ediradio SAS (RTL), Le Monde SA, la Fondation de France and the Association Idate
- **Non-voting member of the Board of Directors** of G7 Entreprises SA
- **Chairman** of the Forum des Images Association

Functions and offices abandoned within the last five years

- **Permanent representative** of J2H on the Board of Directors of Netgem SA (until 2012) and of Netgem SA on the Board of Directors of Mediaxim SA (Belgium)
- **Chairman** of Video Futur Entertainment Group SA (until July 2011) and Ensemble TV SAS
- **Member of the Supervisory Board** of Gaumont (until May 2010)
- **Board member** of Editis and Alternative Media Initiative (Canada)
- **Chief Executive Officer** of Netgem Media Services SA

Jean Todt

Born February 25, 1946

French national

Number of Gaumont SA shares held at December 31, 2012: 500

Voting rights at December 31, 2012: 1,000

Business address

2, rue des Granges
1204 Geneva
Switzerland

Biography

Jean Todt began his career as a rally co-driver from 1966 to 1981. In 1982 he took over as Director of Automotive Competition Peugeot, where he set up Peugeot Talbot Sport. He has been Director of PSA Peugeot-Citroën sporting activities since 1990. In 1993 he joined Ferrari (a Fiat Group company) as Director of Ferrari and Maserati sports management. Having been appointed as a Board member in 2001, he became Chief Executive Officer in 2004, then Deputy Board member in 2006 before leaving Ferrari in March 2009. He has been Chairman of FIA (the Fédération Internationale de l'Automobile) since October 2009.

Family links with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the end of the General meeting called to approve the 2013 financial statements.

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Member of the Board of Directors** of the Lucien Barrière SAS Group, Edmond de Rothschild SA (ex Compagnie Financière Saint-Honoré) and the Société des Amis du Musée d'Art Moderne de la Ville de Paris
- **Chairman** of the Fédération Internationale de l'Automobile (FIA) and eSafety Aware (FIA)
- **Vice-Chairman** of the ICM Foundation, Institut du Cerveau and La Moelle Epinière
- **Member of the Board of Trustees** of the FIA Foundation for the Automobile and Society
- **Member of the Consultative Board** of Hangar Bicocca (Italy)

Functions and offices abandoned within the last five years

- **Member of the Supervisory Board** of Gaumont (until May 2010)
- **Board member** of Ferrari SpA (Italy)
- **Chairman of the Board of Directors** of Ferrari Asia Pacific (Shanghai) and Ferrari West Europe (until 2009).

4 SHARE CAPITAL AND SHAREHOLDERS

Shareholders

Shareholders holding over 5% of voting rights and treasury shares

Change in shareholding

	12.31.12				12.31.11				12.31.10			
	Breakdown of capital		Breakdown of voting rights (1)		Breakdown of capital		Breakdown of voting rights (1)		Breakdown of capital		Breakdown of voting rights (1)	
Shareholders	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Ciné Par (2)	2,729,402	63.88	5,112,822	69.90	2,729,402	63.88	5,112,822	69.92	2,729,402	63.88	5,112,822	69.94
First Eagle Investment Management LLC (USA)	478,050	11.19	478,050	6.54	478,050	11.19	478.050	6.54	478,050	11.19	478,050	6.54
Bolloré (3)	408,852	9.57	817,704	11.18	408,852	9.57	817,704	11.18	408,852	9.57	817,704	11.19
Groupe Industriel Marcel Dassault	232,670	5.45	465,340	6.36	232,670	5.45	465,340	6.36	232,670	5.45	465,340	6.37
Public	416,894	9.76	440,283	6.02	416,784	9.75	438,182	5.99	416,823	9.76	436,278	5.97
Shares held by Gaumont SA	6,662	0.16	-	-	6,772	0.16	-	-	6,733	0.16	-	-
TOTAL	**4,272,530**	**100.00**	**7,314,199**	**100.00**	**4,272,530**	**100.00**	**7,312,098**	**100.00**	**4,272,530**	**100.00**	**7,310,194**	**100.00**

(1) The fully paid up shares justifying a non-transferable registration for at least three years in the shareholder's name, who must be either of French nationality, a citizen of the European Union, or from a country participating in the European Economic Area, receive double voting rights.
(2) Company controlled by Nicolas Seydoux.
(3) Merger of Financière du Loch into Bolloré on December 12, 2012.

To Gaumont's knowledge, no shareholder other than those mentioned in the above table held directly, indirectly or together more than 5% of the share capital or voting rights.

To date, Gaumont was unable to estimate the exact number of its shareholders. At December 31, 2012, the number of registered shareholders was 86.

At December 31, 2012, Gaumont held, as part of its liquidity contract, 6,662 treasury shares with a par value of €8, representing an investment of €264,544. These shares constituted 0.16% of the capital and carried no voting rights or dividend rights.

No controlled entity owns Gaumont shares.

Significant events that had an impact on shareholding structure during the last three years

As from July 1, 2010, under the liquidity contract with Exane BNP Paribas, Gaumont is required to hold its own shares. Gaumont's transactions in its own shares are detailed below.

On December 31, 2010, following the transfer in September 2010 of all assets and liabilities of Socipar to Ciné Par and the subsequent dissolution of Socipar, Ciné Par held 2,729,402 Gaumont shares representing 63.88% of the Company's capital (4,272,530 shares) and 69.94% of its voting rights (7,310,194) as on the transaction date. Ciné Par is not entitled to the double voting rights that were attached, prior to the transaction, to the 140,752 Gaumont shares transferred by Socipar.

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.

Breaching of shareholding thresholds

To Gaumont's knowledge, no shareholding thresholds were exceeded during 2012 or up to the reporting date.

Trading in the Company's own shares

To ensure the Gaumont share continues to be liquidly traded and regularly quoted on the market, the Group has a counterparty account with broker Exane BNP Paribas under a liquidity contract, drawn up in compliance with the AMAFI Code of Conduct and signed on July 1, 2010, for tacitly renewable periods of one year.

The initial contributions of k€300 were supplemented by an additional k€100 in November 2010.

At December 31, 2012, resources allocated to this contract included 6,662 treasury shares and €50,537.67 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:

	2012	2011
Number of shares purchased	4,828	11,289
Average purchase price	€40.89	€44.99
Number of shares sold	4,938	11,250
Average sale price	€42.38	€43.96
Trading fees	-	-
Number of shares held on December 31	6,662	6,772
Value of shares held on December 31	€264,544	€296,982
Percentage of capital held on December 31	0.16%	0.16%
Par value of shares	€8	€8

Employee and executive shareholding in the Company

Executive shareholders

To Gaumont's knowledge, the members of its Board of Directors together held directly, as at December 31, 2012, 4,200 shares representing 0.10% of the capital and 0.09% of the voting rights.

Trading in the Company's shares by Executive Officers and directors

On June 20, 2012, Sidonie Dumas acquired 355 shares in the Company.

Employee shareholders

To Gaumont's knowledge, two of its employees together held 28 shares as at December 31, 2012.

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 unclaimed 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:

		Dividends paid for the fiscal year *(in euros)*		
Year	Number of shares paid [1]	Net	Tax credit	Total
2007	4,269,917	0.30	-	0.30
2008	4,271,516	0.30	-	0.30
2009	4,271,516	0.30	-	0.30
2010	4,265,797	0.30	-	0.30
2011	4,266,772	1.30	-	1.30

(1) Excluding treasury shares at payment date.

Factors likely to have an impact in the event of a public offering

Reference shareholders

Gaumont's reference shareholder is Ciné Par, a company controlled by Nicolas Seydoux, which held 63.88% of the capital and 69.90% of the voting rights as on December 31, 2012.

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 March 17, 2008, Nicolas Seydoux, Anne-Marie Cahen-Salvador (married Seydoux), Pénélope Seydoux, Sidonie Dumas and Ciné Par renewed their collective share lock-up agreement, initially concluded on February 4, 2004 pursuant to Article 787-B of the French General Tax Code *(Code général des impôts)*, covering 2,346,975 Gaumont shares held by them, which represented, as on December 31, 2012, 54.93% of the capital of the Company and 64.18% of the voting rights. This agreement has a term of two years and is automatically renewable.

To the Company's knowledge, there is no other provision that could delay, defer or prevent a change in its control.

Pledging of shares

There were no Gaumont shares pledged as collateral as on December 31, 2012 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 loan agreement of a maximum amount of k€125,000 signed on April 26, 2012;
- a financial investment agreement with the Caisse des Dépôts et Consignations for the restoration and digitization of titles in its catalog signed on July 6, 2012.

Information on share capital

Changes in Gaumont SA's share capital

On December 31, 2012, Gaumont's share capital stood at €34,180,240, divided into 4,272,530 shares with a par value of €8 each, which have all been fully paid up and are all of the same class.

In all, there were 7,314,199 voting rights attached to shares, 3,041,669 shares of which held double voting rights.

Gaumont had not issued any securities other than equity securities.

The following table presents the events that impacted the Company's share capital during the last three years.

			(in euros)				
Date on which it was noted	**Event**	**Number of shares**	**Par value of shares**	**Resulting share capital**	**Additional paid-in capital**	**Share capital after transaction**	**Cumulative number of shares**
12.31.10	Exercise of stock options	1,014	8	8,112	50,785	34,180,240	4,272,530

Potential capital

On December 31, 2012, 174,546 shares could potentially be issued upon the exercise of stock options granted to employees of Gaumont and other affiliated companies.

Of the 174,546 options outstanding, none showed a dilutive effect as on December 31, 2012.

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

	2012	2011	2010
Average number of shares	4,272,530	4,272,530	4,272,060
Consolidated net income attributable to owners of the parent *(in thousands of euro)*	21,220	26,605	12,275
Net income per share *(in euros)*	**4.97**	**6.23**	**2.87**
Number of stock options with a dilutive effect	-	-	1,416
Average potential number of shares	4,272,530	4,272,530	4,273,476
Diluted net income per share *(in euros)*	**4.97**	**6.23**	**2.87**
Percentage of dilution *(in %)*	-	-	0.03

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 benefit from any plan.

In accordance with the legal provisions for the protection of all employees' rights, the offer price and number of shares still to be subscribed were adjusted pursuant to Article R. 228-91 of the French Commercial Code. These adjustments are made following dividend distributions.

In accordance with the provisions of Article L. 225-184 of the French Commercial Code, the information on options granted and exercised during 2012 with respect to Corporate Officers as well as the ten employees that do not hold corporate offices and hold the largest number of options is set out in the special report submitted by the Board of Directors to the General meeting.

Stock option plans outstanding at December 31, 2012

Table 8 of the AMF recommendation of December 22, 2008

Plans I and II expired December 2, 2002 and December 22, 2003, respectively.

All options granted under the plans III and IV were exercised.

Plans V through VIII were still outstanding as on December 31, 2012. They have the following characteristics:

	Plan V	Plan VI	Plan VII	Plan VIII
Date of General meeting	06.02.94	04.25.96	04.30.98	04.29.04
Grant date	02.15.96 (1)	03.12.98 (1)	04.09.02 (1)	02.28.05 (2)
Type of option	Subscription	Subscription	Subscription	Subscription
Starting date of exercise of options	02.15.01	03.12.03	04.09.06	02.28.09
Expiry date	02.14.46	03.11.48	04.08.46	02.27.49
Exercise price *(in euros)*	€50.31	€64.03	€48.00	€6.400
Adjusted exercise price *(in euros)*	€47.59	€60.57	€45.41	€60.66
Total number of options granted	104,000	168,000	165,000	196,750
Total adjusted number of options granted	109,999	177,722	174,658	208,189
Aggregate number of options cancelled at December 31, 2012	40,193	85,715	110,879	78,572
Aggregate number of options exercised at December 31, 2012	61,447	76,129	40,970	2,117
NUMBER OF OPTIONS OUTSTANDING AT DECEMBER 31, 2012	**8,359**	**15,878**	**22,809**	**127,500**
Including number of options that corporate officers may subscribe to				
• Sidonie Dumas	1,058	2,117	3,174	31,714
Including the number that may be subscribed to by the top ten employees with the highest number of options this granted (3)	**7,301**	**13,761**	**12,223**	**62,406**

(1) Board of Directors.
(2) Executive Board.
(3) When more than 10 employees are concerned in equal terms, the number specified takes account of all concerned parties (including individuals who left the Company).

Number of options held by top ten employees of the Company granted the largest number of options

Table 9 of the AMF recommendation of December 22, 2008

During 2012, no share purchase or subscription options were granted to employees of Gaumont SA or any of its subsidiaries.

No options were exercised by these employees during the period.

Authorizations granted by the General meeting to the Board of Directors with respect to capital transactions

	Current authorizations				Authorizations to be submitted to the GM of April 25, 2013		
	GM date (Resolution no.)	Term (expiry date)	Maximum amount or maximum ceiling	2012 Uses	Resolution No.	Term	Maximum ceiling
INCREASE IN SHARE CAPITAL (1)							
While maintaining the preferential subscription right per issue:							
• of shares, securities or marketable securities	GM 05.03.11 (13)	26 months (07.02.13)	k€100,000	Not used	(9)	26 months	k€15,000
• of debt securities	GM 05.03.11 (13)	26 months (07.02.13)	k€150,000	Not used	(9)	26 months	k€15,000
By capitalization of reserves, profits or premiums	GM 05.03.11 (14)	26 months (07.02.13)	k€100,000	Not used	(10)	26 months	k€15,000
Reserved to employees of the Group, members of the Company Savings Plan	GM 05.03.12 (10)	26 months (07.02.14)	200,000 shares	Not used	(11)	26 months	200,000 shares
COMPANY'S PURCHASE OF ITS OWN SHARES							
Company's purchase of its own shares (2)	GM 05.03.12 (6)	18 months (11.02.13)	k€17,090	Used	(6)	18 months	k€17,090
Reduction of share capital by cancellation of treasury shares	GM 05.03.12 (8)	18 months (11.02.13)	10% of the capital on the date of the General meeting	Not used	(8)	18 months	10% of the capital on the date of the General meeting
STOCK OPTION PLANS							
Grant of share subscription and/or purchase options (3)	GM 05.03.12 (9)	38 months (07.02.15)	Legal limit (4)	Not used			

(1) Share capital capped at a total nominal amount of k€15,000.
(2) Within the limit of 5% of the number of shares in the Company's capital at the time of purchase.
(3) In favor of employees and Corporate Officers of the Company and/or those affiliated to it.
(4) Articles L. 225-182 and R. 225-143 of the French Commercial Code: the total amount of options granted and outstanding may not exceed one third of the capital.

5 ADDITIONAL INFORMATION

2013 financial reporting timetable

Publication of revenue

April 24: First quarter of 2013 consolidated revenue

October 25: Third quarter of 2013 consolidated revenue

Publication of the financial statements

March 1: 2012 full-year results

July 26: 2013 half-year results

General meeting of shareholders

April 25: Combined Ordinary and Extraordinary General meeting called to approve the financial statements for the year ended December 31, 2012

Persons responsible for information

Person responsible for the Registration document

Sidonie Dumas

Chief Executive Officer

Certificate

After taking all reasonable measures to this effect, I certify that, to the best of my knowledge, the information contained in this Registration document is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all entities included in the consolidated group, and that the Management report provides a true and fair view of the business trends, results and financial position of the Company and all entities included in the consolidated group, together with a description of the main risks and uncertainties that they face.

The audit report from the statutory auditors on the consolidated financial statements for the year ended December 31, 2012, provided in the Registration document on page 89, includes the following comment: «without qualifying our opinion above, we draw your attention to notes 2.3 and 2.20 to the consolidated financial statements which describe the change in accounting methods resulting from early adoption of revised IAS 19 on Post-employment benefits».

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 3, 2013
Sidonie Dumas
Chief Executive Officer

Persons responsible for auditing

Acting statutory auditors

Advolis	Ernst & Young et Autres
• Member of the Compagnie régionale de Paris • Address: 13, avenue de l'Opéra 75001 Paris	• Member of the Compagnie régionale de Versailles • Address: 1-2, place des Saisons 92400 Courbevoie - Paris-La Défense 1
• Represented by Patrick Iweins	• Represented by Bruno Bizet
• First appointment: General meeting of May 2, 2005, taking over from KPMG, formerly RSM Salustro Reydel.	• First appointment: General meeting of May 3, 2011, taking over from Ernst & Young Audit.

Alternate statutory auditors

Damien Bourg	Auditex
• Member of the Compagnie régionale de Paris • Address: 13, avenue de l'Opéra 75001 Paris	• 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 Patrick Iweins.	• First appointment: General meeting of May 3, 2011, taking over from Dominique Thouvenin

The terms of all statutory auditors will expire after the General meeting called to approve the financial statements for the year ended December 31, 2016.

Person responsible for financial information

Fabrice Batieau

Chief Financial Officer

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