2015

Registration Document

Annual Report

Gaumont
born with cinema

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born with cinema

2015
REGISTRATION DOCUMENT
ANNUAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This document is a free translation into English of some contents included in the French *Document de référence* filed with the AMF (*Autorité des marchés financiers*, the French financial markets authority) under the number D.16-0316 on April 11, 2016.

Message from the Chairman of the Board of directors

Fifteen years ago, the terrorist attacks on New York tragically plunged us into the 21st century, since beyond precise dates, major tragedies are the milestones in society's history, from the assassination of kings to wars and revolutions.

After New York and its towers[1], Madrid and its trains, London and its metro - at the beginning and at the end of 2015 - it happened to Paris. Our cafes, our restaurants, our bars, the places where we go to have fun and see shows, our cartoonists, our ordinary people, were victims of atrocious acts of terrorism. On March 22, 2016, the capital of Europe, Brussels, added its name to this somber list. These wounded world cities are the end result of a path filled with hate, death and loss.

Everyone is affected.

My thoughts are first and foremost with the victims and their families, particularly the family of a member of the Cinémas Gaumont Pathé team. I can only show the utmost respect for their grief.

Then I think about our attitude, as citizens and entrepreneurs. It is very tempting to withdraw, shut ourselves away, remain far away from the places that all the terrorists targeted and wall ourselves into feeling a sense of security.

We are not equal in the presence of fear. There is no shame in being afraid. We must not hesitate to talk about it, explain it. Courage is not a denial of fear, it's controlling fear to ensure that you're not a victim or even a slave to it.

There is no good or bad response to this, only what we feel, which helps others understand fear and, if not eliminate it, at least better control and prevail over it.

Mediterranean farmers are used to fire, alpine lumberjacks from Savoie are used to avalanches, fishermen from Brittany are used to crashing waves. They are not used to each other's issues, but they can all look to each other as an example for inspiration, to better subdue the danger, in their own way.

Defeating terrorism requires first remaining ourselves. Protecting, defending and affirming our values.

The British royal family helped its people recover during the Second World War, first by remaining in London during the Blitz, then by visiting the smoking ruins of a city bombarded by the Nazis. They acted as in peacetime, enjoying afternoon tea at the regular time. When they couldn't attack the source of the evil, eradicate Nazism, they needed to prove that the enemy couldn't touch them in their hearts and in their souls. They showed courage and dignity to everyone.

We're not at this point, and I hope we never will be. However, it is far from certain that the worst is behind us.

We must "be more vigilant", but we must try especially hard to do our job as best as we can, give others - our fellow citizens and their children - the feelings that make a difference in their everyday lives.

The better we do, the better they will handle themselves, and the more they will want to get out of the house to clear their heads of dark and defeatist thoughts.

Although movie theater attendance experienced a certain amount of necessary languor in November 2015, the exceptional results in February 2016 should make us optimistic. The films available were able to lighten the melancholy mood in France.

Against this backdrop, fighting to defend intellectual property rights and prevent illegal downloading seems paltry. However, intellectual property is the base without which creation could not exist.

Before the attacks in January 2015, the air in the Prime Minister's office vibrated with hope of a serious change in direction in governmental policy on this subject. Commitments were made by advertising agencies and by payment organizations to attempt to dry up financing to criminal sites. Some results were obtained, but they did not measure up to the challenges.

The citizen in me knows that the gendarmerie and police do not have enough resources to all at once successfully fight against terrorist networks and be concerned about illegal websites.

1 New-York, September 11, 2001, more than 3,000 dead. Madrid, March 11, 2004, 194 dead. London, July 7, 2005, 56 dead. Paris, January 7-9, 2015 17 dead; November 13, 2015, 130 dead. Brussels, March 22, 2016, 31 dead.

However, a few one-time actions could send a strong message of the government's desire to take action against those who take part in these practices.

The latest figures on illegal practices remain appalling and sadly prove that a calibrated response isn't working.

Nevertheless, the Paris Court of Appeals decision rendered on March 15, 2016 confirming the Paris District Court's order for search engines and internet access providers to block and de-list websites clarifies and reinforces the legal foundation of intellectual property.

The fight against terrorism will be long and cruel. It cannot make all other initiatives dependent upon a final victory, because society cannot be left to fall apart during this time. On the contrary, people must retrieve the foundation of a courageous and entrepreneurial society.

The future of advanced societies is founded on intellectual property. Silicon Valley, one of the most prosperous regions on Earth, lives and breathes on intellectual property. France, which has championed this over the past two centuries, must continue to defend this conquest, which alone will help us pull ourselves out of unemployment and pessimism. It is up to our political figures to pull us back together.

On February 1, 2016, Marie Seydoux, Vice-Chairwoman of Gaumont's Board of directors, my wife, mother of Pénélope, Board member, and of Sidonie, Vice-Chairwoman and Chief Executive Officer, left us. She has been my partner throughout my entire career at Gaumont. She gave me unwavering support during difficult times. In calmer times, she brought humor and irony to the Board that reflected the interest and affection she had for the company. Her opinions, which were often quite original, will be missed by her family, and by Gaumont.

Before the passing of Marie Seydoux, Félicité Herzog, whose biography has been provided elsewhere, had been chosen by the Board of directors to fill out the high-quality female workforce. This effort must be continued.

Nicolas SEYDOUX, March 30, 2016

Message from the Chief Executive Officer

2015 was unfortunately marked by two tragedies. The market could have been a disaster, but it wasn't, thanks to our ability to bounce back and our genuine desire to continue living and be happy. During this difficult time, movie theater attendance was fairly good, with more than 206 million moviegoers who came to get away from it all.

In 2015, market share for French films declined significantly compared to the previous year, leaving room for more entertaining American movies. Aside from the animated film *Inside Out*, which was truly an innovative artistic creation, the top five films at the box office were franchise sequels: *Star Wars*, *Minions*, *Jurassic World*, *James Bond*, and *Fast and Furious*. The first French film, *The New Adventures of Aladdin*, came in 7th place and totaled 4.4 million tickets sold.

Gaumont's results in 2015 are very encouraging, particularly due to the television production business in the United States. Gaumont's consolidated revenue increased 14% to €217 million in 2015, compared to €190 million in 2014.

Gaumont released 12 movies in movie theaters in 2015, most of which were less successful than expected. However, *The Bitch Project*, *All Three of Us* and *Courted* were nice surprises.

Nearly 200 movies from the Gaumont catalog were shown on French TV channels, with a record-breaking audience for M6 during the first broadcast of *Belle and Sebastian*, which brought in 6 million viewers.

The video market was down once again, nearly 15%. However, Gaumont sold close to 1.2 million DVDs and Blu-rays in 2015, more than 800,000 units of which for catalog titles.

2015 was an excellent year abroad, with 106 million tickets sold for French movies worldwide. In this environment, Gaumont kept revenue high, even if it was down compared to 2014, which benefited from sales of an English-language film. Catalog films continued to appeal to our foreign partners, with a more than 25% increase in sales compared to 2014.

Gaumont Pathé Archives' business was in line with forecasts, thanks in particular to World War I commemorations, which was the subject of several documentaries using our archives.

The television production business continued to grow. Five years ago, Gaumont decided to revive its television business to find a smarter balance between audiovisual programs and different profitability profiles: more long-term cycles for feature films and more short-term and predictable cycles for television series and dramas. Gaumont has achieved this in 2015. Today, Gaumont has two pillars - movies and television.

The good results from the television production business were largely achieved thanks to the production subsidiary in the United States. After three seasons of *Hannibal* and *Hemlock Grove*, Gaumont produced the first 10-episode season of *Narcos* for Netflix, which has been widely acclaimed. A second season is currently being shot in Colombia.

Synergies between the businesses are also starting to emerge. An adult cartoon series, *F is for family*, ordered by Netflix at the Los Angeles office, was made by Gaumont Animation in France. A second season should start production soon. Several cartoon series were delivered in 2015, such as *Calimero* for TF1, or *Welcome to Bric-à-broc* for Canal +. Other projects are in production, such as *Noddy* or *Belle and Sebastian* for future deliveries to television channels.

Significant investments were also made in 2015 to develop French and European projects. 2016 started off with production beginning for *The Frozen Dead*, a six-episode series for M6 that is an adaptation of Bernard Minier's first novel, bearing the same name.

On the movie theater operation side, Les Cinémas Gaumont Pathé is pursuing its movie theater expansion and renovation policy. The network comprises more than 1,050 screens throughout France, the Netherlands, Switzerland, and Belgium as of late 2015, after purchasing the Cinepointcom network, which includes five movie theaters and approximately thirty screens.

2015 also marked Gaumont's 120-year anniversary. The exhibition on the history of cinema through the history of Gaumont at the Centquatre was very popular with the general public. Retrospectives have been or will be organized worldwide: in Madrid, in Singapore and in Thailand, at MOMA in New York and in Australia, etc.

Contrary to 2015, where films co-produced and distributed by Gaumont were mainly small-budget movies, half of the films coming out in 2016 have a budget that exceeds ten million euros. Gaumont will be releasing 13 films this year, among them in February, *Monsieur Chocolat*, starring Omar Sy and James Thierée, directed by Roschdy Zem and *Pattaya*, directed by Franck Gastambide, which have sold more than 1.8 million cinema tickets each to date. In April, the much anticipated sequel, *The Visitors*, directed by Jean-Marie Poiré and starring Jean Reno and Christian Clavier will be released, followed by *Sophie's Misfortunes*, directed by Christophe Honoré. At the beginning of May, *Up For Love*, a romantic comedy starring Jean Dujardin and Virginie Efira will be released in movie theaters followed by *Vicky Banjo* starring Victoria Bedos. Lastly, five films will be released during the second half of the year: *Odd Job*, directed by Pascal Chaumeil, *Brice From Nice*, starring Jean Dujardin, *Heartstrings*, directed by Michel Boujenah, *Owl You Need Is Love*, directed by Ramzy and starring Elodie Bouchez and *Arès*.

France has kept its head up high over the past twelve months, filled with anger and bewilderment and flooded with information and images recklessly thrown at us. However, showing images involves a certain level of responsibility. Because of our profession in both film and television, we tell stories and ensure that they are filled with dreams, hope and emotions.

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

Sidonie DUMAS, March 30, 2016

1 MANAGEMENT REPORT

Activities and results of the Gaumont group

Key figures

	2015		2014(1)		
	in thousands of euros	*as a % of revenue*	*in thousands of euros*	*as a % of revenue*	change
Revenue	217,004	100%	190,074	100%	14%
Operating income from cinema and television production and distribution(2)	36,007	17%	31,649	17%	14%
Operating income from movie theater operations(2)	23,796	11%	22,643	12%	5%
Operating income after share of net income of associates	21,358	10%	21,219	11%	1%
Consolidated net income	17,905	8%	18,338	10%	-2%
Investments in cinema production	47,938	22%	37,583	20%	28%
Investments in television production	102,679	47%	88,044	46%	17%

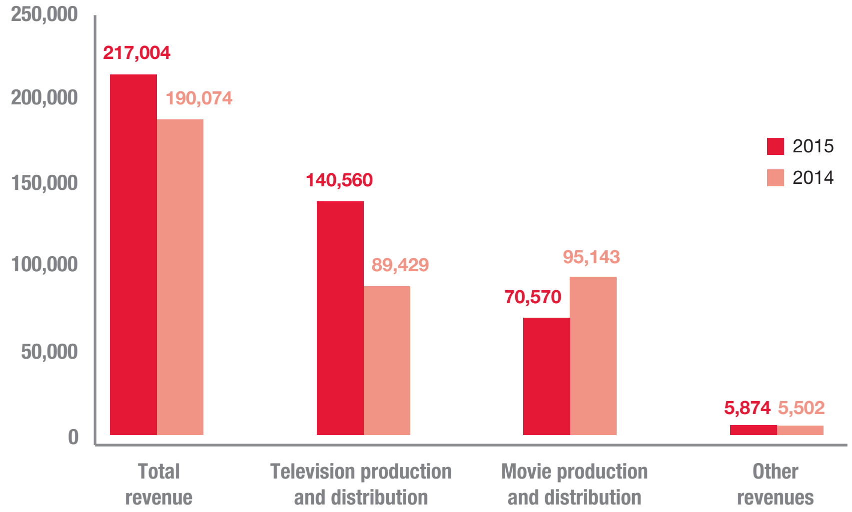
(1) The 2014 financial statements include impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies.
(2) After share of net income of associates, excluding overheads.

Consolidated results

Revenue by business activity

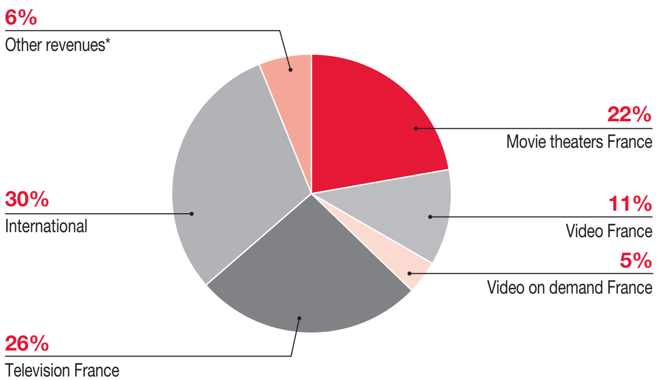
Gaumont's consolidated revenue amounted to k€217,004 in 2015, compared with k€190,074 in 2014. The increase in revenue is due to the fast-growing television production business in the United States.

Revenue by business activities breaks down as follows:

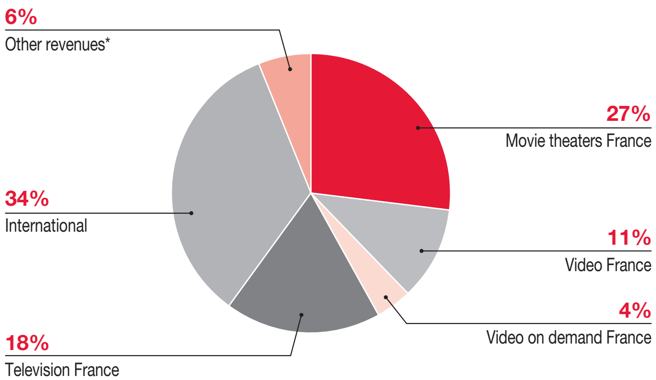


Movie production and distribution

Revenue from the cinema production business amounted to k€70,570 in 2015, compared to k€95,143 in 2014, and broke down as follows:



› 2015



› 2014

* *Primarily includes spin-off products, music publishing and the Gaumont Pathé Archives business.*

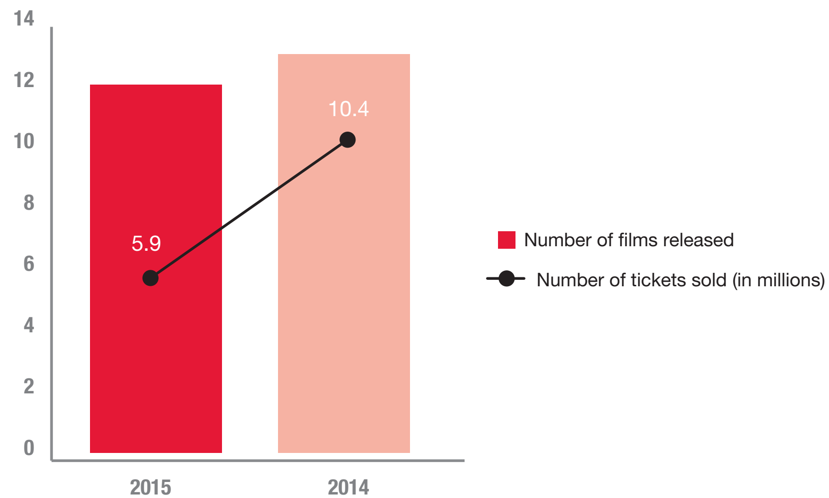
Movie theater distribution

Revenue from the release of films in movie theaters in France stood at k€15,614 as of December 31, 2015, versus k€25,662 as of December 31, 2014.

Twelve feature films were released in 2015:

- *I Kissed a Girl*, directed by Noémie Saglio and Maxime Govare, starring Pio Marmaï and Franck Gastambide, released on January 28;
- *Cerise*, directed by Jérôme Enrico, starring Jonathan Zaccaï and Zoé Adjani-Vallat, released on April 1;
- *The Bitch Project*, directed by Noémie Saglio and Eloïse Lang, starring Camille Cottin, released on April 29;
- *We were Young*, directed by Philippe Guillard, starring Kad Merad, Benoît Magimel, Charles Berling and Vincent Moscato, released on June 3;
- *Through the Air*, directed by Fred Grivois, starring Ludivine Sagnier and Reda Kateb, released on June 17;
- *Our Futures*, directed by Rémy Bezançon, starring Pierre Rochefort and Pio Marmaï, released on July 22;
- *Florida*, directed by Philippe Le Guay, starring Jean Rochefort and Sandrine Kiberlain, released on August 12;
- *Adama*, directed by Mathieu Vadepied, starring Balamine Guirassy and Ali Bidanessy, released on September 16;
- *My Men*, directed by Emma Luchini, starring Manu Payet and Fabrice Luchini, released on September 30;
- *All Three of Us*, directed by Kheiron and Christophe Vassort, starring Kheiron and Leila Bekhti, released on November 4;
- *Courted*, directed by Christian Vincent, starring Fabrice Luchini and Sidse Knudsen, who won a César award for best supporting actress, released on November 18;
- *Belle and Sebastian, the Adventure Continues*, directed by Christian Duguay, starring Tcheky Karyo and Félix Bossuet, released on December 9.

Gaumont's twelve released movies resulted in nearly 6 million cinema ticket sales. Change in movie theater attendance for Gaumont films was as follows:



In 2015, two movies accounted for more than 1 million tickets: *The Bitch Project*, with 1.2 million cinema tickets sold, and *Belle and Sebastian, the Adventure Continues*, with 1.3 million cinema tickets sold. Released in late 2015, the latter achieved 1.8 million ticket sales for its distribution as a whole.

Video publishing and video on demand

Revenue from video and video on demand distribution in France amounted to k€11,197 in 2015, compared with k€13,784 in 2014.

Physical video sales in France declined to k€8,045 in 2015, versus k€10,454 in 2014. They were driven by sales of new releases, with 11 recent movies published in 2015 versus 12 in 2014. Revenue for 2014 benefitted from the sales performance of *Belle and Sebastian* and *Me Myself and Mum.* Although the catalog film sales market fell nearly 14% in value this year, Gaumont sales remained stable. Physical video sales represented 1.2 million units sold.

Video on demand sales amounted to k€3,152 in 2015, versus k€3,330 in 2014. They benefitted from sales of the films *Samba* and *La French*, which accounted for more than 33% of revenue.

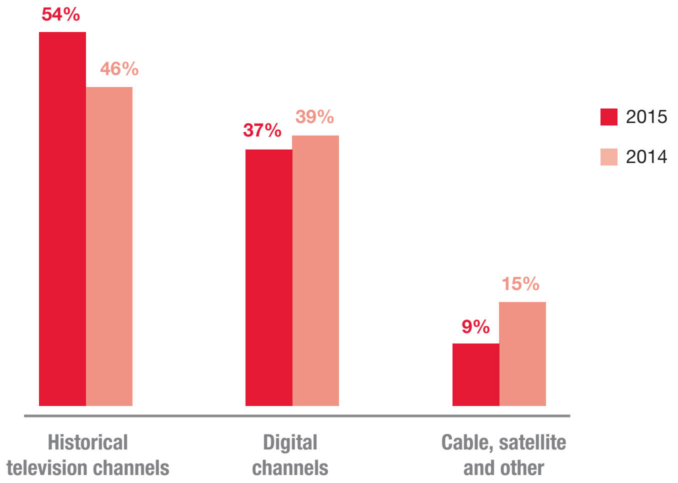
Sales of television broadcasting rights

Revenue from sales of broadcasting rights to French television channels amounted to k€18,483 in 2015, compared with k€17,329 in 2014.

Since Gaumont prioritized lump-sum contributions for its recent productions, no pre-sales of new films to television channels were recognized over the past two years.

Sales of catalog films have remained good, both to historical television channels and digital channels. Nearly 200 movies were sold since the beginning of the year, including, in particular, *The Dinner Game*, *The Corsican File*, *You Are So Handsome*, *La 7e compagnie trilogy* and *The Visitors*.

Sales by type of channel break down as follows:



International sales of rights

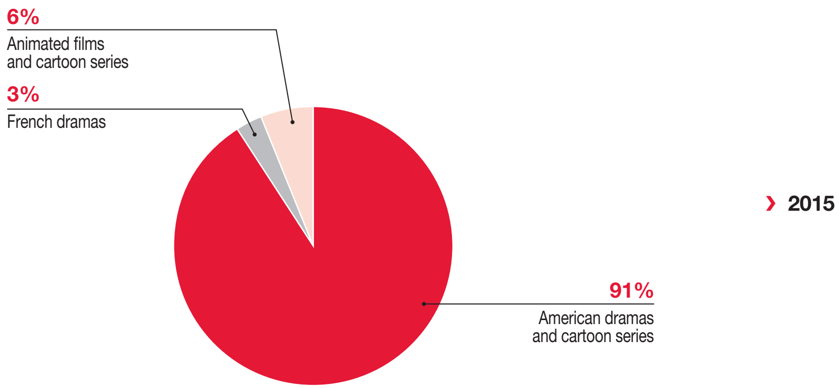
Revenue from international sales amounted to k€21,251 in 2015, versus k€32,337 in 2014. Last year's revenue benefitted from the sales of the English-language movie *The Young and Prodigious Spivet*. In 2015, the main contributors were *Samba*, *La French* and *Belle and Sebastian, the Adventure Continues*. Sales of catalog films were highly satisfactory, with a more than 25% increase compared with 2014.

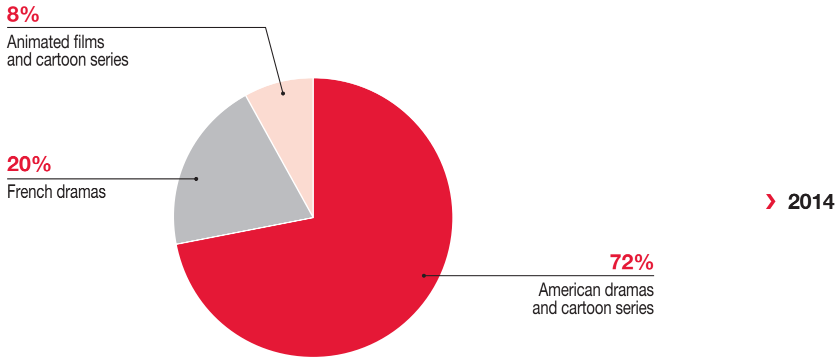
Other revenues from films distribution

Other revenues amounted to k€4,025 in 2015, versus k€6,031 in 2014. They mainly correspond to the distribution of archive images by Gaumont Pathé Archives, music publishing, and sales of spin-off products.

Production and distribution of dramas and cartoon series for television

Revenue from the production of television programs totaled k€140,560 in 2015, compared to k€89,429 in 2014, and broke down as follows:





Sales of American drama and cartoon series accounted for k€127,670 as of December 31, 2015, versus k€64,397 as of December 31, 2014.

In 2015, the following programs were delivered:

- the third season of the 13-episode series *Hannibal.* The series directed by David Slade and starring Mads Mikkelsen, Hugh Dancy and Laurence Fishburne was sold to NBC in the United States, and to prior seasons' major international broadcasters. It was broadcast on NBC starting on June 4, 2015;
- the first season of the 10-episode series, *Narcos*, to Netflix. This series, directed by José Padilha, starring Wagner Moura and Pedro Pascal, has been available on the operator's online video-on-demand platform since August 28, 2015;
- the third season of the 10-episode series *Hemlock Grove*, to Netflix. This series, produced by Eli Roth, starring Famke Janssen and Bill Skarsgard, has been available since October 23, 2015 on the operator's online video-on-demand platform;
- *F is for Family*, a 6-episode cartoon series, to Netflix. This series, created by actor Bill Burr and scriptwriter Michael Price, has been available on the operator's online video-on-demand platform since December 18, 2015.

Sales of French drama and cartoon series accounted for k€12,890 as of December 31, 2015, versus k€25,032 as of December 31, 2014.

In 2015, the following programs were delivered:

- the second season of the 6-episode series *Hôtel de la plage*, to France 2. Directed by Christian Merret-Palmair and starring Bruno Solo and Jonathan Zaccaï, it aired starting on June 3, 2015;
- the 39-episode cartoon series *Welcome to Bric-à-Broc*, to Canal+. This series started airing on July 29, 2015;
- the 52 last episodes of the cartoon series *Calimero*, to TF1 in December 2015.

Trademark royalties and other income

Income from trademark royalties paid by Les Cinémas Gaumont Pathé totaled k€3,675 in 2015, against k€3,813 in 2014.

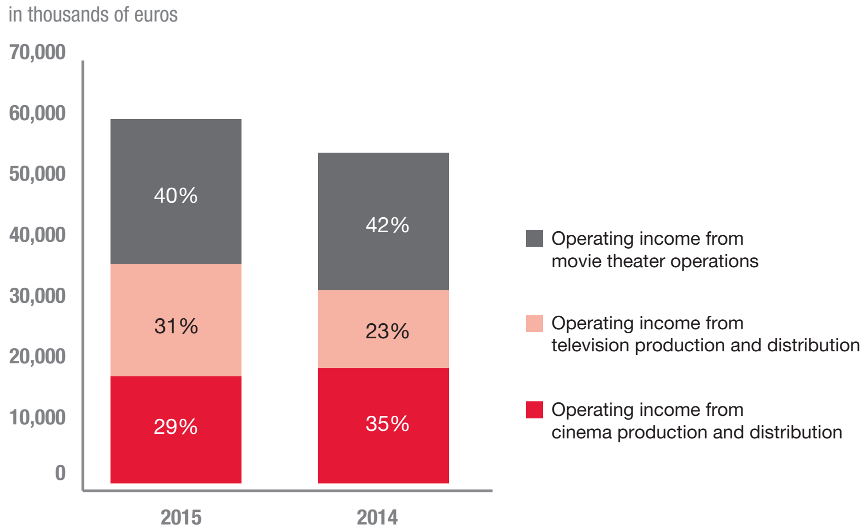
Other miscellaneous income came to k€2,198 in 2015, compared to k€1,689 in 2014, and included income from real estate lease agreements and miscellaneous services provided to third parties.

Operating income after share of net income of associates

Operating income after share of net income of associates represented a profit of k€21,358 in 2015, versus k€21,219 in 2014, and includes:

- operating income from cinema and television production and distribution, as detailed below;
- operating income from movie theater operations, as detailed below;
- overheads of the various operating activities and functional services, including non-current income and expenses linked to asset disposals, which came to k€38,446 in 2015 *versus* k€33,073 in 2014.

A breakdown of operating income before overheads among the various operating activities is presented below:



Operating income from cinema and television production and distribution

Operating income from cinema and television production and distribution after share of net income of associates, excluding overheads, amounted to k€36,007 in 2015, versus k€31,649 in 2014, and includes:

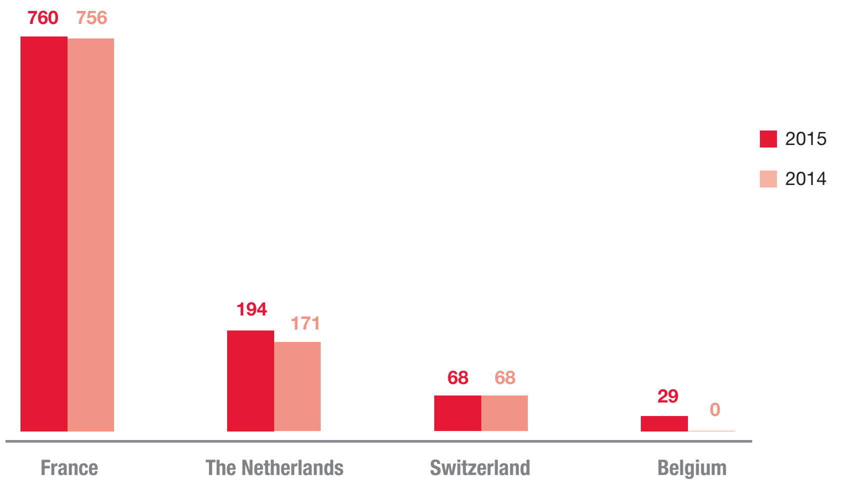
- the share of income attributed to feature films for k€17,529 in 2015, versus k€18,969 in 2014, including the share of net income of the Légende group;
- the share of income attributed to television cartoon and drama series for k€18,478 in 2015, versus k€12,680 in 2014, including k€17,301 in 2015 for American series and k€1,177 for French productions.

Operating income from movie theater operations

Operating income from movie theater operations after share of net income of associates, excluding overheads, amounted to k€23,796 in 2015, versus k€22,643 in 2014, and includes:

- income from trademark royalties paid by Les Cinémas Gaumont Pathé for k€3,675 in 2015, against k€3,813 in 2014;
- the share of net income of associates for k€20,121 in 2015, against k€18,830 in 2014. This share mainly includes the income of Les Cinémas Gaumont Pathé, 34% owned, which amounted to k€20,024 in 2015, versus k€18,686 in 2014.

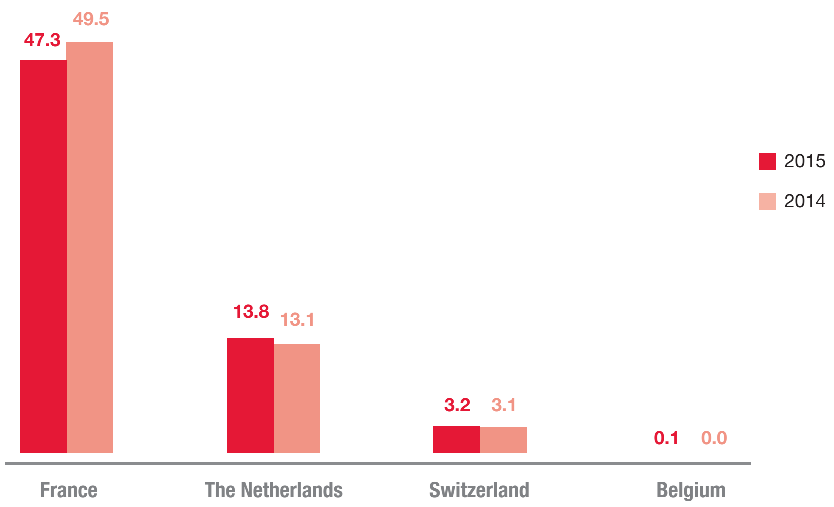
Les Cinémas Gaumont Pathé operated a total of 1,051 screens located in four countries as of the end of December 2015, breaking down as follows:



The group's move into Belgium in late 2015, is the result of the acquisition of the Cinépointcom network made up of five movie theaters, representing 6,000 seats and 30 screens.

Consolidated revenue for Les Cinémas Gaumont Pathé totaled k€709,858 in 2015, compared with k€686,307 in 2014.

Les Cinémas Gaumont Pathé sold 64.5 million tickets in 2015, a 2% decrease compared with 2014. This situation is different depending on the country in which the Group operates:



Operating income totaled k€99,998 in 2015, compared with k€101,460 in 2014.

Net financial expenses amounted to k€9,393 in 2015, versus k€10,426 in 2014.

Non-recurring income in 2015 amounted to a loss of k€1,112, compared with a k€5,931 loss in 2014.

Consolidated net income, group share, came to k€55,599 in 2015, versus k€52,070 in 2014. The share of net income attributable to Gaumont, after IFRS adjustments, reached k€20,024 in 2015, compared with k€18,686 in 2014.

Investments by Les Cinémas Gaumont Pathé amounted to k€170,165 in 2015, versus k€94,242 in 2014.

Group net financial debt amounted to k€362,608 at December 31, 2015, versus k€294,231 at December 31, 2014.

As of December 31, 2015, equity of Les Cinémas Gaumont Pathé group totaled k€572,271, versus k€537,530 at December 31, 2014, with a balance sheet total of k€1,272,316 at December 31, 2015, compared with k€1,132,966 at December 31, 2014.

Net income

In 2015, net income stood at k€17,905, compared with k€18,338 in 2014, and includes:

- operating income after share of net income of associates, as detailed above;
- the cost of net financial debt of k€9,474 in 2015, versus k€6,557 in 2014;
- other net financial income of k€7,519, which mainly includes financial expenses incorporated into the costs of films and series until the release date, and k€2,682 in foreign exchange gains mainly related to favorable changes in the dollar over the year;
- a tax expense of k€1,498, mainly consisting of a deferred tax liability of k€1,237 and tax on dividends of k€128.

The share of net income attributable to minority shareholders was k€88 in 2015, versus k€64 in 2014.

The share of net income attributable to the Group totaled k€17,817 in 2015, versus k€18,274 in 2014.

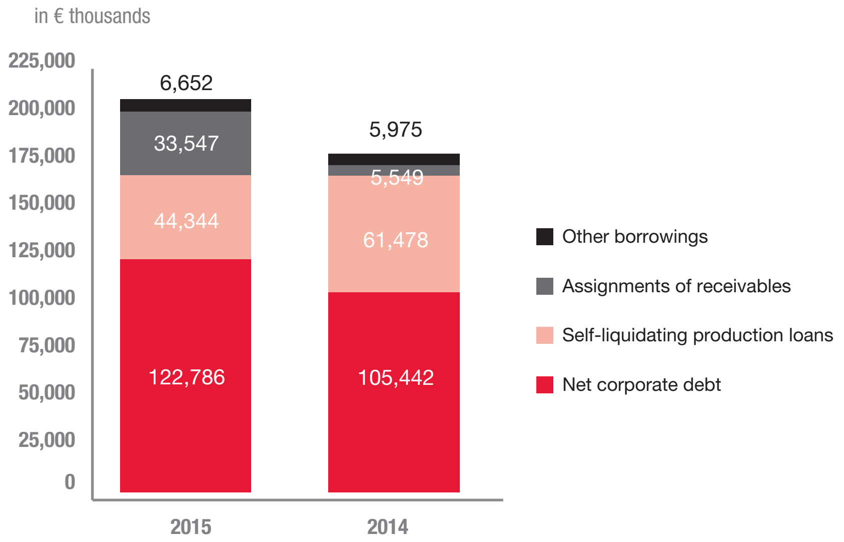
Financial structure and cash flows

As of December 31, 2015, equity totaled k€272,043, compared with k€254,613 as of December 31, 2014, for a consolidated financial position of k€595,995, compared with k€574,084 the previous year.

Net borrowings

Group net borrowings amounted to k€207,329 as of December 31, 2015, versus k€178,444 as of December 31, 2014.

A breakdown of these net borrowings by financing category is presented below.



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

In the United States, the Group is continuing to take out bank loans to finance its productions and uses assignments of receivables to fund new projects. These borrowings are guaranteed exclusively through assets held by the American subsidiaries without any recourse against the Group in France.

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

Corporate debt

To finance the Group's general needs, Gaumont has:

- a 5-year revolving credit facility signed on November 5, 2014 for a maximum amount of k€80,000, without guarantees, but with three financial covenants to be met every semester;
- a bond in the form of a two-part listed euro private placement (EuroPP) totaling k€60,000, maturing on November 15, 2021 and November 15, 2024, and with an annual coupon of 4.75% and 5.125%, respectively. This bond features the same covenants as the revolving credit facility signed on November 5, 2014;

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

At December 31, 2015, the unused amount of the revolving credit facility stood at k€10,000.

Self-liquidating production loans

Eight production loans have been taken out since 2012 to finance American series. These loans were granted to production companies, subsidiaries of Gaumont Television USA, by American credit 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, with no further guarantee given. The loans include a completion guarantee contract signed with a company specialized in audiovisual production.

Loans related to season 2 of the series *Hannibal*, to the first two seasons of the series *Hemlock Grove* and to season 1 of the series *Narcos* were fully repaid in 2015.

The three outstanding loans were granted to Gaumont Television USA subsidiaries for an overall amount of k$133,118, and represented a cumulative outstanding balance of k$53,490 as of December 31, 2015, k$18,090 of which payable in 2016.

The loan taken out to finance season 2 of *Narcos*, which is currently in production, had an undrawn balance of k$29,683 as of December 31, 2015.

The individual characteristics of these production loans are set out in note 3.12 of the notes to the consolidated financial statements.

Assignments of receivables

In order to finance French productions, the Group made use of the assignment of receivables under the Dailly Law. Assignments within the framework of these contracts are generally linked to pre-financing the production, such as pre-sales to the main broadcaster, contributions of co-producers, or funds for supporting the audiovisual industry. As of December 31, 2015, outstanding assigned receivables totaled k€15,881, and the unused amount of these loans stood at k€6,252.

In June 2015, in the United States, Gaumont Television USA entered into a receivables assignment agreement for a maximum authorized amount of k$50,000 to finance the development of its new projects. This line of credit is based on the series' operating receivables, with the exception of receivables pledged to production loans. As of December 31, 2015, outstanding assigned receivables amounted to k€37,281, and the unused amount of these loans stood at k$3,821.

Detailed characteristics of these loans are set out in note 3.12 of the notes to the consolidated financial statements.

Other borrowings

Other borrowings included, in particular, debt to the *Caisse des dépôts et consignations* in respect of its investment in the back catalog restoration and digitization program, which totaled k€3,712 as of December 31, 2015.

Cash flows

In 2015, the Group's business activities generated k€142,001 in net cash flows, versus k€142,770 in 2014.

Net cash flows from investment activities amounted to k€150,334 in 2015, compared with k€131,107 in 2014.

In terms of financing activities, the year 2015 shows a k€4,267 dividend payout, a k€2,249 increase in debt and an k€8,140 interest payment on loans.

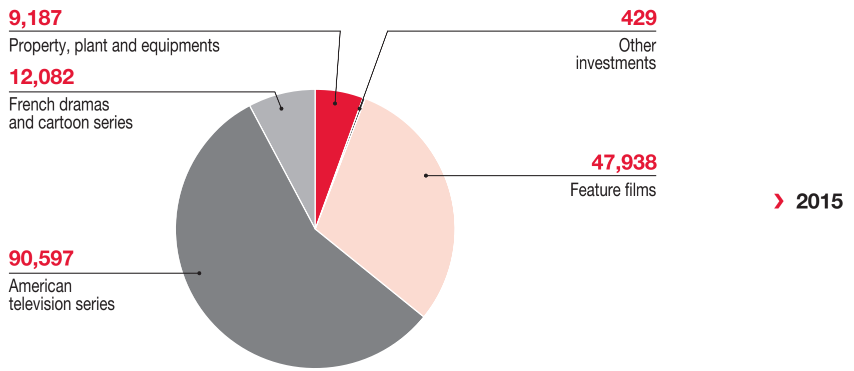
As of December 31, 2015 the Group had k€9,938 in cash, compared with k€27,478 at the beginning of the year, *i.e.* a negative change of k€17,540.

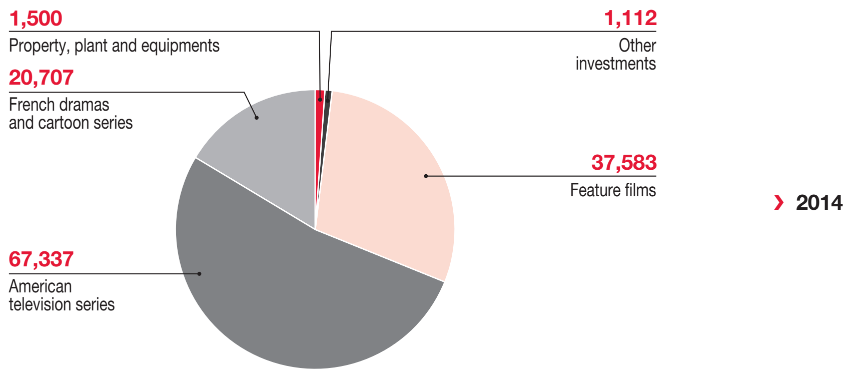
Investments

Over the last two years, investments were as follows:

(in thousands of euros)	2015	2014
Intangible assets	150,784	125,818
Property, plant and equipment	9,187	1,500
Financial assets	12	47
Acquisition of shares in consolidated companies	250	874
TOTAL INVESTMENTS	**160,233**	**128,239**

Investments in intangible assets are mostly made up of investments in feature film and television program production. The volume of investments vary from one year to another depending on the type and number of ongoing projects.





In 2015, investments in property, plant and equipment particularly included the acquisition of additional lots to the real estate complex owned on avenue des Champs-Elysées in Paris, which houses the Gaumont Ambassade theater. Other investments included the acquisition of a 20% investment in the new production company LGM SAS, for k€250.

Pre-sales and coverage rates

Cinema production

None of the twelve films produced or co-produced by Gaumont and released in 2015 were financed as executive producer. All of the films received a lump-sum contribution. This type of contribution enables Gaumont to limit its financial risk to the amount invested. In exchange, the majority of the film cost and financing, such as coproduction investments and pre-sales, are recorded in the executive producer's accounts.

French television production

The Group produced and delivered three programs in 2015. The total coverage rate exceeded 100%.

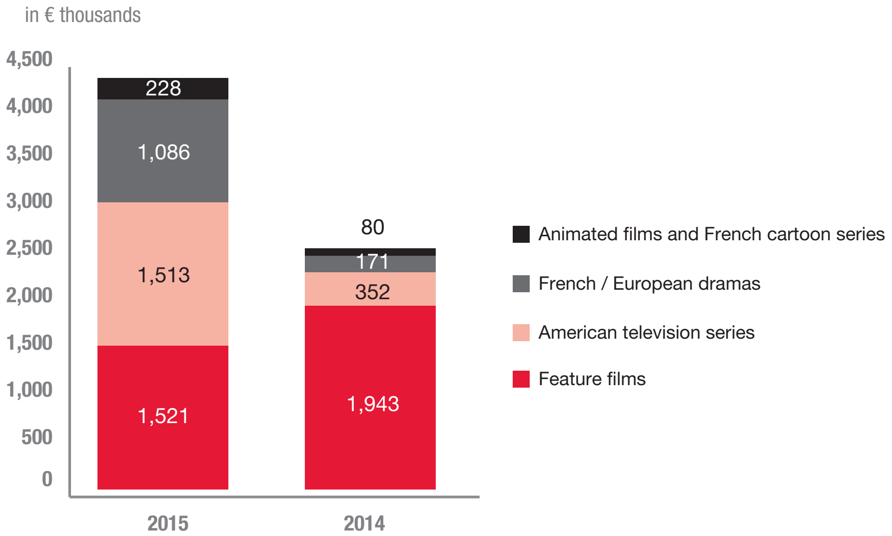
American television production

The Group produced and delivered four American series: the third seasons of *Hemlock Grove* and *Hannibal*, the cartoon series *F is for Family* and the first season of *Narcos*. The total coverage rate exceeded 100%.

Preliminary costs

Preliminary costs are all costs related to feature films, cartoon series or television 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. Related costs are recognized as soon as they are incurred. They have to be considered in addition to investments.

For 2015, preliminary costs totaled k€4,348, *versus* k€2,546 in 2014, and were divided up into the different business segments as follows:



2016 outlook

Thirteen feature films are scheduled to be released in theaters in 2016:

- *The Boy and the Beast*, an animated feature film directed by Mamoru Hosoda. Released on January 13, the film has generated 150,000 ticket sales;
- *Monsieur Chocolat*, directed by Roschdy Zem, starring Omar Sy, James Thierrée and Olivier Gourmet. Released on February 3, the film has sold 1,800,000 tickets over five weeks in theaters;
- *Pattaya*, directed by Franck Gastambide, starring Ramzy Bedia, Franck Gastambide and Gad Elmaleh. Released on February 24, the film has sold 1,300,000 tickets over two weeks in theaters;
- *The Visitors: Bastille Day*, directed by Jean-Marie Poiré, starring Jean Reno, Christian Clavier, Franck Dubosc and Karin Viard, will be released on April 6;
- *Sophie's Misfortunes*, directed by Christophe Honoré, starring Muriel Robin, Anaïs Demoustier and Caroline Grant, will be released on April 20;
- *Up For Love*, directed by Laurent Tirard, starring Jean Dujardin and Virginie Efira, will be released on May 4;
- *Vicky Banjo*, directed by Denis Imbert, starring Victoria Bedos, François Berléand and Chantal Lauby, will be released on June 8;
- *The Neon Demon*, directed by Nicolas Winding Refn, starring Keanu Reeves, Elle Fanning and Jena Malone;
- *Odd Job*, directed by Pascal Chaumeil, starring Romain Duris, Michel Blanc and Alice Belaïdi;
- *Brice From Nice*, directed by James Huth, starring Jean Dujardin, Clovis Cornillac and Bruno Salomone;
- *Heartstrings*, directed by Michel Boujenah, starring Charles Berling and Pascal Elbé;
- *Arès*, directed by Jean-Patrick Benes, starring Ola Rapace;
- *Owl You Need Is Love*, directed by Ramzy Bedia, starring Ramzy Bedia and Elodie Bouchez.

Five television series will be delivered in 2016:

- Season 2 of *Narcos*, a 10-episode American drama directed by José Padilha and starring Wagner Moura and Pedro Pascal, to Netflix;
- *The Frozen Dead*, a 6-episode French drama directed by Laurent Herbiet and starring Charles Berling, Julia Piaton and Robinson Stévenin, to M6;
- The first two episodes of *The Art of Crime*, a 6-episode French drama, to France 2;
- *Atomic Puppet*, a 52-episode cartoon series, to France 4;
- *Noddy*, a 52-episode cartoon series, to France 5.

Change of scope

Main Gaumont group companies

Cinema production and distribution

	12/31/15	12/31/14
Gaumont SA		
Gaumont Vidéo SNC	100%	100%
Nouvelles Editions de Films SARL	100%	100%
Fideline Films SARL	100%	100%
Gaumont Musiques SARL	100%	100%
Editions la Marguerite SARL	100%	100%
Gaumont Production SARL	100%	100%
Gaumont Inc.	100%	100%
Légende SAS	50%	50%
Légende Films Inc.	50%	50%
LGM SAS	20%	

Television production and distribution

	12/31/15	12/31/14
Gaumont Télévision SAS	100%	100%
Gaumont Animation SAS	100%	100%
Gaumont Télévision USA Llc	68.60%	68.60%
Gaumont Télévision UK Ltd	100%	
Gaumont Animation Musique SARL	100%	100%
Gaumont Production Télévision SARL	100%	100%
GaumontTV Inc.	100%	100%

Movie theater operations

	12/31/15	12/31/14
Les Cinémas Gaumont Pathé SAS	100%	100%
Lincoln Cinema Associates	31.95%	31.95%

Archive images distribution

	12/31/15	12/31/14
Gaumont Pathé Archives SAS	57.50%	57.50%

Gaumont International Television was renamed Gaumont Television USA in 2015.

In November 2015, Gaumont created the company Gaumont Television UK in London to provide its television production subsidiaries with a dedicated international sales distribution organization.

In December 2015, Gaumont SA acquired a 20% non-controlling interest in the new production company LGM SAS for k€250.

Risk factors

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

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

Risks inherent to the film and broadcasting industry

Risks related to the economic situation

In France, the film industry is not directly affected by the economic crisis. Considering changes in movie theater attendance over recent years, cinema remains a preferred past-time that is accessible to households and attracts audiences even easier since there is such a diversified range of movies and programs available.

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

Risks associated with the competitive environment

The movie production market

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

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

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

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

The television production market

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

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

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

Gaumont and its subsidiaries have decided to develop a diversified production of television dramas, in France and abroad, and are permanently seeking to gain a foothold in new markets, in North America, Europe and the rest of the world.

The cartoon market

The cartoon market is a very dynamic market that caters to children and young adults first and foremost. This industry is very competitive as the offering is wide and broadcasting times are limited.

An increasing number of animated feature films are available within the audiovisual landscape. They tend to be scheduled in theaters during school vacations or close to Christmas, in order to increase the chances for the movies to stand out. The number of these periods being limited, several films targeting young audiences are released at the same time and share movie theater attendance levels.

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

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

Risks related to marketing

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

In France, in accordance with the decree dated July 9, 2009, releasing a movie must follow a predefined "media chronology", which sets a film's succession of release windows, starting from its release in theaters: on video and video on demand (after four months), then on pay television channels (after ten months if there's an industry-level agreement, or twelve months in other cases), followed by free television (after twenty-two or twenty-eight months if the pay channels have an industry-level agreement, or twenty-four or thirty months in other cases), then on subscription video on demand (after thirty-six months), and lastly on free video on demand (after forty-eight months).

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

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

Risks related to the transformation of the French audiovisual landscape

In France, television channels represent one of the main sources of financing and outlets for films and constitute the primary market for distributing French series, dramas and cartoons. Therefore, any change in the television market would have a substantial impact on Gaumont and its subsidiaries' results.

The reduction of time slots attributed to films in television programming, notably on the historical television channels, makes it more difficult to sell broadcasting rights for movies, even though the regulatory system in France still requires television channels to purchase and broadcast a minimum proportion of European-produced and French-language content. The increase in cinema-themed channels and terrestrial digital television partly offsets the decline in the volume of movies purchased by historical television channels, with, however, a reduction in the average price of the sales of broadcasting rights. In this environment, Gaumont endeavors to optimize the marketing of the 1,000 plus titles in its film catalog.

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

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

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

Risks associated with technological changes

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

Risks related to digitization

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

Substantial investments have been made in movie theaters to enable digital films to be screened, and now virtually all movie theater holdings in France have gone digital. The 2010 law on financing the digital roll-out, which requires distributors to help finance digital equipment for movie theaters, as well as national and regional assistance, have significantly helped expand of the number of digital theaters.

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

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

With a film catalog of more than 1,000 titles, Gaumont is mindful of these developments and took measures early on to protect its business. Since 2009, Gaumont has put in place digitization and restoration programs for over 400 films in its catalog. However, the new technology race and the speed of change in standards may require significant new investments.

Risks associated with impacts from new technologies in the video market

Restoring and digitizing its catalog also enables Gaumont to offer new films previously unedited on video, and enlarge its digitized video and high-definition video offering.

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

Video on demand is growing thanks in particular to the emergence of new online video platforms and to subscription video on demand offerings. However, revenue from this market is still less than physical video revenue.

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

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

Risk of pirating

Pirating is a practice that severely jeopardizes the creation and broadcasting of movies and programs. According to a survey conducted by Médiamétrie in France, at least 14 million Internet users watch illegal videos, or nearly one out of every three Internet users. While P2P (peer to peer) has sharply declined over the past few years, DDL (direct download) and streaming have increased considerably. Digitizing movies also makes it easier to create, transmit and share high-quality unauthorized copies.

In order to combat this phenomenon, France is equipped with an independent public authority, the Hadopi (*Haute autorité pour la diffusion des œuvres et la protection des droits sur Internet* – an institution for protecting intellectual property rights on the internet). The different areas of intervention and assignments of the Hadopi are defined in the Code of intellectual property, and notably aim at protecting works from the violation of their respective rights as part of the "calibrated response".

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

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

Gaumont also supports new laws that reinforce anti-piracy efforts. The Ministry for Culture has created an online advertising best practices charter signed by advertisers, advertising professionals and rights holders, as well as an online payment means best practice monitoring committee. These two initiatives aim to financially drain pirating sites. Two draft laws currently being reviewed also contain measures related to counterfeiting: the "Digital Republic" draft law proposes that online platforms implement illegal content recognition systems, whereas the "Liberty of Creation, Architecture and Property" draft law would strengthen the anti-piracy role of the CNC (*Centre national du cinéma et de l'image animée* – a public administrative organization in charge of regulating, supporting and promoting film and television production industries and preserving film heritage).

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

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

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

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

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

Audiovisual support fund

The French film and broadcasting industry is governed by complex regulations, the implementation of which is overseen by the CNC. Significant benefits flow to film and audiovisual companies from this French regulatory system, and to a lesser extent from the European system.

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

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

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

Gaumont believes that this system helps maintain varied audiovisual production in France, in terms of nature, genre and budget of the programs, and that questioning the system could have significant consequences on its business.

Television channel pre-sales

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

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

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

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

Risks associated with the operations of Gaumont and its subsidiaries

Risks associated with financing productions

Risks pertaining to the ability to finance film production volume

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

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

- when it is involved as executive producer or co-producer, it is tasked with organizing the financing of the film prior to production beginning. During production, it is responsible for all of the decisions pertaining to the content of the work, both the artistic and financial aspects, and supports the potential budget overspending. In certain cases, the executive producer's role can be entrusted to two co-producers who jointly assume the decision-making responsibility;
- when it operates as a non-executive co-producer, its contribution and risk is limited to a lump sum contribution. The commitment being limited to this contribution, the main part of the finance risk is carried by the executive producer.

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

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

Risks related to television production financing

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

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

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

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

Risks related to controlling production costs

Production delays and feature films production budget overruns

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

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

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

Production delays and budget overruns of television dramas and cartoon series

As the long-term sales potential of French television productions is limited, prior financing usually covers the entire production budget. Due to this economic model, controlling production costs is essential to preserving the financial balance of the business.

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

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

Risks related to Gaumont and its subsidiaries' growth

As the oldest French production company, Gaumont considers that it has to participate in the preservation of French film heritage. Consequently, the acquisitions made by Gaumont and its subsidiaries tend to concern independent production companies or former production companies that have a back-catalog of titles.

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

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

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

Legal Risks

Risks related to obtaining operating permits

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

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

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

In order to limit the risks related to obtaining the operating permit, Gaumont and its subsidiaries endeavors to produce and distribute films and series that are accessible to all audiences.

Risks associated with intellectual property rights

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

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

In order to minimize the risks of disputes concerning the property rights of a film as much as possible, when Gaumont, or one of its subsidiaries, is the executive producer, it always states that it is the holder of the copyright and related rights enabling the production and distribution of the films and ensures the protection of material.

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

In the event of a dispute concerning intellectual property rights, Gaumont 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 Gaumont or its subsidiaries' favor or not, may generate significant costs and adverse publicity for Gaumont or members of its management.

A provision for risk is set aside as soon as Gaumont or its subsidiaries enter 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 Gaumont or its subsidiaries' financial position or profitability.

Insurance and coverage of legal risks

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

These policies are the following:

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

Financial risks

Credit and counterparty risks

Risk of customer default

Customer risk is presented in note 6.4 to the consolidated financial statements.

Risks of dependency on customers

In 2015, the top ten customers accounted for 69.9% of consolidated revenue.

Customer	Consolidated revenue in thousands of euros	Consolidated revenue as a %
1. Netflix	91,902	42.4%
2. NBC	11,551	5.3%
3. TF1 group	10,875	5.0%
4. Les Cinémas Gaumont Pathé group	8,073	3.7%
5. France Télévisions group	7,838	3.6%
6. Sony group	6,878	3.2%
7. Amazon	6,711	3.1%
8. Canal+ group	3,556	1.6%
9. UGC group	2,339	1.1%
10. FNAC	2,058	0.9%
TOTAL	**151,781**	**69.9%**
CONSOLIDATED REVENUE	**217,004**	**100.00%**

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 impact on its business or its profitability.

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

Liquidity risk

Liquidity risk is presented in note 6.4 to the consolidated financial statements.

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

The financial structure and cash flows are presented on pages 15-16 of this Registration document.

Market risks

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

Corporate social responsibility

Social data

Gaumont's social and cultural footprint in France and abroad

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

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

Throughout the 20th century, and particularly starting from the 1950's, following the arrival of the producer Alain Poiré, Gaumont has produced and distributed more than 400 feature films, some of which were big hits in French film history, and partnered up with renowned directors such as Sacha Guitry, Edouard Molinaro, Yves Robert, Georges Lautner, André Cayatte, Gérard Oury, Claude Pinoteau, Francis Veber and Jean-Paul Rappeneau.

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

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

120 years of cinema in 2015

In order to celebrate its 120th anniversary, Gaumont organized an exhibition at the Centquatre, 104 rue d'Aubervilliers, Paris 19th Arrondissement, from April 15 to August 5, 2015. This exhibit received almost 50,000 visitors, and was an opportunity to introduce the general public to the history of cinema through the production, authors, actors and history of Gaumont. This event enabled visitors to see what happens behind the scenes and discover unknown treasures, thanks to educational workshops, screening of "heritage movies" on a large screen and an interactive exhibit based on objects from the Gaumont Museum.

Two books were published during the year to honor this anniversary:

- "120 ans de cinéma Gaumont" in April, published by Editions de la Martinière and written by Jean-Luc Douin, it retraces the 120-year history of Gaumont as an exhibit brochure and is illustrated by 400 photos provided by the Gaumont Museum;
- in October, an updated edition of "Gaumont, un siècle de cinéma" by François Garçon, was published. It was originally published by Découverte Gallimard editions in 1994.

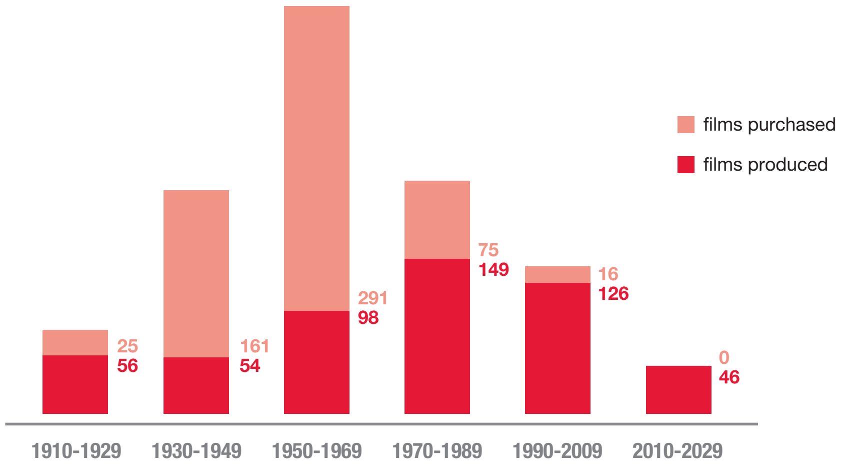
Gaumont Vidéo released nine DVD boxsets dedicated to the Gaumont heritage. The first, which includes solely silent films, covers the period from 1895-1929 and has been available since May. The eight other boxsets were gradually released through October and showcase the wealth of Gaumont's catalog and French film.

Additionally, a portion of the Gaumont collection is going to be showcased around the world throughout 2016 during a travelling exhibit organized in partnership with the Institut Français.

An important portfolio of movies

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

Breakdown of Gaumont catalog feature films by period



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

In order to share this part of history with as many people as possible, the Gaumont Museum is open to the public on Heritage Days. 240 visitors attended this event in 2015.

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

Cinema, promoter of French culture abroad

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

Today, French cinema is strong in its own territory with around 35% market share in 2015, which makes it the second strongest cinema in Europe, after British cinema. It is also the second largest exporter of movies after the United States, with two-thirds of French films being exported to at least one foreign country. In 2015, this represented:

- 106 million tickets sold worldwide for French films, *i.e.* more tickets sold abroad than in France for the second year in a row;
- more than 500 movies released in foreign movie theaters;
- 600 million in proceeds from foreign countries;
- 30 to 40 French films per day broadcast on television channels abroad.

Sources: Unifrance (www.unifrance.org), "results of French film abroad in 2015"; European Audiovisual Observatory (www.obs.coe.int).

Gaumont distributes its film catalog in over 70 territories worldwide and close to 260 feature films were sold abroad in 2015. One of Gaumont's biggest hits with international audiences is the movie *Untouchable*, directed by Eric Toledano and Olivier Nakache, starring François Cluzet and Omar Sy. Released in more than 70 countries across the world, *Untouchable* sold more than 51 million cinema tickets, 31.8 million of which were outside France. With more than $440 million in revenue from movie theaters, it is the biggest hit of all time for a French-language film.

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

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

Against this backdrop, since the end of the 2000's, Gaumont has added television drama production to its historic movie production and distribution business. After the purchase of Alphanim (one of the largest French animation production studios) in late 2008, Gaumont created two drama production companies in 2010: Gaumont Télévision in France and Gaumont International Television in Los Angeles. These companies have been very successful since their creation, and in particular with the series *Hannibal* (3 seasons), *Hemlock Grove* (3 seasons), *Narcos* (2 seasons to date), *Hôtel de la plage* (2 seasons) and *Calimero* (104 episodes).

Relationships with stakeholders

Stakeholders

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

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

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

Conditions of dialogue with stakeholders

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

- the API *(Association des producteurs indépendants)*, a union representing the film production companies Gaumont, Pathé, MK2 and UGC, chaired by Sidonie Dumas. In 2015, the API was opened up to include independent producers;
- the FNCF *(Fédération nationale des cinémas français)*, a professional union of movie theater owners and operators, which unites almost all of the 5,500 French movie theaters in all of their diversity – large national companies, small and medium-sized operators, art house theaters, municipal movie theaters;
- the FNDF *(Fédération nationale des distributeurs de films)*, which brings together more than 50 movie distribution companies. This federation, with Nicolas Seydoux as one of its board members, represents distributors at different festivals and industry events and organizes "distributors day" with the FNCF, which has become a 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 treasurer, has 14 members representing the majority of the publishing – distribution market, and partner members belonging to peripheral industries such as technical industries (laboratories, press operators, etc.);
- the ADEF *(Association des exportateurs de films)*, which unites almost all French feature film exporters. The ADEF, of which Gaumont's Deputy Director of international sales is Vice-Chairman and a member of the Executive Committee, works closely with UniFrance Films at designing and carrying out operations abroad in order to ensure the presence of French film and the exporters in the main festivals and international markets, and with the CNC, from which it receives financial aid;
- UniFrance, under the care of the CNC, which includes approximately 600 members, feature film and short film producers, exporters, directors, actors, writers and artistic agents. This organization, of which Gaumont's Director of international sales is a member of the Executive Committee, is responsible for promoting French cinema throughout the world. It supports French movies in international markets, from their sale to their release, and organizes special events dedicated to French film;
- the Independent film and television alliance (IFTA), an international organization over 30 years old, that brings together close to 150 major film and television program production and distribution companies in the world, spread out over 23 countries. The IFTA is known in particular for organizing one of the largest film markets in the world, the American Film Market (AFM) in Los Angeles, bringing together more than 8,000 companies from 70 countries each year;
- The USPA *(Union syndicale de la production audiovisuelle)*, which brings together the major drama and cartoon producers.

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

Support, partnerships or sponsorships

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

- the association Les toiles enchantées. Since 1997, Gaumont has supported this association, which drives through France by truck and shows movie projections on big screens to hospitalized or disabled children for free. Within this context, Gaumont lends free copies of its films released each year;
- the Centre des monuments nationaux (a civil entity in charge of preserving and managing about 100 French national monuments). Within the context of exhibitions, Gaumont renews its support and has provided items from its collections such as costumes, decor elements, posters, photos or operating equipment free of charge since 2010.

  In addition, Gaumont regularly acts as an exhibition partner, as with the following events that took place in 2015:
- "The Fashion World of Jean-Paul Gaultier" exhibition, which continued its tour throughout the world and to which Gaumont loaned the original costume drawings for Luc Besson's film *The Fifth Element*;
- "Cinéma Premiers Crimes" in Paris, for which the Gaumont Museum loaned posters and photos;
- The "Lumière ! Le cinéma inventé" exhibit presented at the Grand Palais from March 27, 2015 to June 14, 2015;
- "The Eiffel Tower in films" taking place on the 1st floor of the Eiffel Tower until 2019;

Lastly, Gaumont regularly takes part in books and exhibition brochures about cinema such as, in 2015:

- the exhibit catalog for "Cinéma Premiers Crimes" in Paris;
- "Quel Scandale", a book written by Guillaume Evin, published by Editions de La Martinière;
- "Fantômas tombe le masque", a book written by Jean-Noël Grando and published by Alliance Editions;
- "Je ne sais rien mais je dirai tout", a book written by Pierre Richard and Jérémie Imbert, published by Flammarion.

Territorial, economic and labor impact of the business

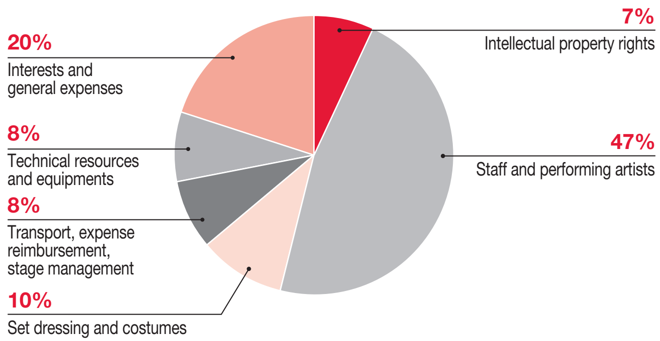
Gaumont's economic imprint

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

In 2015, French film production represented approximately 326(1) feature films with a total investment budget of €1.5 billion [1], *i.e.* an average budget of €4.7 million per movie.

Gaumont produces around ten films per year on average. In 2015, Gaumont produced or co-produced 12 movies (excluding animation), which will be released in 2016 and 2017, representing a total production budget of roughly €124 million, i.e. 3.7% of French national production in volume and 8% in value. Among these 12 movies, 3 were fully shot in France and 5 fully shot in the European Union.

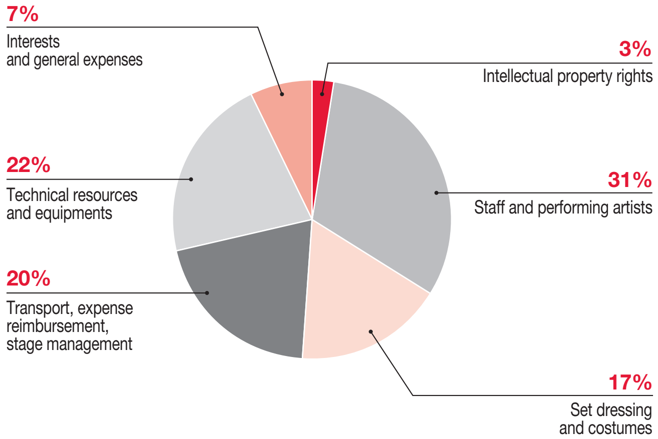
Breakdown of cinema production expenses by type



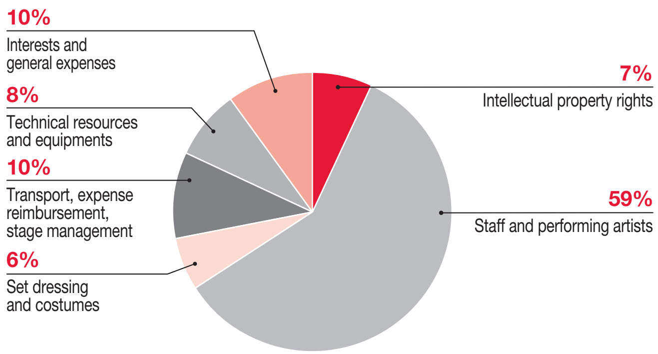
(1) *Estimates based on figures from FICAM (Cinema, Audiovisual and Multimedia Industries Federation). Estimates can show discrepancies with definitive data issued by the CNC.*

Within the context of its television productions, in 2015, Gaumont produced approximately 2 hours of French dramas and 25 hours of American dramas, representing an accumulated production budget of €2 million for French series and $147 million for American series. Filming took place in France, Italy, North America and Colombia.

Breakdown of American television production expenses by type[1]



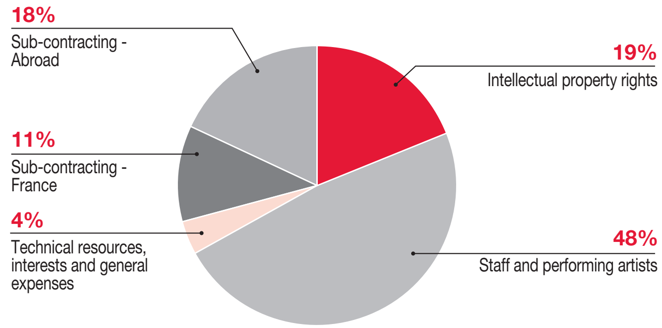
Breakdown of French television series and drama production expenses by type



(1) Including cartoon series.

Lastly, in terms of French cartoon production, Gaumont produced around 26 hours of cartoon series in 2015, representing an accumulated production budget of €9 million.

Breakdown of French cartoon production expenses by type



As a whole, production budgets in 2015 amounted to just under €270 million, with over 40% being used to compensate the authors, actors, artists and technicians involved in the productions. To produce animated films and cartoon series, Gaumont regularly uses subcontractors to face temporary increase in work and overcome the cyclical effects of the business. Gaumont ensures that it only works with recognized French and foreign cartoon studios that respect international conventions concerning labor conditions. Consequently, subcontracting spending essentially corresponds to the cost of external personnel.

Impact of the business in terms of employing contract workers

Gaumont and its subsidiaries use contract workers for short-term jobs when producing films and series.

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

In 2015, Gaumont and its subsidiaries directly employed 6,456 contract workers for a total of approximately 480,000 hours. Furthermore, in executive productions where it was not line producer, Gaumont and its subsidiaries contributed to the employment of some 10,707 people, in France and the United States, representing roughly 870,000 working hours, approximately 450,000 of which were spent working on the production of American series (partial data for 1 series out of 3 produced).

The breakdown of contract workers in the production of works where Gaumont or its subsidiaries are the executive producer (either 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:

	2015					2014				
	Number of contract workers by profession				Volume of hours[1] *(in thousands)*	Number of contract workers by profession				Volume of hours[1] *(in thousands)*
Business segment	**Technicians**	**Artists & Actors**	**Extras**	**TOTAL**		**Technicians**	**Artists & Actors**	**Extras**	**TOTAL**	
Feature film production[2]	1,903	1,130	6,306	9,339	580	568	257	1,142	1,967	150
Animated films and series production	284	20	-	304	161	173	3	-	176	84
Television series and dramas production[3]	5,836	596	1,088	7,520	612	3,123	570	5,702	9,395	662
TOTAL	**8,023**	**1,746**	**7,394**	**17,163**	**1,353**	**3,864**	**830**	**6,844**	**11,538**	**896**
France	*2,217*	*1,158*	*6,306*	*9,681*	*746*	*1,181*	*495*	*1,946*	*3,622*	*329*
United States	*5,806*	*588*	*1,088*	*7,482*	*607*	*2,683*	*335*	*4,898*	*7,916*	*562*

(1) The daily number of hours worked depends in particular on the collective agreement, the duration of the contract and the duties of each contract worker. For example: technicians work 7 hours a day in animation, 8 hours in French television drama and movie production, and workday length varies from 8 to 12 hours, depending on agreements, in American productions.
(2) Partial data for 1 film out of 9 produced in 2015 as executive producer.
(3) Partial data for 1 series out of 3 produced in 2015.

As a distributor, Gaumont also employs contract workers during promotional events, tours and festivals. In 2015, 10 people were employed for these purposes totaling 215 hours.

In the United States, 25% of contract workers employed on productions in 2015 were members of a union.

Contract workers directly employed by the Group's French companies are covered, depending on the type of production concerned, by the collective agreement for the production of animated films, audiovisual production, or the cinema production collective agreement, signed in 2012 by the main production unions. Contract workers employed by Gaumont's partners when these partners have the role of line producer, are covered by the partner's collective agreement, or failing that, by the French Labor code.

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

Contract workers also receive social security coverage and workman's compensation coverage. In France, companies employing contract workers have to contribute to a single fund used to ensure safety, manage vacation pay and ensure social protection. In the United States, private insurance is taken out to protect workers during filming.

Sub-contracting and supplier relations

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

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

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

For the video distribution of its movies, Gaumont formed a partnership with Paramount home entertainment France, which is currently in charge of marketing, stocking, logistics and the physical delivery of video products (DVD, Blu-ray) with the large retailers and big distribution brands. Gaumont started this collaboration in 2008, in light of the complementary nature of Paramount's catalog, mainly comprised of English-language films for very large audiences, with the Gaumont catalog consisting of French films, mostly comedies, and the quality of Paramount's sales force in France. The marketing and publicity plan, the product placement actions and the commercial operations are discussed in advance between Paramount and Gaumont's video teams. Following Paramount home entertainment's announcement in 2015 to close down its operations in France, Gaumont chose to enter into partnership with Twentieth Century Fox, which offers similar opportunities for synergy.

Fair practice

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

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

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

Management of authors' contracts

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

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

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

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

At the end of 2015, more than 2,000 author contracts were active and subject to internal management. Additionally, in 2015, 58 contracts concerning 43 different authors and 51 movies were subject to copyright renewal.

Transparency in compensation to rights holders

The "Liberty of Creation, Architecture and Property" draft law currently being debated in the French Parliament must increase transparency in the film industry by requiring film production and distribution accounts to be relayed to all third parties with a stake in the proceeds. These measures should then be adopted in the audiovisual industry.

Gaumont is constantly striving to maintain quality service with regard to accountability, without waiting on new legislation.

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

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

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

Gaumont, player in combating pirating

Gaumont is taking decisive actions to reduce pirating and taking any measures necessary to protect its copyright owners' works and interests.

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.

Gaumont and its subsidiaries are striving to build in protection to ensure that copies are secure and traceable by marking works or putting an imprint on them. This detection system blocks the dissemination of copyright-protected content. Gaumont also ensures that online public communication networks are monitored in order to detect any unauthorized presence of a work and to limit the risk of pirating.

Gaumont and its subsidiaries also protect their works by referencing them with legal institutions. Upon the request of Gaumont, an ISAN (International standard audiovisual number) is given to each new audiovisual work. Derived from the joint initiative of professional organizations in the motion picture and audiovisual industry, of which Gaumont is a member, the ISAN is a unique number allowing any kind of audiovisual work to be registered. The ISAN constitutes a major advantage in controlling and managing the distribution of works in a digital environment.

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

At the regulatory level, Gaumont supports all legal provisions that reinforce anti-piracy efforts, like the online advertising best practices charter and the online payment means best practices monitoring

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

committee; two initiatives by the Ministry for Culture aiming to financially drain illegal downloading sites. Two draft laws currently being reviewed also contain stricter anti-counterfeiting measures: the "Digital Republic" draft law proposes that online platforms implement illegal content recognition systems, whereas the "Liberty of Creation, Architecture and Property" draft law would strengthen the CNC's anti-piracy role.

Human rights

Gaumont conducts its business mainly in countries that respect the United Nations Universal Declaration of Human Rights and ensures that its guidelines are complied with in all of its productions.

Consumer protection, health and safety

Protection of minors

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

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

Access for hearing or vision-impaired audiences

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

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

Employee data

Employment

Breakdown of workforce

Salaried employees

As of December 31, 2015, Gaumont and its subsidiaries have 208 employees, excluding contract workers.

The average workforce in 2015 totaled 205 full-time equivalent workers, and breaks down as follows:

	2015			2014		
Business segment	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Gaumont SA	50	90	140	46	86	132
Feature film production and distribution subsidiaries[(1)]	8	10	18	9	11	20
Animated films and series production	7	6	13	8	7	15
Television series and dramas production	21	13	34	14	12	26
AVERAGE WORKFORCE	**86**	**119**	**205**	**77**	**116**	**193**
France	*73*	*109*	*182*	*67*	*107*	*174*
United States	*13*	*10*	*23*	*10*	*9*	*19*

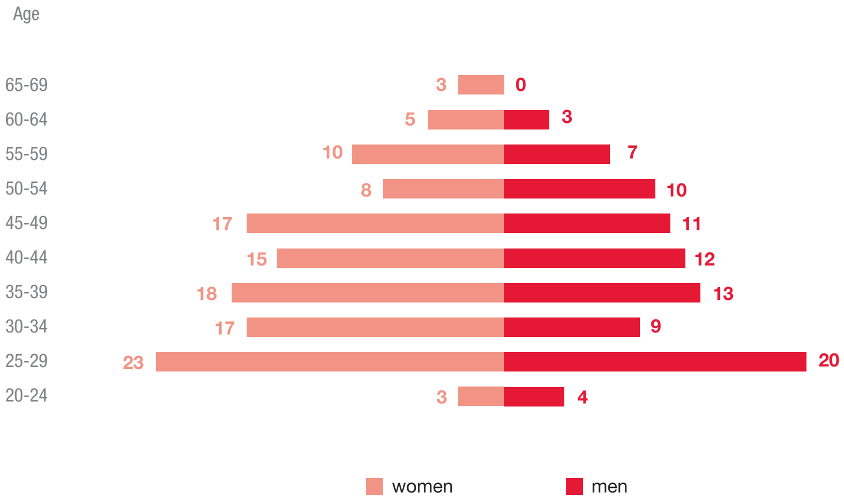
(1) Archive images management companies are included in this scope.

The workforce is growing, essentially due to the development of television program production in France and the United States. Open-ended contracts accounted for 88% of the average total workforce.

Overall, the workforce was made up of 58% women and 42% men.

The average age of employees present at December 31, 2015 was 41 for women and 40 for men.

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



Hiring of interns

Gaumont wants to be actively involved in training and integrating young people into jobs. Gaumont and its subsidiaries therefore regularly receive school or university interns for internships that can last from one week to six months.

In 2015, 56 paid interns worked with the Group. They accounted for around 3,923 work days, or 15 full-time equivalents.

Furthermore, Gaumont actively participates in the actions of the French educational system designed to introduce pupils to the world of work. Each year, numerous middle school students spend time with the company as part of their "discovery" internship. In 2015, 35 students spent one to two weeks with the Group for individual internships.

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

Hires and layoffs

The average length of service is up slightly compared with 2014, at 11 years for women and 8 years for men.

Changes that affected the permanent workforce in 2015 were as follows:

	Men	Women	TOTAL
Hires	14	17	31
Transfer from contract worker to permanent employee	4	1	5
Resignations	7	8	15
Layoffs & Contractual terminations	3	4	7

The permanent workforce increased by 4.5% between January 1 and December 31, 2015, which corresponds to the employment of an additional 8 people. This growth is essentially linked to the increase in French and American television production.

Gaumont and its subsidiaries employed on average 25 people under fixed-term contracts in 2015, compared with 28 in 2014. Thirty new fixed-term contracts were signed during the period. Among these contracts, 13 were linked to temporary professional events and, in particular, the Cannes Festival. Moreover, 5 fixed-term contracts were converted into permanent contracts in 2015.

Salaries

Overall gross compensation

The overall amount of gross compensation paid in 2015 by Gaumont and its fully consolidated subsidiaries amounted to k€16,309, compared with k€14,268 in 2014, *i.e.* a 14% increase. The average annual salary came to k€78 in 2015, versus k€74 in 2014.

Incentive bonuses and company savings plan

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

UES employees benefit from an agreement providing for the payment of an incentive bonus calculated based on the consolidated net income before tax. The amounts are broken down among employees, for 50% uniformly and 50% in proportion with salaries.

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

In 2015, the overall amount of incentive bonuses paid totaled k€539, representing an average of k€2 per employee. The employer contribution on the amounts invested totaled k€87. The incentive bonus amount due in respect of 2015 earnings and accounted for as of December 31, 2015 totaled k€549.

The employees of Gaumont Pathé Archives, who are not part of the UES, benefit from a distinct company savings plan. Voluntary payments are made to the latter by employees who are members of it. At the beginning of each year, the member undertakes to make a monthly payment to the company savings plan. Payments are made by monthly automatic deduction from salaries.

Apart from the voluntary monthly payments, each member may make at least two exceptional payments per year on the dates of his or her choice. Gaumont Pathé Archives makes an additional employer contribution to the voluntary payments of employees, which is capped at €1,829.39 per employee. In 2015, 13 employees joined this plan. Payments under the savings plan amounted to k€13, and employer contributions paid by the company totaled k€21.

Employee profit sharing

UES employees also receive, in accordance with the law, a profit-sharing benefit calculated in accordance with legislation currently in effect. In 2015, UES companies paid employees a total of k€72, plus a k€16 employer contribution on the amount invested. For 2015, the special reserve for profit-sharing recognized in the financial statements amounted to k€59.

Allocation of stock options

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

Details of the stock option plans still in effect as of December 31, 2015 are given on pages 112-113 of this Registration document.

Organization of working time

Corporate agreements pertaining to the organization of work time

Within the UES, an agreement on the organization of work time concluded in March 2010 organizes the working time of employees according to their degree of independence. In 2014, a rider was added to this agreement, enabling employees concerned by the collective fixed weekly hour system to add together the compensatory rest days they have acquired or add them to their paid leave.

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

Other employees have their working time spread out over the year. They follow a collective fixed weekly hour basis of 36.80 hours and receive time-off days, the number of which varies depending on the number of working days legally not worked.

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

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.

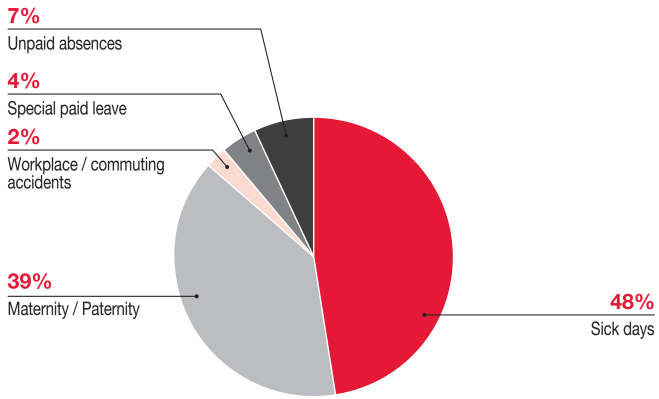
Part-time workforce

The part-time workforce is made up of 5 men and 9 women, corresponding to 7 full-time employees, *i.e.* 3% of the Group's average workforce.

Absenteeism

Gaumont and its subsidiaries have a generally low level of absenteeism among employees. Consequently, in 2015, the Group's employees accumulated 1,362 days absent, excluding annual leave and rest days related to the reduction of working hours, *i.e.* a rate of absenteeism(1) of 3%.

A breakdown by type of absence is shown below.



Social relations

Organization of social dialogue

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

Gaumont and its subsidiaries had 11 employee representatives in 2015, *versus* 10 in 2014. Two employee representatives, members of the works' council, are affiliated with union organizations.

In 2015, 15 meetings were held with the different works councils or employee representatives, for all entities combined.

Summary of collective agreements

In 2015, the incentive bonus agreement was renewed without changes, and an amendment aiming to revise allocation rules was appended to the profit-sharing agreement.

An amendment to the corporate savings plan aiming to add new investment funds was signed in 2015.

A cross-generation contract to encourage integrating young people into jobs, hiring and keeping older workers employed and sharing knowledge and skills was signed in 2015.

Health and safety at work

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

Every two years, employees who have a workplace first-aid qualification follow a refresher course in order to maintain their knowledge. Every year, new employees are trained in relation to this qualification whose goal is to be able to provide first aid to any victims of a workplace accident or illness while working, as well as being a player in prevention in the company. In 2015, 21 employees followed training concerning health and safety at work.

The number of workplace accidents is traditionally low. In 2015, 2 commuting accidents were recorded, compared to zero accidents in 2014. Only one accident resulted in work stoppage, which totaled 32 days.

The Group recorded no cases of occupational illness in 2015.

Training

Gaumont and its subsidiaries offer 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.

These training courses cover all of Gaumont and its subsidiaries' businesses and are available to all employees, regardless of their status.

The cross-generation contract signed in 2015 also redefined the framework of this support to guarantee that employees will receive the same access to training regardless of their age.

In 2015, 42 employees received training, representing 21% of the average workforce. 650 hours of training were delivered, representing an average of 15 hours per employee.

13 employees having worked for the company for more than 10 years took training courses. They received a total of 168 hours of professional training.

Equal opportunity

Gender equality

Breakdown of men and women by socio-professional category is as follows:

Category	Men	Women	Total
Managers	50	68	118
Supervisors	17	26	43
Employees	19	25	44
TOTAL	**86**	**119**	**205**
as a % of the whole	*42%*	*58%*	

Overall, Gaumont and its subsidiaries employ 58% women and 42% men.

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

- executive staff is made up of 58% women and 42% men;
- the Management committee, chaired by the Chief Executive Officer, which meets each week in the presence of the Chairman of the Board of directors, comprises 15 members who are employed by the company. The Board is made up of 7 women and 8 men;
- of the employees who have been with the Group for less than two years, 49% are men and 51% are women.

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

Employment and integration of disabled workers

Gaumont and its subsidiaries wish to participate in integrating disabled workers and make efforts to encourage their employment. Nonetheless, in 2015, disabled workers only accounted for 1% of the average workforce.

Non-discrimination

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

As part of its recruitment policy to promote diversity in candidates, Gaumont 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, the recruiting process is unique, and strictly identical selection criteria are applied. Recruitment, compensation or career advancements are only based on professional expertise, skills, aptitude, and experience.

The cross-generation contract signed in 2015 reaffirmed equality at the workplace and the absence of all forms of discrimination.

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

Employer-employee relations are subject to regulations in effect in France and in the United States – the only countries where Gaumont or its subsidiaries are located and operate directly. In these countries, the ILO's fundamental conventions, especially those pertaining to freedom of association and the right to collective bargaining, prohibiting forced or mandatory labor, and non-discrimination in the workplace, are transposed into local law.

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

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

Working hours are strictly regulated.

Child labor is also regulated in the United States at both the local and federal level. For example, the state of California requires the entertainment industry to ensure that children have work permits and that companies have a permit to employ minors. Both are issued by the California Department of Industrial Relations. Hours and volume of work are regulated, and the child must be able to attend school normally.

Gaumont or its subsidiaries directly employed 26 children under 16 years of age for feature film productions and television series, for a total of 2,280 hours of work. In addition, 314 children were employed by partner line producers for filming where Gaumont assumed the role of executive co-producer.

Environmental data

Gaumont and its subsidiaries' on-going business activities are essentially administrative and commercial in nature. In order to conduct its business, Gaumont and its French subsidiaries are located at three sites in Paris, one of which expanded in 2015 due to its growth. Gaumont Television USA is located at a site in Los Angeles, and Gaumont Inc. has a small office space in New York (less than 100 m²). Gaumont 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 cinema production business, Gaumont is responsible for decisions pertaining only to production when it acts as executive producer, or for co-productions, when it is responsible for filming (primary executive producer). For the last few years, Gaumont has mostly acted as co-producer and is therefore not directly responsible for decisions relating to productions that could have an impact on the environment. In 2015, out of 326 feature films produced in France, Gaumont was involved in the production of 12 films, two of which as primary executive producer.

In the case of television programs production (drama and cartoons), Gaumont's subsidiaries act almost exclusively as sole executive producer, and are thus responsible for the environmental impact of their productions. However, the Group's output remains extremely limited. Together, Gaumont Animation and Gaumont Télévision produced fewer than 30 hours of television programing, around 26 of which as executive producer, out of approximately 800 hours of drama and 300 hours of cartoon programs produced in France each year. In the United States, in 2015, Gaumont Television USA produced approximately 25 hours of programs, in other words, the equivalent of 3 10-episode series, in a market which, every year, counts almost a hundred renewed series and the same number of pilots of original series ordered.

In general, Gaumont and its subsidiaries' environmental impact therefore remains limited.

General policy

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

For its administrative business activities, Gaumont 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, Gaumont and its subsidiaries prioritize 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 Gaumont shoots most of its films in digital format, therefore limiting the use of magnetic recording media.

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

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

Pollution and waste management

Gaumont and its subsidiaries' businesses do not cause any significant air, water or soil pollution, nor any significant emission of environmental, noise or visual pollution.

The executive producer is responsible for managing waste from shooting. With regards to set dressing and props, common practice within film and audiovisual industry is to sell them to contract workers and others involved in the movie at the end of filming. These practices limit waste and encourage recycling.

In addition, waste production directly attributable to productions remains marginal due to the small number of productions in which Gaumont and its subsidiaries operates as primary executive producer.

The management of copies, from their manufacture to their destruction at the end of their run in theaters is the distributor's responsibility. When Gaumont distributes its movies, it calls on specialized sub-contractors which destroy 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

Gaumont and its subsidiaries' use of resources is essentially tied to their administrative activities and their production shooting. For general functioning, Gaumont exclusively uses domestic water, and the main raw material consumed is printing paper. Depending on shooting, raw material use is determined by the particular requirements of each production. However, the environmental impact attributable to Gaumont and its subsidiaries remains extremely limited, since productions the companies work on as primary executive producer represent less than 3% of production volumes, both in France and the United States.

In terms of energy, Gaumont adheres to a rational consumption policy, which includes, in particular, automatic room temperature control, motion sensor lighting, etc. In the case of productions, the Group's energy choices are tailored to the specific needs of each shooting. Overall, energy spending accounted for less than 1% of production costs.

As part of its video publishing activity, Gaumont Vidéo produced approximately 1.5 million DVDs and Blu-rays in 2015. The manufacturing, storage and management of media at end-of-life are entirely subcontracted to specialized companies.

Gaumont Group's land use is minimal, consisting of occupying a few buildings in urban areas.

Change in climate and biodiversity

It is generally admitted that the ecological impact of the audiovisual and motion picture sector is considered as marginal compared with other industries. In 2011, a study to evaluate the industry's carbon footprint, conducted by the company Carbone 4, confirmed this point. In fact, the study shows that the industry as a whole produces approximately 1 million equivalent tons of CO_2, annually, *i.e.* less than 0.2% of total CO_2 emissions in France (statistical data from the Ministry of Ecology and Sustainable Development/International Energy Agency).

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

Due to the small number of productions in which Gaumont and its subsidiaries operate as primary executive producer, the greenhouse gas emissions directly attributable to the Group remain marginal.

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

Gaumont and its subsidiaries' business activities do not damage the balance of nature, natural environments or protected species other than through their carbon footprint.

Methodological approach

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

Scope of responsibility

Gaumont and its subsidiaries' scope of responsibility is defined below.

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

Environmental data mainly concerns movie and audiovisual production companies. The scope of responsibility is also limited to productions in which Gaumont or its subsidiaries act as executive producer.

Data collection

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

Indicators

The indicators reported are used consistently from one period to another. Where necessary, clarification on the definition applicable to the indicator is provided in a note. The data in this report is for the 2015 fiscal year, unless otherwise indicated.

2 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

Assets *(in thousands of euros)*	**Note**	**12.31.15**	**12.31.14**[1]
Goodwill	*3.1*	12,035	12,035
Films and audiovisual rights	*3.2*	159,444	157,992
Other intangible assets	*3.3*	655	787
Property, plant and equipment	*3.4*	40,144	32,293
Investments in associates	*3.5*	220,060	207,430
Other financial assets	*3.6*	179	1,125
Non-current deferred tax assets	*4.8*	1,458	1,675
Non-current assets		**433,975**	**413,337**
Inventories	*3.7*	599	503
Trade receivables	*3.8*	107,242	90,306
Current tax assets	*3.8*	1,766	1,600
Other receivables and current financial assets	*3.8*	42,257	40,818
Cash and cash equivalents	*3.9*	10,156	27,520
Current assets		**162,020**	**160,747**
TOTAL ASSETS		**595,995**	**574,084**

(1) The financial statements as of 12.31.14 include impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies.

Liabilities and equity *(in thousands of euros)*	**Note**	**12.31.15**	**12.31.14**(1)
Capital		34,208	34,180
Retained earnings and comprehensive income		234,853	217,541
Equity attributable to the shareholders of the parent company		**269,061**	**251,721**
Non-controlling interests		**2,982**	**2,892**
Equity	*3.10*	**272,043**	**254,613**
Non-current provisions	*3.11*	3,164	3,079
Non-current deferred tax liabilities	*4.8*	3,484	1,939
Non-current financial liabilities	*3.12*	167,564	185,491
Other non-current liabilities	*3.13*	594	706
Non-current liabilities		**174,806**	**191,215**
Current provisions	*3.11*	1,161	1,262
Current financial liabilities	*3.12*	49,921	20,473
Trade payables	*3.13*	25,158	12,856
Current tax liabilities	*3.13*	9	-
Other payables	*3.13*	72,897	93,665
Current liabilities		**149,146**	**128,256**
TOTAL LIABILITIES		**595,995**	**574,084**

(1) The financial statements as of 12.31.14 include impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies.

Consolidated income statement

(in thousands of euros)	Note	2015	2014[1]
Revenue	*4.1*	**217,004**	**190,074**
Purchases		-1,708	-2,014
Personnel costs	*4.2*	-29,976	-25,257
Other current operating income and expenses	*4.3*	-25,977	-36,900
Impairment, depreciation, amortization and provisions	*4.4*	-157,234	-121,017
Current operating income (loss)		**2,109**	**4,886**
Other non-current operating income and expenses	*4.5*	-5	-1,967
Operating income (loss)		**2,104**	**2,919**
Share of net income of associates	*4.7*	19,254	18,300
Operating income after share of net income of associates		**21,358**	**21,219**
Gross borrowing costs		-9,475	-6,560
Income from cash and cash equivalents		1	3
Net borrowing costs		**-9,474**	**-6,557**
Other financial income and expenses	*4.6*	7,519	4,768
Net income (loss) before tax		**19,403**	**19,430**
Income tax	*4.8*	-1,498	-1,092
NET INCOME		**17,905**	**18,338**
Share attributable to non-controlling interests		88	64
Share attributable to the shareholders of the parent company		17,817	18,274
Earnings per share attributable to the shareholders of the parent company			
• Average number of shares in circulation	*4.9*	4,272,994	4,272,530
• *In euros per share*		*4.17*	*4.28*
Diluted earnings per share attributable to the shareholders of the parent company			
• Average potential number of shares	*4.9*	4,274,334	4,272,530
• *In euros per share*		*4.17*	*4.28*

(1) The 2014 financial statements include impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies.

Consolidated statement of comprehensive income

(in thousands of euros)	Note	2015	2014(1)
Net income		**17,905**	**18,338**
Translation adjustments of foreign operations		742	703
Share in currency adjustments of foreign operations of associates		1,125	230
Changes in fair value of available-for-sale financial assets		-	-
Changes in fair value of hedging financial instruments	*6.5*	1,163	-1,060
Share of changes in fair value of hedging financial instruments of associates		887	-1,470
Income tax on gains and losses recognized directly in equity	*4.8*	-435	435
Other elements of comprehensive income that could be reclassified later in net income		**3,482**	**-1,162**
Changes in asset revaluation surplus		-	-
Actuarial gains and losses on defined benefit plans	*3.11*	83	-30
Share of actuarial gains and losses of associates		85	-313
Income tax on gains and losses recognized directly in equity	*4.8*	-28	10
Other elements of comprehensive income that cannot be reclassified in net income		**140**	**-333**
Total of other elements of comprehensive income after taxes		**3,622**	**-1,495**
COMPREHENSIVE INCOME FOR THE YEAR		**21,527**	**16,843**
Share attributable to non-controlling interests		90	61
Share attributable to the shareholders of the parent company		21,437	16,782

(1) The 2014 financial statements include impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies.

Consolidated statement of changes in equity

Changes in equity[1] *(in thousands of euros)*	Attributable to the shareholders of the parent company: Number of shares	Capital	Additional paid in capital[2]	Treasury shares	Retained earnings	Other comprehensive income	Total	Attributable to non-controlling interests	Total equity
AS OF DECEMBER 31, 2013	**4,272,530**	**34,180**	**27,771**	**-260**	**161,826**	**17,000**	**240,517**	**2,916**	**243,433**
Net income for the year	-	-	-	-	18,274	-	18,274	64	18,338
Other comprehensive income	-	-	-	-	-	-1,492	-1,492	-3	-1,495
Comprehensive income for the year	**-**	**-**	**-**	**-**	**18,274**	**-1,492**	**16,782**	**61**	**16,843**
Capital transactions	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-4,266	-	-4,266	-85	-4,351
Elimination of treasury shares	-	-	-	8	15	-	23	-	23
Other[3]	-	-	-	-	-1,335	-	-1,335	-	-1,335
AS OF DECEMBER 31, 2014	**4,272,530**	**34,180**	**27,771**	**-252**	**174,514**	**15,508**	**251,721**	**2,892**	**254,613**
Net income for the year	-	-	-	-	17,817	-	17,817	88	17,905
Other comprehensive income	-	-	-	-	-	3,620	3,620	2	3,622
Comprehensive income for the year	**-**	**-**	**-**	**-**	**17,817**	**3,620**	**21,437**	**90**	**21,527**
Capital transactions	3,428	28	119	-	-	-	147	-	147
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-4,267	-	-4,267	-	-4,267
Elimination of treasury shares	-	-	-	-55	78	-	23	-	23
Other	-	-	-	-	-	-	-	-	-
AS OF DECEMBER 31, 2015	**4,275,958**	**34,208**	**27,890**	**-307**	**188,142**	**19,128**	**269,061**	**2,982**	**272,043**

(1) The statement of changes in equity includes impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies on opening equity, net income and other comprehensive income from different periods.
(2) Issue premiums, contribution premiums, merger premiums, legal reserves.
(3) Mainly the impact of the purchase and cancellation of a part of its own shares by Légende, accounted for under the equity method.

Consolidated statement of cash flows

(in thousands of euros)	Note	2015	2014[1]
Operating activities			
Consolidated net income (including non-controlling interests)		17,905	18,338
Net allowances for depreciation, amortization and provisions	*5.1*	157,019	121,860
Impairment of goodwill	*3.1*	-	2,250
Gain on a bargain purchase	*1.2*	-	-
Unrealized gains and losses related to changes in fair value	*6.5*	-986	-566
Expenses and income related to stock options and similar		-	-
Other calculated income and expenses		-3,073	-3,161
Gains and losses on disposal of assets		450	-3
Share of net income of associates	*4.7*	-19,254	-18,300
Dividends received from associates	*5.2*	8,971	6,266
Cash flow from operating activities after tax and net borrowing costs		**161,032**	**126,684**
Net borrowing costs		9,474	6,557
Tax expenses (including deferred tax)	*4.8*	1,498	1,092
Cash flow from operating activities before tax and net borrowing costs		**172,004**	**134,333**
Tax paid		-312	-260
Change in working capital requirement related to operating activities	*5.3*	-29,691	8,697
(A) Net cash flow from operating activities		**142,001**	**142,770**
Investment activities			
Proceeds from sales of fixed assets		12	366
Acquisition of fixed assets	*5.4*	-159,983	-127,365
Change in liabilities on investments	*5.5*	9,887	-3,234
Net impact of changes in scope, net of cash acquired	*5.6*	-250	-874
(B) Net cash flow from investment activities		**-150,334**	**-131,107**
Financing activities			
Gaumont SA capital increase	*3.10*	147	-
Dividends paid to Gaumont SA shareholders	*3.10*	-4,267	-4,266
Dividends paid to non-controlling interests in consolidated companies		-	-85
Change in treasury shares		23	23
Change in borrowings	*3.12*	2,249	18,855
Interest paid		-8,140	-4,618
(C) Net cash flow from financing operations		**-9,988**	**9,909**
(D) Impact of changes in foreign exchange rates		**781**	**642**
NET CHANGE IN CASH & CASH EQUIVALENTS: (A) + (B) + (C) + (D)		**-17,540**	**22,214**
Cash and cash equivalents at beginning of period		27,520	5,794
Bank overdraft at beginning of period		-42	-530
Cash position at beginning of period		**27,478**	**5,264**
Cash and cash equivalents at end of period	*3.9*	10,156	27,520
Bank overdraft at end of period	*3.12*	-218	-42
Cash position at end of period		**9,938**	**27,478**
NET CHANGE IN CASH & CASH EQUIVALENTS		**-17,540**	**22,214**

(1) The 2014 financial statements include impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies.

Notes to the consolidated financial statements

1. The Gaumont group

1.1. Group's businesses

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

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

1.2. Scope of consolidation

Change in scope of consolidation

Equity investment in LGM SAS

On December 29, 2015, Gaumont made a 20% equity investment in the capital of LGM SAS, a movie production company created in July 2015, for k€250. In accordance with the criteria defined by IFRS 11 and IAS 28, LGM SAS is an associate over which Gaumont has a significant influence. The interest that Gaumont holds in the company is recorded in the consolidated financial statements starting from December 29, 2015 using the equity method.

Since the acquisition took place in late December 2015, no share of income was taken into account by the group for 2015.

The final purchase price allocation is specified below.

(in thousands of euros)

Acquisition cost (A)	**250**
Net equity after fair value adjustment	-31
Percentage of net equity acquired	20.00%
Net equity acquired after fair value adjustments (B)	**-6**
GOODWILL (G = A - B)	**256**

Creation of Gaumont Television UK Ltd

In its effort to structure its television production operations in France and the United States, Gaumont chose to create a company dedicated to providing international commercial support to its production subsidiaries.

Gaumont Television UK Ltd, held by Gaumont SA, was formed in November 2015 and was fully consolidated in Gaumont's financial statements as of this date.

Main consolidated companies

Company and legal form	Registered office	Siren	% interest	% control	Consolidation method
Consolidating company					
Gaumont SA	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	562 018 002	100.00		F.C.
Movie production and distribution					
Légende SAS	15, avenue d'Eylau, 75116 Paris	449 912 609	50.00	50.00	E.A.
LGM SAS	53, rue du Faubourg Poissonnière, 75009 Paris	814 155 461	20.00	20.00	E.A.
Gaumont Vidéo SNC	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	384 171 567	100.00	100.00	F.C.
Fideline Films SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	308 240 480	100.00	100.00	F.C.
Nouvelles Editions de Films SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	562 054 817	100.00	100.00	F.C.
Gaumont Production SARL	5, rue du Colisée, 75008 Paris	352,072,904	100.00	100.00	F.C.
Editions la Marguerite SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	602 024 150	100.00	100.00	F.C.
Gaumont Musiques SARL	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	494 535 255	100.00	100.00	F.C.
Gaumont Inc	520 West 43rd Street, New York, NY 10036	United States	100.00	100.00	F.C.
Production of television dramas and cartoon series					
Gaumont Television USA Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Gaumont Télévision SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	340 538 693	100.00	100.00	F.C.
Gaumont Animation SAS	142, rue de Charonne, 75011 Paris	411 459 811	100.00	100.00	F.C.
Gaumont Television UK Ltd	Unit 2.23 Morley House, 314-322 Regent Street, London W1B 3BD	United Kingdom	100.00	100.00	F.C.
Gaumont Production Télévision SARL	5, rue du Colisée, 75008 Paris	322 996 257	100.00	100.00	F.C.
Gaumont Animation Musique SARL	142, rue de Charonne, 75011 Paris	433 438 769	100.00	100.00	F.C.
Ouroboros Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Chiswick Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Narcos Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Leodoro Productions Llc	750 San Vincente Blvd, Suite 1550, West Hollywood, CA 90069	United States	100.00	68.60	F.C.
Movie theater operations					
Les Cinémas Gaumont Pathé SAS	2, rue Lamennais, 75008 Paris	392 962 304	34.00	34.00	E.A.
Lincoln Cinema Associates	1886 Broadway, New York, NY 10023	United States	31.95	31.95	E.A.
Audiovisual archive management					
Gaumont Pathé Archives SAS	30, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine	444 567 218	57.50	57.50	F.C.

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

2. Accounting principles and methods

2.1. General principles

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002, Gaumont's consolidated financial statements for the year ended December 31, 2015 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable on that date.

The accounting principles used to prepare the consolidated financial statements comply with IFRS standards and interpretations as adopted by the European Union on December 31, 2015 and available from the website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

These accounting principles are consistent with those used when preparing the annual consolidated financial statements for the reporting period ended December 31, 2014, with the exception of the IFRS standards and IFRIC interpretations applicable from January 1, 2015 and standards possibly applied in advance, the details and individual impact of which are described in note 2.2.

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

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

2.2. Changes to the IFRS accounting principles

Impact of IFRS standards and IFRIC interpretations applicable from January 1, 2015

Standard		Effective date(1)	Impact on the consolidated financial statements of the Gaumont group
IFRIC 21	Levies	06/17/2014	Change in method for recognizing certain levies. The impact of changing methods is presented separately in each note concerned.
Annual improvements	2011-2013 cycle	01/01/2015	No impact on the consolidated financial statements

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

Texts adopted by the European Union and not yet compulsory as at December 31, 2015

Amendment to IAS 38 – Clarification of acceptable methods of depreciation and amortization

Gaumont conducted a review of the principles set forth in IAS 38 and concluded that the method currently used to amortize films and audiovisual rights, based on revenue made from their distribution, remains justified since there is a strong correlation between income received and consumption of economic benefits related to movies and programs distributed. The economic value of an audiovisual work is very much dependent upon the number of times it is aired, each broadcast causing a greater or lesser erosion of public interest for it.

This amendment is applicable for fiscal years beginning on or after January 1, 2016.

Other standards and amendments applicable to Gaumont

Standard		Effective date[1]	Impact on the consolidated financial statements of the Gaumont group
Amendments to IAS 1	Disclosure initiative	1/1/2016	No significant impact on the consolidated financial statements
Amendments to IAS 19	Defined benefit plans: employee contributions	2/1/2015	No impact on the consolidated financial statements
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations	1/1/2016	No significant impact on the consolidated financial statements
Annual improvements	2010-2012 and 2012-2014 cycles	2/1/2015 1/1/2016	No impact on the consolidated financial statements

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

Consequences for the Group of standards, amendments and interpretations published by the IASB but not yet adopted by the European Union as at December 31, 2015

IFRS 15 – Revenue from contracts with customers

Impacts related to the implementation of IFRS 15 are currently being assessed. At this stage, Gaumont does not anticipate significant impacts concerning the way and timing at which revenue is recognized. The new standard may require income assessment principles to be revised, but no material impact is expected from this.

The standard and its amendment are applicable for fiscal years beginning on or after January 1, 2018.

Other standards and amendments applicable to Gaumont currently being adopted by the European Union

Standard		Effective date[1]	Impact on the consolidated financial statements of the Gaumont group
IFRS 16	Leases	1/1/2019	Impacts from this standard are currently being assessed.
IFRS 9	Financial instruments	1/1/2018	No significant impact on the consolidated financial statements
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date and Transition disclosures	01/01/2015	No significant impact on the consolidated financial statements
IFRS 9, IFRS 7 and IAS 39 amendments	Hedge accounting	To be determined	No significant impact on the consolidated financial statements
Amendments to IAS 12	Recognition of deferred tax assets for unrealized losses	1/1/2017	No significant impact on the consolidated financial statements
Amendments to IAS 7	Disclosure initiative	1/1/2017	No significant impact on the consolidated financial statements

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

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

2.3. Consolidation methods

Controlled entities

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

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

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

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

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

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

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

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

In accordance with IFRS 10, the companies controlled by Gaumont are consolidated. The share of net assets and net income attributable to non-controlling shareholders is shown separately as non-controlling interests on the consolidated statement of financial position and on the consolidated income statement.

Associates and joint ventures

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

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

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

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

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

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

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

2.4. Business combinations

Recognizing business combinations

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

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

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

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

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

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

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

Goodwill measurement

In accordance with IFRS 3, the Group finalizes the analysis of the fair value of assets and liabilities acquired within a maximum of 12 months following the acquisition date.

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

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

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

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

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

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

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

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

Impairment losses on goodwill are irreversible.

Goodwill relating to investments in equity-accounted entities is presented in the "Investments in associates" line item.

2.5. Measurement and presentation of the consolidated financial statements

Basis of preparation of consolidated financial statements

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

Use of estimates

When preparing the consolidated financial statements, Group Management made estimates relying on assumptions that could have an impact on the value of assets and liabilities at the reporting date and on income and expenses for the period. The estimates are based on past experience and other factors deemed to be reasonable in view of the circumstances. They form a basis for determining accounting values of assets and liabilities which cannot be directly obtained from other sources. These estimates are re-examined on an ongoing basis. However, the final amounts appearing in Gaumont's future consolidated financial statements may differ from the amounts currently estimated.

Using of estimations concerns, in particular, measurement of tangible and intangible assets, accumulated amortization of films, measurement of the loss of value on financial assets, recognition of deferred tax assets, and current and non-current provisions. Specifications relating to the estimates are provided in the notes below.

Foreign currency translation

Financial statements of foreign subsidiaries

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

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

Foreign currency transactions

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

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

Structure of the consolidated statement of financial position

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

The breakdown is as follows:

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

2.6. Intangible assets

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

Preliminary costs

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

Evaluation of films and audiovisual rights

Films and audiovisual rights include:

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

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

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

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

Amortization of films and audiovisual rights

Amortization is calculated by applying the estimated revenue value method, which takes the net carrying value at January 1 and applies the ratio of *net proceeds received for the year to total net proceeds*.

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

Management reviews the estimated net proceeds regularly and adjusts them, if need be, taking into account operating profits, new contracts signed or planned and the audiovisual environment at the reporting date.

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

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

Ongoing productions

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

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

Other intangible assets

Musical rights are amortized by type:

- musical productions are subject to the declining balance method whose duration varies depending on the type of work: 2 years for pop music, 3 years for classical music productions;
- music publishing rights acquired are amortized on a straight-line basis over five years.

Other intangible assets primarily consist of software and are amortized over the duration of the license.

2.7. Property, plant and equipment

Measurement of property, plant and equipment

Property, plant and equipment include all identifiable physical assets controlled by Gaumont that generate future economic benefits. Property, plant and equipment are recorded as assets in the financial statement starting from the date Gaumont acquires control and is assured that it will receive virtually all of the future economic benefits that it could generate.

The gross value of property, plant and equipment consists of purchase price net of potential discounts, and also includes all incidental expenses related to the acquisition and all costs directly related to startup.

As an exception, as part of the first application of IFRS, the group opted to measure certain land and buildings located in the 8th Arrondissement of Paris and in Neuilly-sur-Seine at their fair value.

The borrowing costs incurred to purchase, build or manufacture eligible property, plant or equipment are included in the gross value of the assets until the asset's startup date.

Accumulated amortization of property, plant and equipment

Property, plant and equipment are amortized over their useful life. When property, plant or equipment has distinct components with their own use, each element is recognized separately and amortized over its own useful life.

The depreciable amount includes the acquisition cost less any potential residual value allocated to each asset. Residual value is allocated to assets when Gaumont intends to sell the asset concerned after its useful life and the asset has a measurable market value. Residual value comprises the resale value net of selling costs.

Amortization methods and periods generally used for property, plant and equipment are as follows:

Asset type	Component	Amortization method	Amortization period
Property	Structural works	Straight-line	40 years
Property	Facade	Straight-line	30 years
Property	Roofing and exterior fixtures and fittings	Straight-line	20 to 25 years
Property	Plant and equipment	Straight-line	10 to 15 years
Property	Interior fixtures and fittings	Straight-line	5 to 10 years
Movable property	Passenger vehicles	Straight-line	4 years
Movable property	Furniture and equipment	Straight-line	3 to 5 years

A different method and amortization period may be used for certain assets depending on the actual consumption of related economic benefits.

Items purchased for a fee and added to the Gaumont Museum's inventory are recorded under Gaumont assets when their acquisition cost is individually significant. They are considered collection pieces with an indefinite useful life and are not amortized.

When the use of property, plant or equipment changes, the amortization method may change if the prior amortization schedule no longer suits the new consumption method for the asset's expected economic benefits. Revisions to the amortization schedule are prospective and calculated based on the asset's net carrying value at the beginning of the period.

Property, plant and equipment held under finance lease

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

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

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

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

2.8. Impairment of assets

Under the provision of IAS 36, the carrying amount of goodwill, intangible assets and property, plant and equipment is reviewed at each reporting date and is tested for impairment whenever there is an indication that the unit may be impaired.

In the case of assets with an indefinite useful life, the test is carried out at least once a year. For the Group, only goodwill is included in this asset category. The method of conducting impairment tests on goodwill is presented in note 2.4.

For intangible assets that have a definite useful life and property, plant and equipment, if there is an indication of impairment, the Group estimates the recoverable amount of the asset defined as the higher of the fair value, less cost of disposal, and the value in use. The value in use is determined by discounting the future cash flows expected from using the asset and from its sale.

In the event that the carrying amount of the asset exceeds its recoverable value, an impairment loss is recognized to bring the carrying amount down to the recoverable value.

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

2.9. Inventories

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

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

2.10. Financial assets and liabilities

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

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

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

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

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

Measurement of financial assets

Investments in non-consolidated companies

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

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

For listed securities, this fair value corresponds to the stock market price. If the fair value cannot be reliably determined, the securities are recognized at historical purchase cost.

If there is an objective indication that a financial asset may be impaired, and in particular if there is a significant or permanent decrease in the asset's value, an impairment loss is recognized in the income statement. This loss will be reversed in the income statement only when the securities are sold.

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

These financial assets are measured at amortized cost. Their carrying amount in the statement of financial position includes the outstanding capital and the unamortized share of purchase costs.

An impairment loss may be recognized if there is an objective indication of impairment. The impairment representing the difference between the net carrying amount and recoverable value is recognized as an expense and is reversible when there is an improvement in recoverable value.

Trade receivables and other receivables

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

An estimate of the non-recoverable amount is made individually for each receivable when it is no longer probable that the entire receivable will be recovered. An impairment loss is recognized for the non-recoverable portion of receivables.

Cash and cash equivalents

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

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

Measurement of financial liabilities

Loans and borrowings

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

Soficas

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

Sale and buyout commitments

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

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

Derivatives and hedging operations

The Group uses derivatives to manage and reduce its exposure to the risk of changes in interest rates and foreign exchange rates. These instruments include interest rate swap agreements and foreign exchange options as well as forward contracts to purchase or sell currencies.

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

Non-hedging derivatives

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

Hedging derivatives

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

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

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

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

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

2.11. Equity instruments

Stock options

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

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

Treasury shares

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

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

2.12. Provisions and contingent liabilities

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

2.13. Employee benefits

Provisions for post employment benefits

The provision for post employment benefits relates to the Group's pension commitment to its employees.

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

- rights under agreements measured in relation to the length of service accrued by the various categories of personnel;
- an assumption of the retirement date varying based on the employees' job category and date of birth, in order to take into account the regulations in force;
- an estimated turnover rate based on past experience;
- wages and salaries, including employer's social security contributions, measured at the prevailing rates;
- an annual rate of salary increase;
- mortality based on statistical tables;
- discount rate reviewed at each reporting date, based on long-term corporate bonds ("Euro zone AA rated corporate bonds +10 years").

In accordance with IAS 19:

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

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

Seniority bonuses

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

2.14. Income tax and other taxes

Obligating event for levy recognition

In accordance with the interpretation of IFRIC 21, the obligating event for levy recognition is the event that triggers the payment, as defined in legal and regulatory provisions. When the obligating event occurs over a certain period of time, the tax liability is recognized gradually over the period.

When legal and regulatory provisions state that a minimum threshold must be reached for the tax to be payable, it is recognized when the threshold is actually reached.

Deferred tax

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

Deferred tax assets on tax loss carryforwards are recognized when their recovery is considered probable based on recent business plans. An impairment loss on deferred tax assets is recognized when it is unlikely that they will be used in the future.

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

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

Contributions based on the added value of companies

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

2.15. Operating segments

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

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

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

2.16. Revenue

IAS 18 defines three categories of revenue from operations that apply to Gaumont: sales of goods, rendering of services and royalties.

In accordance with IAS 18, sales of rights made for a fixed fee are license sales to be considered in substance as a sale of goods and are recognized entirely when the majority of risks and benefits related to the distribution of the work are transferred to the customer. These transactions mainly include sales of television broadcasting rights (pre-sales and subsequent sales) and sales of distribution rights to foreign distributors as minimum guarantees or simple lump-sum sales. For these sales, most of the risks and benefits related to distributing the work are considered transferred once all of the following events have taken place:

- the contract defining the terms and conditions of the sale of rights is signed by all of the parties and enforceable;
- the seller's obligations have been fulfilled delivery has been made and material's compliance has been acknowledged;
- the customer is able to use the right acquired without restrictions, it being specified that in the particular case of television rights pre-sales, regulatory restrictions related to a potential media chronology are not taken into account beyond the entitlement date defined in the contract.

Revenue from the transactions is measured at estimated fair value on the day it is recognized, given the recovery risks identified by Gaumont. If no recovery risks are identified, the fair value of the sale is deemed to be equal to the contractual amount as long as the contract does not include any significant financing component. When the contract provides for payment terms similar to financing granted to the purchaser, the licence's fair value is determined by discounting the future cash flows using an imputed interest rate. This rate is determined for each transaction by referring to the prevailing rate that would be obtained by the third party from a credit institution to finance an similar transaction.

In accordance with IAS 18, revenue resulting from a third party's use of rights attached to a work that Gaumont produced or co-produced are royalties recognized when sales to the final customer are completed. This revenue particularly includes proceeds from the distribution of films to movie theaters, revenue from video and video on demand distribution, music revenue and producer's share of proceeds. Sales to the final customer are considered complete when the distributor or the executive producer responsible for managing rights has communicated the number and value of the sales to Gaumont *via* a distribution copyright statement. Royalties are recognized net of distribution fees opposable to Gaumont and of estimated refunds.

When contracts include both a fixed fee component and variable revenue, each component is measured and recognized separately according to the principles described above.

In the case of contracts including multiple deliveries or when the sale pertains to several distinct works (or several distinct episodes) and when the sales price can be accurately allocated between the works, the proceeds are recognized when the risks and benefits are transferred to the customer. When the sales price cannot be allocated, revenue is recognized when all of the works have been delivered and accepted by the customer.

In accordance with IAS 18, barter transactions are individually analyzed to determine if they can be recognized as revenue. Transactions including a media advertising space in exchange for brand visibility in a work or on a poster are analyzed by Gaumont as transactions relating to dissimilar services and recognized as revenue at the fair value of the services received.

In accordance with IAS 18, the services provided by Gaumont are recognized as an income by reference to the stage of completion at the end of the period. For line production services provided by Gaumont to third parties, stage of completion is measured according to the production work progress rate expressed as a percentage of the total amount of services expected.

Revenue recognized in the income statement is representative of the transactions carried out by Gaumont on its own behalf. When Gaumont acts as distributor without owning the film and when the risks related to distributing the work remain the producer's responsibility, Gaumont is considered acting on the producer's behalf. In this situation, income from sales to the final customer is recognized in the consolidated statement of financial position as debt to the producer. The commission received by Gaumont as compensation for its service is recognized in net income when the sales are completed.

2.17. Government grants and assistance

Financial support for the cinema industry and the audiovisual industry

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

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

Other subsidies

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

Tax credits linked to current operations

Audiovisual and cinema tax credit

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

Employment competitiveness tax credit

The employment competitiveness tax credit is measured and recognized as income when the eligible compensation expenses are incurred. Under IAS 19, the corresponding saving is deducted from personnel costs.

2.18. Operating income

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

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

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

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

2.19. Earnings per share

In accordance with IAS 33, the base result of earnings per share is determined by dividing the net income attributable to equity owners of the parent by the weighted average number of shares outstanding over the reporting period.

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

In the case of stock options, the difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price is treated as an issue of ordinary shares with a dilutive effect. Options and share warrants have a dilutive effect when their exercise would incur the issue of ordinary shares at a price below the average market price for ordinary shares during the year.

Options and share warrants only have a dilutive effect when the average market price of ordinary shares during the year exceeds the strike price of the options or share warrants.

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

3. Notes to the consolidated statement of financial position

3.1. Goodwill

	12.31.15	Movements of the period +	Movements of the period -	Other(1)	12.31.14
Gaumont Animation	15,794	-	-	-	15,794
LGM Participations	491	-	-	-	491
Gross value	**16,285**	**-**	**-**	**-**	**16,285**
Gaumont Animation	-4,250	-	-	-	-4,250
Accumulated impairment losses	**-4,250**	**-**	**-**	**-**	**-4,250**
CARRYING VALUE	**12,035**	**-**	**-**	**-**	**12,035**

(1) Changes in percentage interest, disposals.

As an exception to the accounting principles set out in note 2.4, the goodwill relating to Gaumont Animation includes acquisition costs, in accordance with IFRS 3 applicable prior to December 31, 2009.

Goodwill is tested for impairment at each reporting date, in accordance with the provisions of IAS 36 and under the assumptions described in note 2.4.

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

	CGU category	Projection period	Discount rate	Perpetual growth rate	Other key assumptions	Carrying value 12.31.15	Carrying value 12.31.14
Gaumont Animation	Animated films and cartoon series production	indefinite	7.5%	1.5%	Two-year budget(1) and going concern	11,544	11,544

(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.

As of December 31, 2015, the net carrying value of the cash-generating unit (CGU) is equivalent to its value in use. An adverse change in one or more key assumptions would entail the recognition of an additional impairment loss for the asset concerned.

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

Perpetual growth rate	Discount rate 8.50%	Discount rate 7.50%	Discount rate 6.50%
1.00%	-4,679	-1,815	2,076
1.50%	-3,622	-	4,210
2.00%	-2,402	1,378	6,819

3.2. Films and audiovisual rights

	12.31.15	Movements of the period +	Movements of the period -	Movements of the period Other[(1)]	12.31.14
Films and cinema rights	1,664,670	19,236	-2	-	1,645,436
Television series, dramas and broadcasting rights	320,894	14,818	-	125,838	180,238
Animated films and series	168,597	4,812	-	9,612	154,173
Musical productions	2,823	-	-	-	2,823
Video games	1,525	-	-	-	1,525
Movies in production	35,432	28,702	-	-500	7,230
Television series and dramas in production	15,483	76,711	-415	-107,929	47,116
Animated films and series in production	8,589	6,338	-	-4,727	6,978
Gross value	**2,218,013**	**150,617**	**-417**	**22,294**	**2,045,519**
Films and cinema rights	-1,604,988	-25,589	72	-	-1,579,471
Television series, dramas and broadcasting rights	-289,151	-114,862	-	-15,482	-158,807
Animated films and series	-159,569	-14,816	223	-75	-144,901
Musical productions	-2,823	-	-	-	-2,823
Video games	-1,525	-	-	-	-1,525
Television series and dramas in production	-513	-513	-	-	-
Animated films and series in production	-	-	-	-	-
Accumulated amortization and impairment losses	**-2,058,569**	**-155,780**	**295**	**-15,557**	**-1,887,527**
CARRYING VALUE	**159,444**	**-5,163**	**-122**	**6,737**	**157,992**

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

As of December 31, 2015, ongoing productions essentially correspond to works that will be delivered in 2016 and 2017, in particular:

- for feature films: *The Visitors – Bastille Day*, *Odd Job*, *Up For Love* and *Monsieur Chocolat*;
- for television series: *Narcos Season 2* and *The Frozen Dead*;
- for cartoon series and films: *Noddy*.

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

Films released in early 2016 have not resulted in any impairment losses.

3.3. Other intangible assets

	12.31.15	Movements of the period +	Movements of the period -	Movements of the period Other[(1)]	12.31.14
Franchises, patents, licenses, brands and software	3,555	155	-107	-	3,507
Other intangible assets	166	-	-	-	166
Other intangible assets in progress	-	-	-	-	-
Advances and prepayments to suppliers	12	12	-	-	-
Gross value	**3,733**	**167**	**-107**	**-**	**3,673**
Franchises, patents, licenses, brands and software	-2,977	-298	107	-	-2,786
Other intangible assets	-101	-1	-	-	-100
Accumulated depreciation and impairment losses	**-3,078**	**-299**	**107**	**-**	**-2,886**
CARRYING VALUE	**655**	**-132**	**-**	**-**	**787**

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

3.4. Property, plant and equipment

	12.31.15	Movements of the period +	Movements of the period -	Movements of the period Other(1)	12.31.14
Land	20,896	636	-	-	20,260
Buildings and fittings	38,157	6,603	-	3	31,551
Plant, equipment and machinery	2,290	169	-	8	2,113
Other property, plant and equipment	6,963	1,760	-265	14	5,454
Property, plant and equipment held under finance lease	451	-	-	-	451
Property, plant and equipment in progress	27	19	-	-7	15
Gross value	**68,784**	**9,187**	**-265**	**18**	**59,844**
Land	-310	-	-	-	-310
Buildings and fittings	-21,734	-876	-	-	-20,858
Plant, equipment and machinery	-1,891	-100	-	-2	-1,789
Other property, plant and equipment	-4,630	-320	252	-6	-4,556
Property, plant and equipment held under finance lease	-75	-38	-	1	-38
Accumulated depreciation and impairment losses	**-28,640**	**-1,334**	**252**	**-7**	**-27,551**
CARRYING VALUE	**40,144**	**7,853**	**-13**	**11**	**32,293**

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

Investments made during the period particularly include:

- purchase of additional lots to the real estate complex owned on avenue des Champs-Elysées in Paris, which houses the Gaumont Ambassade theater;
- purchase of a chronomegaphone, the first film apparatus to synchronize the projection of sounds and images, invented by Léon Gaumont in 1902.

A breakdown of lease commitments and discounted future cash flows from property, plant and equipment held under finance lease is shown in note 6.3.

3.5. Investments in associates

Company	% Interest	12.31.15	12.31.14
Les Cinémas Gaumont Pathé	34.00%	215,862	202,527
Lincoln Cinema Associates (USA)	31.95%	368	400
Légende	50.00%	3,580	4,503
LGM	20.00%	250	-
Gross value		**220,060**	**207,430**
Accumulated impairment losses		-	-
CARRYING VALUE		**220,060**	**207,430**

The financial statements as of December 31, 2014 include the retroactive effects of applying the IFRIC 21 interpretation on accounting for levies. These effects are presented below.

	12.31.15	12.31.14
Carrying value of the investment, excluding change of method	220,523	207,305
Change in methods for recognizing income tax and other taxes	-463	125
Investment carrying value after applying the IFRIC 21 interpretation	220,060	207,430

Summarized financial information of associates

	Les Cinémas Gaumont Pathé	Lincoln Cinema Associates (USA)	Légende	LGM
Non-current assets	1,032,586	1,270	36,049	19
Current assets	167,091	77	17,863	69
Total assets	**1,199,677**	**1,347**	**53,912**	**88**
Equity attributable to the shareholders of the parent company	452,087	1,131	483	-31
Non-controlling interests	26,493	-	-	-
Non-current liabilities	345,844	-	42,219	100
Current liabilities	375,253	216	11,210	19
Total equity and liabilities	**1,199,677**	**1,347**	**53,912**	**88**
Revenue	709,858	4,225	5,584	-
Net income	58,894	371	-1,808	-

Summarized financial data is presented according to IFRS in the event of sub-consolidation. Separate financial statements include the impacts of harmonizing accounting rules and methods and fair value adjustments made on their acquisition date, where applicable.

Interests held by the Group in the associates

Interests in associates held by the Group are presented in the table below.

	Les Cinémas Gaumont Pathé	Lincoln Cinema Associates (USA)	Légende	LGM
Equity of the associate	452,087	1,131	483	-31
% interest	**34.00%**	**31.95%**	**50.00%**	**20.00%**
Share attributable to the shareholders of the parent company	153,710	361	242	-6
Adjustments on share: cancellation of internal results	-	7	-519	-
Fair value of assets and liabilities, net value	47,328	-	-	-
Goodwill, net value	14,824	-	3,857	256
INVESTMENTS IN ASSOCIATES	**215,862**	**368**	**3,580**	**250**

Transactions with associates

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

	12.31.15	12.31.14
Trade receivables	2,496	4,496
Other receivables	50	-
Non-current liabilities	594	706
Trade payables	116	31
Liabilities on property, plant and equipment and intangible assets	20	825
Other payables	993	167
Revenue and other current income	8,430	11,221
Other current expenses	1,114	1,125

3.6. Other financial assets

	12.31.15	Movements of the period			12.31.14
		+	-	Other[1]	
Investments in non consolidated entities	2	-	-1	-	3
Loans, deposits and bonds and other financial assets	180	12	-33	-924	1,125
Gross value	**182**	**12**	**-34**	**-924**	**1,128**
Investments in non consolidated entities	-	-	-	-	-
Loans, deposits and bonds and other financial assets	-3	-	-	-	-3
Accumulated impairment losses	**-3**	**-**	**-**	**-**	**-3**
CARRYING VALUE	**179**	**12**	**-34**	**-924**	**1,125**

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

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

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

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

Impairment testing of financial assets revealed no unrealized losses.

3.7. Inventories

	12.31.15	Movements of the period		12.31.14
		+	-	
Semi-manufactured products inventories	96	93	-	3
Merchandise inventories	1,492	122	-	1,370
Gross value	**1,588**	**215**	**-**	**1,373**
Semi-manufactured product inventories	-46	-46	-	-
Merchandise inventories	-943	-73	-	-870
Accumulated impairment losses	**-989**	**-119**	**-**	**-870**
CARRYING VALUE	**599**	**96**	**-**	**503**

3.8. Trade receivables and other current assets

	12.31.15	12.31.14
Trade receivables	107,471	90,439
Current financial assets	1,230	1,381
Advances and prepayments to suppliers	605	620
Payroll receivables	116	58
Tax receivables	18,655	18,463
Subsidies receivables	18,055	15,378
Current tax assets	1,766	1,600
Current accounts	49	1
Other receivables	2,011	3,555
Derivatives	1,933	1,466
Prepaid expenses	1,032	982
Gross value	**152,923**	**133,943**
Trade receivables	-229	-133
Current financial assets	-343	-
Current accounts	-	-
Other receivables	-1,086	-1,086
Accumulated impairment losses	**-1,658**	**-1,219**
CARRYING VALUE	**151,265**	**132,724**
Maturities:		
• less than 1 year	120,929	119,380
• 1 to 5 years	30,336	13,344
• more than 5 years	-	-

Outstanding trade receivables mainly consist of the portion of outstanding receivables linked to pre-sales and sales of the American series delivered at the end of the year, as well as to films released in November and December 2015. The level of receivables is strongly impacted by the volumes and the schedule of deliveries of American series.

As of December 31, 2015, tax receivables included k€14,029 in tax credits for American productions, compared to k€14,027 as of the end of December 2014.

Breakdown of accumulated impairment losses

	12.31.15	Movements of the period +	Movements of the period -	Movements of the period Other[(1)]	12.31.14
Trade receivables	-229	-128	32	-	-133
Current financial assets	-343	-343	-	-	-
Current accounts	-	-	-	-	-
Other receivables	-1,086	-	-	-	-1,086
ACCUMULATED IMPAIRMENT LOSSES	**-1,658**	**-471**	**32**	**-**	**-1,219**
Impact on current operating income		-128	32	-	
Impact on non-current operating income		-	-	-	
Impact on financial income		-343	-	-	

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

3.9. Cash and cash equivalents

	12.31.15	12.31.14
Cash equivalents	-	11,320
Bank accounts and petty cash	10,156	16,200
TOTAL	**10,156**	**27,520**

3.10. Equity

Share capital of the parent company

As of December 31, 2015, Gaumont SA's share capital consisted of 4,275,958 shares (including treasury shares) with a par value of €8.

The 3,428 share increase over the period was due to the exercise of stock options, 1,143 of which were related to stock options exercised in December 2015 and paid up in January 2016. The capital increase carried out in December 2015 was submitted to the Board of directors for approval on March 8, 2016.

	12.31.15	Movements of the period[1] +	Movements of the period[1] -	12.31.14
Number of shares	4,275,958	3,428	-	4,272,530
Par value	€8	€8		€8
CAPITAL *(in euros)*	**34,207,664**	**27,424**	**-**	**34,180,240**

(1) subject to approval by the Board of directors on March 8, 2016 of the 1,143 share capital increase due to stock options exercised in December 2015

Treasury shares

At December 31, 2015, Gaumont SA held 6,017 of its own shares, purchased under its liquidity contract. These shares were recognized against equity.

Dividends

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

(in euros)	2015	2014
Dividends paid	4,267,078	4,266,045
Dividends per share	1.00	1.00

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 option plans were established in 2015.

The Combined ordinary and extraordinary general meeting of Gaumont SA on May 5, 2015 approved a dividend of €1.00 per share paid on May 12, 2015, by drawing on the company's income. In accordance with the legal provisions for the protection of all employees' rights, the offer price and number of shares still to be subscribed were adjusted.

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

	Initial grant		Adjusted grant		Options at end of period			
Plan	Price	Number	Price	Number	Canceled	Subscribed	Outstanding	Exercisable
Plan V (February 1996)	€50.31	104,000	€44.14	118,689	46,792	67,442	4,455	4,455
Plan VI (March 1998)	€64.03	168,000	€56.17	191,736	99,333	82,120	10,283	10,283
Plan VII (April 2002)	€48.00	165,000	€42.11	188,527	124,228	46,500	17,799	17,799
Plan VIII (February 2005)	€64.00	196,750	€56.26	224,653	101,648	2,284	120,721	120,721
TOTAL		**633,750**		**723,605**	**372,001**	**198,346**	**153,258**	**153,258**

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

		Option exercise period			Movements of the period				
Plan	Grant date	start	end	12.31.15	Adjusted	Granted	Canceled	Subscribed	12.31.14
Plan V	02.15.96	02.15.01	02.14.46	4,455	122	-	-	-1,142	5,475
Plan VI	03.12.98	03.12.03	03.11.48	10,283	248	-	-1,143	-	11,178
Plan VII	04.09.02	04.09.06	04.08.46	17,799	457	-	-3,637	-2,286	23,265
Plan VIII	02.28.05	02.28.09	02.27.49	120,721	2,666	-	-6,755	-	124,810
TOTAL				**153,258**	**3,493**	**-**	**-11,535**	**-3,428**	**164,728**

In the last two 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 Television USA

As part of its television series production business in the United States, Gaumont has linked up with an American partner. This partner receives a free grant of financial instruments (voting common interests) issued by Gaumont Television USA 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. As of December 31, 2015, the outlook for available cash was uncertain and the Group therefore recognized no financial liability in respect of these instruments.

3.11. Current and non-current provisions

	12.31.15	Movements of the period: Increases	Uses	Reversals[1]	Other[2]	12.31.14
Provisions for pension and similar benefits	3,164	273	-104	-	-84	3,079
Non-current provisions	**3,164**	**273**	**-104**	**-**	**-84**	**3,079**
Provisions for legal proceedings relating to intellectual property rights over works	290	170	-	-10	-	130
Provisions for legal proceedings with personnel	260	-	-26	-	-	286
Provisions for commercial legal proceedings	-	-	-	-	-	-
Provisions for other legal proceedings	564	3	-	-	-	561
Provisions for risks on investments in associates	-	-	-	-	-	-
Provisions for risks on creative works	-	-	-	-	-	-
Other provisions for miscellaneous risks	47	-	-60	-	-	107
Provisions for property-related expenses	-	-	-	-	-	-
Provisions for personnel costs	-	-	-	-	-	-
Provisions for income taxes	-	-	-178	-	-	178
Provisions for other costs	-	-	-	-	-	-
Current provisions	**1,161**	**173**	**-264**	**-10**	**-**	**1,262**
TOTAL	**4,325**	**446**	**-368**	**-10**	**-84**	**4,341**
Impact on current operating income		446	-368	-10	-	
Impact on non-current operating income		-	-	-	-	
Impact on share of net income of associates		-	-	-	-	
Impact on other comprehensive income		-	-	-	-84	

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

Provisions for intellectual property disputes include ongoing disputes over ownership of creative works or over how proceeds from their distribution should be divided up.

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.

These provisions are adjusted according to changes in risk estimated using information available on the closing date. As of December 31, 2015, 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 pension and similar benefits

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

Analysis of provisions for pension and similar benefits break down as follows:

	12.31.15	12.31.14
Pensions	3,045	2,952
Seniority bonuses	119	127
TOTAL	**3,164**	**3,079**

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

	12.31.15	12.31.14
Expected payments in the next ten years		
less than 1 year	338	230
1 to 5 years	549	561
5 to 10 years	901	933
Average duration of the commitment *(in years)*	**12.25**	**12.75**

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

	2015			2014		
	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total
ACTUARIAL LIABILITY AT THE BEGINNING OF THE YEAR	**2,952**	**127**	**3,079**	**2,532**	**123**	**2,655**
Current service cost	213	11	224	194	11	205
Plan amendments	-	-	-	296	-	296
Benefits paid	-93	-11	-104	-173	-17	-190
Service cost	**120**	**-**	**120**	**317**	**-6**	**311**
Discounting effect	56	2	58	73	4	77
Interest expense	**56**	**2**	**58**	**73**	**4**	**77**
Actuarial gains/losses recognized in income	**-**	**-10**	**-10**	**-**	**6**	**6**
Net expense recognized in income	**176**	**-8**	**168**	**390**	**4**	**394**
Experience gains/losses	-49	-	-49	-79	-	-79
Changes in demographic assumptions	3	-	3	-65	-	-65
Changes in financial assumptions	-37	-	-37	174	-	174
Actuarial gains/losses recognized in comprehensive income	**-83**	**-**	**-83**	**30**	**-**	**30**
Amounts recognized in other comprehensive income	**-83**	**-**	**-83**	**30**	**-**	**30**
Changes in scope	-	-	-	-	-	-
ACTUARIAL LIABILITY AT THE END OF THE YEAR	**3,045**	**119**	**3,164**	**2,952**	**127**	**3,079**

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

	Pensions		Seniority bonuses	
	12.31.15	12.31.14	12.31.15	12.31.14
Discount rate	2.10%	2.00%	2.10%	2.00%
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%
Inflation rate	1.50%	1.50%	1.50%	1.50%
Average expected increase in salaries	1.50%	1.50%	1.50%	1.50%

Applying the actuarial assumptions, the expected charge for 2016 breaks down as follows:

	2016		
	Pensions	Seniority bonuses	Total
Current service cost	224	12	236
Plan amendment	-	-	-
Service cost	**224**	**12**	**236**
Discounting effect	60	2	62
Interest expense	**60**	**2**	**62**
EXPECTED CHARGE FOR THE PERIOD	**284**	**14**	**298**

The table below shows the sensitivity of the commitment and future charge to a 100 basis points change in the discount rate. The amounts shown represent the change compared with the liability reported in the statement of financial position or to the expected charge for the next period.

	Change in present value of liability			Change in service costs in 2016		
Assumptions	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total
Discount rate *(Base rate: 2.10%)*						
1.10%	404	14	418	44	2	46
3.10%	-332	-13	-345	-35	-2	-37

3.12. Financial liabilities

	12.31.15	Movements of the period			12.31.14
		+	-	Other[(1)]	
Revolving credit facility	68,841	2,000	-	299	66,542
Bonds	59,517	-	-	75	59,442
Finance lease debt	373	-	-40	-	413
Production loans[(2)]	48,510	77,604	-105,171	8,055	68,022
Assignments of receivables	33,549	57,715	-29,370	-345	5,549
Financial contribution from the Caisse des dépôts	3,712	1,602	-675	-	2,785
Other loans	829	697	-1,015	-	1,147
Advances repayable on distribution proceeds	1,297	-	-50	-	1,347
Deposits received	117	1	-	-	116
Bank overdraft	218	172	-	4	42
Accrued interest	522	-	-41	4	559
TOTAL	**217,485**	**139,791**	**-136,362**	**8,092**	**205,964**
Maturities:					
• less than 1 year	49,921				20,473
• 1 to 5 years	104,074				125,237
• more than 5 years	63,490				60,254

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

Credit facility

On November 5, 2014, Gaumont signed a revolving credit facility for k€80,000, maturing on November 4, 2019. This new credit facility was signed with a banking pool made up of BNP Paribas, Crédit Agricole, Neuflize OBC and Banque Palatine.

The revolving credit facility contains the following characteristics:

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

At December 31, 2015, k€70,000 of the credit facility for a maximum amount of k€80,000 had been used and it was hedged by k€20,000. This left Gaumont with confirmed drawing rights of k€10,000.

Effective interest rate

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

	12.31.15	12.31.14
Before hedging	2.33%	2.94%
After hedging	2.46%	3.62%

Average interest rate

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

	2015	2014
Before hedging	2.09%	2.27%
After hedging	2.90%	2.70%

Bond

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

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

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

Effective interest rate

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

	12.31.15	12.31.14
Before hedging	4.97%	4.86%
After hedging	-	-

Average interest rate

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

	2015	2014
Before hedging	4.83%	4.84%
After hedging	-	-

Production loans

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

These loans have the following characteristics:

- repayment of each loan takes place *via* a senior call on pre-financing payments and proceeds from the series financed;
- interest is variable rate, Libor-based;
- Collateral for the loans consists of pledging of assets financed.

Interest on these loans and the associated transaction costs are capitalized in the production costs of the assets until the series financed is delivered in full.

Details of outstanding production loans as of December 31, 2015 are presented below.

in thousands of US dollars

Series	Recipient (1)	Lender	Subscription	Maturities	Total amount authorized	Remaining amount available	Position as of 12.31.15	Position as of 12.31.14
Hemlock Grove season 1	Ouroboros Productions Llc	Union Bank + Comerica Bank	06.01.12	04.01.15	51,791	-	-	1,141
Hannibal season 2	Chiswick Productions 2 Llc	Union Bank	08.09.13	08.28.15	41,049	-	-	13,858
Hemlock Grove season 2	Ouroboros Productions 2 Llc	Union Bank	09.25.13	05.01.16	40,200	-	-	15,127
Narcos season 1	Narcos Productions Llc	MUFG Union Bank	07.30.14	08.01.17	50,596	-	-	28,496
Hannibal season 3	Chiswick Productions Llc	MUFG Union Bank	10.10.14	10.10.16	44,758	116	18,090	17,490
Hemlock Grove season 3	Ouroboros Productions 3 Llc	MUFG Union Bank	12.03.14	03.01.17	40,600	1,843	17,323	8,249
Narcos season 2	Narcos 2 Productions Llc	MUFG Union Bank	09.09.15	07.30.17	47,760	29,683	18,077	-
TOTAL					**316,754**	**31,642**	**53,490**	**84,361**

(1) Subsidiaries wholly-owned by Gaumont Television USA Llc.

Loans related to season 2 of the series *Hannibal*, to the first two seasons of the series *Hemlock Grove* and to season 1 of the series *Narcos* were fully repaid in 2015.

Effective interest rate

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

	12.31.15	12.31.14
Before hedging	3.69%	4.90%
After hedging	-	-

Average interest rate

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

	2015	2014
Before hedging	3.26%	4.10%
After hedging	-	-

Assignments of receivables

In France, the Group assigns receivables as allowed by the Dailly Law to fund production of feature films, animated films and cartoon series and French television dramas.

For animated film and series production, receivables are assigned periodically as part of a general contract for managing cash deferrals, for a maximum authorized amount of k€8,000. The available balance from this contract as of December 31, 2015 amounted to k€3,752.

Contracts are negotiated individually for each production for French dramas and feature films.

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

Additionally, in June 2015, Gaumont Television USA Llc entered into a receivables assignment agreement for a maximum authorized amount of k$50,000, based on the series' operating receivables, with the exception of receivables pledged to finance production.

The interest rate for this credit facility is variable and is based on the Libor. Drawdowns available on assigned receivables as of December 31, 2015 totaled k$3,821. The available balance of this contract is k$14,008.

Since all the risks associated with assigned receivables remain with the Group, the receivables are kept on as assets on the statement of financial position, or included as off-balance sheet commitments.

As of December 31, 2015, outstanding assigned receivables, net of payments received for all contracts amounted to k€15,881 for French contracts and k$37,281 for American contracts, with k€3,229 and k$37,216 in receivables reported as assets in the statement of financial position and k€12,652 and k$65 reported as financing commitments received, from total authorized facilities of k€17,767 and k$29,094.

Effective interest rate

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

	12.31.15	12.31.14
Before hedging	2.42%	1.38%
After hedging	-	-

Average interest rate

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

	2015	2014
Before hedging	2.29%	1.47%
After hedging	-	-

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

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

At December 31, 2015, outstanding debt to *Caisse des dépôts et consignations* amounted to k€3,712.

3.13. Trade payables and other liabilities

	12.31.15	12.31.14
Tax liabilities	-	-
Current accounts	594	706
Payables on acquisitions	-	-
Other payables	-	-
Total other non-current liabilities	**594**	**706**
Trade payables	12,348	9,673
Liabilities on films and audiovisual rights	12,810	3,183
Advances and deposits received	135	140
Payroll liabilities	6,736	6,531
Tax liabilities	3,180	1,986
Current tax liabilities	9	-
Current accounts	113	114
Payables on acquisitions	250	-
Liabilities on other property, plant and equipment and intangible assets	407	365
Other payables	25,284	28,459
Derivatives	882	2,526
Deferred income	35,910	53,544
Total other current liabilities	**98,064**	**106,521**
TOTAL	**98,658**	**107,227**
Maturities:		
• less than 1 year	98,064	106,521
• 1 to 5 years	364	448
• more than 5 years	230	258

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. They also include unamortized tax credits.

The financial statements as of December 31, 2014 include the retroactive effects of applying the IFRIC 21 interpretation on accounting for levies. These effects are presented below.

	12.31.15	12.31.14
Tax liabilities, excluding change of method	3,257	2,185
Change in methods for recognizing income tax and other taxes	-77	-199
Tax liabilities, after applying the IFRIC 21 interpretation	3,180	1,986

4. Notes to the consolidated income statement

4.1. Revenue

	2015			2014		
	France	Abroad	Total	France	Abroad	Total
Movie production and distribution	**48,564**	**22,006**	**70,570**	**62,180**	**32,963**	**95,143**
Movie theater distribution	15,614	-	15,614	25,662	-	25,662
Video publishing and video on demand	11,197	217	11,414	13,784	457	14,241
Television broadcasting rights	18,483	-	18,483	17,329	-	17,329
International sales	-	21,034	21,034	-	31,880	31,880
Other revenue from film distribution	3,270	755	4,025	5,405	626	6,031
Production and distribution of television series	**11,785**	**128,775**	**140,560**	**26,482**	**62,947**	**89,429**
American series	2,040	125,630	127,670	5,334	59,063	64,397
French dramas	4,811	54	4,865	17,785	407	18,192
French cartoon series	4,934	3,091	8,025	3,363	3,477	6,840
Trademark royalties	**3,675**	-	**3,675**	**3,813**	**-**	**3,813**
Other miscellaneous revenue	**2,199**	**-**	**2,199**	**1,689**	**-**	**1,689**
TOTAL	**66,223**	**150,781**	**217,004**	**94,164**	**95,910**	**190,074**

In 2015, movie production and distribution and television series production and distribution accounted for 33% and 65% of consolidated revenue, respectively.

The Group generated 69% of its revenue outside France in 2015, compared with 50% in 2014.

4.2. Personnel costs

Personnel costs include all fixed and variable compensation, employee benefit costs and share-based payments issued for Gaumont personnel or executives.

In 2015, k€195 in accrued income for the Employment competitiveness tax credit was recognized against social security contributions, compared to k€247 in 2014.

	2015	2014
Salaries	-21,260	-18,350
Social security contributions	-8,488	-6,442
Employee profit-sharing	-59	-71
Pensions and similar benefits	-169	-394
Share based payments expense	-	-
TOTAL	**-29,976**	**-25,257**

4.3. Other current operating income and expenses

	2015	2014
Audiovisual support fund	9,061	9,985
Other subsidies	706	706
Audiovisual and cinema tax credit	15,683	12,781
Purchases of materials and supplies	-9,572	-13,462
Subcontracting	-7,670	-3,389
Rentals and rental expenses	-1,869	-1,293
Maintenance and repairs	-1,072	-1,042
Insurance premiums	-168	-158
Other purchases of studies and services	-3,409	-3,977
Outside personnel	-850	-606
Fees	-6,408	-7,428
Advertising, publications and public relations	-1,608	-1,642
Transport	-365	-468
Travel and entertainment expenses	-3,648	-3,659
Postal costs and telecommunications costs	-354	-331
Bank services	-194	-217
Other external expenses	-195	-206
Taxes and similar payments	-2,526	-2,957
Foreign exchange gains and losses on operating activities	642	957
Copyrights, royalties and similar	-8,943	-7,896
Shares of co-producers and guaranteed minima	-19,877	-22,381
Income from the sale of operating assets	-415	95
Other income and expenses	17,074	9,688
NET OTHER CURRENT OPERATING INCOME/EXPENSES	**-25,977**	**-36,900**

The audiovisual and cinema tax credits are recognized at the same pace as the amortization of the works that generate them. In 2015, the item included k€13,985 related to American series.

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

The 2014 financial statements include the retroactive effects of applying the IFRIC 21 interpretation on accounting for levies. These effects are presented below.

	2015	2014
Taxes and similar payments, excluding change of method	-2,404	-2,954
Change in methods for recognizing income tax and other taxes	-122	-3
Taxes and similar payments, after applying the IFRIC 21 interpretation	-2,526	-2,957

4.4. Impairment, depreciation, amortization and provisions

	2015	2014
Intangible assets		
• Reversals of impairment losses	293	2,394
• Depreciation expense and impairment losses	-156,079	-122,663
Subtotal	**-155,786**	**-120,269**
Property, plant and equipment		
• Reversals of impairment losses	-	-
• Depreciation expense and impairment losses	-1,334	-1,416
Subtotal	**-1,334**	**-1,416**
Current assets		
• Reversals of impairment losses	32	859
• Impairment losses	-247	-16
Subtotal	**-215**	**843**
Risks and expenses		
• Reversals of provisions	274	113
• Increases in provisions	-173	-288
Subtotal	**101**	**-175**
TOTAL	**-157,234**	**-121,017**

In 2015, amortization expense on intangible assets included k€113,951 for amortization of American series, against k€57,636 in 2014.

4.5. Other non-current operating income and expenses

	2015	2014
Proceeds from disposals of assets	8	208
Carrying value of assets sold or disposed of	-13	-300
Earnout adjustments	-	375
Impairment losses on goodwill	-	-2,250
Gains on bargain purchases	-	-
TOTAL	**-5**	**-1,967**

4.6. Other financial income and expenses

	2015	2014
Income from investments	-	-
Interest expense capitalized	3,463	1,044
Interest from assets and liabilities excluding cash equivalents	731	266
Proceeds from disposals of financial assets	-	-
Accumulated impairment losses and financial provisions	-343	-
Foreign exchange gains and losses	2,682	2,892
Changes in fair value	986	566
Other financial income and expenses	-	-
NET OTHER FINANCIAL INCOME/EXPENSES	**7,519**	**4,768**

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

4.7. Share of net income of associates

Company	% Interest	2015	2014
Les Cinémas Gaumont Pathé	34.00%	20,024	18,686
Lincoln Cinema Associates (USA)	31.95%	97	144
Légende	50.00%	-867	-530
LGM(1)	20.00%	-	-
SHARE OF NET INCOME OF ASSOCIATES		**19,254**	**18,300**

(1) The equity investment in LGM took place on December 29, 2015. No income was recorded after the purchase.

The 2014 financial statements include the retroactive effects of applying the IFRIC 21 interpretation on accounting for levies. These effects are presented below.

	2015	2014
Share of net income of associates, excluding change in method	19,370	18,345
Change in methods for recognizing income tax and other taxes	-116	-45
Share of net income of associates, after applying the IFRIC 21 interpretation	19,254	18,300

4.8. Income tax

Breakdown of the tax expense or benefit

	2015	2014
Current income tax	-261	-222
Deferred tax	-1,237	-870
TOTAL INCOME TAX (EXPENSE) BENEFIT	**-1,498**	**-1,092**

Current income tax

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

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

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

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

The tax consolidation generated tax savings of k€825 for the year.

Deferred tax

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

	2015	2014
Standard tax rate of French companies	33.33%	33.33%
Tax rate for companies based in California, USA	40.00%	40.00%

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

	12.31.15	Effect on comprehensive income	Other changes(1)	12.31.14 (2)
Deferred tax assets	1,458	-264	47	1,675
Deferred tax liabilities	-3,484	-1,436	-109	-1,939
NET DEFERRED TAX	**-2,026**	**-1,700**	**-62**	**-264**

(1) Changes in scope, transfers between items, foreign currency translation adjustments.
(2) The retroactive application of the IFRIC 21 interpretation on accounting for levies in the financial statements as of 12.31.14 led to a k€12 reclassification between deferred tax assets and liabilities.

The origin of the net deferred tax is presented below.

	12.31.15	Effect on comprehensive income	Other changes(1)	12.31.14
Unused tax losses	19,554	146	268	19,140
Fair value of films	-2,029	368	-	-2,397
Fair value of land and buildings	-7,164	75	-	-7,239
Accelerated amortization of films	-7,216	577	-	-7,793
Long term capital gains on Les Cinémas Gaumont Pathé shares	-1,062	-	-	-1,062
Other temporary differences	-4,109	-2,866	-330	-913
NET DEFERRED TAX	**-2,026**	**-1,700**	**-62**	**-264**

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

At December 31, 2015, 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€79,747.

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, 2015, recognized consolidated tax losses were k€45,308, compared with k€48,248 at the end of 2014.

A total of k€2,227 in individual tax loss carryforwards related to reporting periods prior to tax consolidation were also recognized at December 31, 2015.

At December 31, 2015, net deferred tax assets, of companies outside the scope of tax consolidation, stood at k€83. American companies reported a net deferred tax liability of k€1,957.

Reconciliation of recorded tax and theoretical tax

	2015	2014
Net income of companies before tax	19,403	19,430
Current tax rate applicable to the parent company	33.33%	33.33%
Theoretical tax	**-6,468**	**-6,477**
Reduced tax rate differentials	-	-
Tax rate differentials between France and abroad	-214	-254
Share of net income of associates	6,386	6,052
Permanent differences	-400	-901
Change in unrecognized tax loss carryforwards	-2,106	-136
Tax consolidation	825	76
Tax credits in operating income[1]	640	699
Income tax without base and tax credits	-161	-151
Effective tax benefit (expense)	**-1,498**	**-1,092**
Effective tax rate	7.72%	5.62%

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

Income tax on other comprehensive income

	2015			2014		
Other comprehensive income	**Gross amount**	**Tax effect**	**Carrying value**	**Gross amount**	**Tax effect**	**Carrying value**
Translation adjustments of foreign operations	742	-	742	703	-	703
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-
Changes in fair value of hedging financial instruments	1,163	-435	728	-1,060	435	-625
Changes in asset revaluation surplus	-	-	-	-	-	-
Actuarial gains (losses) on defined benefit plans	83	-28	55	-30	10	-20
Share in other comprehensive income of associates	2,097	-	2,097	-1,553	-	-1,553
TOTAL	**4,085**	**-463**	**3,622**	**-1,940**	**445**	**-1,495**

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

4.9. Earnings per share

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

	2015	2014
Number of shares at January 1	4,272,530	4,272,530
Capital increases relating to the exercise of stock options *(prorata temporis)*	464	-
Average number of ordinary shares	4,272,994	4,272,530

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

	2015	2014
Average number of ordinary shares	4,272,994	4,272,530
Dilutive effect of stock options	1,340	-
Average potential number of ordinary shares	4,274,334	4,272,530

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

5. Notes to the consolidated statement of cash flows

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

	2015	2014
Intangible assets		
• Reversals of impairment losses	293	2,394
• Amortization expense and impairment losses	-156,079	-122,663
Subtotal	**-155,786**	**-120,269**
Property, plant and equipment		
• Reversals of impairment losses	-	-
• Depreciation expense and impairment losses	-1,334	-1,416
Subtotal	**-1,334**	**-1,416**
Financial assets		
• Reversals of impairment losses	-	-
• Impairment losses	-	-
Subtotal	**-**	**-**
Risks and expenses		
• Reversals of provisions	274	113
• Increases in provisions	-173	-288
Subtotal	**101**	**-175**
TOTAL	**-157,019**	**-121,860**

5.2. Dividends received from associates

Company	% Interest	2015	2014
Les Cinémas Gaumont Pathé	34.00%	8,826	6,122
Lincoln Cinema Associates (USA)	31.95%	145	144
Légende	50.00%	-	-
LGM	20.00%	-	-
TOTAL		**8,971**	**6,266**

5.3. Changes in net operating working capital requirement

	2015	2014
Changes in operating assets	-9,506	-10,003
Changes in operating liabilities	-20,405	18,268
Premiums paid on financial instruments	-	-
Current income tax expense	-261	-222
Tax paid	312	260
Pension and similar benefit expenses	169	394
TOTAL	**-29,691**	**8,697**

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).

	12.31.15	Changes in working capital requirement	Other changes(1)	12.31.14	Changes in working capital requirement	Other changes(1)	12.31.13
Inventories	599	96	-	503	-81	-	584
Trade receivables	107,242	11,049	5,887	90,306	10,540	4,881	74,885
Current financial assets	887	-1,543	1,049	1,381	298	964	119
Advances and prepayments to suppliers	605	-15	-	620	-628	-	1,248
Payroll receivables	116	55	3	58	2	4	52
Tax receivables	18,655	-1,405	1,597	18,463	5,457	1,462	11,544
Subsidies receivable	18,055	2,677	-	15,378	2,614	-	12,764
Current tax assets	1,766	148	18	1,600	-965	14	2,551
Current accounts	49	48	-	1	-	-	1
Other receivables	925	-1,650	106	2,469	-7,283	133	9,619
Prepaid expenses	1,032	46	4	982	49	3	930
ASSETS CONSTITUTING THE WORKING CAPITAL REQUIREMENT	**149,931**	**9,506**	**8,664**	**131,761**	**10,003**	**7,461**	**114,297**

(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.

	12.31.15	Changes in working capital requirement	Other changes[2]	12.31.14[1]	Changes in working capital requirement	Other changes[2]	12.31.13[1]
Trade payables	12,348	2,580	95	9,673	-1,043	84	10,632
Advances and deposits received	135	-5	-	140	-12	-	152
Payroll liabilities	6,736	204	1	6,531	-61	8	6,584
Tax liabilities	3,180	1,194	-	1,986	-345	-	2,331
Current tax liabilities	9	9	-	-	-78	-	78
Current accounts	707	-113	-	820	-120	-	940
Other payables	25,284	-3,683	508	28,459	6,255	373	21,831
Deferred income	35,910	-20,591	2,957	53,544	13,672	2,713	37,159
LIABILITIES THAT CONSTITUTE THE WORKING CAPITAL REQUIREMENT	**84,309**	**-20,405**	**3,561**	**101,153**	**18,268**	**3,178**	**79,707**

(1) The financial statements as of 12.31.14 and 12.31.13 include impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies.
(2) Changes in scope, transfers between items and foreign currency translation adjustments.

5.4. Breakdown of acquisitions of fixed assets

	Note	2015	2014
Acquisition of intangible assets	*3.2 & 3.3*	150,784	125,818
Acquisition of property, plant and equipment	*3.4*	9,187	1,500
Acquisition of financial assets	*3.6*	12	47
TOTAL		**159,983**	**127,365**

5.5. Change in liabilities on investments

	12.31.15	Changes	Other changes[1]	12.31.14	Changes	Other changes[1]	12.31.13
Liabilities on property, plant and equipment and intangible assets	13,217	9,637	32	3,548	-3,234	98	6,684
Payables on share acquisitions	250	250	-	-	-	-375	375
TOTAL	**13,467**	**9,887**	**32**	**3,548**	**-3,234**	**-277**	**7,059**

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

5.6. Impact of changes in scope

	2015	2014
	LGM	Légende
Price paid	250	874
Cash acquired	-	-
IMPACT OF CHANGES IN SCOPE	**250**	**874**

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:

	2015	2014
Managers	118	109
Supervisors	43	41
Employees	44	43
TOTAL WORKFORCE	**205**	**193**

6.2. Compensation of corporate officers

Corporate officers 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:

	2015	2014
Total gross compensation(1)	2,136	2,159
Post-employment benefits(2)	-	-
Termination or end of contract benefits	-	-
Other long term benefits	-	-
Share-based payments(3)	-	-

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

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

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

6.3. Commitments and contingent liabilities

Off statement of financial position commitments stemming from ordinary business activities

	12.31.15	12.31.14
Commitments given	**88,311**	**117,783**
Guarantees	5,348	-
Other commitments given:		
• contracts to research and develop film projects	950	1,788
• production of films and project development	78,908	113,296
• commitments to employees	3,105	2,699
Commitments received	**170,241**	**134,263**
Unused credit facility	48,826	83,049
Other commitments received:		
• purchases of rights and financing of films and series	121,170	50,832
• contracts to research and develop film projects	245	382
• bills of exchange received as security for trade receivables	-	-

Unused credit facilities consist of:

- k€10,000 in respect of the k€80,000 credit facility arranged by Gaumont SA;
- k$31,642 in respect of production loans arranged for US activities;
- k€6,252 in respect of authorizations to draw down amounts on sales contracts under the Dailly Law;
- k$3,821 for the receivables assignment agreement entered into by Gaumont Television USA.

At December 31, 2015, Gaumont and its subsidiaries had committed to invest k€79,858 in film and series production and project development. At the same time, the Group had received commitments for the purchase of rights and contributions by co-producers for films and series totaling k€121,415, in addition to the amounts reported in receivables.

Pledging of assets

In guarantee of the financial contribution from the *Caisse des dépôts et consignations* for the digitization of 270 films from its catalog, Gaumont pledged the works restored with the help of this funding. As of December 31, 2015, this concerned 147 films from Gaumont's catalog. They represent a carrying value of k€6,511.

The Group pledged all of the assets financed in guarantee of the production loans taken out by Gaumont Television USA subsidiaries.

At December 31, 2015, the pledges made by Gaumont and its subsidiaries had a total net carrying amount of k€68,132.

Type of pledges/mortgages	12.31.15	12.31.14
On intangible assets	29,319	54,640
On property, plant and equipment	-	-
On financial assets	-	-
On receivables	37,071	39,506
On cash accounts	2,285	5,348
TOTAL	**68,675**	**99,494**

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

		Expiration date		
Type of pledges/mortgages	12.31.15	Less than 1 year	1 to 5 years	Over 5 years
On intangible assets	29,319	7,785	15,023	6,511
On property, plant and equipment	-	-	-	-
On financial assets	-	-	-	-
On receivables	37,071	14,482	22,588	-
On cash accounts	2,285	133	2,152	-
TOTAL	**68,675**	**22,400**	**39,764**	**6,511**

Mortgage commitments

The Group has no mortgage over its assets.

Seller warranties received

The Group 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, which expires in 2016.

The Group also received a seller warranty from the sellers of the shares in Fideline Films on July 5, 2013, for k€340, which expires in 2017.

Complex commitments

The Group had not entered into any complex commitments as at December 31, 2015.

Other contractual obligations

		Payments due by period		
Contractual obligations	12.31.15	Less than 1 year	1 to 5 years	Over 5 years
Operating leases	9,744	1,373	5,403	2,968
Finance leases	483	69	345	69
TOTAL	**10,227**	**1,442**	**5,748**	**3,037**

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

At December 31, 2015, the present value of future payments in respect of finance leases totaled k€366.

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.

As of December 31, 2015, exposure to credit risk was as follows:

	12.31.15	Outstanding amount	Receivables owing: from 1 to 30 days	from 31 to 60 days	from 61 to 90 days	from 91 to 180 days	from 181 to 360 days	Over 360 days
Trade receivables	93,430	83,685	5,489	2,212	457	643	280	664
Net receivables on movies and series	1,054	1,051	-	-	-	-	-	3
TOTAL	**94,484**	**84,736**	**5,489**	**2,212**	**457**	**643**	**280**	**667**

Liquidity risk

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

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

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

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

For the R1, R2 and R3 ratios, borrowings are defined excluding *Caisse des dépôts et consignations'* financial investment and excluding loans taken out by American subsidiaries, as long as they are without recourse against the Group.

At December 31, 2015, these ratios were met and stood at 3.34, 0.53 and 0.23 respectively.

Market risks

Interest rate risk

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

In the United States, the Group finances its productions by drawing on dedicated production credit lines and by assigning receivables for a line of credit with a maximum amount of k$50,000. These variable rate credit lines are arranged with banks specializing in television production finance.

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

As of December 31, 2015, the Group's interest rate exposure was as follows:

	12.31.15	Maturity schedule: Less than 1 year	1 to 5 years	Over 5 years
Fixed-rate financial assets	-	-	-	-
Variable-rate financial assets	10,156	10,156	-	-
Financial assets not exposed	-	-	-	-
Financial assets[1]	**10,156**	**10,156**	**-**	**-**
Fixed-rate financial liabilities	-63,602	-379	95	-63,318
Variable-rate financial liabilities	-151,640	-48,176	-103,464	-
Financial liabilities not exposed	-2,243	-1,414	-657	-172
Financial liabilities[2]	**-217,485**	**-49,969**	**-104,026**	**-63,490**

(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, 2015, the Group had interest rate swap contracts with a total nominal value of k€15,000 and interest rate cap contracts with a nominal value of k€5,000. The maturity schedule of these contracts is as follows:

	12.31.15	Maturity schedule			Fair value
		Less than 1 year	1 to 5 years	Over 5 years	
Interest rate swaps	15,000	10,000	5,000	-	-109
Interest rate caps	5,000	5,000	-	-	-
TOTAL	**20,000**	**15,000**	**5,000**	**-**	**-109**

The fair value of financial instruments at December 31, 2015 is presented excluding non-performance risk. The net risk of banking partners defaulting, which is determined based on secondary market values, is zero. Gaumont's default risk is estimated at k€1.

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

	Total	Fixed rate	Variable rate	Not exposed
Financial assets[1]	10,156	-	10,156	-
Financial liabilities[2]	-217,485	-63,602	-151,640	-2,243
Net position before hedging	**-207,329**	**-63,602**	**-141,484**	**-2,243**
Hedging	-	-20,000	20,000	-
Net position after hedging	**-207,329**	**-83,602**	**-121,484**	**-2,243**
Sensitivity	-1,215	-	-1,215	-

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

A 100 basis point rise in variable interest rates would have increased borrowing costs by 12.8%, or k€1,215.

Foreign exchange risk

The Group is exposed to operating foreign exchange risks on commercial transactions posted on the balance sheet and on likely future transactions. When the Group produces films or television series outside the home country of the producer company, it is also exposed to foreign exchange risks on its production expenses.

Throughout 2015, revenue invoiced in a currency other than that of the company behind the transaction amounted to k€19,094, or 8.8% of total revenue, and breaks down as follows.

(in thousands of euros)	Total	USD	CAD	GBP	CHF	JPY	AUD	EUR[1]	Others
Revenue	19,094	12,317	1,372	1,642	552	93	77	2,971	70

(1) Revenue generated by entities outside the euro zone.

The Group endeavors to ensure natural hedging between the collection and disbursement flows of foreign currencies, but also investigates, on a case by case basis, the need for and feasibility of setting up a foreign exchange hedge to cover this risk.

As of December 31, 2015, 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 Canadian dollar, the pound sterling and Colombian peso against the US dollar.

	Currency	Counterparty	Notional amount *(in thousands of currency)*	Expiration date				Fair value *(in thousands of US dollars)*
				Less than 90 days	from 90 to 180 days	From 180 to 360 days	Over 360 days	
Forward currency sales	CAD	USD	15,400	-	15,400	-	-	2,014
Forward currency sales	GBP	USD	740	365	-	375	-	90
Forward currency purchases	COP	USD	15,500,000	14,050,000	1,450,000	-	-	-841
TOTAL								**1,263**

At December 31, 2015, the Group's exposure to operating foreign exchange risk was as follows:

	Risk related to a change in the euro value							
	Total *(in thousands of euros)*	USD/EUR	CAD/EUR	GBP/EUR	CHF/EUR	JPY/EUR	SEK/EUR	Other/EUR
Assets	9,531	9,155	80	97	62	116	14	7
Liabilities	1,731	1,731	-	-	-	-	-	-
Off balance sheet	-1,156	-390	-	-766	-	-	-	-
Net position before hedging	**10,106**	**10,496**	**80**	**-669**	**62**	**116**	**14**	**7**
Hedging	-	-	-	-	-	-	-	-
Net position after hedging	**10,106**	**10,496**	**80**	**-669**	**62**	**116**	**14**	**7**
Sensitivity	-1,011	-1,050	-8	67	-6	-12	-1	-1

An across-the-board 10% decrease in all of the above-mentioned currencies against the euro would have a negative impact of k€1,011 on the Group's net income.

	Risk related to a change in the dollar value			
	Total *(in thousands of US dollars)*	CAD/USD	GBP/USD	COP/USD
Assets	16,431	15,170	1,183	78
Liabilities	-25	11	-	-36
Off balance sheet	-6,257	-	-	-6,257
Net position before hedging	**10,149**	**15,181**	**1,183**	**-6,215**
Hedging	-8,635	-13,160	-1,183	5,708
Net position after hedging	**1,514**	**2,021**	**-**	**-507**
Sensitivity	-151	-202	-	51

An across-the-board 10% decrease in all of the above-mentioned currencies against the US dollar would have a negative impact of k$151 on the Group's net income.

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

At December 31, 2015, the Group's exposure to financial foreign exchange risk was as follows:

	Risk related to a change in the euro value		Risk related to a change in the dollar value		
	Total *(in thousands of euros)*	USD/EUR	Total *(in thousands of US dollars)*	CAD/USD	COP/USD
Assets	16,895	16,895	1,427	116	1,311
Liabilities	-	-	-	-	-
Off balance sheet	-	-	-	-	-
Net position before hedging	**16,895**	**16,895**	**1,427**	**116**	**1,311**
Hedging	-	-	-	-	-
Net position after hedging	**16,895**	**16,895**	**1,427**	**116**	**1,311**
Sensitivity	-1,690	-1,690	-143	-12	-131

A 10% decrease in the dollar against the euro would have a negative impact of k€1,690 on the Group's net income. A 10% decrease in Canadian and Colombian currencies against the US dollar would have a negative impact of k$143 on the Group's net income.

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

At December 31, 2015, the Group's exchange rate exposure from foreign investments was as follows:

(in thousands of euros)	USD/EUR
Assets	106,877
Liabilities	-108,887
Off balance sheet	18,945
Net position before hedging	**16,935**
Hedging	-
Net position after hedging	**16,935**
Sensitivity	-1,694

A 10% decrease in the dollar against the euro would have a negative impact of k€1,694 on the Group's 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, 2015, Gaumont held 6,017 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€307.

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 2015, 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.

	12.31.15		12.31.14	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	-	109	56	563
Foreign exchange derivatives	1,933	773	1,410	1,963
TOTAL	**1,933**	**882**	**1,466**	**2,526**

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

	12.31.15	Other comprehensive income	Net income	Currency translation adjustments	Premiums paid	12.31.14
Derivative instruments – assets	1,933	-	300	167	-	1,466
Derivative instruments – liabilities	-882	1,163	686	-205	-	-2,526
TOTAL	**1,051**	**1,163**	**986**	**-38**	**-**	**-1,060**

At December 31, 2015, derivatives designated as hedging instruments against the Group's interest rate exposure had the following characteristics:

	Start date	Expiration date	Notional amount *(in thousands of euros)*
Interest rate swaps	09.30.12	06.30.16	10,000
Interest rate swaps	12.30.13	06.30.17	5,000
Interest rate cap	12.30.13	12.30.16	5,000
TOTAL			**20,000**

At December 31, 2015, the net fair value of these instruments totaled -k€109. The ineffective portion of the interest rate caps, which was recognized in income for the period, was a profit of k€16.

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

				Expiration date			
	Currency	Counterparty	Notional amount *(in thousands of currency)*	Less than 90 days	from 90 to 180 days	From 180 to 360 days	Over 360 days
Forward currency sales	CAD	USD	15,400	-	15,400	-	-
Forward currency sales	GBP	USD	740	365	-	375	-
Forward currency purchases	COP	USD	15,500,000	14,050,000	1,450,000	-	-

At December 31, 2015, the net fair value of these instruments totaled k€1,263. The ineffective portion recognized in income for the period for these contracts resulted in a k$2,117 loss.

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.

	12.31.15		Breakdown by category of instruments					
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables at amortized cost	Liabilities at amortized cost	Derivatives	Hierarchical level
Investments in non consolidated entities	2	2	-	2	-	-	-	na
Other non-current financial assets	177	177	-	-	177	-	-	na
Other current financial assets	148,300	148,300	-	-	148,300	-	-	na
Derivative instruments – assets	1,933	1,933	-	-	-	-	1,933	2
Cash and cash equivalents	10,156	10,156	10,156	-	-	-	-	1
Financial assets	**160,568**	**160,568**	**10,156**	**2**	**148,477**	**-**	**1,933**	
Non-current financial liabilities	167,564	167,564	-	-	-	167,564	-	na
Other non-current financial liabilities	594	594	-	-	-	594	-	na
Current financial liabilities	49,921	49,921	-	-	-	49,921	-	na
Other current financial liabilities	61,272	61,272	-	-	-	61,272	-	na
Derivative instruments – liabilities	882	882	-	-	-	-	882	2
Financial liabilities	**280,233**	**280,233**	**-**	**-**	**-**	**279,351**	**882**	

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.

	12.31.14		Breakdown by category of instruments					
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables at amortized cost	Liabilities at amortized cost	Derivatives	Hierarchical level
Investments in non consolidated entities	3	3	-	3	-	-	-	na
Other non-current financial assets	1,122	1,122	-	-	1,122	-	-	na
Other current financial assets	130,276	130,276	-	-	130,276	-	-	na
Derivative instruments – assets	1,466	1,466	-	-	-	-	1,466	2
Cash and cash equivalents	27,520	27,520	27,520	-	-	-	-	1
Financial assets	**160,387**	**160,387**	**27,520**	**3**	**131,398**	**-**	**1,466**	
Non-current financial liabilities	185,491	185,491	-	-	-	185,491	-	na
Other non-current financial liabilities	706	706	-	-	-	706	-	na
Current financial liabilities	20,473	20,473	-	-	-	20,473	-	na
Other current financial liabilities	50,650	50,650	-	-	-	50,650	-	na
Derivative instruments – liabilities	2,526	2,526	-	-	-	-	2,526	2
Financial liabilities	**259,846**	**259,846**	**-**	**-**	**-**	**257,320**	**2,526**	

6.6. Operating segments

Segment information

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

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

Segments used for segment reporting are the same as those used by executive management, the chief operating decision maker of the Group. Operating segments are reported without any further grouping.

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

Income statement

2015	Cinema production	Television production	Movie theater operation	Non-allocated	Total
Revenue	**72,769**	**140,560**	**3,675**	**-**	**217,004**
Operating income from cinema and television production and distribution(1)	17,529	18,478	-	-	36,007
Operating income from movie theater operations(1)	-	-	23,796	-	23,796
Overheads	-10,098	-10,080	-	-18,267	-38,445
Operating income after share of net income of associates	**7,431**	**8,398**	**23,796**	**-18,267**	**21,358**
Net borrowings	-62	-4,086	-	-5,326	-9,474
Other financial income and expenses	1,315	2,076	-	4,128	7,519
Income tax	-227	-1,302	-	31	-1,498
NET INCOME	**8,457**	**5,086**	**23,796**	**-19,434**	**17,905**

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

2014(1)	Cinema production	Television production	Movie theater operation	Non-allocated	Total
Revenue	**96,832**	**89,429**	**3,813**	**-**	**190,074**
Operating income from cinema and television production and distribution(2)	18,969	12,680	-	-	31,649
Operating income from movie theater operations(2)	-	-	22,643	-	22,643
Overheads	-9,157	-8,491	-	-15,425	-33,073
Operating income after share of net income of associates	**9,812**	**4,189**	**22,643**	**-15,425**	**21,219**
Net borrowings	-	-2,570	-	-3,987	-6,557
Other financial income and expenses	-	1,044	-	3,724	4,768
Income tax	-209	-1,409	-	526	-1,092
NET INCOME	**9,603**	**1,254**	**22,643**	**-15,162**	**18,338**

(1) The 2014 financial statements include impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies.
(2) After share of net income of associates, excluding overheads.

Consolidated statement of financial position

12.31.2015	Cinema production	Television production	Movie theater operation	Non-allocated	Total
Goodwill	491	11,544	-	-	12,035
Films and audiovisual rights	95,114	64,330	-	-	159,444
Other intangible assets	654	1	-	-	655
Property, plant and equipment	39,300	844	-	-	40,144
Investments in associates	3,830	-	216,230	-	220,060
Other financial assets	132	47	-	-	179
Non-current deferred tax assets	-	-	-	1,458	1,458
Inventories	599	-	-	-	599
Trade receivables	37,674	69,568	-	-	107,242
Current tax assets	1,511	255	-	-	1,766
Other receivables and current financial assets	17,191	25,066	-	-	42,257
Cash and cash equivalents	5,425	4,731	-	-	10,156
TOTAL ASSETS	**201,921**	**176,386**	**216,230**	**1,458**	**595,995**
Equity	-	-	-	272,043	272,043
Non-current provisions	2,902	262	-	-	3,164
Non-current deferred tax liabilities	-	-	-	3,484	3,484
Non-current financial liabilities	-	34,371		133,193	167,564
Other non-current liabilities	594	-	-	-	594
Current provisions	843	318	-	-	1,161
Current financial liabilities	6,267	41,421	-	2,233	49,921
Trade payables	21,966	3,192	-	-	25,158
Current tax liabilities	-	-	-	9	9
Other payables	38,891	34,006	-	-	72,897
TOTAL LIABILITIES	**71,463**	**113,570**	**-**	**410,962**	**595,995**
Investments in films and audiovisual rights	47,938	102,679	-	-	150,617

12.31.2014(1)	Cinema production	Television production	Movie theater operation	Non-allocated	Total
Goodwill	491	11,544	-	-	12,035
Films and audiovisual rights	73,195	84,797	-	-	157,992
Other intangible assets	779	8	-	-	787
Property, plant and equipment	31,872	421	-	-	32,293
Investments in associates	4,503	-	202,927	-	207,430
Other financial assets	1,081	44	-	-	1,125
Non-current deferred tax assets	-	-	-	1,675	1,675
Inventories	503	-	-	-	503
Trade receivables	31,523	58,783	-	-	90,306
Current tax assets	1,494	106	-	-	1,600
Other receivables and current financial assets	14,815	26,003	-	-	40,818
Cash and cash equivalents	19,914	7,606	-	-	27,520
TOTAL ASSETS	**180,170**	**189,312**	**202,927**	**1,675**	**574,084**
Equity	-	-	-	254,613	254,613
Non-current provisions	2,815	264	-	-	3,079
Non-current deferred tax liabilities	-	-	-	1,939	1,939
Non-current financial liabilities	-	56,600	-	128,891	185,491
Other non-current liabilities	706	-	-	-	706
Current provisions	679	583	-	-	1,262
Current financial liabilities	-	16,970	-	3,503	20,473
Trade payables	9,225	3,631	-	-	12,856
Current tax liabilities	-	-	-	-	-
Other payables	47,998	45,667	-	-	93,665
TOTAL LIABILITIES	**61,423**	**123,715**	**-**	**388,946**	**574,084**
Investments in films and audiovisual rights	37,583	88,044	-	-	125,627

(1) The financial statements as of 12.31.14 include impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies.

Information by region

Revenue

At December 31, 2015, revenue broken down per region is as follows:

	2015	2014
French companies	89,729	126,396
American companies	127,275	63,678
TOTAL	**217,004**	**190,074**

Revenue below is broken down by clientele commercialization zone:

	2015	2014
France	**66,223**	**94,164**
• Europe	21,976	30,934
• Americas	124,783	58,231
• Asia/Russia	2,678	3,424
• Africa/Middle East	865	2,502
• Rest of the world	479	819
International	**150,781**	**95,910**
TOTAL	**217,004**	**190,074**

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:

	12.31.15			12.31.14		
	France	Americas	Total	France	Americas	Total
Goodwill	12,035	-	12,035	12,035	-	12,035
Films and audiovisual rights	114,633	44,811	159,444	96,536	61,456	157,992
Other intangible assets	655	-	655	787	-	787
Property, plant and equipment	39,653	491	40,144	32,261	32	32,293
Investments in associates	219,692	368	220,060	206,905	400	207,305
Other financial assets	179	-	179	1,125	-	1,125
TOTAL NON-CURRENT ASSETS	**386,847**	**45,670**	**432,517**	**349,649**	**61,888**	**411,537**

The Group has no operations or assets outside these two geographical regions.

Information about the Group's major customers

The Group's top ten customers together accounted for 69.9% of the Group's consolidated revenue. The breakdown between customers varies significantly from one year to the next.

In 2015, sales to Netflix accounted for 42.4% of consolidated revenue. No other single customer contributed more than 10% of the Group's consolidated revenue.

6.7. Statutory auditors' fees

The fees of the statutory auditors and members of their network paid by the Group in 2014 and 2015 are as follows:

	Total				Advolis				EY			
	2015		2014		2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Auditing												
Certification and review of separate and consolidated financial statements												
• Issuer	221		232		86		85		135		147	
• Consolidated subsidiaries	187		176		-		-		187		176	
Related services												
• Issuer	-		35		-		12		-		23	
• Consolidated subsidiaries	-		-		-		-		-		-	
TOTAL	**408**	**100%**	**443**	**100%**	**86**	**100%**	**97**	**100%**	**322**	**100%**	**346**	**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 material event has taken place since January 1, 2016.

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2015

Dear Shareholders,

In compliance with the assignment entrusted to us by your Annual general meeting, we hereby submit our report for the year ended December 31, 2015, on:

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

The consolidated financial statements have been approved by the Board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards required us to plan and perform the audit to obtain reasonable assurances as to whether the consolidated financial statements were free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group formed by the companies and other entities included within the consolidation scope, and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

II. Justification for our assessment

In accordance with the requirements of article L. 823-9 of the French Commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- your group conducts a goodwill impairment test at year-end (see notes 2.4 and 3.1 to the consolidated financial statements) and assesses whether there is any indication of impairment of long-lived assets. We have assessed the data and assumptions used for their main estimates, particularly, the cash flow forecasts. As part of our audit, we have assessed the reasonable nature of these estimates;
- as stated in note 2.6 to the consolidated financial statements, your group recognizes as an intangible asset the cost of films that meet the criteria provided for under IFRS as adopted by the European Union, and recognizes a residual value for certain blockbuster films. We have examined the earnings and profit forecasts justifying the recognition in intangible assets and the methods of accumulated amortization and calculation of the recoverable amount of movies. We checked that note 2.6 to the consolidated financial statements provides the relevant information;
- notes 3.12, 4.8 and 6.3 to the consolidated financial statements describe the business of television series production for the American market and the main accounting treatments and impact related to these activities. We have examined the accounting treatments applied and assessed the reasonable nature of the estimates used, as well as the appropriate nature of the information provided in these notes.

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

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

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

Paris and Paris-La Défense, March 10, 2016

The statutory auditors

ADVOLIS	ERNST & YOUNG et Autres
Patrick Iweins	Bruno Bizet

3 INFORMATION ON CORPORATE OFFICERS

Operating Board members

Nicolas Seydoux

Born on July 16, 1939

French national

Number of Gaumont SA shares held at December 31, 2015: 26

Voting rights at December 31, 2015: 52

Business address

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

Biography

Graduate of the Paris Institut d'Etudes Politiques (IEP) and bachelor in law and economics. Head of the legal department at the Compagnie Internationale pour l'Informatique (CII) Paris (1967-1970), financial analyst at Morgan Stanley & Co. Inc. New York (1970-1971), and Morgan & Cie International SA Paris (1971-1974). Gaumont group: Vice-Chairman and Chief Executive Officer (1974), Chairman and Chief Executive Officer (1975-2004), Chairman of the Supervisory board (2004-2010), and since May 6, 2010, Chairman of the Board of directors. Since 2002, Chairman of the ALPA *(Association de lutte contre la piraterie audiovisuelle* – a society to combat audiovisual pirating). Since 2003, Vice-Chairman of the Supervisory board of Arte. From 2008 to 2014, Chairman of the Forum d'Avignon association.

Family ties with another Board member

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

Independent member: no

Functions and offices held in Gaumont SA

- **Chairman of the Board** of directors since first appointed to the Board on May 6, 2010. Term of appointment ends at the General meeting called to approve the 2016 financial statements.
- **Chairman of the Appointments and compensation committee**

Other functions and offices held in the Group

- **Chairman** of Ciné Par SAS, controlling shareholder of Gaumont
- **Chairman** of Gaumont Inc. (USA), Gaumont Distribution Inc. (USA)
- **Board member** of Gaumont Television USA Llc (USA)
- **Member of the Management committee** of Les Cinémas Gaumont Pathé SAS

Other functions and offices held outside the Group

- **Chairman** of the ALPA
- **Honorary Chairman** of the Forum d'Avignon association
- **Chairman** of Fondation C Génial
- **Chairman of the General meeting of shareholders** of Arte GEIE (since January 2016)
- **Vice-Chairman of the Supervisory board** of Arte France SA
- **Chairman** of Grands Vins de Pazac SCA
- **Board member** of Val Richer SC
- **Board member** of Fondation des Diaconesses de Reuilly

Functions and offices ceased within the last five years

- **Chairman** of the Forum d'Avignon association (until October 2014)
- **Chairman** of The Visitors Inc. (USA) (end of December 2013)

Sidonie Dumas

Born on April 28, 1967

French national

Number of Gaumont SA shares held at December 31, 2015: 1,165

Voting rights at December 31, 2015: 1,530

Business address

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

Biography

In 1988, Sidonie Dumas began her career in motion pictures as an employee of Luc Besson. After working for Warner in Los Angeles in acquisitions and producing feature films for a time, she returned to Europe and joined Gaumont in 1991. To this day, she has continuously advanced within the company and developed a new talent policy. In July 2004, she was appointed Chairwoman of the Executive board of Gaumont, where she led a courageous policy of producing films in radically different genres including first films such as You *Are So Handsome* and *OSS* 117: *Cairo, Nest of Spies*.

Sidonie Dumas has been Chief Executive Officer of Gaumont since May 6, 2010 and has been developing the television production business in the United States alongside film to turn the company more towards the future and to gain more international stature.

From *OSS 117*, *Greed in the Sun*, *The Dinner Game*, *Boum*, *Knock on Wood*, *That Night in Varennes*, to *Nikita* and *The Big Blue*, Gaumont has always had a very strong heritage policy and systematically restores the films in its catalog, such as *Monsieur Gangster*, *Fantômas Delusions of Grandeur,* and many other masterpieces, which have enchanted millions of viewers across the world.

Continuing the eclectic artistic investment that is a hallmark of Gaumont, Sidonie Dumas has produced several movies which have exceeded a million viewers, such as A *Gang Story,* directed by Olivier Marchal, *The Conquest*, *Point Blank*, *Jo's Boy* and *The Roundup*, all these films were big box-office hits with theater audiences, and of course*, Untouchable,* which has alone brought together over 50,000,000 viewers worldwide, becoming not only Gaumont's biggest hit, but also becoming the 2nd largest French blockbuster smash of all time.

Family ties with another Board member

Daughter of Nicolas Seydoux, Chairman of the Board of directors, sister of Pénélope Seydoux and niece of Michel Seydoux, Board members.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member and Vice-Chairwoman** of the Board of directors since first appointed to the Board on May 6, 2010. Term of appointment ends at the General meeting called to approve the 2016 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 Gaumont Télévision SAS and Gaumont Animation SAS (since May 2015)
- **Chairwoman and Member of the Management committee** of Gaumont Pathé Archives SAS
- **Vice Chairwoman** of Gaumont Inc. (USA) and Gaumont Distribution Inc. (USA)
- **Sole Board member** of Gaumont TV Inc. (USA)
- **Board member and Chief Executive Officer** of Gaumont Television USA Llc. (USA)
- **Manager** of Gaumont Production Télévision SARL, Nouvelles Editions de Films SARL, Gaumont Musiques SARL, Editions la Marguerite SARL, Gaumont Production SARL, Prestations et Services SARL, Fideline Films SARL, Gaumont Animation Musique SARL
- **Director** of Gaumont Television Ltd (UK) (from November 2015)

Other functions and offices held outside the Group

- **Legal representative** of Gaumont, Board member of La Cinemathèque française (an association that aims at preserving and promoting French film archives)
- **Member of the board of Directors** of Banque Neuflize OBC SA
- **Board member** of the Forum des Images Association
- **Chairwoman** of the API (Association des producteurs indépendants) (since November 2015)

Functions and offices ceased within the last five years

- **Chairwoman of the Supervisory board** of Gaumont Animation SA (until May 2015)
- **Chairwoman and Chief Executive Officer** of Nouvelles Editions de Films SA (May to December 2012)
- **Chairwoman** of Alphanim Digital SAS (until December 2011), Léonis Productions SAS (until September 2012) and Fideline Films SAS (July to November 2013)
- **Legal representative** of Gaumont, Chairman of Gaumont Musiques SAS (until June 2012)
- **Manager** of Forest SCI (until November 2011) and Galaxy 7 SARL (until May 2012)

Thierry Dassault

Born on March 26, 1957

French national

Number of Gaumont SA shares held at December 31, 2015: 500

Voting rights at December 31, 2015: 1,000

Business address

9, rond-point des Champs-Elysées – Marcel Dassault

75008 Paris

France

Biography

After receiving a Baccalaureate in Economics and serving in the military at the Establishment of Communication and Audiovisual Production of Defense, Thierry Dassault was Head of Civil Equipment for Electronique Serge Dassault in Brazil from 1979 to 1981, then Chief Executive Officer of an alarm systems company from 1982 to 1984, Associate producer and Director of advertising and institutional films at Claude Delon Productions from 1985 to 1993.

From 1994 to 2006, he was Chairman of Dassault Multimédia, which acquired interests in Infogrames, Gemplus, Infonie, BFM, CdandCo, Net2one, Emme and Welcome Real-time. He also personally invested in Chapitre.com.

In 2004, he set up the company Keynectis (which became OpenTrust in September 2013), the leader in identity and digital transaction security, which he chairs.

At the end of 2006, Thierry Dassault created TDH, an investment structure in emerging technologies and niche sectors, which holds interests in Aquarelle, Bernardaud, Blablacar, Coravin, Halys, La Maison, L Capital, OpenTrust, Scarcell, Usmile, Wallix, YouScribe.com.

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

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

He is Chairman of the 58th National Session of the Institute of Higher National Defense Studies (IHEDN), Knight of the Legion of Honor and Colonel in the French Air Force Reserve.

Lastly, Thierry Dassault is Vice-Chairman of Fondation du Rein and a Member of the Board of directors of Serge Dassault Foundation and of Fondation pour la recherche sur Alzheimer (IFRAD, an Alzheimers Research Foundation).

Family ties with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2016 financial statements.

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Deputy CEO and Member of the Supervisory board** of Groupe Industriel Marcel Dassault SAS
- **Chairman and Member of the Board of directors** of OpenTrust SA (formerly Keynectis)
- **Board member** of Dassault Médias SA (formerly Socpresse), of Dassault Belgique Aviation SA (Brussels) and of Société du Figaro SAS
- **Member of the Supervisory board** of Particulier et Finances Editions SA
- **Permanent representative** of TDH SC on the Boards of directors of Halys SAS and of IF Research SAS (Wallix)

Functions and offices ceased within the last five years

- **Board member** of Bluwan SA (until January 2014)
- **Non-voting Board member** at Veolia Environnement SA (until March 2014)
- **Member of the Supervisory board** of Veolia Eau – Compagnie Générale des Eaux SCA (Until March 2014) and of Bluwan SA (until October 2015)

Antoine Gallimard

Born on April 19, 1947

French national

Number of Gaumont SA shares held at December 31, 2015: 400

Voting rights at December 31, 2015: 800

Business address

5, rue Sébastien Bottin

75007 Paris

France

Biography

Antoine Gallimard heads up the Madrigall group, which brings together the publishers Gallimard and Flammarion as well as their various subsidiaries. He was Chairman of the National Publishing Union (Syndicat national de l'édition) from 2010 to 2012, and actively participated in interprofessional discussions. He was therefore enlisted to defend retail bookstores, which includes, in particular, his report on the creation of a Reference Label of Approval for Independent Bookstores (Label pour la Librairie indépendante de référence, or LIR). Antoine Gallimard is an Officer of the Legion of Honor and an Officer of the National Order of Merit.

Family ties with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2016 financial statements.
- **Member of the Appointments and compensation committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Board member, Chairman and Chief Executive Officer** of Madrigall SA and Editions Gallimard SA
- **Board member** of Groupe Eyrolles SA and Flammarion SA
- **Board member and Chairman** of RCS Livres SAS
- **Permanent representative** of Editions Gallimard SA on the Board of POL Editeur SA and of Madrigall SA on the Boards of Editions de la Table Ronde SA and of Mercure de France SA
- **Member of the Supervisory board** of Electre SA and Sodefis SAS

Functions and offices ceased within the last five years

- **Board member** of Scérén and of BNF, public-sector organizations (until 2014)
- **Chairman** of Eden Livres SAS (until 2011)

Michel Seydoux

Born on September 11, 1947

French national

Number of Gaumont SA shares held at December 31, 2015: 580

Voting rights at December 31, 2015: 1,160

Business address

19, rue de la Trémoille

75008 Paris

France

Biography

Michel Seydoux began his career as assistant to the Chairman of the Central Organization for Camps and Youth Activities (OCCAJ) between 1968 and 1970. In 1971 he founded the company Caméra One, of which he is the Manager. Formerly Chairman of Air Littoral, he is now Chairman of the football club LOSC Lille and a Member of the Pathé Board of directors. He has produced or co-produced several films, and particularly: *F as in Fairbanks*, directed by Maurice Dugowson (1976), *Don Giovanni*, directed by Joseph Losey (1979), *Hotel de France*, directed by Patrice Chéreau (1987), *Cyrano de Bergerac*, directed by Jean-Paul Rappeneau (1990), *Urga*, directed by Nikita Mikhalkov (1991), *Prospero's Books*, directed by Peter Greenaway (1991), *Toxic Affair*, directed by Philomène Esposito (1993), *Smoking* and *No Smoking*, directed by Alain Resnais (1993), *Anna: from Six till Eighteen and Burnt by the Sun*, directed by Nikita Mikhalkov (1994), *Same Old Song*, directed by Alain Resnais (1997), *The Barber of Siberia*, directed by Nikita Mikhalov (1999), *Rene*, directed by Alain Cavalier (2002), *The Filmmaker*, directed by Alain Cavalier (2005), *Ambitious*, directed by Catherine Corsini (2006), *Leaving*, directed by Catherine Corsini (2008), *Irene*, directed by Alain Cavalier (2008), *Pater*, directed by Alain Cavalier (2011), *La danza de la realidad*, directed by Alejandro Jodorowsky (2013), *Le Paradis*, directed by Alain Cavalier (2014), *Le Caravage*, directed by Alain Cavalier (2015), *Le goût des merveilles*, directed by Eric Besnard (2015).

Family ties with another Board member

Brother of Nicolas Seydoux, Chairman of the Board of directors; uncle of Sidonie Dumas, Vice-Chairwoman of the Board of directors and Chief Executive Officer and uncle of Pénélope Seydoux, Board member.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2016 financial statements.
- **Member of the Appointments and compensation committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Chairman** of MSI SAS, Citadelle Invest SAS and of Les Cabrettes SAS
- **Chairman of the Board of directors** of LOSC Lille SA and of Socle SA
- **Board member** of the Groupement de Luchin GIE and of Financière Bon SA
- **Member of the Management board** of Pathé SAS
- **Member of the Management committee** of Gaya Rive Gauche SAS
- **Member of the Supervisory board** of Grand Lille TV SAS
- **Manager** of Camera One SARL, of JSI SC, of the Domaine de Luchin SC and of FMS SNC
- **Managing Partner** of Liberté 25 Citadelle SC

Functions and offices ceased within the last five years

- **Representative** of MSI SAS, Board member of Airport Communication SA (until June 2014) and Managing Partner of MSEB et Cie SNC (until December 2014)
- **Attorney** for the Société Navale Industrielle et de Plaisance SAS (until December 2013)
- **Member of the Supervisory board** of Foot Production SA (April 2011 to December 2012)
- **Chairman** of Les Cabrettes SAS (until November 2011 following the merger of Société Nouvelle Les Cabrettes to become Les Cabrettes SAS)
- **Manager** of the Groupement Forestier Les Cabrettes (until June 2011), of Société Nouvelle Les Cabrettes SC (June 2011 to November 2011) and of SEBI SC (until March 2011)
- **Member of the Management committee** of Lepapivore SAS (until February 2011)

Pénélope Seydoux

Born on May 25, 1966

French national

Number of Gaumont SA shares held at December 31, 2015: 530

Voting rights at December 31, 2015: 915

Business address

Chemin de Haute Brise 1A

1012 Lausanne

Switzerland

Family ties with another Board member

Daughter of Nicolas Seydoux, Chairman of the Board of directors' sister of Sidonie Dumas, Vice-Chairwoman of the Board of directors and Chief Executive Officer and niece of Michel Seydoux, Board member.

Independent member: no

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2016 financial statements.
- **Member of the Audit committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Manager** of La Fermière SARL (Switzerland)

Functions and offices ceased within the last five years

- **Board member** of UMA Food and Beverages SA (Switzerland) (until 2014)

Bertrand Siguier

Born on June 10, 1941

French national

Number of Gaumont SA shares held at December 31, 2015: 645

Voting rights at December 31, 2015: 1,095

Business address:

191, rue de l'Université

75007 Paris

France

Biography

Graduate of the Paris Institut d'Etudes Politiques (IEP) and Bachelor in law, Bertrand Siguier began his career as a financial analyst at Neuflize, Schlumberger, Mallet Bank (NSM), from 1967 to 1969. He joined Publicis-Conseil in 1970 as Head of Advertising, Head of Group (1971-1972) then Group Director (1973-1974). From 1975 to 1979 he was Deputy Director and International Coordinator of the Publicis-Intermarco-Farner Group. From 1980 to 1982, he was Chief Executive Officer of the Mc Cormick Publicis agency in London. From 1982 to 1988, he was Director of Publicis-Conseil. From 1988 to 2008, he was Vice-Chairman of Publicis FCB Communication, later Publicis Communication. From 1999 to 2008, he was a member of the Publicis Group's Executive board. Starting from 2008, he has been a Manager of Bertrand Siguier et Associés.

Family ties with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2016 financial statements.
- **Member of the Audit committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Manager** of Bertrand Siguier et Associés SARL
- **Chairman** of Indépendance Média SAS (since February 2015)
- **Board member** of Vivaki Performance SA (since June 2015)
- **Board member** of Saatchi & Saatchi Fallon Tokyo K.K. (Japan), of Beacon Communications K.K. (Japan), of Publicis Yorum (Turkey), of Publicis Bold (Turkey) and of Publicis Zone (Turkey)

Functions and offices ceased within the last five years

- **Chairman** of Buzz Advertising Network Group SAS (until 2013)
- **Board member** of Capital Advertising (India) (until 2012), of Hanmer MSL Communications (India) (until 2015) and of Saatchi & Saatchi (Korea) (until 2015)
- **Board member** of HM Editions (until 2011)

Marc Tessier

Born on July 21, 1946

French national

Number of Gaumont SA shares held at December 31, 2015: 494

Voting rights at December 31, 2015: 958

Business address

10, rue de l'Arche

92400 Courbevoie

France

Biography

Having studied at the Ecole Nationale d'Administration (ENA), Marc Tessier became Inspector of Finances in 1971, Seminar Director at the Paris Institut d'Etudes Politiques (IEP) from 1972 to 1974, then Mission Head at the Department for External Economic Relations (DREE) from 1976 to 1978. He became Deputy to the General director of energy and raw materials at the Ministry for Industry from 1978 to 1979 then Deputy Director of the Cabinet to André Giraud (Minister of Industry) from 1980 to 1981. In 1982 he joined the Havas advertising agency as Chief Financial Officer (1982-1983) before becoming Chief Executive Officer (1983-1987). At the same time, he was Chief Executive Officer of Canal+ from 1984 to 1986. From 1987 to 1989, he was Advisor to the Chairman of Canal+ and Chief Executive Officer of the Company for the Study and Exploitation of Satellite Television (SEETS), before becoming Chief Executive Officer of Canal+ International from 1989 to 1993, and then Chief Executive Officer and Head of development at Canal+ from 1993 to 1995. He worked as Chief Executive Officer of the National Center for Cinematography (CNC) from 1995 to 1999. Marc Tessier chaired the Audiovisual and Telecommunications Institute in Europe (IDATE) from 1998 to 2000. From 1999 to 2005, he was Chairman of France Télévisions then of France Télévisions group. In January 2006 he began work for the Netgem group where he was successively Chief Executive Officer of Netgem Média Services, Chief Executive Officer of Glowria and Chairman of Video Futur. He is also currently Chairman of the Forum des Images. Since July 2011, he has been Advisor to the Chairman of Video Futur.

Family ties with another Board member

None

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2016 financial statements.
- **Chairman of the Audit committee**

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

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

Functions and offices ceased within the last five years

- **Vice-Chairman** of Ensemble TV SAS (editorial company for the local channel IDF1)
- **Permanent representative** of J2H on the Board of directors of Netgem SA (until 2012) and of Netgem SA on the Board of directors of Mediaxim SA (Belgium)
- **Chairman** of Video Futur Entertainment Group SA (until July 2011), of Ensemble TV SAS and of Idate (until 2014)
- **Board member** of Editis, of Alternative Media Initiative (Canada), of Video Futur Entertainment Group SA (following the merger with Netgem SA at the end of 2013), and of Idate (until 2014)
- **Chief Executive Officer** of Netgem Media Services SA

Jean Todt

Born on February 25, 1946

French national

Number of Gaumont SA shares held at December 31, 2015: 500

Voting rights at December 31, 2015: 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 *(Fédération Internationale de l'Automobile)* since October 2009. In 2015, he was appointed Special Envoy of the United Nations Secretary General on road safety.

Family ties with another Board member

None

Independent member: yes

Functions and offices held in Gaumont SA

- **Board member** since first appointed in May 6, 2010. Term of appointment ends at the General meeting called to approve the 2016 financial statements.

Other functions and offices held in the Group

- None

Other functions and offices held outside the Group

- **Chairman** of the Fédération Internationale de l'Automobile (FIA) and eSafety Aware (FIA)
- **Chairman of the Board of directors** of the SUU Foundation
- **Vice-Chairman** of the ICM Foundation, of the Institut du Cerveau et de la Moelle Epinière
- **Member of the Board of directors** of the Lucien Barrière SAS Group, of Edmond de Rothschild SA, the Société des Amis du Musée d'Art Moderne de la Ville de Paris and of the International Peace Institute (IPI) (since 2015)
- **Member of the Board of Trustees** of the FIA Foundation for the Automobile and Society
- **Member of the Advisory board** of Sotheby's International

Functions and offices ceased within the last five years

- **Member of the Advisory board** of Hangar Bicocca (Italy) (until 2014)

Board member application to be submitted to the General meeting

Félicité Herzog was born on april 23, 1968. She is a French national and works as a senior banker and company administrator in Paris. She is also the author of two novels, “Un Héros” (at Editions Grasset, 2012) and “Gratis” (at Gallimard éditions, 2015). Félicité Herzog is a graduate of the Paris Institut d’études politiques (IEP, 1991) and has a MBA from INSEAD (June 2000).

In 1992, Félicité Herzog began her career at the investment banking Lazard Frères in Paris and went to New York from 1993. She then went on with her career in mergers and acquisitions at JP Morgan in London in 1996.

In 1997 she joined Apax Ventures & Co, an investment fund in London and implemented venture capital and LBO operations in the European media and telecommunication industry. After obtaining her MBA at the INSEAD in 2000, she became partner at Madison Dearborn Partners, a firm specialized in that same business.

From 2002 to 2006, Félicité Herzog was appointed Director of mergers and acquisitions of the Publicis group. From 2007 to 2013 she joined Areva. She was appointed Director of group development in 2007. In 2009 she became Deputy CEO of Technicatome, a subsidiary of Areva.

Since 2013, Félicité Herzog runs Apremont Conseil, a company specialized in strategy and mergers and acquisitions. She is also a Board member of Telecom Italia since 2015.

4 SHARE CAPITAL AND SHAREHOLDERS

Shareholders

Shareholders holding over 5% of voting rights and treasury shares

Change in shareholding

	12.31.15				12.31.14			
	Breakdown of capital		Breakdown of voting rights(1)		Breakdown of capital		Breakdown of voting rights(1)	
Shareholders	Number	%	Number	%	Number	%	Number	%
Ciné Par(2)	2,764,628	64.66	5,288,800	70.90	2,729,402	63.88	5,253,574	66.22
First Eagle Investment Management LLC (USA)	511,415	11.96	511,415	6.86	478,078	11.19	956,017	12.05
Bolloré	408,852	9.56	817,704	10.96	408,852	9.57	817,704	10.31
Groupe Industriel Marcel Dassault	232,670	5.44	465,340	6.24	232,670	5.45	465,340	5.87
Public	352,376	8.24	376,629	5.05	417,033	9.76	441,332	5.56
Shares held by Gaumont SA	6,017	0.14	-	-	6,495	0.15	-	-
TOTAL	**4,275,958**	**100.00**	**7,459,888**	**100.00**	**4,272,530**	**100.00**	**7,933,967**	**100.00**

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

To Gaumont's knowledge, no shareholder other than those mentioned in the above table held directly, indirectly or together more than 5% of the share capital or voting rights.

Gaumont is unable to estimate the exact number of its shareholders to date. At December 31, 2015, the number of registered shareholders was 88.

At December 31, 2015, as part of its liquidity contract, Gaumont held 6,017 treasury shares with a par value of €8, representing an investment of €306,863. These shares constituted 0.14% of the capital and carried no voting rights or dividend rights.

No controlled entity owns Gaumont shares.

Significant events that had an impact on shareholding structure during the last three years

On January 31, 2014, Ciné Par received double voting rights for 140,752 Gaumont shares registered in its name since January 2011, following the universal transfer of assets from Socipar to Ciné Par, which was carried out in September 2010.

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

On December 15, 2015, First Eagle Investment Management converted 478,050 of the Gaumont registered shares it held to bearer shares, which resulted in a loss of double voting rights to said shares and a decrease in the total number of Gaumont voting rights.

Breaching of shareholding thresholds

In letters dated May 2, 2014, First Eagle Investment Management disclosed to the AMF and to Gaumont that the shareholding threshold of 10% of Gaumont voting rights had been exceeded resulting from the grant of double voting right to its 478,050 registered Gaumont shares pursuant to law No. 2014-384 dated March 29, 2014 *(Loi Florange)*, amending article L. 225-123 of the French Commercial code. First Eagle Investment Management sent a statement of intent to Gaumont and to the AMF in these same letters.

First Eagle Investment Management disclosed to the AMF and to Gaumont that it fell below the legal threshold of 10% of Gaumont voting rights on December 15, 2015 following the loss of double voting rights attached to its 478,050 registered Gaumont shares after converting said shares to bearer shares.

In letters dated January 13, 2016, Ciné Par disclosed to the AMF and to Gaumont that it exceeded the legal threshold of 2/3 of Gaumont voting rights following the decrease in total number of Gaumont voting rights as declared by the company on January 12, 2016.

This information was made public by the AMF.

Trading in the company's own shares

To ensure the Gaumont share continues to be liquidly traded and regularly quoted on the market, the Group has a counterparty account with broker Exane BNP Paribas under a liquidity contract, drawn up in compliance with the AMAFI Code of conduct and signed on July 1, 2010, for tacitly renewable periods of one year.

The initial contributions of k€300 were supplemented by an additional k€100 in November 2010.

At December 31, 2015, resources allocated to this contract included 6,017 treasury shares and €92,468.32 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:

	2015	2014
Number of shares purchased	16,819	9,947
Average purchase price	€46.16	€39.09
Number of shares sold	17,297	10,323
Average sale price	€41.68	€38.45
Trading fees	-	-
Number of shares held on December 31	6,017	6,495
Value of shares held on December 31	€306,863	€251,549
Percentage of capital held on December 31	0.14%	0.15%
Par value of shares	€8	€8

Employee and executive shareholding in the company

Executive shareholders

To Gaumont's knowledge, the Board members together directly held 5,340 shares, representing 0.12% of the Company's share capital and 0.13% of the Company's voting rights as of December 31, 2015.

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

None.

Employee shareholders

To Gaumont's knowledge, two of its employees together held 28 shares on December 31, 2015.

To Gaumont's knowledge, there was no savings plan or fund invested in the company's shares for the benefit of its current or former employees.

Dividend policy

The distribution policy in relation to future dividends is based on various criteria, in particular, the company's investment requirement, its financial position and market practices.

Unclaimed dividends are forfeited five years after they become payable, as provided by article 2224 of the French Civil code *(Code civil)*. Such unpaid dividends are paid to the French Treasury, pursuant to article L. 1126-1 of the French State Property code *(Code général de la propriété des personnes publiques)*.

Gaumont paid out the following dividends for the last five years:

Year	Number of shares paid(1)	Dividends paid for the fiscal year *(in euros)*		
		Net	Tax credit	Total
2010	4,265,797	0.30	-	0.30
2011	4,266,772	1.30	-	1.30
2012	4,265,835	1.00	-	1.00
2013	4,266,045	1.00	-	1.00
2014	4,267,078	1.00	-	1.00

(1) Excluding treasury shares at payment date.

Factors likely to have an impact in the event of a public offering

Reference shareholders

Gaumont's reference shareholder is Ciné Par, a company controlled by Mr. Nicolas Seydoux, which held 65.66% of the capital and 70.90% of the voting rights as of December 31, 2015.

The presence of independent members on the company's Board of directors (five out of ten members on the Board) and the fact that certain decisions are submitted to the Board of directors for prior approval, aim to ensure that the control of the company is properly exerted and not abused. In particular, the Board's prior approval is required for certain transactions carried out by Executive management.

Shareholders' agreements

To Gaumont's knowledge, there is no agreement between shareholders (in particular between officers) that could limit the transfer of shares and the exercise of voting rights.

Lock-up agreement

On April 2, 2014, Mr Nicolas Seydoux, Mrs Anne-Marie Seydoux, Mrs Pénélope Seydoux, Mrs Sidonie Dumas, and the company Ciné Par renewed the collective lock-up agreement signed on February 4, 2004, and subsequently renewed on March 17, 2008, for the 2,700,004 Gaumont shares held by them, representing 63.14% of the company's share capital and 70.03% of its voting rights at December 31, 2015.

As of December 31, 2015, the features of the lock-up agreement are as follows:

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

To the company's knowledge, there is no other provision that could delay, defer or prevent a change in its control.

Pledging of shares

To Gaumont's knowledge, there have been no Gaumont shares pledged as collateral as of December 31, 2015.

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, material agreements that are amended or that end in the event of change of control of the company, are as follows:

- a financial investment agreement with the *Caisse des dépôts et consignations* for the restoration and digitization of titles in its catalog signed on July 6, 2012;
- a revolving credit facility dated November 5, 2014, for a maximum amount of k€80,000;
- a bond for a total of k€60,000, maturing on November 14, 2021 and November 14, 2024.

Information on share capital

Changes in Gaumont SA's share capital

As of December 31, 2015, Gaumont's share capital came to €34,207,664 divided in 4,275,958 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 7,459,888 voting rights attached to shares, including 3,183,930 shares with double voting rights.

Gaumont had not issued any securities other than equity securities.

Except for the exercise of stock options described in the Board of directors' special report, no event has impacted the company's capital over the last three years.

Potential capital

At December 31, 2015, 153,258 shares could potentially be issued upon the exercise of stock options granted to employees of Gaumont and other affiliated companies.

Out of the 153,258 exercisable options, 22,254 received an exercise price lower than the average listing price for the period and showed a dilutive effect of 1,340 shares as of December 31, 2015.

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

	2015	2014[1]
Average number of shares	4,272,994	4,272,530
Consolidated net income attributable to owners of the parent *(in thousands of euros)*	17,817	18,274
Net income per share *(in euros)*	**4.17**	**4.28**
Dilutive effect of stock options	1,340	-
Average potential number of shares	4,274,334	4,272,530
Diluted net income per share *(in euros)*	**4.17**	**4.28**
Percentage of dilution *(in %)*	0.03	-

(1) 2014 income included impacts of the retroactive application of the IFRIC 21 interpretation on accounting for levies.

History of stock option plans

Since December 1987, Gaumont has set up eight stock option plans for some of its employees, and in particular its executives, except for the Chairman of the Board of directors who does not receive any plan.

In accordance with the legal provisions for the protection of all employees' rights, the offer price and number of shares still to be subscribed were adjusted pursuant to article R. 228-91 of the French Commercial code. These adjustments are made following dividend distributions.

In accordance with the provisions of article L. 225-184 of the French Commercial code, information on the options granted and exercised in 2015 concerning corporate officers, as well as ten non-executive employees, can be found in the special report submitted by the Board of directors to the General meeting.

Stock option plans outstanding at the end of the period

Table 8 of the AMF recommendation No. 2014-14

Plans I and II expired December 2, 2002 and December 22, 2003, respectively.

All options granted under the plans III and IV were exercised.

Plans V to VIII were still outstanding as of December 31, 2015. They have the following characteristics:

	Plan V	Plan VI	Plan VII	Plan VIII
Date of General meeting	06.02.94	04.25.96	04.30.98	04.29.04
Grant date	02.15.96[(1)]	03.12.98[(1)]	04.09.02[(1)]	02.28.05[(2)]
Type of option	Subscription	Subscription	Subscription	Subscription
Starting date of exercise of options	02.15.01	03.12.03	04.09.06	02.28.09
Expiry date	02.14.46	03.11.48	04.08.46	02.27.49
Exercise price *(in euros)*	€50.31	€64.03	€48.00	€64.00
Adjusted exercise price *(in euros)*	€44.14	€56.17	€42.11	€56.26
Total number of options granted	104,000	168,000	165,000	196,750
Total adjusted number of options granted	118,689	191,736	188,527	224,653
Aggregate number of options canceled at 12.31.2015	46,792	99,333	124,228	101,648
Aggregate number of options exercised at 12.31.2015	67,442	82,120	46,500	2,284
NUMBER OF OPTIONS OUTSTANDING AS OF DECEMBER 31, 2015	**4,455**	**10,283**	**17,799**	**120,721**
Including number of options that corporate officers may subscribe to				
• Sidonie Dumas	1,142	2,284	3,425	34,195
Including the number that may be subscribed to by the top ten employees with the highest number of options granted[(3)]	3,313	7,999	10,026	64,469

(1) Board of directors.
(2) Executive board.
(3) When more than ten employees are concerned in equal terms, the number specified takes account of all concerned parties (including individuals who left the company).

Number of options held by top ten employees of the company granted the largest number of options

Table 9 of the AMF recommendation No. 2014-14

During 2015, no share purchase or subscription options were granted to employees of Gaumont SA or any of its subsidiaries.

No options were exercised by these employees during the period.

Authorizations granted by the General meeting to the Board of directors with respect to capital transactions

	Current authorizations				Authorizations to be submitted to the GM on May 3, 2016		
	GM date (Resolution No.)	Term (expiry date)	Maximum amount or maximum ceiling	Use of the authorization in 2015	Resolution No.	Term	Maximum ceiling
INCREASE IN SHARE CAPITAL[(1)]							
By issuing shares, securities or marketable securities with shareholder pre-emption rights	05.05.15 (8)	26 months (07.04.17)	k€15,000	Not used			
By capitalization of reserves, profits or premiums	05.05.15 (9)	26 months (07.04.17)	k€15,000	Not used			
Reserved to employees of the Group, members of the company Savings Plan	05.05.15 (10)	26 months (07.04.17)	200,000 shares	Not used			
COMPANY'S PURCHASE OF ITS OWN SHARES							
Company's purchase of its own shares[(2)]	05.05.15 (5)	18 months (11.04.16)	k€17,090	Used	(5)	18 months	k€17,103
Reduction of share capital by cancellation of treasury shares	05.05.15 (6)	18 months (11.04.16)	10% of capital on the date of the GM	Not used	(7)	18 months	10% of capital on the date of the GM
STOCK OPTION PLANS							
Grant of share subscription and/or purchase options[(3)]	05.05.15 (7)	38 months (07.04.18)	Legal limit[(4)]	Used			

(1) Share capital capped at a total nominal amount of k€15,000.
(2) Within the limit of 5% of the number of shares in the company's capital at the time of purchase.
(3) In favor of employees and corporate officers of the company and/or those affiliated to it.
(4) Article L. 225-182 and R. 225-143 of the French Commercial code: the total amount of options granted and not exercised may not exceed one third of the share capital.

5 ADDITIONAL INFORMATION

2016 financial disclosure timetable

Publication of the financial statements

March 10: 2015 full-year results

July 28: 2016 half-year results

General meeting of shareholders

May 3: Combined Ordinary and Extraordinary General meeting called to approve the financial statements for the year ended December 31, 2015

Persons responsible for information

Person responsible for the Registration document

Sidonie Dumas

Chief Executive Officer

Certificate

After taking all reasonable measures to this effect, I certify that, to the best of my knowledge, the information contained in this Registration document is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of Gaumont and all entities included in the consolidated group, and that the management report provides a true and fair view of the business trends, results and financial position of the company and all entities included in the consolidated group, together with a description of the main risks and uncertainties that they face.

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 11, 2016

Sidonie Dumas

Chief Executive Officer

Persons responsible for auditing

Acting statutory auditors

Advolis

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

Ernst & Young et Autres

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

Alternate statutory auditors

Damien Bourg

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

Auditex

- Member of the Compagnie régionale de Versailles
- Address: 1-2, place des Saisons 92400 Courbevoie – Paris-La Défense 1
- First appointment: General meeting of May 3, 2011, taking over from Dominique Thouvenin

The terms of all statutory auditors will expire after the General meeting called to approve the financial statements for the year ended December 31, 2016.

Person responsible for financial information

Fabrice Batieau

Chief Financial Officer

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Gaumont
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