YMAGIS SA

A French limited company (*société anonyme)* with a capital of €1,786,267.75
106-108, rue La Boétie - 75008 PARIS
Paris Trade and Companies Registry no. B 499 619 864

Annual Report

for the year ended December 31, 2013

(Articles L. 451-1-2 of the French Monetary and Financial Code & 222-3 et seq. of the AMF's General Regulation)

This Annual Report relates to the 12-month financial year ended December 31, 2013. It was drawn up in accordance with Articles L.451-1-2 of the French Monetary and Financial Code and 222-3 et seq. of the AMF's General Regulation.

The Report was disseminated in accordance with Article 221-3 of the AMF's General Regulation and is available from our corporate website, www.ymagis.com.

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I. Attestation by the person responsible for the Annual Report

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets and liabilities, cash flows and results of the Company and of all the entities within the scope of consolidation, and that the enclosed report on operations provides a true and fair view of changes in the business, results and financial position of the Company and of all the entities within the scope of consolidation, as well as a description of the main risks and uncertainties they face.

April 8, 2014

Jean Mizrahi
Chairman and Chief Executive Officer

II. Separate financial statements of YMAGIS SA & related report from the statutory auditors

ASSETS

In € thousand	Notes	Gross	Depr/Amor/Prov	Net	Net
			12/31/13		12/31/12
NON-CURRENT ASSETS					
Start-up costs		-	-	-	-
Research and development		-	-	-	-
Concessions, patents, trademarks, software and similar rights	2.1	661	-527	134	147
Goodwill		-	-	-	-
Other non-current intangible assets	2.1	343	-89	255	2
Concessions, patents, trademarks, software and similar rights		-	-	-	-
Land		-	-	-	-
Buildings		-	-	-	-
Technical facilities, equipment and tools	2.1	248	-114	134	113
Other property, plant and equipment	2.1	3 026	-1 252	1 774	1 752
Assets under construction	2.1	10	-	10	-
Advances and payments on account		-	-	-	-
Equity-accounted investments		-	-	-	-
Other equity investments	2.2	3 257	-	3 257	514
Receivables associated with equity investments		-	-	-	-
Other non-current securities	2.2	220	-2	218	-
Loans		-	-	-	-
Other non-current financial assets	2.2	460	-	460	341
TOTAL I		**8 226**	**-1 983**	**6 243**	**2 869**
CURRENT ASSETS					
Raw materials, supplies		-	-	-	-
Work in progress: assets		-	-	-	-
Work in progress: services		-	-	-	-
Semi-finished and finished products		-	-	-	-
Goods for resale		-	-	-	1 138
Order advances and payments on account		65	0	65	2
Trade receivables and related accounts	2.4	15 185	-357	14 828	12 209
Other receivables	2.4	131	-	131	-
. Employees	2.4	1	-	1	71
. Social security organizations	2.4	1	-	1	-
. Government, income tax	2.4	705	-	705	91
. Rat, levies on revenues	2.4	1 948	-	1 948	1 640
. Others	2.4	7 919	-482	7 437	1 871
Subscribed and called-for capital, unpaid		-	-	-	-
Marketable investment securities		29	-	29	29
Money market instruments		1 250	-	1 250	-
Available cash		2 750	-	2 750	3 287
Prepaid expenses	2.4	1 583	-	1 583	1 576
TOTAL II		**31 566**	**-839**	**30 727**	**21 915**
TOTAL ASSETS		**39 792**	**-2 822**	**36 970**	**24 784**

LIABILITIES

In € thousand	Notes	12/31/13	12/31/12
EQUITY			
Capital (of which paid in:)	2.9.1	1 624	986
Issue, merger, contribution premiums		15 148	2 914
Revaluation differences		-	-
Legal reserve		162	-
Statutory or contractual reserves		-	-
Regulatory reserves		-	-
Other reserves		-	
Retained earnings		-921	-1 876
Profit for the year		2 732	956
Investment grants		-	-
Regulatory provisions		4	4
TOTAL(I)	2.9.2	**18 750**	**2 983**
Income from issuing equity securities		-	-
Conditional advances		-	-
TOTAL(II)			**-**
PROVISIONS FOR RISKS AND CHARGES			
Provisions for risks	2.3	49	49
Provisions for charges		-	-
TOTAL (III)		**49**	**49**
BORROWINGS AND DEBT			
Convertible bonds		-	4 894
Other bonds		-	-
Bank borrowings and debt			
Borrowings		3 210	1 813
Bank overdrafts and credit		23	23
Miscellaneous borrowings and financial debt			
Miscellaneous		402	386
Shareholders		-	-
Advances and payments on account received for current orders		-	-
Trade payables and related accounts		7 174	9 879
Tax and social security payables			
Employees		427	499
Social security organizations		447	411
Government, income tax		61	33
Government, levies on revenue		2 056	1 522
Government, guaranteed bonds		-	-
Other taxes and levies		64	41
Payables on non-current assets and related accounts		517	313
Other debt		2 742	938
Money market instruments		-	-
Deferred income	2.8	1 048	999
TOTAL (IV)	2.4	**18 171**	**21 752**
Unrealized foreign-exchange losses		-	-
TOTAL LIABILITES		**36 970**	**24 784**

INCOME STATEMENT

In € thousand	Notes	12/31/13	12/31/12
Sales of merchandise		2 302	184
Sales of goods		-	-
Sales of services		33 540	28 432
Net revenue	2.11	**35 842**	**28 616**
Stored production		-	-
Capitalized production		-	-
Operating grants		36	-
Reversals to depreciation and amortization charges and provisions,		88	477
Other income		4	0
Total operating income		**35 970**	**29 093**
Purchase of merchandise (including customs duties)		1 138	262
Change in inventories (merchandise)			94
Purchase of raw materials and other supplies			1 138
Change in inventories (raw materials and other supplies)		1 138	-1 138
Other purchases and external charges		24 257	21 894
Taxes and levies		563	342
Salaries and wages		2 984	2 925
Social security expense		1 230	1 157
Depreciation and amortization charges for non-current assets	2.1	968	622
Allocations to provisions for non-current assets		-	-
Allocations to provisions for current assets		493	354
Allocations to provisions for risks and charges		-	-
Other expense		48	52
Total operating expense		**32 819**	**27 702**
NET OPERATING INCOME		**3 151**	**1 391**
Share of result of joint transactions		-	-
Profit allocated or loss transferred (III)		-	-
Loss incurred or profit transferred (IV)		-	-
Financial income from equity investments		-	-
Income from other marketable securities and receivables		-	-
Other interest and similar income		275	0
Reversals to provisions and transfer of expense		28	-
Foreign-exchange gains		0	0
Net income from disposal of marketable investment securities		-	-
Total financial income		**303**	**0**
Amortization charges and provisions		3	27
Interest and similar expense		441	327
Foreign-exchange losses		2	0
Net expense on disposal of marketable investment securities		-	-
Total financial expense		**446**	**354**
NET FINANCIAL INCOME/(EXPENSE)		**-143**	**-354**
PROFIT BEFORE TAX		**3 008**	**1 037**
Non-recurring income on operating transactions		2	5
Non-recurring income on equity transactions		720	271
Reversals to provisions and transfer of expense		1	10
Total non-recurring income		**723**	**286**
Non-recurring expense on operating transactions		16	2
Non-recurring expense on equity transactions		682	268
Non-recurring depreciation and amortization charges and provisions		1	50
Total non-recurring expense		**699**	**319**
NET NON-RECURRING INCOME/(EXPENSE)		**24**	**-33**
Employee profit-sharing	2.10	-5	72
Income tax	2.12	305	-24
Total income		**36 996**	**29 379**
Total expense		**34 264**	**28 424**
NET PROFIT		**2 732**	**956**

YMAGIS SA
Notes to the financial statements as at December 31, 2013

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The total of the balance sheet before appropriation of earnings for the year ended December 31, 2013 is €36,969,802.53. The income statement for the year shows a profit of €2,731,709.33.

The financial year ran from January 1, 2013 to December 31, 2013. The previous financial year ran from January 1, 2012 to December 31, 2012.

The following notes and tables form an integral part of the separate financial statements.

1 - ACCOUNTING RULES AND METHODS AND EVENTS DURING THE YEAR

1.1 - ACCOUNTING RULES AND METHODS

General accounting conventions were applied in compliance with the principle of prudence, in accordance with the following basic assumptions:

- going concern;
- continuity of accounting methods;
- independence of financial years;

and in compliance with the general rules for drawing up and presenting the separate financial statements.

The basic method used to measure the accounting items is the historical-cost method.

The measurement and presentation methods used for this year's separate financial statements are unchanged from the previous year. Moreover, during the year the Company made no changes to estimates, accounting methods or corrections of errors.

1.1.1 – Property, plant and equipment and non-current intangible assets

Non-current intangible assets are amortized on a straight-line basis in accordance with their estimated life.

- Software: 1 to 5 years, straight-line method (S)

Property, plant and equipment are valued at their acquisition cost (purchase price plus incidental costs, excluding asset acquisition charges).

Depreciation is calculated on a straight-line basis in accordance with the assets' estimated useful lives. The depreciation periods and methods generally used are as follows:

- Tools and equipment: 3 to 10 years (S)
- Fixtures, fittings and improvements: 5 to 10 years (S)
- Transportation equipment: 3 to 5 years (S)
- Office and IT equipment: 3 to 5 years (S)
- Furniture: 5 to 10 years (S)

1.1.2 – Equity securities

The gross value of equity securities is recorded on the statement of financial position at their acquisition cost.

Provisions are made when the securities' value in use drops below their carrying amount.

Where there are signs of impairment, the value in use is estimated using multicriteria methods featuring discounted future cash flows, comparables, prospects and the share of net equity.

1.1.3 – Non-current financial assets and transferable securities

The gross value is the purchase price less incidental costs. When the book value drops below the gross value, the asset is amortized by the difference.

1.1.4 - Inventories

Inventories are measured using the 'last known purchase price' method. The gross value of goods for resale and supplies comprises the purchase price and incidental expenses.

An inventory impairment provision equal to the difference between the gross value determined in accordance with the procedures detailed above and the price on the day or the realizable value less proportional costs to sell is recognized when said gross value exceeds the realizable value less proportional costs to sell.

As at December 31, 2012, inventories amounted to €1,138,175 and comprised projection equipment. The Company had no more inventories as at December 31, 2013.

1.1.5 – Trade and other receivables

Receivables are recognized at nominal value. They are measured individually, and an impairment provision is set up in accordance with the estimated risk of non-recovery, taking into account the seniority of the receivable in question and the quality of the debtor.

1.1.6 – Provisions for risks and charges

Provisions for risks and charges are established to cover probable payments to third parties, without a return for the Company. They are estimated taking into consideration the most likely scenarios as at the account preparation date.

1.1.7 – Convertible bonds

As a reminder, the convertible bonds totaling €4,894,014 as at December 31, 2012, including capitalized interest, comprised the following:

- a bond with a nominal value of €130,004 divided into 18,573 bonds convertible into F-category shares, held by Ymagis Holdings (OC Holding);
- a bond with a nominal value of €2,600,010 divided into 371,430 bonds convertible into P2-category preference shares, held by investment funds OTC AM and Odyssée Venture, long-standing shareholders of the Company (OCP2); and
- capitalized interest on these two bonds totaling €2,164,000.

As described in more detail in sections 1.2, 2.9.1 and 2.9.2 below, the two bonds were fully converted into shares before the Company's IPO in April 2013, and the corresponding capitalized interest was paid.

1.1.8 – Recognition of revenue

VPF income is recognized under revenue when a feature-length film or any other content is screened using equipment contracted with YMAGIS, regardless of the financing method used (Third-Party Collector Model or Third-Party Investor Model[1]). A VPF is payable for each new film or content screened on equipment under contract, regardless of the number of screenings. The VPF amount received depends essentially on the number of new films projected on screens under contract with YMAGIS.

Most of the VPF agreements signed with film distributors provide for the cessation of payments once the financial costs of the VPF model have been recouped. Cost recoupment is achieved when the sum of the VPF received, plus exhibitors' contributions, where applicable (in the Third-Party Investor Model), is equal to total expenditure, including the equipment purchase cost, financing costs, overhead expenses and a contractually agreed margin. At present, the Company is unable to give a precise estimate as to how long cost recoupment might take or how likely it is to be achieved.

VPF payable by content providers not under contract with YMAGIS ("**Free Riders**") are charged at the public rate. When YMAGIS signs a contractual agreement with a Free Rider, if the terms of the deal differ from the public rate, credit notes are recognized, where applicable.

The shares billed to exhibitors under the Third-Party Investor Model are recognized in revenue and spread over the lifetime of the underlying leases.

[1] Exhibitors are offered two methods of financing for digital projection equipment enabling YMAGIS to receive a VPF: (i) the Third-Party Collector Model, whereby the exhibitor finances its own equipment and bills YMAGIS for a contribution that the Company recognizes under external charges; and (ii) the Third-Party Investor Model, whereby YMAGIS generally finances the digital equipment through lease agreements with financial institutions. In the latter case, YMAGIS bills the exhibitor for its share in the financing of the equipment, with the amount received recognized under revenue.

The collection of VPF is subject to contractual limits and, in France, legal restrictions also apply:

- a maximum of 10 years starting from the average deployment date by multiplex; in France, pursuant to Law 2010-1140 of September 30, 2010, this period expires when the agreed equipment cost has been covered, and no later than December 31, 2021.
- As of the specific cost recoupment date for each supplier, the agreements that the Company has signed with each of these suppliers will result in a gradual reduction in monies collected by the Company from the suppliers of the overall content. This is because VPFs are not collected from the suppliers in question after the relevant cost recoupment date. Only once this stage is fully complete will the Company be able to estimate (and make provisions for, if required), in the case of VPF screens deployed under the Third-Party Investor Model, the difference between the outstanding exhibitor share contributions and VPFs on one hand and the outstanding lease payments due to the banks on the other, and in the case of screens deployed under the Third-Party Collector Model, the difference between the outstanding VPFs and the contributions due from the Company to the exhibitors in question.

1.1.9 – R&D costs

Research and development costs that do not meet the criteria for capitalization are recognized in operating expense. In this regard, it should be remembered that the Company has capitalized no R&D expense over the last two years.

1.1.10 – Recognition and presentation of tax credits

The 2013 CICE (tax credit for encouraging competitiveness and employment) was recognized by deducting €41,884 from employee expenses.

The CIR (research tax credit), which is recognized as a deduction from tax expense, totaled €167,776 in 2013, of which €107,776 related to 2013 and €60,000 to a conservative income estimate in 2012.

1.1.11 – Extraordinary income

Extraordinary income comprises elements that are not part of the Company's day-to-day operations.

1.2 - EVENTS DURING THE YEAR

The Company was changed from a simplified joint-stock company (*société par actions simplifiée*) to a French limited company (*société anonyme)* at the Extraordinary General meeting on March 25, 2013, which also resolved upon a four-for-one stock split.

The following events took place in the year ended December 31, 2013:

Shares of YMAGIS SA were listed on compartment C of the NYSE Euronext in Paris on April 30, 2013.

Upon the flotation, 1,512,667 new shares, i.e. 23.3% of the capital following the capital increase, were created at a unit price of €7.65, representing a total capital increase of €11,571,903. The Company's equity was therefore boosted by €10.3 million after post-tax expenses associated with the capital increase were charged to the issue premium in the amount of €1.3 million. This increase in its equity capital gives the Company the means to pursue its ambition of becoming Europe's leading provider of digital technology to movie theaters and to film producers and distributors, enabling it to carry out targeted acquisitions of firms in its sector and/or to strengthen its sales and R&D teams.

Parallel to the IPO, the €2,730 thousand bond described in paragraph 1.1.7 above was converted into shares of the Company, resulting in the creation of 1,039,992 shares in light of the aforementioned four-for-one stock split. The Company's equity was therefore increased by an identical amount, i.e. €260 thousand in capital and €2,470 thousand in conversion premium.

At the end of November 2013, YMAGIS SA and SmartJog, a subsidiary of TDF, set up a joint venture into which, on November 30, 2013, the two partners spun off their activities for duplicating and distributing to cinemas in Europe digital copies of feature-length films and trailers and commercials. YMAGIS SA is the controlling shareholder in this subsidiary known as SmartJog Ymagis Logistics ("**SYL**"), with a 60% stake as at December 31, 2013, of which 50% resulted from the contribution of its business unit and 10% was was acquired from SmartJog for €2.5 million. The remaining 40% is owned by the TDF Group.

The contributions made by YMAGIS SA to SmartJog Ymagis Logistics on November concern the following items:

In € thousand	Gross	Dep/Amor/Prov	Net
Property, plant and equipment	609	400	208
Non-current intangible assets	41	41	-
Trade receivables	974	-	974
VAT receivables	47	-	47
Total assets spun off	**1 670**	**441**	**1 229**

In € thousand	Gross	Dep/Amor/Prov	Net
Trade payables	307	-	307
Tax payables	160	-	160
Social security payables	38	-	38
Bank debt	509	-	509
Total liabilities spun off	**1 013**	**0**	**1 013**

Net assets spun off	**657**	**441**	**216**

2 - NOTES TO THE STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

2.1 - Property, plant and equipment and non-current intangible assets (gross value and depreciation/amortization)

The main changes in gross value during the year are as follows:

Gross value - *In € thousand*	12/31/12	Increase	Decrease	12/31/13
Non-current intangible assets	**589**	**449**	**34**	**1 004**
Technical facilities, industrial tools and equipment	203	48	3	248
Other facilities, fixtures and fittings	280	270	90	460
Transport equipment	11	4	-	15
Office and IT equipment and furniture	1 350	1 070	930	1 490
Specialized audio and video equipment	1 023	90	52	1 060
Sub-total of other property, plant and equipment	**2 664**	**1 434**	**1 072**	**3 026**
Property, plant and equipment under construction	-	10	-	10
Property, plant and equipment	**2 868**	**1 492**	**1 075**	**3 284**
Total	**3 456**	**1 941**	**1 109**	**4 289**

- **Non-current intangible assets:** the €416 thousand net increase in this item relates mainly to co-production rights acquired for the film *Sur le chemin de l'école*, winner of the César award for Best Documentary for 2013 (€339 thousand), as well as to various software for the post-production laboratory.

- **Property, plant and equipment:** the €417 thousand net increase in this item relates to investments in the Rue de la Boétie digital laboratory (€180 thousand), the acquisition of IT equipment for the registered office and specialized equipment for the digital laboratory (€616 thousand), the purchase of hard drives during the period, capitalized and depreciated over

12 months (€199 thousand), and the acquisition of furniture (€52 thousand). The decrease in the item resulted primarily from the spin-off to SYL (see section 1.2, "Events during the year"), representing a gross value of €630 thousand.

Changes in amortization and depreciation between December 31, 2012 and December 31, 2013 are shown in the table below:

		Changes during the year		
Depreciation and amortization - *In € thousand*	**Start of year**	**Allocations during the year**	**Withdrawals and reversals**	**End of year**
Start-up and research costs	-	-	-	-
Other non-current intangible assets	439	180	4	616
Sub-total of non-current intangible assets	**439**	**180**	**4**	**616**
Land	-	-	-	-
Construction on own land	-	-	-	-
Construction on third-party land	-	-	-	-
General facilities, fixtures and fittings and constructions	-	-	-	-
Technical facilities, industrial tools and equipment	90	24	0	114
General facilities, miscellaneous fixtures and fittings	132	309	363	78
Transport equipment	4	4	-	8
Office and IT equipment and furniture	636	283	59	860
Specialized audio and video equipment	139	168	3	305
Sub-total of other property, plant and equipment	**912**	**764**	**425**	**1 252**
Total property, plant and equipment	**1 003**	**788**	**425**	**1 366**
Overall total	**1 442**	**968**	**429**	**1 981**

2.2 - Non-current financial assets

Changes in the gross value of non-current financial assets during the year are as follows:

In € thousand	12/31/12	Increase	Decrease	12/31/13
Other equity investments	541	2 716	0	3 257
Other non-current securities	-	220	-	220
Other non-current financial assets	341	808	689	460
Total Non-current financial assets	**882**	**3 744**	**689**	**3 937**

The increase in equity securities concerns SmartJog Ymagis Logistics, with €216 thousand relating to the transfer of the business unit and €2,500 thousand to the simultaneous purchase of a 10% stake from the TDF group, as described in section 1.2 above.

Details on the equity securities and the changes thereto during the year are shown in the following table:

In € thousand	Start of year	Increase	Decrease	End of year
3Delux SAS	26	-	-	26
Y.E.S SAS	424	-	-	424
Ymagis UGC Italie SARL	1	-	-	1
Ymagis UGC France SARL	1	-	-	1
Ymagis UGC Espagne SARL	1	-	-	1
Ymagis UGC Belgique SARL	1	-	-	1
Smartjog Ymagis Logistics SAS	-	2 716	-	2 716
Ymagis Deutschland GMBH	13	-	-	13
Ymagis Systemhaus GMBH	25	-	-	25
Ymagis Spain SLU	50	-	-	50
Total other equity investments	**541**	**2 716**	**0**	**3 257**

The increase in the item "Other long-term investments" represents the recognition at the December 31, 2013 closing price, i.e. €7.26, of the 30,359 YMAGIS shares held by the Company as at said date as part of the liquidity agreement entered into with the bank ODDO upon the IPO of YMAGIS.

The net increase in "Other non-current financial assets" relates mainly to:

- the change in security deposits on certain factoring lines (-€144 thousand);
- liquidity managed by the bank ODDO as part of the aforementioned agreement (€190 thousand).

2.3 - Provisions

Provisions as at December 31, 2013 and their changes during the year are as follows:

In € thousand	12/31/12	Allocations	Reversals	12/31/13
Exceptional depreciation and amortization	4	1	1	4
Total regulatory provisions	**4**	**1**	**1**	**4**
Other provisions	49	-	-	49
Total other provisions	**49**	-	-	**49**
Total provisions	**53**	**1**	**1**	**53**
Equity securities	27	0	27	-
Non-current financial assets	-	2	-	2
Customer accounts	149	216	8	357
Other amortization (current accounts)	205	277	-	482
Total amortization	**381**	**495**	**35**	**841**
Overall total	**434**	**496**	**36**	**894**

The major allocations to provisions and amortization during the year relate to:

- doubtful trade receivables (€216 thousand);
- current accounts with some of the Company's subsidiaries pertaining to the negative net position of the companies in question (€277 thousand).

Of the reversal to provisions for the impairment of equity securities, €26 thousand relates to our subsidiary 3Delux in light of its improved results in 2013.

2.4 - Maturity of receivables and payables

The maturities of receivables and payables as at December 31, 2013 is as follows:

Statement of receivables - *In € thousand*	Gross amount	Due in less than one year	Due in more than one year
Receivables related to equity investments	-	-	-
Loans	-	-	-
Other non-current financial assets	460	-	460
Doubtful trade receivables and those pending litigation	408	408	-
Other trade receivables	14 777	14 777	-
Receivables on securities lent	-	-	-
Miscellaneous debtors	131	131	-
Employees and related accounts	1	1	-
Social security and similar	1	1	-
Government and other public-sector authorities			
Income tax	705	705	-
VAT	1 948	1 948	-
Other taxes, levies, payments and similar	-	-	-
Miscellaneous	-	-	-
Group and shareholders	7 919	7 919	-
Prepaid expenses	1 583	1 583	-
Overall total	**27 932**	**27 472**	**460**
Loans agreed during the year	-	-	-
Loan repayments during the year	-	-	-
Loans and advances to shareholders	-	-	-

Statement of payables - *In € thousand*	**Gross amount**	**Due in less than one year**	**Due in 1 to 5 years**	**Due in more than 5 years**
Convertible bonds	-	-	-	-
Other bonds	-	-	-	-
Bank debt and borrowings:				
Due in one year or less	23	23	-	-
Due in more than one year	3 210	173	2 338	700
Miscellaneous borrowings and financial debt	402	-	-	402
Trade and related accounts	7 174	7 174	-	-
Employees and related accounts	427	427	-	-
Social security and similar	447	447	-	-
Government and other public-sector authorities				
Income tax	61	61	-	-
VAT	2 056	2 056	-	-
Guaranteed bonds	-	-	-	-
Other taxes and levies	64	64	-	-
Payables for non-current assets and related accounts	517	517	-	-
Group and shareholders	-	-	-	-
Other payables	2 742	2 742	-	-
Payables on securities borrowed	-	-	-	-
Deferred income	1 048	1 048	-	-
Overall total	**18 171**	**14 732**	**2 338**	**1 102**
Borrowings taken out during the year	1 500			
Borrowings repaid during the year	138			
Borrowings and debt taken out with shareholders	-			

YMAGIS's gross financial debt of €3.6 million as at December 31, 2013 breaks down as follows:
- €2.9 million to BPI (formerly OSEO);
- €0.4 million to the bank Palatine (repayable in full in 2019);
- €0.3 million to Neuflize OBC.

The new €1,500 thousand loan taken out during the year was disbursed by BPI as a form of participatory development. The seven-year loan has a two-year deferral on the repayment of capital.

Besides the bond conversion mentioned above in paragraphs 1.1.7 and 1.2 and the simultaneous payment of related capitalized interest, the repayments during the year concerned €132 thousand to Neuflize OBC for the €550 thousand loan taken out at the start of 2012 for digital projection equipment at the Tilburg multiplex in the Netherlands. The outstanding capital as at December 31, 2013 was €275 thousand.

2.5 - Related parties

Related parties comprise the companies within the consolidation scope as well as Ymagis Holdings and the funds managed by OTC Asset Management and Odyssée Venture, shareholders of the Company.

In € thousand	Related [1]	Link by virtue of participating interest [2]
Equity investments	3 257	-
Trade receivables and related accounts	6 214	-
Other receivables [3]	6 822	-
Trade payables and related accounts	5 189	-
Financial income	253	-
Financial expense	-	235
Total	**21 735**	**235**

[1] Companies in which YMAGIS SA holds 50% or more of the share capital
[2] Companies in which YMAGIS SA holds less than 50% of share capital (none as at December 31, 2013) or which hold a stake in YMAGIS SA
[3] Intragroup current accounts between YMAGIS SA and its subsidiaries

2.6 - Income and credit notes to be received

Income and credit notes to be received included in the following statement of financial position items - *In € thousand*	**Amounts inclusive of tax**
Receivables:	
Trade receivables and related accounts	3 738
Other receivables (including credit notes to be received)	2
Total	**3 740**

2.7 - Expense to be paid and credit notes to be issued

Expense to be paid and credit notes to be issued included in the following statement of financial position items - *In € thousand*	**Amounts inclusive of tax**
Bank debt and borrowings	57
Trade payables and related accounts	1 585
Tax and social security payables	567
Other payables (including credit notes to be issued)	1 387
Total	**3 596**

2.8 - Deferred income and prepaid expense

In € thousand	Expense	Income
Operating expense/income	1 583	1 048
Total	**1 583**	**1 048**

Prepaid expense primarily concerns the charges on finance leases for which the first increased payments are spread over the duration of the lease.

2.9 - Composition of the share capital and changes in equity

2.9.1 - Share capital

The number of shares, the par value of each share and the share capital changed as follows during the year:

	Number of shares	Par value (€)	Amount (€)
Share capital at December 31, 2012	985 718	1,00	985 718
4-for-1 share split	2 957 154	0,25	NA
Conversion of convertible bonds	1 039 992	0,25	259 998
Capital increase - Flotation on NYSE Euronext in April 2013	1 512 667	0,25	378 167
Share capital at December 31, 2013	**6 495 531**	**0,25**	**1 623 883**

2.9.2 - Equity

The table below shows the transactions that affected the Company's equity during 2013:

In € thousand	12/31/12	Increase	Decrease	Allocation of profit N-1	12/31/13
Share capital	986	638	-	-	1 624
Issue/merger/contribution premiums	2 914	12 234	-	-	15 148
Legal reserves	-	162	-	-	162
Retained earnings	-1 876	-	-	956	-920
2013 profit	956	2 732	-	-956	2 732
Flows	**2 980**	**15 766**	**0**	**0**	**18 746**
Regulatory provisions	4		-	-	4
Total equity	**2 984**	**15 766**	**0**	**0**	**18 750**

The change in equity can be explained by:

- the capital increase associated with YMAGIS SA's IPO in April 2013 in the amount of €10.3 million net of costs, as described in section 1.2 above;
- the €2.7 million bond conversion that took place at the same time as the IPO, as described in section 1.2 above;
- the profit for 2013 of €2,732 thousand.

2.10 - Employee profit sharing

There was no profit sharing in 2013. The income of €5 thousand shown in the financial statements as at December 31, 2013 relates to the reversal of a surplus provision for the previous year.

2.11 – Breakdown of net revenue

Revenue for the year ended December 31, 2013 breaks down as follows by activity and geographical area:

Breakdown by business - *In € thousand*	**Amount**
Sale of goods	2 302
Provision of services	33 540
Total	**35 842**

Breakdown by geographical area - *In € thousand*	**Amount**
France	22 973
Abroad	12 869
Total	**35 842**

2.12 - Breakdown of income taxes

In light of the tax consolidation and the tax loss carried forward at December 31, 2013, the breakdown of income taxes is not relevant.

YMAGIS SA is at the head of the tax consolidation group established in December 2011. The following subsidiaries of the Company are consolidated for tax purposes:

- YMAGIS Engineering Services
- YMAGIS UGC France
- YMAGIS UGC Belgique
- YMAGIS UGC Italie
- YMAGIS UGC Espagne

Tax consolidation income amounted to €161 thousand in 2013, versus a net expense of €36 thousand in 2012.

3 – FINANCIAL COMMITMENTS AND OTHER INFORMATION

3.1 - Rental and finance lease commitments

The commitments made by YMAGIS SA and its subsidiaries in relation to finance leases and contributions owed to movie theater exhibitors are presented below in a consolidated manner since all commitments given or received pertaining to the VPF model are provided or guaranteed by YMAGIS SA.

Commitments given and received in relation to equipment financing

The net commitment in relation to equipment financing is the balance of commitments made to exhibitors where these exhibitors purchase the equipment directly and transfer the VPF entitlement to YMAGIS SA or one of its subsidiaries in exchange for a contribution to their financing (commitments given), and the lease payments invoiced to exhibitors as part of their contribution to financing provided by YMAGIS SA or one of its subsidiaries (commitments received).

- Outstanding contributions to exhibitors (Third-Party Collector Model)

Amounts in € thousand	**Due in less than one year**	**Due in 1 to 5 years**	**Due in more than 5 years**	**Total**
31-déc.-13	10 421	35 924	6 384	52 729
31-déc.-12	7 938	27 132	11 082	46 152

- Share of financing outstanding from exhibitors (Third-Party Investor Model)

Amounts in € thousand	**Due in less than one year**	**Due in 1 to 5 years**	**Due in more than 5 years**	**Total**
31-déc.-13	265	581	4 545	5 391
31-déc.-12	149	474	4 285	4 908

In addition, outstanding payments to finance lease providers under the Third-Party Investor Model are as follows:

Amounts in € thousand	**Due in less than one year**	**Due in 1 to 5 years**	**Due in more than 5 years**	**Total**
31-déc.-13	8 777	27 827	412	37 016
31-déc.-12	6 779	25 023	6 364	38 166

Given their shared nature and on the assumption of a 10-year VPF collection period, since the Company is currently unable to estimate when VPF will no longer be received, VPF income should be sufficient to cover commitments given by YMAGIS SA and its subsidiaries to movie theater exhibitors and to financial lessors.

Commitments related to other operating leases

As part of their business, YMAGIS SA and its subsidiaries are party to operating leases. The major agreements are as follows:

- property leases;
- vehicle leases;
- miscellaneous (one-off) leases.

The commitments given in relation to property leases essentially comprise rental payments for the offices in Paris and Montrouge. They break down as follows:

Amounts in € thousand - Outstanding rental payments	Due in less than one year	Due in 1 to 5 years	Due in more than 5 years	Total
31-déc.-13	394	1 412	659	2 465
31-déc.-12	796	1 356	114	2 266

The other agreements contain no specific clause that may have an impact on the way these agreements are renewed or terminated.

Commitments given in relation to equipment leasing, excluding VPFs

In € thousand	Due in less than one year	Due in 1 to 5 years	Due in more than 5 years	Total
As at 12/31/13	285	303	14	602

Commitments received

Pursuant to remote facilities management agreements with YMAGIS SA or its subsidiaries, the exhibitors are committed to paying the following amounts:

Amounts in € thousand - Outstanding rental payments	Due in less than one year	Due in 1 to 5 years	Due in more than 5 years	Total
31-déc.-13	3 516	14 791	11 677	29 984
31-déc.-12	2 942	12 368	12 753	28 063

3.2 - Increases and reductions in future taxes payable

In € thousand	
Increase in future tax payables	-
	None
Decrease in future tax payables	-
C3S (EX - Organic)	44
Nature of temporary differences	-
Separate losses carried forward	556
Tax consolidation losses carried forward	216

3.3 - Remuneration of executives

Gross remuneration of members of the management bodies totaled €412 thousand in 2013.

3.4 - Workforce as at December 31, 2013

	Employees	Non-salaried personnel
Managerial staff '(1)	35	-
Supervisors and technicians	-	-
Employees '(2)	18	-
Manual workers	-	-
Total	**53**	**-**

The Company's workforce totaled 53 as at December 31, 2013. This figure includes the transfer of nine digital copy duplication and delivery employees to our subsidiary SYL as part of the spin-off described in section 1.2 above.

3.5 - Retirement commitments and individual training entitlement (DIF)

The Company has no recognized provisions for retirement commitments. The off-balance-sheet commitment totaled €82 thousand as at December 31, 2013, versus €86 thousand a year earlier.

The number of individual training entitlement (DIF) hours totaled 2,460 for all employees as at December 31, 2013, compared with 1,950 a year earlier.

3.6 - Research and development costs

Research and development costs totaled €367 thousand during the year, versus €419 thousand in 2012. Since these costs did not meet all the criteria for capitalization, they were recognized under expense throughout the year.

3.7 - Events after the reporting period

On January 24, 2014, as part of a private placement, YMAGIS SA carried out a cash capital increase totaling €4,969 thousand by issuing 649,540 ordinary shares without pre-emptive subscription rights at a unit price of €7.65.

These newly issued shares represent a dilution of 9.1% compared with the 6,495,531 shares in circulation prior to the capital increase.

Following this transaction, the Company's long-standing shareholders hold 71.02% of the share capital and 81.32% of the voting rights, with the publicly owned share of capital and voting rights rising respectively to 28.98% and 18.68%.

3.8 - Subsidiaries and other equity investments

The table below shows the key data relating to the Company's subsidiaries:

In € thousand	Share capital	Reserves and retained earnings	% stake held	Gross value of securities held	Net value of securities held	Loans and advances granted by the Company	Deposits and guarantees given by the Company	Revenue (excluding taxes) for the most recent financial year	Profit/loss for the most recent financial year	Dividends paid to the Company during the year
A - Detailed information on subsidiaries and associates										
Subsidiaries (stake of more than 50% held):										
3Delux SAS	50	-99	51%	26	26	-	-	258	2	-
Y.E.S. SAS	424	1 784	100%	424	424	-	-	11 340	-881	-
Ymagis UGC Italie SARL	1	-84	100%	1	1	-	-	108	-4	-
Ymagis UGC France SARL	1	300	100%	1	1	-	-	4 865	324	-
Ymagis UGC Espagne SARL	1	61	100%	1	1	-	-	115	-8	-
Ymagis UGC Belgique SARL	1	-163	100%	1	1	-	-	411	-40	-
SmartJog Ymagis Logistics SAS	431	12 257	60%	2 716	2 716	-	-	617	21	-
Ymagis Deutschland GMBH	25	-	100%	13	13	-	-	7 836	585	-
Ymagis Sytemhaus GMBH	25	-	100%	25	25	-	-	3 979	-276	-
Ymagis Spain SLU	50	-	100%	50	50	-	-	4 687	300	-
Total *if applicable*				**3 257**	**3 257**					
B - General information on other subsidiaries and associates					**None**					

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Statutory auditors' report on the separate financial statements

YMAGIS

Year ended December 31, 2013

Dear shareholders,

Pursuant to the mandate awarded to us by your annual meeting of shareholders, we hereby present to you our report for the year ended December 31, 2013 on:

- the audit of the separate financial statements of **YMAGIS**, such as they appear in attachment to this report;
- the justification for our assessment;
- the specific information and checks required by law.

The separate financial statements have been approved by your board of directors. Our role is to express an opinion on these financial statements, based on our audit.

1 Opinion on the separate financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform procedures to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by other selection methods, to obtain audit evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the appropriateness of accounting principles used, the reasonableness of significant estimates made by Management and the overall presentation of the 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, and with regard to French accounting rules and principles, the separate financial statements provide a true and fair view of the results for the year just ended and of the Company's assets and liabilities and financial position at the end of said year.

2 Justification of our assessment

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessment, we should like to bring the following to your attention:

- Equity securities are measured at cost and then amortized, where appropriate, on the basis of their value in use in accordance with the methods described in note 1.1.2 "Equity securities". Based on the information made available to us, we assessed the data on which these estimates were based and verified that the notes to the financial statements provided sufficient information.

These assessments are part of our audit of the financial statements as a whole, and as such they contributed to the formation of the opinion expressed in the first part of this report.

3 Specific information and checks

In accordance with professional standards applicable in France, we also performed the specific checks required by law.

We are satisfied that the information provided in the board of directors' report on operations and in the documents addressed to shareholders relating to the financial position and to the separate financial statements is fairly stated and consistent with said financial statements.

We are satisfied that the information provided pursuant to Article L. 225-102-1 of the French Commercial Code on remuneration and benefits awarded to corporate officers and on commitments made to them is consistent with the financial statements or with the data used during the preparation thereof, and, where applicable, with the information collected by your Company from its parents or subsidiaries. Based on our work, we are satisfied as to the accuracy and fairness of this information.

Pursuant to the law, we verified that the various information on equity investments and takeovers and on the identity of shareholders and persons with voting rights was communicated to you in the report on operations.

Furthermore, pursuant to the law, we should like to bring your attention to the following:

- The report on operations does not include the social and environmental information required by Article L. 225-102-1 of the French Commercial Code;
- The Chairman and CEO has not designated an independent third-party body.

Paris, April 8, 2014

The Statutory Auditors

Grant Thornton
French member of Grant Thornton International

Laurent Bouby
Partner

Vachon et Associés

Bertrand Vachon
Managing Partner

III. Group consolidated financial statements & related report from the statutory auditors

CONSOLIDATED FINANCIAL STATEMENTS
Year ended
December 31, 2013

Table of contents of consolidated financial statements

I. STATEMENT OF FINANCIAL POSITION

In € thousand	Notes	12/31/13	12/31/12
Non-current intangible assets	6.1	11 204	260
Property, plant and equipment	6.2	53 781	41 749
Non-current financial assets	6.3	1 598	1 014
Deferred tax assets	6.4	926	1 236
Non-current assets		**67 508**	**44 259**
Inventories	6.5	832	1 424
Trade receivables	6.6	16 874	11 910
Other current assets	6.6	10 188	6 745
Current financial assets	6.3	-	145
Cash and cash equivalents	6.7	12 043	5 167
Current assets		**39 937**	**25 391**
Total assets		**107 447**	**69 650**
Share capital	6.8	1 624	986
Issue premiums		15 148	2 914
Reserves and retained earnings		6 391	2 021
Net profit		2 381	2 015
Equity - Group share		**25 544**	**7 937**
Non-controlling interests		5 049	(23)
Consolidated equity		**30 593**	**7 914**
Provisions (non-current portion)	6.9	690	452
Borrowings and financial liabilities (non-current portion)	6.10	35 916	32 427
Employee benefits	6.11	142	86
Deferred tax liabilities	6.4	42	-
Other non-current liabilities	6.12	1 868	1 339
Non-current liabilities		**38 658**	**34 305**
Provisions (current portion)	6.9	-	10
Borrowings and financial liabilities (current portion)	6.10	12 553	11 260
Trade payables	6.13	6 000	5 481
Corporation tax payables		187	379
Other current liabilities	6.13	19 457	10 301
Current liabilities		**38 196**	**27 431**
Total liabilities and equity		**107 447**	**69 650**

II. CONSOLIDATED INCOME STATEMENT

In € thousand	Notes	12/31/13	12/31/12
Revenue		**47 322**	**39 696**
Purchases consumed		(8 250)	(9 802)
Other purchases and external expenses	6.14	(16 147)	(11 713)
Taxes and levies		(366)	(217)
Employee expenses	6.15	(7 234)	(5 636)
Other current operating income		637	768
Other current operating expense		(558)	(552)
Net depreciation and amortization charges and provisions	6.16	(8 836)	(6 646)
Operating income before non-recurring items		**6 570**	**5 898**
Other income	6.17	-	-
Other expense	6.17	-	-
Operating income		**6 570**	**5 898**
Cost of gross financial debt		(2 631)	(2 776)
Income from cash and cash equivalents		-	-
Cost of net debt		**(2 631)**	**(2 776)**
Other financial income		90	40
Other financial expense		(21)	(12)
Net financial income	6.18	**(2 561)**	**(2 748)**
Profit before tax		**4 008**	**3 150**
Income tax	6.19	(1 627)	(1 272)
Net profit for the year		**2 382**	**1 878**
Share attributable to non-controlling interests		(1)	137
Net profit for the year - Share attributable to YMAGIS shareholders		**2 381**	**2 015**
Earnings per share	6.8	0,42 €	2,04 €
Diluted earnings per share	6.8	0,40 €	1,62 €

In order to compare the earnings per share for 2012 and 2013, the four-for-one stock split which took place at the start of 2013 needs to be considered. On this basis, 2012 basic earnings per share totaled €0.5111, while 2012 diluted earnings per share totaled €0.5130.

III. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € thousand	12/31/13	12/31/12
Consolidated net profit (Group share)	**2 381**	**2 015**
Non-controlling interests	1	(137)
Net profit for the year	**2 382**	**1 878**
Actuarial gains/(losses) relating to employee benefits	(14)	(13)
Tax effect	4	4
Elements that cannot be reclassified in the income statement	**(10)**	**(9)**
Elements that can be reclassified in the income statement	-	-
Consolidated comprehensive income	**2 372**	**1 870**
Of which Group share	2 371	2 007
Of which share attributable to non-controlling interests	1	(137)

IV. STATEMENT OF CHANGES IN EQUITY

In € thousand	Capital	Issue premiums	Reserves and profit	Treasury shares	Employee benefits	Total Group share	Non-controlling interests	Consolidated equity
12/31/2011	**986**	**2 914**	**2 038**	**-**	**(8)**	**5 930**	**114**	**6 044**
Net profit			2 015			2 015	(137)	1 878
Items of other comprehensive income					(9)	(9)		(9)
12/31/2012	**986**	**2 914**	**4 053**	**-**	**(17)**	**7 937**	**(23)**	**7 914**
Capital increase	260	11 150	162			11 572		11 572
Conversion of bonds redeemable for shares	378	2 352	(2 730)			-		-
Allocation of issue costs net of taxes		(1 267)				(1 267)		(1 267)
Net profit			2 381			2 381	1	2 382
Trading in own shares				(220)		(220)		(220)
Share-based payment			243			243		243
Transactions between shareholders			4 914			4 914	5 072	9 985
Other changes			(14)			(14)		(14)
12/31/2013	**1 624**	**15 148**	**9 009**	**(220)**	**(17)**	**25 544**	**5 049**	**30 593**

V. STATEMENT OF CASH FLOWS

In € thousand	Notes	12/31/13	12/31/12
Net profit for the year		2 382	1 878
Depreciation, amortization and provisions		8 111	6 631
Capital (gains)/losses on disposal		(76)	17
Other operating income and expense with no cash impact		(11)	761
Tax charge (including deferred taxes) recognized		1 627	1 272
Taxes on issue costs		243	-
Income and expense related to BSPCE warrants		235	282
Change in interest on convertible bonds		(701)	121
Other financial expense		2 383	2 332
Interest expense paid			
Operating cash flows before change in working capital requirement		14 192	13 295
Change in working capital requirement		(1 400)	(1 910)
Change in non-current financial assets linked to operating activities		(523)	(398)
Taxes paid		(923)	(1 089)
Cash flows generated by (used in) operating activities		**11 345**	**9 897**
Impact of acquisitions of subsidiaries		(2 500)	-
Acquisitions of non-current intangible assets		(649)	(182)
Acquisitions of property, plant and equipment		(6 425)	(1 346)
Disposals of non-current assets		697	275
Net change in financial assets		84	(167)
Cash flows generated by (used in) investing activities		**(8 792)**	**(1 421)**
Capital increase and reduction	IV.	11 572	-
Issue costs		(1 267)	-
Dividends paid		-	-
Net change in other current financial debt		156	614
Assumption/repayments of borrowings relating to finance leases		(6 191)	(6 238)
Net sale/(acquisition) of treasury shares		(220)	-
Cash received in respect of new long-term borrowings		5 353	3 227
Repayments of long-term borrowings		(293)	(1 924)
Repayment of interest on convertible bonds		(2 399)	-
Interest expense paid		(2 383)	(2 332)
Cash flows generated by (used in) financing activities		**4 328**	**(6 652)**
Net increase (decrease) in cash and cash equivalents in the year		**6 881**	**1 825**
Cash and cash equivalents at the beginning of the year	6.3	5 162	3 337
Cash and cash equivalents at the end of the year	6.3	12 043	5 162
Change in cash and cash equivalents		**6 881**	**1 825**

In accordance with IAS 7, paragraph 44, capital expenditure financed by finance leases, restated in the statement of financial position at €8,208 thousand and €9,785 thousand at 31 December 2013 and 31 December 2012 respectively, is not disclosed in the cash flows generated by (used in) investing activities or in the cash flows generated by (used in) financing activities.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of the activity and of the Group

YMAGIS is a company domiciled in France whose registered office is at 106, Rue de la Boétie, Paris, France.

YMAGIS has become a major force in the expansion of digital cinema in Europe, by developing a comprehensive range of services (finance, sales, deployment, maintenance and outsourcing of projection equipment) and focussing on high value-added business lines (duplication and physical or electronic delivery of content, post-production etc.).

The Group currently comprises eleven companies. It has a presence in three countries (France, Spain and Germany) and operates in seven European countries, as well as in Morocco.

Note 2. Main events during the year

The events below took place in the year ended December 31, 2013.

YMAGIS SA, the Parent Company of the YMAGIS Group, was successfully listed on compartment C of the NYSE Euronext in Paris on April 30, 2013.

Upon the flotation, 1,512,667 new shares, i.e. 23.3% of the capital following the capital increase, were created at a unit price of €7.65, representing a total capital increase of €11,571,903. On this basis, the YMAGIS Group was valued at €49.7 million after the capital increase. The Group's equity was therefore boosted by €10.3 million after post-tax expenses associated with the capital increase were charged to the issue premium in the amount of €1.3 million. This increase in its equity capital gives the Group the means to pursue its ambition of becoming Europe's leading provider of digital technology to movie theaters and to film producers and distributors, enabling it to carry out targeted acquisitions of firms in its sector and/or to strengthen its sales and R&D teams.

Parallel to the capital increase, the convertible bonds held by YMAGIS's long-standing shareholders were converted in full, to the nearest fraction, into shares of the Company. Lastly, 74,750 BSPCE warrants giving access to 299,000 ordinary YMAGIS SA shares were awarded to the Company's employees prior to the IPO.

During 2012, the French tax authorities carried out a review as to whether amounts invoiced under VPF agreements should be subject to VAT, taking the view that VPF flows could correspond to investment subsidies. This decision, which was never applied by YMAGIS, was not upheld, and the tax authorities confirmed by way of a letter dated May 7, 2013 that VPF services should be subject to VAT.

Pending a definitive ruling, certain distributors that had stopped VAT payments up to May 7, 2013 have settled their debt to the Company. The residual VAT receivable from distributors was fully settled as at December 31, 2013 (€571 thousand a year earlier).

Lastly, at the end of November, the YMAGIS Group and SmartJog, a subsidiary of TDF, set up a joint venture into which, on November 30, 2013, the two partners spun off their activities for duplicating and distributing to cinemas in Europe digital copies of feature-length films and trailers and commercials. The YMAGIS Group is the controlling shareholder in this subsidiary known as SmartJog Ymagis Logistics ("SYL"), with a 60% stake as at December 31, 2013, of which 50% resulted from the contribution of its business unit and 10% was was acquired from TDF for €2.5 million. The remaining 40% is owned by the TDF Group.

In the Group's financial statements, SYL has been subject to full consolidation since December 1, 2013. The business transferred by TDF added €239 thousand to consolidated revenue as at said date.

Lastly, as at December 31, 2013, which was – subject to exceptions - the final date on which movie theater exhibitors could benefit from Virtual Print Fees (VPFs) to finance the replacement of 35mm projectors with digital projectors, the Group had a total of 2,785 VPF screens, compared with 2,162 at the end of December 2012.

Note 3. Basis of preparation of the consolidated financial statements

In accordance with Regulation (EC) No. 1606/2002 of July 19, 2002, the accounting principles used to prepare and present the consolidated financial statements of the YMAGIS Group as at December 31, 2013 conform to the IFRS regulations and interpretations as adopted by the EU as at December 31, 2013.

The accounting principles used as at December 31, 2013 are the same as those used for the consolidated financial statements as at December 31, 2012, except for the standards and interpretations adopted by the EU and applicable as of January 1, 2013 (see note 3.1, "New standards and interpretations applicable as of January 1, 2013").

The Board of Directors approved the consolidated financial statements for the year ended December 31, 2013 at its meeting on March 21, 2014.
These financial statements will not be considered final until approved by the Shareholders' General Meeting.

These consolidated financial statements include the consolidated financial statements of YMAGIS SA and its subsidiaries ("the YMAGIS Group") and are rounded off to the nearest thousand euros, the euro being the functional currency of YMAGIS SA, the Parent Company of the Group, and of all its subsidiaries, as well as the YMAGIS Group's reporting currency.

They are prepared on a historical-cost basis, except for the following assets and liabilities that are measured at fair value through profit or loss: trade receivables with a maturity of more than 12 months, and marketable investment securities.

3.1 Changes in accounting principles and methods

New standards and interpretations applicable on a mandatory basis as of January 1, 2013:

- IFRS 13 - "Fair Value Measurement"
- Amendments to IAS 12 - "Income Taxes" - Deferred Tax: Recovery of Underlying Assets
- Amendments to IAS 19 - "Employee Benefits" - Defined Benefit Plans
- Amendments to IFRS 7 - "Financial Instruments: Disclosures"
- Improvements to the IFRS published in May 2012

These standards, amendments and interpretations published and applicable as at January 1, 2013 have no effect on the consolidated financial statements at December 31, 2013, except for the following:

- The amendment to IAS 1 provides for separate presentation of gains and losses in equity, depending on whether they can be recycled to the income statement. The Group has applied this new presentation to its consolidated financial statements as at December 31, 2013 and December 31, 2012.

IFRS 13, which sets out the rules for calculating fair value and the information to be provided in the notes when fair value is used, has no material effect on the Group's consolidated financial statements. This standard, to be applied prospectively, has no effect on the scope of application of fair value. Clarifications to the standard have no effect on fair-value measurements.

Standards and interpretations adopted by the IASB but not yet applicable as at December 31, 2013:

- IFRS 9 - "Financial Instruments" - Classification and Measurement of Financial Assets and Liabilities
- IFRS 9 - "Financial Instruments" - Hedge Accounting
- IFRS 10 - "Consolidated Financial Statements"
- IFRS 11 - "Joint Arrangements"
- IFRS 12 - "Disclosure of Interests in Other Entities"
- Revised IAS 27 - "Separate Financial Statements"
- Revised IAS 28 - "Investments in Associates and Joint Ventures"
- Amendments to IAS 36 - "Impairment of Assets" - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 - "Financial Instruments: Recognition and Measurement" and IFRS 9 - "Financial Instruments: Classification and Measurement of Financial Assets and Liabilities" - Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to IFRS 10 - "Consolidated Financial Statements", IFRS 11 - "Joint Arrangements" and IFRS 12 - "Disclosure of Interests in Other Entities" - Retrospective Application
- Amendments to IFRS 10 - "Consolidated Financial Statements", IFRS 12 - "Disclosure of Interests in Other Entities" and revised IAS 27 - "Separate Financial Statements" - Investment Entities

- Improvements to the IFRS published in December 2013
- IFRIC 21 - "Levies"

The Group has not applied any standard or interpretation in advance. These regulatory changes are not expected to have any material effect on the Group's consolidated financial statements.

3.2 Use of estimates

Preparation of the financial statements necessitates, on the part of management, the use of estimates and assumptions that are deemed to be reasonable and that are likely to have an impact on the amounts at which the assets, liabilities, equity, income and expenses are stated in the financial statements as well as on the information disclosed in the notes to the financial statements on the contingent assets and contingent liabilities. Such estimates are based on the assumption that the Group will remain a going concern and are prepared in accordance with information available at the time they are prepared. The major estimates concern the depreciation/amortization time frame for projection equipment recognized under "Property, plant and equipment" and for the usage rights pertaining to software and the database included under the "Non-current intangible assets" of SmartJog Ymagis Logistics following the spin-offs carried out on November 30, 2013.

Further information is provided in the notes on the main accounting principles.

Actual amounts could differ from these estimates.

These estimates may be revised if the circumstances on which they were based change or as a result of additional information becoming available.

3.3 Main accounting principles

Subsidiaries

The subsidiaries controlled by the Group are consolidated. A company is regarded as controlled by the Group if the criteria laid down in IAS 27 are met, i.e. when the Group “has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities”, which is the case for all companies within the Ymagis Group’s consolidation scope.

Elimination of intra-Group transactions

Transactions carried out between consolidated subsidiaries are eliminated in full, as are the resulting receivables and payables.

Business combinations

Business combinations are recognized in accordance with revised IFRS 3.

Pursuant to this standard, business combinations are recognized in accordance with the acquisition method:

- identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair value;
- the acquisition price corresponds to the acquisition-date fair value of the consideration issued in exchange for control of the acquiree;
- the direct costs associated with the acquisition are recognized as an expense as and when they are incurred;
- minority interests are measured on the basis of their share of the identifiable net assets of the acquiree measured at fair value, or at their acquisition-date fair value. This option is applied on a case-by-case basis for each acquisition.
- the goodwill is the positive difference between the acquisition price and the fair value of the identifiable assets and liabilities acquired and assumed;
- the Group has 12 months from the acquisition date to finalize the recognition of business combinations.

Financing the digital transition

Financing of the digital projection equipment installed in cinemas under VPF (Virtual Print Fee) agreements with the Ymagis Group is organized in accordance with the following two models:

- The first model, known as the Third Party Investor model, provides that Ymagis acquires the equipment either directly or from a financial institution under a finance lease and leases or sub-leases said equipment to the operator. In the case of a finance lease, the commitment entered into vis-à-vis the lessor is recognized as a liability within financial liabilities and the equipment is recognized as an asset within property, plant and equipment and depreciated over eight years. The amounts billed in respect of rent or sub-rent and the VPF are recognized in revenue. As regards the finance lease charges billed by the bank, the interest portion is recognized within financial charges and the capital portion is recognized as a deduction from net financial liabilities.

- The second model, known as the Third Party Collector model, provides that the operator is responsible for acquiring the digital projection equipment and transfers to Ymagis the right to receive the VPF in exchange for a significant contribution to the financing of the equipment over its life. Given the obligations of the operator, particularly the obligation to provide the data necessary to enable Ymagis to receive the VPF and the obligation to enter into a ten-year outsourcing agreement with Ymagis, the corresponding contractual commitment is presented as an off-balance sheet commitment, Ymagis' contribution to the financing is recognized within operating expenses and the billing of the VPF is recognized within revenue.

Research and development – R&D work carried out internally

In accordance with IAS 38, "Intangible Assets", internal research costs are recognized as an expense when they are incurred.

Under IAS 38, internal development costs are capitalized as intangible assets if, and only if, an enterprise can demonstrate all of the following:

(a) the technical feasibility of completing the development project,

(b) its intention to complete the project,

(c) its ability to use the intangible asset,

(d) how the intangible asset will generate probable future economic benefits,

(e) the availability of adequate technical, financial and other resources to complete the project,

(f) its ability to reliably measure development expenditure.

In view of their nature, these expenses are recognized in the consolidated financial statements under the heading “Concessions, patents and licences”.

These expenses are amortized on a straight-line basis over their estimated economic useful life (between one and five years).

Usage rights

The usage rights for the software and database spun off by SmartJog into SmartJog Ymagis Logistics are amortized on a straight-line basis in accordance with their estimated useful life over a period of 10 years.

Other intangible assets

The main component of other intangible assets is software. Other intangible assets purchased are stated in the statement of financial position at their acquisition cost less, where relevant, accumulated amortization and impairment losses.

They are amortized on a straight-line basis over their estimated economic useful life (between one and five years).

Investment subsidies

Investment subsidies are stated in the statement of financial position as a deduction from the carrying amount of the asset in respect of which they have been received.

Property, plant and equipment

Property, plant and equipment are valued at their acquisition cost (purchase price plus incidental costs). They are not revalued.

Depreciation is calculated on a straight-line basis in accordance with the assets' estimated useful lives. The depreciation periods generally used are as follows:

- Equipment and tools: 3 to 10 years
- Digital projection equipment: 8 years
- Fixtures, fittings and improvements: 5 to 10 years
- Transportation equipment: 3 to 5 years
- Office and IT equipment: 3 to 5 years
- Furniture: 5 to 10 years.

Finance leases

In accordance with IAS 17, "Leases", property, plant and equipment acquired under finance leases, which mainly consist of digital projection equipment financed by Ymagis (under the Third Party Investor model), are recognized as assets in the statement of financial position, with the related debt being recognized within liabilities, when the terms of the leases are such that they qualify to be treated as finance leases, i.e. they transfer to the Ymagis Group substantially all the risks and rewards incidental to ownership of the asset. Such items of property, plant and equipment are presented on the assets side of the statement of financial position at their purchase price net of depreciation. The principal amount outstanding under finance leases is presented on the liabilities side of the statement of financial position.

Impairment of property, plant and equipment and intangible assets

In accordance with IAS 36, "Impairment of Assets", assets generating their own cash flows and assets included in cash generating units (CGU) are tested for impairment when events or new circumstances indicate that the assets or CGUs may have become impaired.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

A review of quantitative and qualitative indicators is carried out at each reporting date. If there is an internal or external indication of impairment, the Group measures the recoverable amount of the asset or CGU concerned.

In such a case, the Group recognizes an impairment loss when the asset's carrying amount exceeds its recoverable amount. When it is not possible to estimate the recoverable amount of a specific asset, the Group determines the recoverable amount of the CGU to which the asset belongs. The asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. To determine value in use, the Group uses estimates of future cash flows to be generated by the asset or CGU, calculated in accordance with the same methods as those used for the initial measurements based on medium-term plans for each activity.
Estimated cash flows are discounted using long-term market rates that reflect management's best estimates of the time value of money, the risks specific to the assets or CGU as well as the

economic situation in the geographic regions in which the Group carries on the activity related to the assets or CGU concerned.
Impairment losses in respect of property, plant and equipment and intangible assets are recognized in the income statement on the "Other expenses" line.

Financial assets

The Group recognizes a financial asset when it becomes a party to the contractual provisions of the instrument concerned. The financial assets used by the Group include:

- Assets measured at fair value through profit or loss;
- Loans and receivables the non-current portion of which is discounted at the counterparty's estimated financing rate.

Purchases and sales of financial assets are recognized on the transaction date.

Assets measured at fair value through profit or loss

Units of money market UCITS and negotiable debt securities are measured at fair value. The fair value is the market value of these investments as at the reporting date.
Changes in fair value are recognized in the income statement, under "Other financial income or expense".

Loans and receivables

This category includes loans due from subsidiaries and associates as well as loans and trade receivables.

On initial recognition, loans are measured at their fair value plus transaction costs directly attributable to them.

At each reporting date, loans are measured at their amortized cost. In addition, impairment losses are recognized in the income statement when there is an objective indication of impairment resulting from an event that has occurred since the asset's initial recognition.

These financial assets and liabilities are broken down in the statement of financial position between current and non-current depending on whether they mature within less than or more than one year.

This category includes trade receivables that mature in more than 12 months that are not interest-bearing. These assets are discounted on initial recognition. They are measured at their amortized cost and then discounted over future financial years subject to a reversal of the discounting effect over future financial years.

The initial discount as well as subsequent changes are recognized within revenue.

Inventories

Inventories are measured using the First In, First Out (FIFO) method. The gross value of goods for resale and supplies comprises the purchase price and incidental expenses.

An inventory impairment provision equal to the difference between the gross value determined in accordance with the procedures detailed above and the realizable value less proportional costs to sell is recognized when said gross value exceeds the realizable value less proportional costs to sell.

Trade receivables and other current assets

Trade receivables and other current operating assets are current financial assets. They are measured initially at fair value, which generally corresponds to their face value. At each reporting date, trade receivables and other current operating assets are measured at amortized cost less impairment losses, taking into account any risk of non-recovery.

An estimate of the risk of non-recovery of receivables is made at each reporting date and results in the recognition of an appropriate impairment loss. The risk of non-recovery is assessed in light of overdue payments and the quality of the debtor.

In connection with the implementation of short-term financing, and in collaboration with certain financial partners, the Group factors its receivables. The corresponding financial assets are assigned in full or in part if the factoring agreements comply with the following conditions:

- transfer of the contractual right to receive the cash;
- assignment to a financial partner of the risks and rewards associated with said receivable;
- the only risk borne by the financial partner is the non-payment of the receivable - the Group remains liable for all technical and industrial risks;
- recovery of the receivable is the responsibility of the financial partner. However, said partner may contractually require the Group to carry out recovery procedures vis-à-vis creditors on its behalf.

Agreements that do not meet these criteria do not result in the factoring of receivables.

At 31 December 2013, no agreements had been assigned since none met the above criteria.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, highly-liquid short-term investments that are easily convertible into a known amount of cash and that are subject to a negligible risk of a change in value and bank overdrafts. Bank overdrafts are classified as short-term liabilities in the statement of financial position, within short-term borrowings and financial liabilities. Investments with an initial maturity of more than three months from the acquisition date and that cannot be realized early are not included in cash and cash equivalents in the cash flow statement.

Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", the Group recognizes provisions when present obligations exist, whether legal or constructive, arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of said resources.

Provisions with maturities of over one year and those with maturities that cannot be determined precisely are classified as “Provisions (non-current portion)”.

Contingent liabilities are not recognized but are disclosed in the notes to the financial statements unless the probability of an outflow of resources is very low.

The Group measures provisions on the basis of facts and circumstances relating to current obligations at the period end, in accordance with its experience in this regard and to the best of its knowledge at the reporting date.

If the outflow of economic benefits will be offset or partly offset by income, an asset is recognized when realization of the income is virtually certain. Contingent assets are not recognized.

The Group recognizes provisions in respect of disputes for which an outflow of resources is probable and if a reliable estimate can be made of said outflow of resources. When the effect of the time value of money is material, such provisions are recognized at their discounted value, i.e. at the present value of the expected expenditure deemed necessary to settle the corresponding obligations. To determine the present value of these commitments, the Group uses discount rates reflecting an estimate of the time value of money and the risks specific to said commitments.

The increase in the provisions recognized to reflect the effects of the passage of time is recognized in “Other financial income and expenses”.

Borrowings and financial liabilities

Financial liabilities consist of bank borrowings, the capital component of finance leases, and debt instruments. Financial liabilities are initially measured at the fair value of the consideration received, less directly attributable transaction costs.

They are subsequently measured at amortized cost using the effective interest rate method. All costs relating to the issue of borrowings or bonds as well as any difference between the issue proceeds net of transaction costs and the redemption value are recognized in the income statement in “Financial expenses” over the term of the borrowings in accordance with the effective interest rate method.

Bonds convertible into or redeemable for shares

Bonds convertible into or redeemable for shares issued by the Group are recognized by distinguishing two components:

- a debt component corresponding to the obligation to pay to the bearer cash flows based on a fixed interest rate,
- an equity component linked to the issuer's right to require redemption of the nominal amount in a set number of shares.

Employee benefits

The Group's retirement obligations consist of benefits paid when employees retire. In accordance with IAS 19R, in the case of defined benefit schemes, the Group's retirement commitments are calculated in accordance with the projected unit credit method. Estimates of the Group's obligations in respect of the benefits of the employees of its French companies are calculated by an independent actuary. The method takes into account, on the basis of actuarial assumptions, employees' expected future length of service, future remuneration levels, life expectancy and staff turnover. The obligation, calculated inclusive of social security charges, is discounted and recognized on the basis of employees' length of service. The actuarial differences resulting from these assumptions are recognized in equity.

Revenue

VPF (Virtual Print Fee), a contribution to the transition to digital cinema

VPF revenue is recognized when a feature-length film or any other content is screened using equipment contracted with Ymagis, regardless of the financing method used (Third-Party Collector Model or Third-Party Investor Model). A VPF is payable for each new film or content screened on equipment under contract, and in the case of films, regardless of the number of screenings. The VPF amount received therefore depends on the number of new films and content projected on screens under contract with Ymagis.

Most of the VPF agreements signed with distributors provide for the cessation of payments once the financial costs of the VPF model have been recouped. Cost Recoupment is achieved when the sum of the VPF received, plus exhibitors' contributions, where applicable (in the Third-Party Investor Model), is equal to total expenditure, including the equipment purchase cost, financing costs, overhead expenses and a contractually agreed margin. At present, the Company is unable to estimate how long Cost Recoupment might take or how likely it is to be achieved.

VPF payable by content providers not under contract with Ymagis ("Free Riders") are charged at the public rate. When Ymagis signs a contractual agreement with a Free Rider, if the terms of the deal differ from the public rate, credit notes are recognized, where applicable.

The collection of VPF is subject to contractual limits and, in France, legal restrictions also apply:

- a maximum of 10 years starting from the average deployment date by multiplex; in France, pursuant to Law 2010-1140, this period expires when the agreed equipment cost has been covered, and no later than December 31, 2021.

- Under the Company's agreements with content providers, on the Cost Recoupment date, revenues collected by the Company from these content providers are gradually reduced. Only when this stage has been reached will the Company be able to calculate the VPF collection period and residual amount and, consequently, to adjust the net carrying amount and the remaining depreciation period of the digital projection equipment leased under the Third-Party Investor Model. Also, at this stage, the Company will be able to estimate and, if necessary, provision firstly, the difference between the VPF amount and the exhibitor contributions still due and, secondly, the lease payments due to credit institutions and from exhibitors.

The lease payments charged to exhibitors under the Third-Party Investor Model are recognized monthly as revenue.

Services

Service revenues generated by monthly equipment management fees and maintenance contracts are recognized during the period in which the services are provided. Revenues from non-recurrent services, including installation work for cinema complexes, are booked when the installation has been completed and received by the exhibitor.

Software sales that do not require substantial changes to the software sold are recognized as revenue upon delivery, if the Company has no further contractual obligations to the client.

Other operating income and expenses

This heading comprises items of non-recurring income and expenses, none of which is material.

Net Financial income (expense)

Net financial income (expense) incorporates part of the cost of net debt consisting mainly of finance lease charges, the cost of financing factored receivables and the interest paid on Group finance less interest received on cash investments.

Other financial income and expenses include expenses related to the reversal of the discounting effect on long-term provisions and, in particular, on provisions for retirement benefits and provisions for equipment renewals.

Income tax

The Group recognizes current and deferred tax in accordance with the provisions of IAS 12.

The "Income tax" line in the income statement comprises the current and deferred tax charges of consolidated companies.
The research tax credit and the tax credit for encouraging competitiveness and employment are reclassified as a deduction from employee expenses, in accordance with IAS 20.

Current tax

Current tax corresponds to the tax due to the tax authorities by each consolidated company in the country in which it operates.
In accordance with the recommendation of the French National Accounting Board (Conseil National de la Comptabilité – CNC) dated 14 January 2010 relating to accounting for the tax on business value added (Contribution sur la Valeur Ajoutée – CVAE) in accordance with IFRS, the Company has opted to present its CVAE within income tax.

Deferred tax

In accordance with IAS 12, the Group recognizes deferred tax on temporary differences between the carrying amount and the tax value of assets and liabilities recognized in the statement of financial position and on tax losses carried forward when their recovery is deemed probable.

The main parameters and assessment factors are as follows:

- **Tax rate:**

The tax rates used are those enacted or substantively enacted at the reporting date and applicable to the tax entity concerned. Deferred tax assets and liabilities are calculated using the tax rate that will be in force at the time the temporary difference is due to reverse.

- **Principle for recognizing deferred tax balances and losses carried forward in the statement of financial position:**

The deferred tax assets and liabilities (including deferred tax assets relating to any losses carried forward) within each tax entity are offset to give a net balance.
If the net balance is an asset, it is recognized in the statement of financial position in the amount that the tax entity concerned will be able to recover due to the existence of expected taxable profits and taking into account the expected economic outlook for each company and the tax strategy developed for the near future at Group level. If this methodology results in not all the losses carried forward being recognized whilst at the same time the net deferred tax balance excluding losses brought forward is a liability, said liability may be offset by the recognition of additional losses brought forward. This adjustment can be justified by the fact that certain deferred taxes may be adapted and have a fixed deadline to be compared with the duration of the tax losses carried forward.
If the net balance is a liability, it is recognized in the statement of financial position at its full amount.

- **Presentation:**

Deferred taxes are presented net for each tax entity, on the assets or liabilities side, as appropriate, of the consolidated statement of financial position. The corresponding entry is to the income statement.

Deferred tax amounts generated by adjustments recognized directly in equity (actuarial difference on retirement commitments) are also recognized directly in equity.

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

Earnings per share

Earnings per share (basic earnings per share) are calculated by dividing the earnings available to the ordinary shareholders by the weighted average number of shares outstanding during the financial year. The Company’s own shares are not taken into account in this calculation.

Diluted earnings per share are calculated by dividing the earnings available to the ordinary shareholders by the weighted average number of shares outstanding during the financial year to which is added all potentially dilutive instruments, which, in the Company’s case, are options and bonds convertible into ordinary shares issued by the Company. Share warrants and options have a dilutive effect where they result in the issuance of ordinary shares at a price below the average market price of ordinary shares during the period.

For the purposes of this calculation, net income is adjusted to exclude the interest charges, net of tax, associated with these dilutive instruments and the numerator is adjusted to take into account the equivalent in shares of the number of these instruments.

Note 4. Information about the consolidation scope

4.1 Consolidation scope

YMAGIS, the Group's Parent Company, is a French limited company (*société anonyme* - SA) registered and domiciled in France. Its registered office is at 106, Rue La Boétie, 75008 Paris, France.

The following companies are included in the YMAGIS Group's consolidation scope as at December 31, 2013:

Name of entity	Country	Business	% stake
Fully consolidated subsidiaries			
Ymagis SA (Parent Company)	France	(1)	
3 Delux SAS	France	(2)	51%
SmartJog Ymagis Logistics SAS	France	(1)	60%
Ymagis Engineering Services SAS (YES)	France	(3)	100%
Ymagis UGC France SARL	France	(1)	100%
Ymagis UGC Espagne SARL	France	(1)	100%
Ymagis UGC Belgique SARL	France	(1)	100%
Ymagis UGC Italie SARL	France	(1)	100%
Ymagis Deutschland Gmbh	Germany	(1)	100%
Ymagis Systemhaus Gmbh	Germany	(3)	100%
Ymagis Spain SLU	Spain	(1)	100%
Joint ventures under proportional consolidation			
None			
Associates under the equity method			
None			

The following companies were included in the YMAGIS Group's consolidation scope as at December 31, 2012:

Name of entity	Country	Business	% stake
Fully consolidated subsidiaries			
Ymagis SA (Parent Company)	France	(1)	
3 Delux SAS	France	(2)	51%
Ymagis Engineering Services SAS (YES)	France	(3)	100%
Ymagis UGC France SARL	France	(1)	100%
Ymagis UGC Espagne SARL	France	(1)	100%
Ymagis UGC Belgique SARL	France	(1)	100%
Ymagis UGC Italie SARL	France	(1)	100%
Ymagis Deutschland Gmbh	Germany	(1)	100%
Ymagis Systemhaus Gmbh	Germany	(3)	100%
Ymagis Spain SLU	Spain	(1)	100%
Joint ventures under proportional consolidation			
None			
Associates under the equity method			
None			

Information about the Group’s activities:

(1) Assistance with and financing of the digital transition for cinema operators; post-production services and physical or electronic delivery of content.

(2) Sale and rental of 3D glasses.

(3) Sale, installation, maintenance, servicing and outsourcing of digital projection equipment for cinemas.

4.2 Changes in scope during 2013

On November 30, 2013, YMAGIS and SmartJog spun off their cinema digital content duplication and delivery activities into SmartJog YMAGIS Logistics. These two spin-offs satisfy the criteria for an autonomous business unit.

The transactions were carried out:

- at the net carrying amount for the net assets spun off by YMAGIS, with a net value of €215 thousand;
- at the actual value for the net assets spun off by SmartJog, with a net value of €12,500 thousand;

The actual values used for the spin-offs were retained for the business combination analysis.

Following the transaction, YMAGIS holds 60% of SmartJoh Ymagis Logistics, which has been subject to full consolidation since the transaction date.

In the one month of business between the transaction date and December 31, 2013, SmartJog Ymagis Logistics contributed €239 thousand to the Group's consolidated revenue.

Note 5. Segment information

In accordance with IFRS 8 Operating Segments, the segment information disclosed is prepared on the basis of internal management data supplied to the Chairman of Ymagis SA’s Board of Directors, the Group’s chief operating decision maker. The operating segments are monitored individually in terms of internal reporting, using common indicators.

The Group’s sectors of activity break down into:

- Virtual Print Fee (VPF): financing and managing VPF for cinemas under VPF agreements with Ymagis.
- Services: installing and managing projection equipment installed for operators, duplication and delivery to cinemas of digital copies and post-production work for distributers and / or content producers.

The following table provides a breakdown of certain consolidated income statement items by sector of activity:

	12/31/13				12/31/12			
In € thousand	Virtual Print Fee	Services	Holding	Total	Virtual Print Fee	Services	Holding	Total
Revenue	**29 051**	**18 271**	**-**	**47 322**	**21 552**	**18 144**	**-**	**39 696**
Direct costs	(10 126)	(12 681)	-	(22 807)	(7 581)	(12 717)	-	(20 297)
Margin on direct costs	**18 925**	**5 590**	**-**	**24 515**	**13 971**	**5 427**	**-**	**19 398**
Indirect costs	(5 590)	(3 520)	-	(9 110)	(3 602)	(3 034)	(217)	(6 855)
Net operating depreciation and amortization charges and provisions	(7 378)	(1 459)	-	(8 836)	(5 809)	(838)	-	(6 646)
Operating income before non-recurring items	**5 958**	**611**	**-**	**6 569**	**4 560**	**1 555**	**(217)**	**5 898**
Other income and expense				-				-
Operating income	**5 958**	**611**	**-**	**6 569**	**4 560**	**1 555**	**(217)**	**5 898**
Net financial income	(2 293)	66	(333)	(2 561)	(2 227)	36	(557)	(2 748)
Profit before tax	**3 664**	**677**	**(333)**	**4 008**	**2 334**	**1 591**	**(774)**	**3 150**
Income tax			(1 627)	(1 627)			(1 272)	(1 272)
Consolidated net profit	**3 664**	**677**	**(1 960)**	**2 382**	**2 334**	**1 591**	**(2 046)**	**1 878**
Non-controlling interests			(1)	(1)			137	137
Group share of net profit	**3 664**	**677**	**(1 961)**	**2 381**	**2 334**	**1 591**	**(1 909)**	**2 015**

The margin on direct costs corresponds to the margin generated after deducting the costs allocated to each of the activities including, in particular, external purchases and expenses and employee expenses.

The following table provides a geographical breakdown of sales:

	12/31/13		**12/31/12**	
In € thousand	Amount	%	Amount	%
France	23 678	50%	20 405	51%
Germany	11 849	25%	9 489	24%
Spain	8 601	18%	2 636	15%
Benelux	2 925	6%	5 763	7%
Others	270	1%	1 404	4%
Revenue	47 322	100%	39 696	100%

In order to enable a better comparison with the data as at December 31, 2013, the presentation of the data for the year ended December 31, 2012 has been modified.

The following table provides a geographical breakdown of assets and liabilities by sector of activity:

	12/31/13					12/31/12				
	Virtual Print Fee	Operator Services	Total - Operating Segments	Holding	Total - Consolidated	Virtual Print Fee	Operator Services	Total - Operating Segments	Holding	Total - Consolidated
Non-current assets	51 817	14 764	**66 581**	926	**67 508**	41 920	1 668	**43 589**	670	**44 259**
Current assets	17 512	10 380	**27 892**	12 044	**39 937**	11 395	8 829	**20 224**	5 167	**25 391**
Total assets	**69 333**	**25 144**	**94 477**	**12 971**	**107 447**	**53 316**	**10 497**	**63 813**	**5 837**	**69 650**
Non-current liabilities	27 386	2 766	**30 152**	8 506	**38 658**	29 301	1 764	**31 065**	3 240	**34 305**
Current liabilities	28 669	7 100	**35 769**	2 427	**38 196**	16 012	8 278	**24 289**	3 141	**27 431**
Total liabilities	**56 055**	**9 866**	**65 921**	**10 933**	**76 854**	**45 313**	**10 042**	**55 354**	**6 381**	**61 736**

The column headed “Holding company” corresponds to the deferred tax asset in respect of the capitalization of losses, the cash, financial liabilities excluding finance leases and tax liabilities.

The difference between the “Total assets” and “Total liabilities” lines corresponds to the amount of the equity.

The following table provides a geographical breakdown of non-current assets:

	12/31/13		12/31/12	
In € thousand	Amount	%	Amount	%
France	51 848	77%	42 748	97%
Germany	921	1%	128	0%
Benelux	0	0%	0	0%
Spain	14 739	22%	1 381	3%
Others	0	0%	0	0%
Non-current assets	67 508	100%	44 257	100%

At 31 December 2012, the digital projection equipment belonging to German and Spanish cinemas is included in the financial statements of the French company that provides the finance.

Note 6. Presentation of the financial statements

6.1 Intangible assets

In € thousand	12/31/13 Concessions, patents, licenses	12/31/13 Other non-current intangible	12/31/13 Total	12/31/12 Concessions, patents, licenses	12/31/12 Other non-current intangible	12/31/12 Total
Gross value						
At January 1	1 144	4	1 148	970	4	**974**
Increases	309	339	**649**	182		**182**
Change in consolidation scope	10 718	-	**10 718**			
Withdrawals	(81)	-	**(81)**	(8)		**(8)**
At December 31	12 089	343	**12 432**	1 144	4	**1 148**
Depreciation and impairment						
At January 1	(887)	(1)	(888)	(452)	(1)	**(454)**
Amortization charges	(305)	(0)	**(305)**	(433)		**(433)**
Reclassification		(86)	**(86)**			
Change in consolidation scope	-	-	-			
Impairment		-	-			
Withdrawals	49	-	**49**	(1)	(0)	**(1)**
At December 31	(1 140)	(89)	**(1 228)**	(887)	(1)	**(888)**
Net value						
At January 1	257	2	**260**	518	3	**521**
At December 31	10 949	255	**11 204**	257	2	**260**

The growth in "Concessions, patents and licenses" corresponds to the purchase of software and to the usage rights for the identified data base and software spun off into SmartJog Ymagis Logistics (€10,718 thousand) as part of the transactions described in paragraph 4.2. This intangible asset is amortized over 10 years, starting on December 1, 2013. The impact on the Group's financial statements as at December 31, 2013 is therefore €89 thousand.

The increase in "Other non-current intangible assets" corresponds to the co-production rights for the film *Sur le chemin de l'école*.

Research and development costs recognized as expenses totalled €503 thousand in 2013 and €419 thousand in 2012. These costs were not capitalized during 2012 and 2013 since they did not meet the criteria for capitalization laid down by IAS 38.

No indications of impairment were identified at 31 December 2012 or 31 December 2013.

6.2 Property, plant and equipment

In € thousand	12/31/13					12/31/12					
	Specific facilities	Other property, plant and equipment (1)	Assets under finance lease (2)	Assets under construction	Total	Specific facilities	Other property, plant and equipment (1)	Assets under finance lease (2)	Assets under construction	Total	
Gross value											
At January 1	223	6 172	45 763	276	52 433	203	3 106	35 978	-	**39 287**	
Increases	513	10 856	6 865	10	**18 243**	20	3 579	9 785	276	**13 659**	(5)
Reclassification	-	(1 068)	1 343	(276)	**(0)**					-	(3)
Change in scope	-	1 869	-	-	**1 869**					-	(4)
Withdrawals	-	(687)	-	-	**(687)**		(513)			**(513)**	
At December 31	736	17 141	53 969	10	**71 856**	223	6 172	45 763	276	**52 433**	
Depreciation and impairment											
At January 1	(92)	(1 576)	(9 015)	-	(10 683)	(70)	(1 172)	(3 703)	-	**(4 945)**	
Depreciation charges	(43)	(1 325)	(6 123)	-	**(7 491)**	(22)	(634)	(5 313)		**(5 969)**	
Change in scope	-	-	-	-	**-**					-	(4)
Reclassification	-	-	-	-	**-**					-	
Impairment			-		**-**					-	
Withdrawals	-	99	-	-	**99**		230			**230**	
At December 31	(135)	(2 801)	(15 138)	-	**(18 074)**	(92)	(1 576)	(9 015)	-	**(10 683)**	
Net value											
At January 1	131	4 596	36 747	276	**41 749**	133	1 934	32 275		**34 342**	
At December 31	600	14 340	38 831	10	**53 781**	131	4 596	36 747	276	**41 749**	

(1) Other property, plant and equipment consisted mainly of exhibitor projection equipment, audio and video equipment, fixtures and fittings and 3D kits.

(2) Assets leased under finance leases corresponded to the digital projection equipment financed by a finance lease in accordance with the Third Party Investor model.

(3) Reclassifications include:

i. €276 thousand of switches between assets under construction and other property, plant and equipment;
ii. €1,343 thousand of switches between other property, plant and equipment and assets acquired under finance leases, corresponding to 27 pieces of digital projection equipment financed through Group equity in 2012 and then refinanced under leases in 2013.

(4) "Change in scope" refers to the part contributed by SmartJog following the spin-off that created SmartJog Ymagis Logistics.

(5) The increase in property, plant and equipment relates to the capitalization during the period of digital projection equipment, essentially comprising 364 VPF screens under the Third-Party Investor Model, of which €6,865 thousand was financed through leases and €10,937 thousand through equity (in Spain, in particular), and which will be refinanced through leases during the early months of 2014.

6.3 Financial assets

In € thousand	Factoring deposits	Security deposits	Trade receivables	**Total**
12/31/12	**145**	**229**	**785**	**1 159**
Increases	-	78	523	**601**
Repayments/disposals	(145)	(18)	-	**(163)**
12/31/13	**-**	**289**	**1 308**	**1 598**
of which current				-
of which non-current				1 598

The change in "Factoring deposits" relates to the change in factoring partners.

The "Trade receivables" column relates to receivables which will, under the terms of contractual arrangements, be paid in June 2019. This amount is set to increase each year until this due date. In return, the Company has a credit line, the terms of which are summarized in Note 6.10.

6.4 Deferred tax

In € thousand	**12/31/12**	Impact on equity	Impact on net profit	**12/31/13**
Employee benefits	**30**	4	13	**47**
Third-Party Investor Model finance lease	**(65)**		(162)	**(227)**
Third-Party Investor Model deferred income	**539**		220	**759**
Third-Party Investor Model deferred income	**57**		22	**79**
Discounting of long-term provisions	**(30)**		(21)	**(51)**
Split accounting	**42**		(42)	**-**
Losses carried forward	**502**		(235)	**267**
Other timing differences	**161**	(71)	(80)	**10**
Total	**1 236**	(67)	(285)	**884**

Net deferred taxes totalled €884 thousand at December 31, 2013, versus €1,236 thousand a year earlier. This breaks down into €926 thousand of deferred tax assets and €42 thousand of deferred tax liabilities.

The tax loss carryforwards of YMAGIS (€556 thousand) and of the tax consolidation group (€216 thousand) are capitalized in the financial statements as at December 31, 2013. These deferred tax assets were determined on the basis of the losses that, in the Group's opinion, could be offset in the short term against local tax profits arising in France in light of the Group's profit forecasts.
No deferred tax asset has been recognized at the reporting date in respect of tax losses related to companies outside the French tax consolidation group totalling €690 thousand.

6.5 Inventories

In € thousand	12/31/13	12/31/12
Raw materials and consumables		
Work in progress: services		
Finished products		
Goods for resale	832	1 424
Total Stocks	**832**	**1 424**

Inventories comprise projectors, servers, libraries and, to a lesser extent, work-in-progress in respect of the provision of film post-production services.

6.6 Trade receivables and other current assets

In € thousand	12/31/13	12/31/12
Clients	**16 874**	**11 910**
Social security receivables	58	89
Tax receivables	6 750	5 165
Miscellaneous debtors	224	652
Deferred income and prepaid expenses	3 157	840
Other current assets	**10 188**	**6 745**

As at December 31, 2013, the Group has one factoring line (France and Export) and one Dailly line. Under the terms of these agreements, the gross amount of receivables assigned to the factor totalled €2,945 thousand at 31 December 2013 and €2,596 thousand at 31 December 2012. The Group retains most of the risks and rewards associated with the trade receivables assigned. The receivables are therefore recognized as assets.

Tax receivables correspond to VAT, in the respective amounts of €4,881 thousand and €5,737 thousand as at December 31, 2012 and December 31, 2013.

The sharp rise in prepaid expenses relates essentially to warranty extensions put in place as part of the particularly significant cinema development programme at the Spanish subsidiary during the first quarter of the year.

Moreover, during 2012, the French tax authorities carried out a review as to whether amounts invoiced under VPF agreements should be subject to VAT, taking the view that VPF flows could correspond to investment subsidies. This decision, which was never applied by YMAGIS, was not upheld, and the tax authorities confirmed by way of a letter dated May 7, 2013 that VPF services should be subject to VAT.

Pending a definitive ruling, certain distributors that had stopped VAT payments up to May 7, 2013 have settled their debt to the Company. The residual VAT receivable from distributors was fully settled as at December 31, 2013 (€571 thousand a year earlier).

The following table provides an age analysis of trade receivables:

In € thousand		**12/31/12**
Receivables not yet due	6 668	4 587
Receivables due in < 90 days	2 608	3 019
Receivables due in 90 to 180 days	226	408
Receivables due in > 6 months	2 080	622
Trade receivables excluding doubtful and unbilled receivables	**11 581**	**8 636**
Unbilled receivables	5 220	3 244
Doubtful receivables	949	257
Provisions for doubtful receivables	(877)	(227)
Total trade receivables	**16 874**	**11 910**

Of credit notes to be issued, which are recognized under "Other current liabilities" and totaled €1,449 thousand, €1,009 thousand relates to receivables due in more than six months.

6.7 Cash and cash equivalents

In € thousand	**12/31/13**	**12/31/12**
Cash and cash equivalents	12 044	5 167
Bank overdrafts	(1)	(5)
Cash and cash equivalents in the statement of cash flows	**12 043**	**5 162**

Of the cash balances at 31 December 2013 and 31 December 2012, €677 thousand and €730 thousand respectively represented amounts relating to receipts of VPF net of rental charges paid to lessors under the terms of a finance lease. These amounts are pledged by way of guarantee to the financing bodies concerned (the “Cash Reserve”).

Moreover, the Company has undertaken not to pay dividends until the Cash Reserve reaches €4,130 thousand. However, as a result of the IPO, and subject to compliance with certain criteria, YMAGIS has obtained from the banks in question a formal authorization to pay a dividend even if the Cash Reserve does not reach said amount.

6.8 Composition of the share capital and earnings per share

	12/31/13	12/31/12
Number of shares	6 495 531	985 718
Par value	0,25	1,00
Share capital in euros	1 623 883	985 718

The Company's share capital comprises 6,495,531 shares as at December 31, 2013. Double voting rights are attached to 3,942,872 shares which have been held for more than two years by YMAGIS's long-standing shareholders.

As at December 31, 2013, the Company holds 30,359 treasury shares.

During the year, the Company's share capital underwent the following changes:

	Outstanding	After dilutive instruments	
Number of shares at January 1, 2013	985 718	1 375 720	
4-for-1 share split	2 957 154	4 127 160	
Number of shares after share split	3 942 872	5 502 880	
Issue of BSPCE warrants on March 25, 2013		13 328	(*)
Conversion of convertible bonds on an 8-for-3 basis on April 30, 2013	1 039 992	(520 016)	(**)
Issue of new shares as part of the IPO on May 2, 2013	1 512 667	1 512 667	
Treasury shares held via the liquidity agreement	(30 359)	(30 359)	
Number of shares at December 31, 2013	6 465 172	6 478 500	
Average number of shares at December 31, 2013	5 629 465	6 159 464	

(*) The issue of BSPCE warrants has a dilutive effect where they result in the issuance of ordinary shares at a price below the average market price of ordinary shares during the period. The 13,328 shares taken into account for the purpose of this calculation correspond to the number of notional shares issued without a counterparty.

(**) The issuer-initiated conversion resulted in 1,039,992 shares, compared with the 1,560,008 shares that would have been issued had the bondholders initiated the conversion.

	12/31/13	12/31/12
Basic earnings per share	**0,42**	**2,04**
Earnings used to calculated basic earnings per share	2 381 049	2 015 071
Weighted average number of shares	5 629 465	985 718
Diluted earnings per share	**0,40**	**1,62**
Earnings used to calculated basic earnings per share	2 381 049	2 015 071
Interest charge net of tax on convertible bonds	68 194	207 422
Earnings used to calculated diluted earnings per share	2 449 243	2 222 493
Weighted average number of shares used to calculated diluted earnings per share	6 159 464	1 375 720

In order to compare the earnings per share for 2012 and 2013, the four-for-one stock split which took place at the start of 2013 needs to be considered. On this basis, 2012 basic earnings per share totaled €0.5111, while 2012 diluted earnings per share totaled €0.5130.

Special equity warrants for founders' shares (BSPCE warrants)

The Extraordinary General Meeting of March 25, 2013 authorized the distribution of 74,750 BSPCE warrants entitling the beneficiaries to 299,000 ordinary shares of YMAGIS SA, whereby the exercise of each warrant entitles the holder to subscribe to four ordinary shares of the Company.

These BSPCE warrants were awarded by the Board of Directors on March 25, 2013 by virtue of a delegation from the shareholders. A total of 74,750 warrants were awarded. Corporate officers received 35,000 warrants, entitling them to subscribe to 140,000 shares. The 10 employees who benefited most received 20,000 BSPCE warrants between them, entitling them to subscribe to 80,000 shares.

There were no performance-related conditions associated with the awarding of the BSPCE warrants. For employees who have been at the Company since before March 25, 2011, the warrants vest by one quarter every year starting from March 25, 2013; for all other employees, the warrants vest by one quarter every year starting from their two-year anniversary at the Company.

These BSPCE warrants can be exercised within six years of their award date (i.e. up to March 25, 2019) at a fixed price of €19.12, which is €4.78 per share subscribed upon exercise of each warrant. Should the employee resign, they may exercise the BSPCE warrants that have vested up to the date of resignation. Shares acquired through the exercise of BSPCE warrants may not be transferred until March 25, 2015.

No BSPCE warrants had been exercised as at December 31, 2013.

Following the departure of certain employees during the second half of 2013, 70,600 BSPCE warrants remained active as at December 31, 2013.

Pursuant to IFRS 2, the Black-Scholes model was used by an independent third party to value the BSPCE warrants. In view of the BSPCE warrant allocation time frames, they were valued at €7.96 for the first two tranches, €8.40 for the third tranche and €8.84 for the fourth tranche, taking into account an estimated maturity of 3.5 years for the first two tranches, 4 years for the third tranche and 4.5 years for the fourth tranche.

The main assumptions used in this valuation were as follows:

- Reduction of 10% on the estimated share value at March 25, 2013
- Estimated volatility of 55% based on the current volatility of Euronext C
- Dividend yield: 2.25%
- Risk-free rate between 0.3 and 0.5%
- Historic staff turnover: 6.76%

On this basis, and in compliance with IFRS 2, €243 thousand of expenses were recognized as at December 31, 2013, corresponding to 42,200 shares vested during 2013. These were reported under employee expenses, with a counter-entry under reserves. This amount represents 48% of the total expected expense.

6.9 Provisions

In € thousand	Provisions for guarantees given	Other provisions	**Total**
December 31, 2012	**361**	**102**	**462**
Allocations	315		**315**
Drawdowns			**-**
Reversals			**-**
Reclassification		(21)	**(21)**
Effect of discounting / modification of rates	(67)		**(67)**
Impact on profit for the period	**248**	**(21)**	**227**
December 31, 2013	**609**	**81**	**690**
Of which current			-
Of which non-current	609	81	690

The subsidiaries Ymagis Engineering Services SAS, Ymagis Spain SLU and Ymagis Deutschland GmbH have recognized a provision in connection with an extended warranty (extended from five to ten years) granted in respect of some of their equipment.

6.10 Borrowings and financial liabilities

In € thousand		12/31/13	12/31/12
Interest on other financial debt		442	327
Bank borrowings	(1)	5 730	1 676
Credit lines	(1)	822	822
Debt associated with finance leases		232	94
Debt associated with Third-Party Investor Model finance leases	(3)	28 340	29 158
Borrowings and miscellaneous financial debt	(1)	350	350
Borrowings and financial liabilities (non-current portion)		**35 916**	**32 427**
Interest on convertible bond loan			2 285
Bank borrowings	(1)	1 240	234
Debt associated with finance leases		250	98
Debt associated with Third-Party Investor Model finance leases	(3)	7 975	5 959
Factoring	(2)	2 695	2 539
Borrowings and miscellaneous financial debt	(1)		-
Non-Group current accounts	(4)	366	108
Short-term bank credit		1	5
Bank credit (accrued interest)		26	32
Borrowings and financial liabilities (current portion)		**12 553**	**11 260**
Total		**48 469**	**43 688**

During 2013, financial debt changed essentially as a result of the following combined factors:

- Equipment finance obtained from leasing bodies under the terms of the Third Party Investor model. This adjusted the Group's net financial debt by €1,198 thousand as at December 31, 2013, comprising €8,208 thousand of new agreements and €7,010 thousand of repayments.
- A €1,500 thousand loan from OSEO awarded during the period.
- A short-term credit line obtained by YMAGIS on November 26, 2013 and spun off into SmartJog Ymagis Logistics in the amount of €509 thousand.
- Two loans, of €2,225 thousand and €1,059 thousand respectively, taken out to finance projectors deployed in Spain under the Third-Party Investor Model.
- The increase in short-term finance obtained in connection with the assignment of trade receivables. The effect on the Group’s financial debt was €156 thousand at December 31, 2013.
- Repayment during the period of a €97 thousand loan by subsidiary 3 Delux.
- No interest payments outstanding as at December 31, 2013 following the conversion of the bond on April 30, 2013.

(1) The terms and conditions of the outstanding borrowings, excluding finance leases, are as follows:

In € thousand	**Interest rate**	**Year of maturity**	**Initial value**	**Book value at 12/31/13**	**Amount available**	
Bank borrowings	1-month Euribor + 4% p.a.	2015	550	275		(a)
	1-month Euribor + 3.2% p.a.	2013	500	-		(b)
	Change in average yields on government bonds (base 08/12) + 4.67% p.a.	2018	150	150		(*)
	Change in average yields on government bonds (base 08/12) + 5.37% p.a.	2019	1 250	1 250		(*)
	Change in average yields on government bonds (base 08/12) + 4.33% p.a.	2020	1 500	1 500		(*)
	Benchmark commercial interest rate + 1.2% p.a.	2019	2 226	2 225		(*)
	Benchmark commercial interest rate + 1.15% p.a.	2018	1 059	1 059		(**)
	3-month Euribor + 3% p.a.	2014	509	509		(**)
Total			**7 744**	**6 969**		
Borrowings and miscellaneous financial debt	4% p.a. (interest capitalized)	2019	350	350		
Credit lines	16.5% p.a. (interest capitalized)	2019	6 350	822	448	(c)
Total borrowings			**14 444**	**8 140**	**448**	

(*) TME: average monthly yield on government bonds

(**) TICR: Benchmark commercial interest rate

(a) This borrowing is subject to an interest rate guarantee, which protects the Company if the 1-month Euribor rises above 2%, for which it pays a premium of €10 thousand. Since the value of the cap was €7 at December 31, 2013, no adjustment has been made.

(b) This borrowing benefits from a guarantee from Ymagis SA, in its capacity as the Parent Company.

(c) The credit lines are capped at the amount of the trade receivables, not discounted, included in non-current financial assets.

(2) Implementation of the Dailly and factoring agreements of a €4,500 thousand cap subject to the existence of receivables. At 31 December 2013 and 31 December 2012, use of these lines totalled €2,695 thousand and €2,539 thousand respectively, i.e. the entire portfolio of assignable receivables.

(3) Net present value of the Third Party Investor finance lease debt.

In € thousand	Due in less than one year	Due in 1-5 years	Due in more than 5 years	**Total**
December 31, 2013				
Lease payments	9 929	31 406	32	**41 366**
Financial expense	(1 954)	(3 097)	(0)	**(5 051)**
Net present value of the finance lease debt	7 975	28 309	31	**36 315**
December 31, 2012				
Lease payments	8 006	30 919	2 351	**41 276**
Financial expense	(2 047)	(4 051)	(60)	**(6 159)**
Net present value of the finance lease debt	5 959	26 867	2 291	**35 117**

(4) This item corresponds to the creditor current accounts of 3 Delux and SmartJog Ymagis Logistics with minority shareholders.

SmartJog Ymagis Logistics' current account of €258 thousand is intended to cover the company's working capital requirement.

Maturity analysis of financial liabilities:

	12/31/13			
	Montants dus			
In € thousand	Due in less than one year	Entre 1 et 5 ans	> 5 ans	**Total**
Interest on convertible bond loan	-	-	-	0
Interest on other financial debt	-	-	442	442
Bank borrowings	1 240	4 649	1 081	6 969
Credit lines	-		822	822
Debt associated with finance leases	250	232	0	482
Debt associated with Third-Party Investor Model finance leases	7 975	28 309	31	36 315
Factoring	2 695	-	-	2 695
Borrowings and miscellaneous financial debt	-	-	350	350
Non-Group current accounts	366	-	-	366
Short-term bank credit	1	-	-	1
Concours bancaires (intérêts courus non échus)	26	-	-	26
Total borrowings	**12 552**	**33 190**	**2 726**	**48 468**

6.11 Employee benefits

Details are provided in the following table of the main actuarial assumptions used to measure commitments:

Assumptions	12/31/13	12/31/12
Discount rate	3,50%	3,30%
Sources of discount rate	Consulting actuary rate curve	
Duration of commitments	24	
Salary increase rate	3.9% for managerial staff and 2.8% for non-managerial staff	
Turnover rate	Curve decreasing by age and by category (managerial and non-managerial)	
Social security contribution rate	44%	38%
Mortality table	INSEE 2006-2008	
Retirement terms	Voluntary retirement	
Retirement age	62	

The discount rate was determined on the basis of the return on high-quality corporate bonds whose maturities correspond to the flows expected from the schemes. The following table shows the impact of a 0.5 point change in the discount rate:

Sensitivity to discount rate	12/31/13	12/31/12
0.5% reduction in discount rate - Impact on commitment	18	11
0.5% reduction in discount rate - Impact on expense, N+1	7	5
0.5% increase in discount rate - Impact on commitment	(15)	(9)
0.5% increase in discount rate - Impact on expense, N+1	(6)	(4)

The demographic assumptions were set by management.
The following table provides an analysis of the changes in the commitments provided for in the statements of financial position in respect of defined benefit schemes:

In € thousand	12/31/13	12/31/12
Commitment at start of year	**86**	**46**
Normal cost	38	24
Interest on the debt	4	3
Scheme amendment		
Scheme reduction / liquidation		
Acquisitions / disposals		
Transfers		
Actuarial (gains)/losses	14	13
Benefits paid		
Other (translation differences)		
Commitment at end of year	**142**	**86**

6.12 Other non-current liabilities

Other non-current liabilities, which relate to deferred income, include, for the years ended 31 December 2013 and 31 December 2012 respectively, deferred income totalling €1,868 thousand and €1,339 thousand in respect of the portion of the sale and lease back transactions that exceed cost. This deferred income is amortized over the equipment's depreciation period, i.e. eight years.

6.13 Trade payables and other current liabilities

In € thousand	12/31/13	12/31/12
Trade payables	**6 000**	**5 481**
Tax and social security payables (1)	8 103	5 792
Deferred income	3 627	2 048
Other payables (2)	7 728	2 461
Other current liabilities	**19 457**	**10 301**

(1) Tax payables include VAT of €6,693 thousand at December 31, 2013 and €4,660 thousand at December 31, 2012.

(2) Other payables essentially comprise credit notes to be issued to customers in the amount of €1,449 thousand at December 31, 2013 and €1,200 thousand at December 31, 2012.

The sharp rise in other payables relates essentially to payables to providers of non-current assets as part of the particularly significant cinema development programme at the Spanish subsidiary during the first quarter of the year.

6.14 Other purchases and external expenses

In € thousand	12/31/13	12/31/12
Contribution to financing - Third-Party Collector Model	(9 680)	(7 123)
Purchases of subcontracted services	(1 265)	(641)
Purchases on non-inventory supplies	(727)	(574)
Lease payments and other lease expense	(555)	(605)
Other external services	(3 920)	(2 771)
Total	**(16 147)**	**(11 713)**

The main components of "Other external services" are professional fees and transportation and travelling expenses.

6.15 Employee expenses and number of employees

In € thousand	12/31/13	12/31/12
Employee expenses	(5 407)	(4 046)
Social security expense	(1 827)	(1 501)
Employee profit sharing:	-	(89)
Total	**(7 234)**	**(5 636)**
End-of-year workforce	**138**	**90**

6.16 Depreciation and amortization charges and provisions

The following table provides a breakdown of the charges for the year:

In € thousand	12/31/13	12/31/12
Depreciation and amortization of non-current assets	(7 812)	(6 209)
Inventories	(3)	(2)
Trade receivables	(706)	(226)
Risks and charges	(315)	(208)
Total	**(8 836)**	**(6 646)**

6.17 Other income and expenses

None.

6.18 Net Financial income (expense)

In € thousand	12/31/13	12/31/12
(-) Cost of gross financial debt	(2 631)	(2 776)
Interest capitalized		
Income from cash and cash equivalents		
Cost of net financial debt	**(2 631)**	**(2 776)**
(-) Other financial expense	(21)	(12)
Other financial income	90	40
Total financial income and expense	**(2 561)**	**(2 748)**

The reduction in the cost of borrowing relates essentially to:

- the €202 thousand reduction in financial expense on the convertible bonds following their conversion on April 30, 2013;
- the €34 thousand increase in financial expense on borrowings;
- the €48 thousand reduction in financial expense on payables associated with finance leases.

6.19 Income tax

Tax consolidation agreement

In France, YMAGIS SA has, since the 2011 financial year, been the company designated as liable for the income tax due in respect of the tax group, which comprises Ymagis Engineering Services, Ymagis UGC France, Ymagis UGC Espagne, Ymagis UGC Belgique and Ymagis UGC Italie. In accordance with the tax consolidation agreement, the companies included in the tax consolidation group bear their own tax charge, as if they were not part of a tax consolidation group, and pay the corresponding amount to YMAGIS, by way of a contribution to the tax liability of the tax group.

Breakdown of income tax

In € thousand	12/31/13	12/31/12
Current taxes	(1 342)	(1 195)
Deferred taxes	(285)	(77)
Total income tax	**(1 627)**	**(1 272)**

It should be noted that the research tax credit, which totalled €168 thousand in 2013 and €60 thousand in 2012, has been reclassified as a deduction from employee expenses and that the CVAE charge, which totalled €381 thousand in 2013 and €302 thousand in 2012, has been reclassified from the "Taxes and duties" line to the "Current tax" line.

The tax credit encouraging competitiveness and employment, amounting to €68 thousand as at December 31, 2013, is also recorded as a deduction against employee expenses.

Reconciliation of theoretical tax and actual tax

In € thousands	12/31/13	12/31/12
Net income before tax	**4 009**	**3 150**
Tax rate in force	34,43%	34,43%
Theoretical tax expense	(1 380)	(1 085)
Effect of:		
Non-deductible expense	(88)	(11)
Deferred tax not recognised on losses for the year	(93)	(98)
Deferred tax previously not recognised and charged to the year	-	-
Others	(74)	-
Tax rate differential	176	100
Tax credit	82	21
Tax on business value added	(250)	(198)
Total tax charge	**(1 627)**	**(1 272)**
Effective tax rate	-40,59%	-40,37%

Note 7. Information on the fair value of financial assets and liabilities

The main methods and assumptions used to estimate the fair value of financial instruments are described below:

Loans and receivables

YMAGIS considers the carrying amount of cash, trade receivables and security deposits to be a good estimation of the market value, due to the high degree of liquidity of these items.
Trade receivables that mature in over 12 months and are not interest-bearing are recognized as assets in the statement of financial position at their fair value through profit or loss.

Assets at fair value

The only assets in this category held by the Group are marketable investment securities, which are recognized as assets in the statement of financial position at their fair value through profit or loss.

Financial liabilities at amortized cost

As regards trade payables, the Group considers carrying amount to be a good estimation of the market value, due to their high degree of liquidity.
On initial recognition, financial liabilities are measured at their fair value net of transaction expenses which are directly attributable to their issuance.
At each reporting date, these financial liabilities are subsequently measured at their amortized cost in accordance with the effective interest rate method.
The fair value of financial liabilities at amortized cost is calculated by reference to the financing rate applicable at the period end. At 31 December 2013, the rates applied were 3.3% for long-term liabilities (versus 5.40% a year earlier) and 3.99% for finance leases (versus 6.3% a year earlier).

	IAS 39 classification			12/31/2013				
In € thousand	Loans and receivables	Assets at fair value through profit or loss	Liabilities at amortized cost	Carrying amount	Estimated fair value	Level 1 (*)	Level 2 (**)	Level 3 (***)
Non-current financial assets	✓			**1 598**	**1 598**			
Trade receivables	✓			16 874	16 874			
Other current assets	✓			10 188	10 188			
Current financial assets	✓			-	-			
Cash and cash equivalents		✓		12 043	12 043	12 043		
Current assets				**39 105**	**39 105**			
Total assets				**40 703**	**40 703**			
Interest due on bond loan			✓	-	-			
Credit lines			✓	1 177	2 433			
Other bank borrowings			✓	10 128	10 128			
Finance leases			✓	40 081	41 765			
Shareholder current accounts			✓	366	366			
Trade payables			✓	6 000	6 000			
Corporation tax payables			✓	187	187			
Other current liabilities			✓	15 831	15 831			
Total liabilities				**73 770**	**76 710**	**-**	**-**	**-**

	IAS 39 classification			12/31/2012				
In € thousand	Loans and receivables	Assets at fair value through profit or loss	Liabilities at amortized cost	Carrying amount	Estimated fair value	Level 1 (*)	Level 2 (**)	Level 3 (***)
Non-current financial assets	✓	✓		**1 014**	**1 014**			
Trade receivables	✓			11 910	11 910			
Other current assets	✓			6 745	6 713			
Current financial assets	✓			145	145			
Cash and cash equivalents		✓		5 167	5 167	5 167		
Current assets				**23 967**	**23 935**	**5 167**		**-**
Total assets				**24 981**	**24 949**	**5 167**	**-**	**-**
Interest due on bond loan			✓	2 164	2 265			
Credit lines			✓	1 113	2 243			
Other bank borrowings			✓	4 872	4 872			
Finance leases			✓	35 309	36 118			
Shareholder current accounts			✓	108	108			
Trade payables			✓	5 481	5 481			
Corporation tax payables			✓	379	379			
Other current liabilities			✓	8 169	8 169			
Total liabilities				**57 595**	**59 635**	**-**	**-**	**-**

(*) Level 1 – quoted prices for similar instruments
(**) Level 2 – internal model with observable parameters
(***) Level 3 – internal model with non-observable parameters

Note 8. Additional information

8.1 Risk management

General policy

The Group's Finance Department is responsible for managing liquidity, currency and interest rate risks as well as the associated counterparty risks on a centralized basis. It draws up financing and hedging policies for interest rate and currency risk following approval from senior management.

Liquidity risk

The Group's Finance Department manages all cash surpluses and funding requirements at French and foreign subsidiaries by way of treasury management agreements.

Against a background of a general liquidity crisis, the Group may find its sources of financing reduced. This could affect the Group's ability to meet its obligations.

Interest rate risk

Most of the Group's financial debt arises from finance leases taken out at a fixed rate over 5-7 years. Floating-rate debt arises from accounts-receivable financing obtained through assignment under the Dailly law, factoring and medium- and long-term debt in the amount of €6,184 thousand. Floating-rate debt represents less than 20% of the Group's gross financial debt. Interest rate volatility over the course of a full year therefore has little impact on the market value of the Group's net financial debt.

The Group's gearing ratio is as follows:

In € thousand	12/31/13	12/31/12
Borrowings and financial debt	48 469	43 688
Cash and cash equivalents	(12 044)	(5 167)
Long-term receivables	(1 308)	(785)
Net debt (1)	**35 116**	**37 736**
Equity attributable to shareholders of the Company (2)	**25 544**	**7 936**
Net debt and shareholders' equity (1)+(2)=(3)	**60 660**	**45 673**
Gearing = (1)/(3)	**58%**	**83%**

Currency risk

All the Group's subsidiaries operate in the eurozone. Foreign-currency denominated purchases and sales are negligible to date since all VPF are invoiced in euros. As a result, the Company has limited exposure to fluctuations in its functional currency.

Counterparty risk

Most financial debt is with first-rate counterparties.

Credit risk

Credit risk mainly comprises the risk of financial loss should a client fail to fulfil one of its contractual obligations.

The profile of the Group's client base means it has limited exposure to commercial counterparty risk. In 2013, the largest client represented 7% of consolidated revenue and the five largest represented 32.9%.

8.2 Financial commitments and contingent liabilities

Commitments given and received in relation to equipment financing

The net commitment in relation to equipment financing is the balance of commitments made to exhibitors under the Third-Party Collector Model where these exhibitors purchase the equipment directly and transfer the VPF entitlement to YMAGIS in exchange for a contribution to their financing (commitments given), and the lease payments invoiced to exhibitors under the Third-Party Investor Model as part of their contribution to financing provided by YMAGIS (commitments received).

- Outstanding payments to exhibitors (Third-Party Collector Model)

In € thousand	Due in less than one year	Due in 1-5 years	Due in more than 5 years	**Total**
December 31, 2013	10 421	35 924	6 384	**52 728**
December 31, 2012	7 938	27 132	11 082	**46 152**

Contribution payments recorded under expense amounted to €9,680 thousand as at 31 December 2013 and €7,114 thousand a year earlier.

- Outstanding contributions from exhibitors (Third-Party Investor Model)

In € thousand	Due in less than one year	Due in 1-5 years	Due in more than 5 years	**Total**
December 31, 2013	265	581	4 546	**5 392**
December 31, 2012	149	474	4 285	**4 908**

As mentioned in Note 6.10, outstanding payments to financial lessors (Third-Party Investor Model), recorded for their capital portion under financial debt, are as follows:

In € thousand	Due in less than one year	Due in 1-5 years	Due in more than 5 years	**Total**
December 31, 2013	9 929	31 406	32	**41 366**
December 31, 2012	8 006	30 919	2 351	**41 276**

Given their shared nature and on the assumption of a 10-year VPF collection period, since the Company is currently unable to estimate when VPF will no longer be received for certain distributors in relation to the cost recoupment date, VPF income should be sufficient to cover commitments given to cinema operators and to financial lessors.

Commitments received in relation to IT outsourcing

The exhibitors who operate under a VPF agreement with YMAGIS have entered into remote facilities management agreements with the Group, in the following amounts:

In € thousand	Due in less than one year	Due in 1-5 years	Due in more than 5 years	**Total**
December 31, 2013	3 516	14 791	11 677	**29 984**
December 31, 2012	2 942	12 368	12 753	**28 063**

Commitments related to other operating leases

As part of its business, the Group is party to operating leases. The major agreements are as follows:

- property leases;
- vehicle leases;
- miscellaneous (one-off) leases.

The commitments given in relation to property leases essentially comprise rental payments for the offices in Paris, Barcelona, Berlin and Montrouge. They break down as follows:

Outstanding rental payments	Due in less than one year	Due in 1-5 years	Due in more than 5 years	**Total**
December 31, 2013	548	1 896	659	**3 104**
December 31, 2012	796	1 356	114	**2 267**

The other agreements contain no specific clause that may have an impact on the way these agreements are renewed or terminated.

Commitments given and received as part of the shareholders' agreement entered into with SmartJog

Obligation to sell SmartJog Ymagis Logistics shares at the initiative of SmartJog

The shareholders' agreement entered into by the Company and SmartJog on November 30, 2013 states that, as of November 30, 2016, SmartJog may offer to buy all of YMAGIS's shares in SmartJog Ymagis Logistics.

In the event that:

(i) YMAGIS refuses this offer,
(ii) and in the six months following said refusal, a third party makes a firm bid to buy the entire share capital of SmartJog Ymagis Logistics, YMAGIS shall be forced to sell its 60% stake in the company at the terms offered by the third party, provided the price per share is equal to or greater than the price initially offered by SmartJog.

Obligation to sell SmartJog Ymagis Logistics shares at the initiative of YMAGIS

If, subject to certain conditions, YMAGIS wishes to accept a bid from a third party for the entire share capital and voting rights of SmartJog Ymagis Logistics, SmartJog shall be obliged to accept said offer.

Should SmartJog be unable to sell its stake, it must either:

(i) buy all the shares held by YMAGIS at the same terms as those proposed by the third-party bidder,
(ii) or accept that YMAGIS will sell all its shares to the third-party bidder, thereby terminating the shareholders' agreement.

Promise to sell given by SmartJog

SmartJog has given YMAGIS a firm, irrevocable and unconditional commitment to sell, relating to:

(i) A number of shares corresponding to 15% of the capital of SmartJog Ymagis Logistics,
(ii) or, should SmartJog hold less than 15% of the capital of SmartJog Ymagis Logistics when the option is exercised, all shares held by SmartJog.
(iii) A price per share of €579.91 plus an annual interest rate of 5%, calculated between the date of the transaction and the date on which YMAGIS exercised the option.

This option may be exercised in full or in part, on one or more occasions, up to November 30, 2018.

Since the transaction took place only very recently, and the spin-offs were conducted at fair value, the derivative associated with this call option is null as at December 31, 2013.

Other commitments given

The Company has undertaken to not distribute a dividend in the absence of a cash reserve of €4,130 thousand as part of a finance lease agreement. However, as a result of the IPO, and subject to compliance with certain criteria, YMAGIS has obtained from the banks in question a formal authorization to pay a dividend even if the Cash Reserve does not reach said amount. The amounts collected under this agreement as at the end of 2012 are mentioned in Note 7.

The shares and bank accounts of the companies Ymagis UGC France, Ymagis UGC Belgique, Ymagis UGC Espagne and Ymagis UGC Italie have been pledged as security on the financing taken out by Ymagis for digital projection equipment in UGC cinemas.

Shares of the subsidiary Ymagis Deutschland have been pledged as security on the financing taken out by independent exhibitor grouping Cineplex (Third-Party Collector Model) for digital projection equipment.

Commitments relating to individual training entitlements amounted to 4,319 hours.

8.3 Related-party transactions

Management remuneration

The total remuneration of benefits received or to be received by management is as follows:

In € thousand	12/31/13	12/31/12	
Gross remuneration, employers' contributions and benefits in kind	576	304	(*)
Short-term holidays (paid holidays)	37		
Post-employment benefits	9		
Other long-term benefits			
Share-based payments	119		
Severance pay			
Total expense for the year	**741**	**304**	

(*) Of which €20 thousand relates to short-term benefits in 2012.

The increase in "Gross remuneration, employers' contributions and benefits in kind" is due in particular to the appointment in December 2012 of the Deputy Chief Executive Officer.

Main relations between YMAGIS SA and its subsidiaries

YMAGIS, the parent company of the Group, manages certain aspects for its subsidiaries centrally (general management, risk and insurance management, financial management, etc.). As a result, the costs for these services are billed to the subsidiaries under "head-office costs".
Since 2011, YMAGIS SA has been the sole entity subject to corporate income tax in respect of the tax group comprising Ymagis Engineering Services, Ymagis UGC France, Ymagis UGC Espagne, Ymagis UGC Belgique and Ymagis UGC Italie. In accordance with the tax consolidation agreement, the companies included in the tax consolidation group bear their own tax charge, as if they were not part of a tax consolidation group, and pay the corresponding amount to YMAGIS, by way of a contribution to the tax liability of the tax group.

There were no transactions between YMAGIS Holding and YMAGIS SA in 2012 or 2013.

8.4 Statutory auditors' fees

In € thousand	Grant Thornton				Vachon et Associés			
	Amount		%		Amount		%	
	2013	2012	2013	2012	2013	2012	2013	2012
Audit								
Auditing the accounts, certifications, examining the separate and consolidated financial statements								
- Issuer	76	53	36%	93%	56	57	26%	93%
- Fully consolidated subsidiaries					18		8%	
Other audit-related services								
- Issuer	132	4	64%	7%	140	4	65%	
- Fully consolidated subsidiaries								
Sub-total	**208**	**57**	**100%**	**100%**	**214**	**61**	**100%**	**100%**
Other services provided to fully consolidated subsidiaries								
Legal, tax, labor-related								
Others								
Sub-total	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**
Total	**208**	**57**	**100%**	**100%**	**214**	**61**	**100%**	**100%**

8.5 Events after the reporting period

On January 24, 2014, as part of a private placement, YMAGIS carried out a cash capital increase totaling €4,969 thousand by issuing 649,540 ordinary shares without pre-emptive subscription rights at a unit price of €7.65.

These newly issued shares represent a dilution of 9.1% compared with the 6,495,531 shares in circulation prior to the capital increase.

Following this transaction, YMAGIS's long-standing shareholders hold 71.02% of the share capital and 81.32% of the voting rights, with the publicly owned share of capital and voting rights rising respectively to 28.98% and 18.68%.

Statutory Auditors' Report
on the consolidated financial statements

YMAGIS
Year ended December 31, 2013

Dear Shareholders,

Pursuant to the mandate awarded to us by your annual meeting of shareholders, we hereby present to you our report for the year ended December 31, 2013 on:

- the audit of the consolidated financial statements of **YMAGIS**, such as they appear in attachment to this report;
- the justification for our assessment;
- the specific checks required by law.

The consolidated financial statements have been approved by your board of directors. Our role is to express an opinion on these financial statements, based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform procedures to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by other selection methods, to obtain audit evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the appropriateness of accounting principles used, the reasonableness of significant estimates made by Management and the overall presentation of the 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, and with regard to the IFRS framework adopted within the EU, the consolidated financial statements provide a true and fair view of the results, assets and liabilities and financial position of the persons and entities comprising the consolidation group.

2 Justification of our assessment

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code on the justification of our assessment, we hereby inform you that our assessments pertained to the appropriateness of the accounting principles applied and the reasonableness of the major estimates used.

These assessments are part of our audit of the financial statements as a whole, and as such they contributed to the formation of the opinion expressed in the first part of this report.

3 Specific checks

In accordance with professional standards applicable in France, we also performed the specific checks required by law of the Group information contained in the report on operations.

We are satisfied that this information is fairly stated and consistent with the consolidated financial statements.

Paris, 8 April 2014

The Statutory Auditors

Grant Thornton
French member of Grant Thornton International

Laurent Bouby
Partner

Vachon et Associés

Bertrand Vachon
Managing Partner

IV. Board of directors' report on operations affecting the separate and consolidated financial statements for the year ended December 31, 2013

Dear Sir/Madam,

In accordance with the law and the articles of association, we are pleased to present to you our report on the operations and transactions that took place during the year ended December 31, 2013, and on the separate and consolidated financial statements for said year submitted for your approval.

Your Statutory Auditors will report to you on their work, and their reports will include information on the regularity of the separate and consolidated financial statements submitted for your approval.

The reports by the Statutory Auditors and the Board of Directors, as well as the separate and consolidated financial statements and related notes and other documents and information, have been made available to you within the terms, conditions and time frames required by the French Commercial Code.

Our report will deal successively with the various information required by regulations.

Table of contents of the report on operations

1. SIGNIFICANT EVENTS IN THE BUSINESS OF THE COMPANY AND THE GROUP DURING 2013

The Company and the YMAGIS Group experienced another year of transition in 2013, marked by:

- from a financial perspective, the €11.6 million capital increase carried out in May 2013 upon your Company's flotation on compartment C of the NYSE Euronext in Paris;

- the continuation and full completion of the expansion of European movie theaters with a VPF[2] agreement with the Company, numbering 2,785 screens[3] as at December 31, 2013, compared with 2,162 a year earlier and 1,571 at the end of 2011. December 31, 2013 is a key date for the Group because it marks the end (except for in particular cases and, in any event, under present conditions) of VPF financing solutions. The tables below show the number of VPF screens deployed by the Group as at December 31, 2013, along with a breakdown by Third-Party Investor Model[4] or Third-Party Collector Model:

Number of VPF screens - total	**12/31/12**	**12/31/13**	**Change**	**% change**
France	1115	1116	1	0%
Germany	543	612	69	13%
Spain	305	854	549	180%
Benelux	199	203	4	2%
Europe	**2 162**	**2 785**	**623**	**29%**

Number of VPF screens - Third-Party Investor	**12/31/12**	**12/31/13**	**Change**	**% change**
France	616	610	-6	-1%
Allemagne	45	77	32	71%
Espagne	137	471	334	244%
Benelux	149	153	4	3%
Europe	**947**	**1 311**	**364**	**38%**

Number of VPF screens - Third-Party Collection	**12/31/12**	**12/31/13**	**Change**	**% change**
France	499	506	7	1%
Germany	498	535	37	7%
Spain	168	383	215	128%
Benelux	50	50	0	0%
Europe	**1 215**	**1 474**	**259**	**21%**

[2] Virtual Print Fee, or Digital Transition Fee, invoiced by the Group and received from distributors of content, particularly feature-length films, upon delivery of each digital copy to the movie theater where YMAGIS financed the digital transition.

[3] In accordance with industry usage, the terms "screen", "cinema" and "movie theater" are used interchangeably throughout this report on operations. Specifically, unless stated otherwise, these terms refer to movie theaters with existing or future digital projection equipment.

[4] See footnote (5) below.

- at the same time, the near completion of the digital transition phase in many European countries, with the the proportion of screens with digital projection equipment averaging 84% in Europe at the end of 2013[5]. As a result, similarly to all our competitors, the revenue of our equipment sales and installation business fell by 18%;

- the acceleration of the Group's software development programme, including the launch during the year of a new version of its *Theater Management System* ("**TMS**"), which is a key piece of software for cinemas that have converted to digital, enabling them to manage, programme, and monitor all the projection rooms in a given theater from a single, central location, and the development of a range of software enabling the full automation of projection rooms;

- a major investment in content services through the enlargement and expansion of the Group's oldest digital laboratory in Paris and the creation of two new digital laboratories in Barcelona and Berlin, enabling the Group to improve its chances of becoming a major European player in digital post-production and the duplication and delivery of digital copies;

- the strategic partnership with SmartJog, a subsidiary of the TDF group, in the area of duplication and delivery, particularly by satellite, of digital copies ("**DCP**", or *Digital Cinema Package*) and of encryption key management ("**KDM**", or *Key Delivery Message*) through the creation of a joint venture as a European leader in its field, SmartJog Ymagis Logistics ("**SYL**"), of which YMAGIS controls 60% and SmartJog 40%. The two partners each spun off their respective activities in these areas into the new company on November 30, 2013, valued in the same way at €12.5 million, with YMAGIS paying €2.5 million to acquire an additional 10% of share capital in the new entity from SmartJog after the completion of the spin-offs. The table below shows the cinemas connected by SYL as at December 31, 2013, broken down by country:

Country	Total connected by SYL at 12/31/13
France	1 199
Germany	237
Spain	236
Austria	79
Belgium	55
Netherlands	49
Portugal	45
Switzerland	15
Luxembourg	10
Total	**1 925**

[5] Source: UNIC *Update on Cinema Exhibition in 2013*, February 5, 2014

- lastly, since there is no wealth but men (as the proverb goes), in order to respond to the sharp growth in its business, YMAGIS strengthened its management and operational teams. The Group's workforce numbered 138 at the end of December 2013, including 15 who arrived from the TDF group as part of the creation of SYL, versus 116 at the end of June 2013, 90 at the end of 2012 and 54 at the end of 2011.

The two tables below show details of the workforce and changes thereto by country and sector between December 31, 2012 and December 31, 2013:

Country	12/31/12	12/31/13	Change	% Chg.
France	72	100	28	39%
Germany	11	25	14	125%
Spain	7	13	6	86%
Total workforce	**90**	**138**	**48**	**53%**

Segment	12/31/12	12/31/13	Change	% Chg.
VPF	7	8	1	17%
Laboratory	19	37	18	92%
Equipment sales and installations	16	25	9	56%
Remote facilities management and mainte	14	17	3	21%
Operating total	**56**	**87**	**31**	**55%**
R&D & IT	14	23	9	64%
Other support functions	20	28	8	42%
Total workforce	**90**	**138**	**48**	**53%**

NB: Most of the Group's employees spend varying amounts of their time working in the VPF sector. For the purpose of clarity and readability, only those employees working exclusively in VPF are shown in that sector in the table above.

The Group enjoyed considerable consolidated revenue growth of 19% in 2013, posting €47.3 million compared with €39.7 million in 2012.

This increase was due to our VPF business, which saw revenue climb by 34% to €29.0 million, while the services business saw a smaller rise of 1.1% to €18.3 million, affected by the slowdown of the equipment sales and installation segment, for which revenue dropped by 18% to €10.0 million. In contrast, laboratory activities jumped by 47% to €5.0 million, of which €0.2 million relates to SmartJog's delivery business consolidated as of December 1, and revenues from remote facilities management and maintenance activities rose by 28% to €3.2 million.

The Group's profit before tax increased by 27.2% from €3,150 thousand in 2012 to €4,008 thousand in 2013. Consolidated net income showed similar growth: after taking minority interests into consideration, the Group share of net income rose by 18.2% to €2,381 thousand in 2013.

The Group's consolidated net financial position as at December 31, 2013 was €30,593 thousand, of which €25,544 thousand was attributable to the Group, versus €7,914 thousand and €7,937 thousand respectively a year earlier. This sharp increase was essentially due on the one hand to the €10,305 thousand capital increase that ran parallel to the IPO in April 2013, and on the other to the impact of the spin-offs into joint venture SmartJog Ymagis Logistics at the end of the year, of which the Group's share of the €9,985 thousand total was €4,914 thousand.

The Group's consolidated cash flows were €12,043 thousand as at the end of 2013 (versus €5,162 thousand a year earlier, net of a €5 thousand bank overdraft), and its net debt totaled €36,426 thousand (compared with €38,521 thousand a year earlier). Of this debt, €36,315 thousand pertains to finance leases taken out with various banks to finance the digital projection equipment rolled out in cinemas under a VPF agreement by way of the Third-Party Investor Model[6].

[6] In order to best respond to their specific needs, exhibitors are offered two methods of financing for digital projection equipment enabling YMAGIS to receive a VPF:
- the Third-Party Collector Model, whereby the exhibitor finances its own equipment and bills YMAGIS for a contribution that the Company recognizes under external charges;
- the Third-Party Investor Model, whereby YMAGIS generally finances the digital equipment through lease agreements with financial institutions. In the latter case, YMAGIS bills the exhibitor for its share in the financing of the equipment, with the amount received recognized under revenue. Pursuant to IFRS, the financial charges associated with the lease payments are reclassified under financial expense in the income statement, while the capital amounts are recorded as a deduction from debt in the statement of financial position. The corresponding equipment is recorded on the asset side of YMAGIS's statement of financial position and depreciated over eight years.
These two financing methods do not differ in terms of receipt and recognition under revenue of the corresponding VPFs, or in terms of cash flows, but they do require separate presentation in the Company's income statement and statement of financial position.

2. CONSOLIDATED FINANCIAL DATA as at December 31, 2013

Notes to the financial data summarized in the pages below and detailed in the enclosed consolidated financial statements are provided in the chapter below.

STATEMENT OF FINANCIAL POSITION

In € thousand	12/31/13	12/31/12	Change	% change
Non-current intangible assets	11 204	260	10 944	4209,1%
Property, plant and equipment	53 781	41 749	12 032	28,8%
Non-current financial assets	1 598	1 014	584	57,6%
Deferred tax assets	926	1 236	(310)	-25,1%
Non-current assets	**67 508**	**44 259**	**23 250**	**52,5%**
Inventories	832	1 424	(592)	-41,6%
Trade receivables	16 874	11 910	4 964	41,7%
Other current assets	10 188	6 745	3 443	51,0%
Current financial assets	-	145	(145)	-100,0%
Cash and cash equivalents	12 043	5 167	6 876	133,1%
Current assets	**39 937**	**25 391**	**14 546**	**57,3%**
Total assets	**107 447**	**69 650**	**37 797**	**54,3%**
Share capital	1 624	986	638	64,7%
Issue premiums	15 148	2 914	12 234	419,8%
Reserves and retained earnings	6 391	2 022	4 368	216,0%
Net profit	2 381	2 015	366	18,2%
Group share of equity	**25 544**	**7 937**	**17 607**	**221,8%**
Non-controlling interests	5 049	(23)	5 072	-22053,3%
Consolidated equity	**30 593**	**7 914**	**22 679**	**286,6%**
Provisions (non-current portion)	690	452	238	52,5%
Borrowings and financial liabilities (non-current portion)	35 916	32 427	3 488	10,8%
Other non-current liabilities	2 052	1 425	627	44,0%
Non-current liabilities	**38 658**	**34 305**	**4 353**	**12,7%**
Provisions (current portion)	-	10	(10)	-100,0%
Borrowings and financial liabilities (current portion)	12 553	11 260	1 292	11,5%
Trade payables	6 000	5 481	519	9,5%
Corporation tax payables	187	379	(192)	-50,7%
Other current liabilities	19 457	10 301	9 157	88,9%
Current liabilities	**38 196**	**27 431**	**10 766**	**39,2%**
Total liabilities and equity	**107 447**	**69 650**	**37 797**	**54,3%**

SIMPLIFIED CONSOLIDATED INCOME STATEMENT

In € thousand	12/31/13	12/31/12	Change	% change
Revenue	**47 322**	**39 696**	**7 626**	**19,2%**
Purchases consumed	(8 250)	(9 802)	1 552	-15,8%
Other purchases and external charges	(16 147)	(11 713)	(4 434)	37,9%
Taxes and levies	(366)	(217)	(149)	68,6%
Employee expenses	(7 234)	(5 636)	(1 598)	28,3%
Other current operating income and expense	79	216	(137)	-63,3%
Net depreciation and amortization charges and provisions	(8 836)	(6 646)	(2 190)	33,0%
Operating income before non-recurring items	**6 570**	**5 898**	**672**	**11,4%**
EBITDA	15 406	12 544	2 862	22,8%
Other income and expense	-	-	-	
Operating income	**6 570**	**5 898**	**672**	**11,4%**
Net financial income/(expense)	**(2 561)**	**(2 748)**	**186**	**-6,8%**
Profit before tax	**4 008**	**3 150**	**859**	**27,2%**
Income tax	(1 627)	(1 272)	(355)	27,9%
Net profit for the year	**2 382**	**1 878**	**504**	**26,8%**
Share attributable to non-controlling interests	(1)	137	(139)	
Net profit for the year - share attributable to YMAGIS shareholders	**2 381**	**2 015**	**366**	**18,2%**

(1) The Group's EBITDA as presented above is calculated by adding net depreciation and amortization charges and provisions to operating income before non-recurring items.

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED ASSETS

The consolidated statement of financial position totaled €107.4 million as at December 31, 2013, up by €37.8 million on a year earlier. Of this increase, €23.2 million came in non-current assets and €14.5 million in current assets.

The increase in the Group's non-current assets, which totaled €67.5 million at the end of 2013, was due mainly to:

- €10.7 million of intangible assets spun off by SmartJog into our subsidiary SYL. This amount represents the value of all the technology contributed by our partner that enables DCPs for films, trailers and advertising spots to be delivered digitally by satellite and through cables. This asset is amortized over 10 years in the Group's consolidated financial statements. The related impairment charge for 2013 was €89 thousand, since the assets were consolidated as of December 1, 2013.

- A €12.0 million rise in property, plant and equipment, mainly reflecting the capitalization during the year of 364 additional pieces of digital projection equipment financed under the Third-Party Investor Model, net of an annual impairment charge of €6.1 million.

The increase of €14.5 million in the value of the Group's current assets, which totaled €39.9 million at December 31, 2013 versus €25.4 million a year earlier, was due mainly to:

- The €6.9 million rise in consolidated cash flows between December 31, 2012 and December 31, 2013. This improvement in the Group's consolidated cash flows can be explained by positive operating cash flows of €11.3 million, investments of €8.9 million, of which €6.4 million related to property, plant and equipment (predominantly digital projection equipment) and €2.5 million to the acquisition from the TDF group of 10% of our subsidiary SYL, and net financial flows of €4.3 million, largely including the €11.6 million May 2013 capital increase (€10.3 million net of costs calculated after taking tax benefit into consideration) and €4.8 million of interest, of which €2.4 million related to the convertible bonds converted upon the occasion of the IPO.

- The increase of €4.9 million in the "Customers" item, linked partly to the growth in revenue during the year and partly to longer payment terms than in the past. The Group is making the improvement of its payment terms a priority for 2014.

- Lastly, the increase of €3.4 million in other current assets, due essentially to the acquisition on behalf of our Spanish cinema exhibitor customers of 10-year warranty extensions on digital servers and projectors. This was recognized in prepaid expenses as at the reporting date and will be reclassified to expenses on the income statement in the years ahead.

3.2 CONSOLIDATED LIABILITIES

The Group's consolidated net equity at December 31, 2013 was €30.6 million, of which the Group share was €25.5 million. A year earlier, the Group share represented the entire net equity of €7.9 million.

This improvement was due in part to the €11.6 million capital increase (€10.3 million net of costs) carried out parallel to the IPO in May 2013, and in part to the €10.0 million (of which the Group share was €4.9 million) impact of the spin-off (together with TDF group subsidiary SmartJog) of DCP duplication and delivery activities into our subsidiary SYL, in which, following the aforementioned transactions, SmartJog holds a 40% stake and the Group a 60% stake.

The €4.9 million corresponds to the capital gain made by YMAGIS on the assets it spun off into SYL, which is recognized directly in the Group share of equity pursuant to IAS 27-30. The €5.1 million recorded under non-controlling interests corresponds to SmartJog's share in the equity of the new entity.

The Group's non-current liabilities totaled €38.6 million as at December 31, 2013, an increase of €4.4 million due essentially to the €3.5 million increase in the non-current portion of borrowings and debt.

The Group's current liabilities rose by €10.8 million from €27.4 million to €38.2 million as at December 31, 2013. This increase primarily concerns the current portion of borrowings (€1.3 million) and mainly reflects the increase in the digital projection equipment suppliers item associated with the roll-out of 424 VPF screens during the final quarter of 2013, mostly under the Third-Party Investor Model and particularly in Spain, where the number of the Group's VPF screens rose to 388.

3.3 CONSOLIDATED INCOME STATEMENT

The Group's consolidated revenue increased by 19.2% from €39.7 million in 2012 to €47.3 million in 2013.

This sharp rise was due to the increase in VPF revenue, which climbed by 34.3% to €29.0 million (61% of the Group's total revenue, versus 54% in 2012), while services revenue (39% of total revenue, versus 45% in 2012) was broadly stable, increasingly slightly from €18.1 million in 2012 to €18.3 million in 2013.

The increase in the VPF revenue was due mainly to the following three factors.

First, the number of the Group's VPF screens rose by 28.8% from 2,162 at the end of December 2012 to 2,785 a year later, while the average number of VPF screens rolled out reached 2,320 across 2013, compared with 1,860 a year earlier (+24.7%).

Second, the turnover rate (i.e. the average number of VPFs collected per screen, per year) increased by 7.9% from 17.7 in 2012 to 19.1 in 2013.

Lastly, the average VPF (excluding tax) climbed by 1.7% from €600 in 2012 to €610 in 2013.

The stability of the services revenue figure masks a hugely contrasting picture: the drop in the sales of digital projection equipment (-18.0% to €10.0 million at December 31, 2013) was offset by the sharp rise in revenue from remote facilities management (+28.0% to €3.2 million) and from laboratory activities (+47.0% to €5.0 million, of which €1.2 million - versus €0.4 million in 2012 - related to post-production and €3.8 million - versus €3.0 million in 2012; +26.7% - to duplication and delivery activities. Of this €3.8 million, €0.2 million related to the December revenue from the business spun off by SmartJog into SYL on November 30, 2013, which was consolidated from said date.

Operating income before non-recurring items totaled €6,570 thousand at December 31, 2013, up by 11.4% on €5,898 thousand in the previous year.

This change was due mainly to the following adjustments to operating charges:

- A fall of €1,552 thousand, or 16% of purchases consumed, owing to a fall in the sales of digital projection equipment.

- An increase of €4,434 thousand (+38%) in other purchases and external charges, owing mainly to:
  - an increase of €2,557 thousand (+36%) in fees paid to exhibitors with a VPF agreement with the Group under the Third-Party Collector Model, representing 1,474 screens (53% of the total number installed) at the end of December 2013 versus 1,215 (56% of the total number installed) a year earlier. The average number of VPF screens rolled out under said model was 1,348 in 2013, compared with 1,022 in 2012 (+32%);
  - an increase of €381 thousand (+176%) in remote facilities management and maintenance services subcontracted by the Group in Germany and Spain, thanks to a rise in the number

of screens in these countries, and of €259 thousand in external services related to our post-production activities in France and Spain;
- Legal and accounting fees incurred by the Group in the amount of €427 thousand relating to the Company's flotation, to the sharp growth of our subsidiaries in Spain and Germany, and to the spin-offs that resulted in the creation of SYL;
- Telecom expenses of €342 thousand, including €197 thousand in December alone relating to the leasing of the SYL satellite link, and €104 million relating to the creation of a new net operating center housing the Group's servers.

- An increase of €1,598 thousand in employee expenses (+28%), owing to the rise in the Group's workforce from 90 at the end of December 2012 to 138 (including 15 transferred from SmartJog to SYL on December 1, 2013) a year later, and to the recognition of €243 thousand pertaining to BSPCE warrants in the Group's consolidated financial statements.

- An increase of €2,190 thousand (+33%) in depreciation, amortization and provisions, due mainly (€1,312 thousand) to the increase in the number of VPF screens rolled out under the Third-Party Investor Model, capitalized and depreciated over eight years in the Group's consolidated financial statements. As at December 31, 2013, the number of VPF screens under this model totaled 1,311, versus 947 a year earlier (+38%), with the average number of screens rising from 848 in 2012 to 1,051 in 2013 (+24%). This item is also affected by the €480 thousand increase in the amortization of trade receivables, and by the increase in impairment associated with investments made in the Group's three laboratories.

With net financial expense decreasing by €186 thousand (-7%) to €2,561 thousand, owing mainly to the conversion, upon the stock market flotation, of convertible bonds enabling the Group to reduce its interest expense by €202 thousand in 2013, the profit before tax climbed by 27% from €3,150 thousand in 2012 to €4,008 thousand in 2013.

Following income tax of €1,627 thousand, of which €1,342 thousand related to current taxes, including €381 thousand pertaining to the tax on business value added (CVAE), and €283 thousand of deferred tax expense, the net profit for the year was €2,382 thousand (of which the Group share was €2,381 thousand), up by 27% (+18% for the Group share) compared with 2012, when it was €1,878 thousand (€2,015 thousand for the Group share).

With regard to the results by business segment, as described in note 5 to the enclosed consolidated financial statements, their year-on-year change shows contrasting fortunes for the VPF segment, which grew sharply with profit before tax up 57% to €3,664 thousand (compared with €2,334 thousand in 2012), and the services segment, where profit before tax fell by 57% to €677 thousand.

Analysis of sector-based information / results by segment

With regard to sector-based information, there were contrasting fortunes for the VPF division, where profit before tax rose by €1,330 thousand (+57%) to €3,664 thousand in 2013, and the Services division, where profit before tax dropped by 57% to €677 thousand.

Specifically, the major changes between 2012 and 2013 were as follows:

- **VPF division**

	VPF			
In € thousand	**12/31/13**	**12/31/12**	**Variation**	**%**
Revenue	**29 051**	**21 552**	**7 499**	**34,3%**
Direct costs	(10 126)	(7 581)	(2 545)	33,6%
Margin on direct costs	**18 925**	**13 971**	**4 954**	**35,5%**
Indirect costs	(5 590)	(3 602)	(1 988)	55,2%
Net operating depreciation and amortization charges and provisions	(7 378)	(5 809)	(1 568)	27,0%
Operating income before non-recurring items	**5 958**	**4 560**	**1 397**	**30,6%**
Other income and expense			-	0,0%
Operating income	**5 958**	**4 560**	**1 397**	**30,6%**
Net financial income/(expense)	(2 293)	(2 227)	(66)	3,0%
Profit before tax	**3 664**	**2 334**	**1 330**	**57,0%**
Income tax			-	0,0%
Consolidated net profit	**3 664**	**2 334**	**1 330**	**57,0%**
Non-controlling interests			-	0,0%
Group share of net profit	**3 664**	**2 334**	**1 330**	**57,0%**

On top of the increase in VPF revenue, which resulted from year-on-year rises in the average number of screens rolled out during the year, the VPF turnover rate and the average VPF, the margin on direct costs increased by nearly €5.0 million (+35%) owing to the slightly lower proportional increase in direct costs than in revenue.

Essentially, direct costs comprise the fees paid to exhibitors using VPF screens rolled out under the Third-Party Collector Model, and their increase from one year to the next reflects the higher number of screens installed under said model in 2013.

Operating income rose by €1.4 million (+31%) from €4.6 million in 2012 to nearly €6.0 million in 2013.

This result was achieved in spite of a sharp rise in both indirect costs charged to the business (+55%) and provisions for impairment (+27%).

The growth in the portion of indirect costs charged to the VPF business, allocated pro rata according to the revenue of the Group's two business segments, was due partly to the overall increase in indirect costs, related to the aforementioned rise in the Group's operating costs, and partly to the absorption of a greater share by the VPF business as a result of its growing share of Group revenue (61% in 2013, versus 54% in 2012).

The €1.6 million increase in allocations to impairment provisions was due mainly to the rise in the number of screens rolled out under the Third-Party Investor Model. The average number climbed by 24% between 2012 and 2013.

With the segment's net financial income remaining almost unchanged at €2,293 thousand as at December 31, 2013, the additional interest expense associated with the new screens rolled out under the Third-Party Investor Model being offset by the annual reduction in interest on old leases with fixed yearly installments, the VPF business's profit before tax rose by 57% from €2,334 thousand in 2012 to €3,664 thousand in 2013.

- **Services division**

	SERVICES			
In € thousand	**12/31/13**	**12/31/12**	**Change**	**%**
Revenue	**18 271**	**18 144**	**126**	**1,1%**
Direct costs	(12 681)	(12 717)	36	-0,3%
Margin on direct costs	**5 590**	**5 427**	**163**	**3,0%**
Indirect costs	(3 520)	(3 034)	(485)	16,0%
Net operating depreciation and amortization charges and provisions	(1 459)	(838)	(621)	74,1%
Operating income before non-recurring items	**611**	**1 555**	**(944)**	**-60,7%**
Other income and expense			-	0,0%
Operating income	**611**	**1 555**	**(944)**	**-60,7%**
Net financial income/(expense)	66	36	30	84,5%
Profit before tax	**677**	**1 591**	**(914)**	**-57,4%**
Income tax			-	0,0%
Consolidated net profit	**677**	**1 591**	**(914)**	**-57,4%**
Non-controlling interests			-	0,0%
Group share of net profit	**677**	**1 591**	**(914)**	**-57,4%**

The Services division's revenue was broadly stable at €18.3 million in 2013, with the reduction in sales and installation of digital projection equipment offset by the increase in revenue from remote facilities management and laboratory activities.

Direct costs fell very slightly to €12.7 million, with the drop in variable direct costs as a result of the decline in sales and installation offset by an increase in other direct costs, which grew because of a rise in the workforce brought about by greater numbers of laboratory staff and casual workers, and because of an increasing reliance on subcontracting and external services due to sharp growth in our activities relating to the post-production and delivery of digital copies and to remote facilities management and maintenance.

With the margin on direct costs largely unchanged at €5.6 million, the segment's net operating income fell sharply from €1.6 million in 2012 to €0.6 million a year later.

This decline was due partly to the greater share of indirect costs absorbed by the Services division, as described above in relation to the VPF division, and to higher depreciation and amortization charges and allocations to provisions specifically related to the services business.

These charges and allocations rose by €0.6 million in 2013, owing mainly to investment in the modernization of our Paris laboratory and the creation of our two laboratories in Barcelona and Berlin, as well as to impairment of €0.2 million of the non-current assets spun off by SmartJog during the merger of our digital copy delivery business with that of the TDF group subsidiary.

With net financial income stable at €66 thousand, the segment's profit before tax fell from €1.6 million in 2012 to €0.7 million in 2013.

4. SUBSIDIARIES AND ASSOCIATES

The main information concerning the Company's subsidiaries and associates at December 31, 2013 is summarized in the table below:

In € thousand	Share capital	Reserves and retained earnings	% share of capital held	Gross value of securities held	Net value of securities held	Loans and advances awarded by the Company	Deposits and guarantees given by the Company	Revenue (excluding tax) for most recent financial year exercice clos	Profit for most recent financial year exercice clos	Dividends received by the Company
A - Detailed information concerning subsidiaries and associates										
Subsidiaries (stake of more than 50%) :										
3Delux SAS	50	-99	51%	26	26	-	-	258	2	-
Y.E.S. SAS	424	1 784	100%	424	424	-	-	11 340	-881	-
Ymagis UGC Italie SARL	1	-84	100%	1	1	-	-	108	-4	-
Ymagis UGC France SARL	1	300	100%	1	1	-	-	4 865	324	-
Ymagis UGC Espagne SARL	1	61	100%	1	1	-	-	115	-8	-
Ymagis UGC Belgique SARL	1	-163	100%	1	1	-	-	411	-40	-
SmartJog Ymagis Logistics SAS	431	12 257	60%	2 716	2 716	-	-	617	21	-
Ymagis Deutschland GMBH	25	-	100%	13	13	-	-	7 836	585	-
Ymagis Sytemhaus GMBH	25	-	100%	25	25	-	-	3 979	-276	-
Ymagis Spain SLU	50	-	100%	50	50	-	-	4 687	300	-
Total *if applicable*				**3 257**	**3 257**					**-**
B - Overall information concerning subsidiaries and associates					**None**					

5. DATA IN THE PARENT COMPANY FINANCIAL STATEMENTS

Notes to the Parent Company statement of financial position and income statement shown below appear in the next chapter. More details are provided in the enclosed separate financial statements and notes.

Parent Company statement of financial position at December 31, 2013

	12/31/13			12/31/12		
In € thousand	Gross	Depr/Amor/Prov	Net	Net	Change	% change
Non-current intangible assets	1 004	-616	389	150	239	159,8%
Property, plant and equipment	3 284	-1 366	1 919	1 865	54	2,9%
Non-current financial assets	3 937	-2	3 935	855	3 080	360,3%
Non-current assets	**8 226**	**-1 983**	**6 243**	**2 869**	**3 373**	**117,6%**
Inventories	0	0	0	1 138	-1 138	-100,0%
Trade receivables and related accounts	15 249	-357	14 892	12 211	2 681	22,0%
Tax and social security receivables	2 654	0	2 654	1 802	853	47,3%
Other receivables	8 049	-482	7 567	1 871	5 696	304,4%
Cash and cash equivalents	4 029	0	4 029	3 316	713	21,5%
Prepaid expenses	1 583	0	1 583	1 576	8	0,5%
Current assets	**31 566**	**-839**	**30 727**	**21 915**	**8 813**	**40,2%**
TOTAL ASSETS	**39 792**	**-2 822**	**36 970**	**24 784**	**12 186**	**49,2%**
Share capital	-	-	1 624	986	638	64,7%
Issue premiums	-	-	15 148	2 914	12 234	419,8%
Reserves	-	-	162		162	
Retained earnings	-	-	-921	-1 876	956	-50,9%
Profit for the year	-	-	2 732	956	1 776	185,9%
Regulatory provisions	-	-	4	4	0	10,3%
Equity	**-**	**-**	**18 750**	**2 983**	**15 767**	**528,6%**
Provisions for risks and charges	**-**	**-**	**49**	**49**	**0**	**0,0%**
Borrowings and debt	-	-	3 635	7 117	-3 482	-48,9%
Trade payables and related accounts	-	-	7 691	10 192	-2 501	-24,5%
Tax and social security payables	-	-	3 055	2 506	549	21,9%
Other debt	-	-	2 742	938	1 804	192,3%
Deferred income	-	-	1 048	999	49	4,9%
TOTAL LIABILITIES	**-**	**-**	**36 970**	**24 784**	**12 186**	**49,2%**

Parent Company income statement at December 31, 2013

In € thousand	12/31/13	12/31/12	Change	% change
Net revenue	35 842	28 616	7 227	25,3%
Other operating income	128	477	-350	-73,3%
Operating income	**35 970**	**29 093**	**6 877**	**23,6%**
Purchases of goods and change in inventories	-2 276	-355	-1 921	540,5%
Other purchases and external charges	-24 257	-21 894	-2 363	10,8%
Taxes, levies and similar	-563	-342	-221	64,7%
Salaries and wages	-2 984	-2 925	-59	2,0%
Social security expense	-1 230	-1 157	-72	6,2%
Depreciation, amortization and provisions	-1 461	-976	-485	49,7%
Other expense	-48	-52	4	-7,6%
Operating expense	**-32 819**	**-27 702**	**-5 117**	**18,5%**
Net operating income	**3 151**	**1 391**	**1 760**	**126,5%**
Financial income/(expense)	**-143**	**-354**	**211**	**-59,6%**
Profit before tax	**3 008**	**1 037**	**1 971**	**190,1%**
Income/(expense) from non-recurring activities	**24**	**-33**	**57**	**-171,5%**
Employee profit-sharing	5	-72	77	-106,5%
Income tax	-305	24	-329	-1389,3%
Net profit	**2 732**	**956**	**1 776**	**185,9%**

6. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The main notes to the separate financial statements of YMAGIS SA and the comparison thereof with the previous year are as follows:

Review of the Parent Company statement of financial position

- **Non-current assets:**

YMAGIS SA's non-current assets had a net worth of €6,243 thousand as at December 31, 2013, compared with €2,869 thousand a year earlier. This increase of €3,373 thousand can be explained by:

- the capitalization of shares of our new subsidiary SmartJog Ymagis Logistics SAS in the amount of €2,716 thousand, of which €216 thousand resulted from the spin-off and €2,500 thousand from the acquisition of 10% of the share capital from SmartJog. Following the spin-off and acquisition, YMAGIS SA holds 60% of the new entity, which specializes in the duplication and delivery of digital copies;

- the recognition of an intangible asset relating to the co-production rights of the film *Sur le chemin de l'école*, in the amount of €339 thousand;

- investments to renovate and modernize the sites at La Boétie and Montrouge.

- **Current assets:**

Current assets rose by €8,813 thousand during the year to €30,727 thousand at December 31, 2013. This increase can be explained by:

- an increase of €2,681 thousand (+22%) in trade receivables, in line with the 25% growth in YMAGIS SA revenue, due notably to higher VPF business volumes;

- an increase of €5,696 thousand in other receivables, essentially comprising intra-Group current accounts;

- a decrease of €1,138 thousand in inventories following the sale during the year of projection equipment that was part of inventories as at December 31, 2012. This one-off transaction was handled exceptionally by YMAGIS SA rather than its dedicated subsidiary YES.

- **Equity:**

The Company's net equity increased sharply from €2,983 thousand at December 31, 2012 to €18,750 thousand at December 31, 2013. This increase of €15,767 thousand can be explained by:

- the €11,571 thousand capital increase carried out in parallel with the Company's IPO in April 2013. The costs of the capital increase, net of the corresponding tax benefit, were charged to the related issue premium in the amount of €1,267 thousand;

- prior to the Company's IPO, the conversion into shares of bonds with a cumulative value of €2,730 thousand;

- the net profit for 2013 of €2,732 thousand.

- **Borrowings and financial debt:**

Borrowings and financial debt totaled €3,635 thousand at December 31, 2013, down by €3,482 thousand on a year earlier owing mainly to:

- the aforementioned bond conversion and the payment of related interest upon the Company's IPO;

- conversely, bank borrowings and debt increased by €1,397 thousand, due mainly to the Company's new €1,500 thousand loan from OSEO.

- **Other payables:**

Other payables amounted to €2,742 thousand at December 31, 2013, an increase of €1,804 thousand (+192.3%) compared with €938 thousand a year earlier. Other payables mainly comprise debt associated with the assignment of receivables with recourse.

Review of the Company's income statement

- **YMAGIS SA revenue:**

The Parent Company's revenue totaled €35,842 thousand in 2013, versus €28,616 thousand in the previous year. This increase of €7,227 thousand (+25%) can be explained by:

- the increase of €3,491 thousand (+17%) in VPF revenue to €24,106 thousand, owing to the expansion of the Group's VPF screens and a rise in the average number of VPFs per screen;

- the increase of €1,086 thousand (+32%) in revenue from laboratory activities from €3,408 thousand in 2012 to €4,494 thousand in 2013, owing to growth in both our post-production and digital copy delivery businesses, the latter being carried out by our subsidiary SmartJog Ymagis SAS since December 1, 2013;

- non-recurring sales and installation revenue in 2013;

- the increase of €933 thousand (+23%) in intra-Group re-invoicing, owing to the expansion of our subsidiaries' business.

- **Operating profit:**

Operating profit totaled €3,151 thousand in 2013, versus €1,391 thousand in the previous year. Driven by the aforementioned rise in revenue, this increase of €1,760 thousand (+126%) was achieved in spite of:

- an increase of €1,921 thousand in purchases consumed, owing to the sales and installation transaction in 2013;
- an increase of €2,363 thousand (+11%) in other purchases and external costs;
- an increase of €221 thousand (+65%) in taxes and levies;
- an increase of €131 thousand (+3%) in employee expenses;
- an increase of €485 thousand in net depreciation and amortization charges and provisions.

- **Net financial expense:**

Net financial expense totaled €143 thousand in 2013, versus €354 thousand in the previous year. This improvement was due mainly to the reduction in bond-related financial expense after the convertible bonds were converted into shares upon the Company's IPO at the end of April 2013, and to the increase in current-account interest billed to our subsidiaries.

- **Employee profit sharing:**

As a result of the increase in the Company's equity, and in spite of the improvement in its net profit, no profit-sharing expense was recognized for 2013 as at the reporting date.

7. OUTLOOK

In 2014, the VPF and remote facilities management and maintenance businesses should benefit from the full effects of the roll-out of VPF screens throughout 2013, particularly towards the end of the year in Spain.

In addition, SmartJog Ymagis Logistics should really get off the ground, with its sales teams now fully integrated and operational, and there should be an accelerated roll-out of installed screens, combining organic and external growth.

YMAGIS is also examining new acquisition opportunities to enable it to further expand both its geographical reach and its range of products and services for distributors and exhibitors.

In this regard, the capital increase of nearly €5 million carried out in January via a private placement with institutional investors has further strengthened the Group's already solid financial structure, enabling it to accelerate its growth strategy and achieve more quickly its aim of becoming Europe's leading provider of digital technologies and services for the motion picture industry.

8. RISK FACTORS

The different risks to which the Company is or may be exposed are outlined in chapter 4 of its *Document de Base*, which the AMF registered on April 9, 2013 under the number I. 13-012.

As at the date of this report, these risks and their description remain the same as they were in the aforementioned document, since the changes affecting the Company and its business environment since April 9, 2013 do not require a significant review of said risks.

The enclosed note 8.1 to the consolidated financial statements, "Risk management", provides a detailed description of the financial risks as at December 31, 2013.

9. APPROVAL OF THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Your statutory auditors describe their work in the reports on the separate and consolidated financial statements.

We would kindly ask you to approve the separate and consolidated financial statements for the year ended December 31, 2013 and the notes thereto, such as they are presented to you today, as well as the resolutions put before you.

10. PROPOSAL FOR THE ALLOCATION OF PROFIT FOR THE YEAR ENDED DECEMBER 31, 2013

We propose to allocate the net profit of €2,731,709 in the Parent Company's financial statements for the year ended December 31, 2013 as follows:

- Profit for the year	€2,731,709
- Elimination of retained losses	(€920,797)
- Retained earnings	€1,810,912

11. DIVIDENDS AWARDED DURING THE LAST THREE YEARS

None

12. RESEARCH AND DEVELOPMENT ACTIVITIES - HIGH-RISK OR POLLUTING ACTIVITIES

In 2013, the Group committed €503 thousand (€419 thousand in 2012) to research and development activities, of which €367 thousand was invested in YMAGIS SA.

This money went partly on the development of Theater Management System (TMS) software and partly on the automation of all electric and electronic components in digital projection rooms. It also went towards the development of software enabling the correct forwarding of information from cinemas, as well as the optimization of digital copy and KDM duplication and delivery. Lastly, the money went towards software developed to enable the efficient management of digital content delivery for cinemas and to provide these customers with the tools they need to manage their orders and perform follow-up activities.

Moreover, since our Company's business is neither high risk nor polluting, it is not affected by the provisions of Article L.225-102-2 of the French Commercial Code.

13. AGREEMENTS covered by Article L 227-10 of the French Commercial Code

We would kindly ask you to approve the agreements covered by Article L 227-10 of the French Commercial Code that were entered into continued during the year. These are mentioned in the special report by the statutory auditors.

14. ACQUISITION OF TREASURY SHARES

In relation to the liquidity agreement entered into with Oddo & Cie in April 2013 upon the occasion of its IPO, the Company held 30,359 treasury shares as at December 31, 2013. Their total value, using the closing price of €7.26 on said date, is €220,406.34, representing latent capital gains of €2,061.29.

Moreover, in relation to the same agreement, your Company purchased 71,784 treasury shares in 2013 at an average price of €7.13 and sold 41,425 shares at an average price of €7.29.

15. TABLE OF RESULTS OVER THE LAST FIVE YEARS

The table below shows the results of the Parent Company over the last five years, presented in accordance with French GAAP:

Nature / periods Duration of financial year	12/31/13 12 months	12/31/12 12 months	12/31/11 12 months	12/31/10 12 months	12/31/09 12 months
I - Financial position at end of year					
a) Share capital	1 624	986	986	986	986
b) Number of shares issued	6 495 531	985 718	985 718	985 718	985 718
c) Number of bonds convertible into shares	0	259 998	259 998	259 998	259 998
II - Comprehensive income from transactions					
a) Revenue excluding levies	35 842	28 616	16 837	6 075	1 546
b) Profit before tax, depreciation and amortization and provisions	4 465	1 933	2 978	-968	-1 957
c) Income tax	305	-24	69	-89	-111
d) Profit after tax, but before depreciation and amortization and provisions	4 160	1 957	2 909	-879	-1 846
e) Profit after tax, depreciation and amortization and provisions	2 732	956	2 488	-1 186	-2 050
f) Profit paid out					
g) Employee profit-sharing	-5	72	0	0	0
III - Diluted earnings per share (€)					
a) Profit after tax, but before depreciation and amortization	0.64	1.57	2.33	-0.70	-1.48
b) Profit after tax, depreciation and amortization and provisions	0,42	0,77	2,00	-0,95	-1,65
c) Unit dividend					
IV - Employees:					
a) Number of employees	53	49	39	20	19
b) Wage bill	2 984	2 925	2 034	1 283	1 098
c) Employment benefits	1 230	1 157	762	493	421

Please remember that there was a four-for-one share split of the YMAGIS stock following the General Meeting of March 25, 2013. The resulting increase in the number of outstanding shares renders a comparison of earnings per share across years barely relevant.

16. REMUNERATION OF CORPORATE OFFICERS AND EXECUTIVES

The amounts recognized in the income statement and the sums paid during the year to members of the administration and management bodies are shown below (gross figures in €):

Jean Mizrahi	***12/31/13***		***12/31/12***	
Chairman of the Board of Directors	***Amount owed***	***Amount paid***	***Amount owed***	***Amount paid***
Fixed remuneration	*120 000*	*100 008*	*120 000*	*100 008*
Variable remuneration	-	-	-	-
Non-recurring remuneration	-	*80 000*	*87 000*	*43 750*
Director's fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	***120 000***	***180 008***	***207 000***	***143 758***

Jean Marie Dura	***12/31/13***		***12/31/12***	
Managing Director	***Amount owed***	***Amount paid***	***Amount owed***	***Amount paid***
Fixed remuneration	*120 000*	*120 241*	*12 273*	*12 273*
Variable remuneration	-	-	-	-
Non-recurring remuneration	-	-	-	-
Director's fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	***120 000***	***120 241***	***12 273***	***12 273***

Christophe Lacroix	***12/31/13***		***12/31/12***	
Managing Director	***Amount owed***	***Amount paid***	***Amount owed***	***Amount paid***
Fixed remuneration	*102 000*	*102 000*	*84 000*	*84 276*
Variable remuneration	-	-	-	-
Non-recurring remuneration	*10 000*	*10 000*	-	-
Director's fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	***112 000***	***112 000***	***84 000***	***84 276***

The directors received no directors' fees or any other form of remuneration during 2013.

The corporate officer members of the management bodies cumulatively received 35,000 BSPCE warrants, which were awarded by the Board of Directors on March 25, 2013 as part of the BSPCE programme authorized by the Extraordinary General Meeting held on the same day.

Lastly, please be aware that the Group has no complementary pension scheme and no compensation scheme relating to the departure of executives.

17. INFORMATION ON OWNERSHIP STRUCTURE

17.1 Breakdown of share capital and voting rights at December 31, 2013 and December 31, 2012

The YMAGIS SA share capital comprised 6,495,531 shares as at December 31, 2013, split as follows:

	Breakdown of share capital and voting rights at December 31, 2013		
Name	**Number of shares**	**% of share capital**	**% of voting rights**
Ymagis Holdings	2 049 520	31,6%	38,8%
OTC AM	1 466 668	22,6%	23,4%
Odyssée Venture	1 466 676	22,6%	23,4%
Subtotal of registered shareholders	**4 982 864**	**76,7%**	**85,5%**
Public	1 512 667	23,3%	14,5%
TOTAL	**6 495 531**	**100,0%**	**100,0%**

The "Registered shareholders" section of the table above includes only those shares declared as registered by the holder as at December 31, 2013 with BP2S (BNP Paribas Securities Services), which has performed securities services for the Company since it floated on the stock exchange in April 2013.

Registered shares held by the Company's various shareholder investment funds managed by OTC AM or Odyssée Venture have been grouped together under their respective fund manager for ease of reading.

The Company's share capital and voting rights were split as follows at December 31, 2012:

	Breakdown of share capital and voting rights at December 31, 2012		
Name	**Number of shares**	**% of share capital**	**% of voting rights**
Ymagis Holdings	500 000	50,7%	50,7%
OTC AM	242 859	24,6%	24,6%
Odyssée Venture	242 859	24,6%	24,6%
Subtotal of long-standing shareholders	**985 718**	**100,0%**	**100,0%**
Public	-	0,0%	0,0%
TOTAL	**985 718**	**100,0%**	**100,0%**

The four-for-one share split and the double voting rights were introduced after December 31, 2012 (specifically at the Extraordinary General Meeting of March 25, 2013), while the convertible bonds were converted prior to the Company's IPO.

17.2 Ownership thresholds

During 2013, and up to the reporting date, the Company was informed of the following changes taking ownership above or below various thresholds. These changes were notified to the AMF:

DATE	Shareholders	Crossing of legal thresholds		Crossing of statutory thresholds	
		Above	Below	Above	Below
6-mai-13	ANTIN FCPI 9,10 and 11 (BNP)	- 5% of shares		- 5% of shares - 3% of voting rights	- 5% of shares
24-janv.-14	Ymagis Holdings	-	- 30% of shares	-	- 31%, 30% and 29% of shares - 38% and 37% of voting rights
24-janv.-14	OTC	-	-	-	- 22% and 21% of shares - 23% and 22% of voting rights
24-janv.-14	Odyssée Venture	-	-	-	- 23% and 22% of shares - 24% and 23% of voting rights
24-janv.-14	Arbevel	-	-	- 1% of shares - 1% of voting rights	-
24-janv.-14	Sycomore	-	-	- 1%, 2% and 3% of shares - 1% and 2% of voting rights	-

17.3 Employee ownership

The Extraordinary General Meeting of March 25, 2013 authorized the distribution of 74,750 BSPCE warrants entitling the beneficiaries to 299,000 ordinary shares of YMAGIS SA, whereby the exercise of each warrant entitles the holder to subscribe to four ordinary shares of the Company.

These BSPCE warrants were awarded by the Board of Directors on March 25, 2013 by virtue of a delegation from the shareholders. A total of 74,750 warrants were awarded. Corporate officers received 35,000 warrants, entitling them to subscribe to 140,000 shares. The 10 employees who benefited most received 20,000 BSPCE warrants between them, entitling them to subscribe to 80,000 shares.

There were no performance-related conditions associated with the awarding of the BSPCE warrants. For employees who have been at the Company since before March 25, 2011, the warrants vest by one quarter every year starting from March 25, 2013; for all other employees, the warrants vest by one quarter every year starting from their two-year anniversary at the Company.

These BSPCE warrants can be exercised within six years of their award date (i.e. up to March 25, 2019) at a fixed price of €19.12, which is €4.78 per share subscribed upon exercise of each warrant. Should the employee resign, they may exercise the BSPCE warrants that have vested up to the date of resignation. Shares acquired through the exercise of BSPCE warrants may not be transferred until March 25, 2015.

No BSPCE warrants had been exercised as at December 31, 2013.

Following the departure of certain employees during the second half of 2013, 70,600 BSPCE warrants remained active as at December 31, 2013.

17.4 Financial authorizations and powers awarded to the Board of Directors

The tables below summarize the various authorizations and powers awarded to the Board of Directors up to and since the end of 2013:

Financial authorizations used during the year ended December 31, 2013				
Nature of the authorization	**General Meeting (resolution no.)**	**Duration (expiry date)**	**Maximum amount authorized**	**Implementation / Amount used**
- *Issue of shares without pre-emptive subscription rights and public offering of financial securities*	March 25, 2013 (25th resolution)	26 months (May 25, 2015)	€900,000*	€378,166.75 (Board of Directors' meetings of April 30 and May 6, 2013)
- *Issue of a maximum of 74,750 BSPCE warrants, each entitling the beneficiary to subscribe to one new ordinary share*	March 25, 2013 (7th resolution)	26 months (May 25, 2015)	74,750 BSPCEs	74,750 BSPCEs (Board of Directors' meeting of March 25, 2013)
- *Elimination of the pre-emptive subscription right for shareholders to the 74,750 BSPCEs in favour of the beneficiaries designated by the Board of Directors, in accordance with Article 163-bis G of the French General Tax Code*	March 25, 2013 (8th resolution)	26 months (May 25, 2015)	N/A	N/A (Elimination of the pre-emptive subscription right at the Board of Directors' meeting of March 25, 2013)

**Up to the overall ceiling of €1,200,000 fixed by the thirty-seventh resolution*

Financial authorizations used since the end of 2013				
Nature of the authorization	**General Meeting (resolution no.)**	**Duration (expiry date)**	**Maximum amount authorized**	**Implementation / Amount used**
- *Capital increase by the issue of ordinary shares without pre-emptive subscription rights, carried out exclusively as part of an offer mentioned in Article L.411-2 II of the French Monetary and Financial Code (i.e. a private placement)*	March 25, 2013 (27th resolution)	26 months (May 25, 2015)	20% of share capital (i.e. 6,495,531 existing shares comprising said capital before the transaction)	649,540 new shares (Board of Directors' meeting of February 10, 2014)
- *The Board of Directors setting the price within 10% of the Company's share capital by 12-month period for the issue of securities without pre-emptive subscription rights*	March 25, 2013 (28th resolution)	26 months (May 25, 2015)	N/A	N/A (Setting of the price at the Board of Directors' meeting of February 10, 2014)

18. LIST OF POSITIONS HELD DURING THE YEAR BY THE CORPORATE OFFICERS, THEIR OTHER CORPORATE OFFICES AND THEIR FUNCTIONS

18.1 Board of Directors

Name, age	Business address	Term of office (1)	Offices and duties	Offices and duties outside the Company	Other offices held in the last five years
Jean Mizrahi **55 years** **Chairman**	85-87 Avenue Jean Jaurès 92120 Montrouge	Date of first appointment: 25 March 2013 End of term of office: general meeting called to approve the financial statements for the year ended 31 December 2015	Chairman of the Board of Directors and Chief Executive Officer	- Ymagis UGC Italie (Manager) - Ymagis UGC Espagne (Manager) - Ymagis UGC France (Manager) - Ymagis UGC Belgique (Manager) - 3Delux (Chief Executive Officer) - Ymagis Engineering Services (Chairman) - Ymagis Holdings (Chairman) - Ymagis (Chairman) - Hulvic (Chairman of the Board of Directors) - X-Rom (Director) - Monalea S.A.R.L. (Manager) - SMARTJOG YMAGIS LOGISTICS (Chairman and director)	- Def2shoot Participations (Manager) - Mansart Varenne (Manager) - Rom Consulting (Director) - Bumi PLC (Director)

Name, age	Business address	Term of office (1)	Offices and duties	Offices and duties outside the Company	Other offices held in the last five years
Julien Andrieux 38 years Representative of the funds managed by Odyssée Venture	26 Rue de Berri 75008 Paris	Date of first appointment: 25 March 2013 End of term of office: general meeting called to approve the financial statements for the year ended 31 December 2015	Director	**In his capacity as representative of the funds managed by Odyssée Venture:** - Ekinops (Director) - Enovance (Director) - Inops (Director) - MC Group (Director) - Wikango (Director) **On his own behalf:** - Parteam (Nomios) (Supervisory Board Member)	**In his capacity as representative of the funds managed by Odyssée Venture:** - Ambitio (Director) - Arum Technologies (Director)
Michel Garbolino 70 years	50 rue Rochechouart 75009 Paris	Date of first appointment: 25 March 2013 End of term of office: general meeting called to approve the financial statements for the year ended 31 December 2015	Director	- SCI Juigar (Managing Partner) - FONCIERE ROCADE SA Luxembourg (Chairman and CEO) - C.M.I.L. Luxembourg (Manager)	Affine R.E (Director)
Jérôme Lescure 54 years Representative of the funds managed by OTC	79 rue la Boëtie 75008 Paris	Duration of predecessor's term of office Date of first appointment: 25 March 2013 End of term	Director	**In his capacity as representative of the funds managed by OTC AM:** - Groupe Archimen (Director) - Inspirational stores / D3T	**On his own behalf:** - 3 Rivières Holding (Manager)

		of office: general meeting called to approve the financial statements for the year ended 31 December 2015	(Director) **On his own behalf:** - LAVILLA sarl (Co-manager) - CAMSEL SAS (Chairman) - Brassac Holding (Chairman and director) - Brassac Industrie (Managing director and director) - Bargues bois (Chairman) - Les Bois du midi (Chairman and director) - AZIMUT industries (Director) - BACKBONE (Chairman) - OTC Asset Management (Managing director) - Manutan international (Director)

(1) These are the appointment dates after the Company's conversion to a public limited company. Jean Mizrahi was appointed Chairman of YMAGIS SAS on May 15, 2008, while Julien Andrieux and Xavier Faure (since replaced by Jérôme Lescure) were appointed directors of YMAGIS SAS on October 24, 2008.

18.2 Senior management

Information on the Company's senior management team - Jean Mizrahi, Christophe Lacroix and Jean-Marie Dura - is provided in the table below:

Surname First name Age	Business address	Term of office	Position	Offices and duties outside the Company	Other positions held during the last five years but not still held
Jean Mizrahi **55 years**	Please refer to the table in § 18.1 above	Please refer to the table in § 18.1 above	Chief Executive Officer and Chairman of the Board of Directors	Please refer to the table in § 18.1 above	Please refer to the table in § 18.1 above
Jean-Marie Dura 50 years	85-87 Avenue Jean Jaurès 92120 Montrouge	Date of first appointment: 25 March 2013 End of term of office: general meeting called to approve the financial statements for the year ended 31 December 2015	Managing Director	- SMARTJOG YMAGIS LOGISTICS (Director)	- L'Enfant Voyageur Editions (Liquidator) - e-UGC (Chairman and CEO) - UGC Belgium (executive director)
Christophe Lacroix 50 years	85-87 Avenue Jean Jaurès 92120 Montrouge	Date of first appointment: 25 March 2013 End of term of office: general meeting called to approve the financial statements for the year ended 31 December 2015	Managing Director	- SMARTJOG YMAGIS LOGISTICS (Director)	None

List of all positions and functions (corporate offices, employment contracts, etc.) held in any company (civil, commercial, French, foreign, within the Group or non-Group) by each corporate officer (chairman, director, CEO, managing director, permanent representative of a legal person, member of a management board, member of the supervisory board) during the year (L. 225-102-1).

19. ADDITIONAL INFORMATION

19.1 Maturity of trade payables

All trade payables mature within one year and could be broken down as follows as at December 31, 2012 and December 31, 2013:

Maturity of trade payables at December 31, 2013					
In € thousand	**Not yet due**	**Due within 1 month**	**Due in 1-3 months**	**Due in more than 3 months**	**Total**
Total trade payables	**1 951**	**1 920**	**1 528**	**576**	**5 975**

Maturity of trade payables at December 31, 2012					
In € thousand	**Not yet due**	**Due within 1 month**	**Due in 1-3 months**	**Due in more than 3 months**	**Total**
Total trade payables	**1 490**	**2 056**	**3 316**	**2 278**	**9 139**

19.2 Social and environmental information

The Company has no social and environmental information to report for 2013. It intends to publish such information next year.

19.3 Other information

In accordance with Article 223-quater of the French General Tax Code, we should like to inform you that during the year ended December 31, 2013 the Company incurred no deductible expense mentioned in Article 39-4 of said code.

20. EVENTS AFTER THE REPORTING PERIOD

On January 24, 2014, as part of a private placement, YMAGIS carried out a cash capital increase totaling €4,969 thousand by issuing 649,540 ordinary shares without pre-emptive subscription rights at a unit price of €7.65.

These newly issued shares represent a dilution of 9.1% compared with the 6,495,531 shares in circulation prior to the capital increase.

Following this transaction, and taking both registered and non-registered shares into account, YMAGIS's long-standing shareholders, YMAGIS Holdings, OTC AM and Odyssée Venture, controlled 71.02% of the share capital and 81.32% of the voting rights, with the publicly owned share of capital and voting rights rising respectively to 28.98% and 18.68%

In addition, on March 5, 2014, the Scientific Indices Council of NYSE Euronext in Paris decided to add YMAGIS SA shares to the CAC Small, CAC Mid & Small and CAC All-Tradable indices as of March 24, 2014.

Companies are chosen for these indices on account of the liquidity of their securities and of their market capitalization. The CAC All-Tradable (formerly the SBF 250) includes stocks with an annual floating capital turnover of at least 20%.

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