YMAGIS SA

A French limited company (*société anonyme*) with capital of €1,961,524.50
106-108, rue La Boétie - 75008 Paris, France
Paris Trade and Companies Registry no. B 499 619 864

Annual Financial Report

for the 12 months ended 31 December 2014

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

This Annual Financial Report covers the 12 month period ended 31 December 2014. It was prepared in accordance with the provisions of Article L. 451-1-2 of the French Monetary and Financial Code and Articles 222-3 et seq. of the AMF General Regulation.

This Report was distributed in accordance with the provisions of Article 221-3 of the AMF General Regulation and is available on our corporate website, www.ymagis.com.

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I. Statement by the person responsible for the Annual Financial 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, financial position and earnings of the Company and of all the entities within the scope of consolidation, and that the attached management report 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.

17 April 2015

Jean Mizrahi
Chairman and Chief
Executive Officer

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

EUR thousands	Notes	31/12/14 Gross	31/12/14 Depreciation and amortisation / provisions	31/12/14 Net	31/12/13 Net
NON-CURRENT ASSETS					
Start-up costs		-	-	-	-
Research and development		-	-	-	-
Concessions, patents, trademarks, software and similar rights	2.1	682	(606)	76	134
Intangible business assets		-	-	-	-
Other intangible assets	2.1	343	(263)	80	255
Land		-	-	-	-
Construction		-	-	-	-
Technical installations, equipment and tools		248	(139)	109	134
Other property, plant and equipment	2.1	2,672	(1,542)	1,130	1,774
Assets under construction and development	2.1	-	-	-	10
Advances and down payments	2.1	-	-	-	-
Equity-accounted investments		-	-	-	-
Securities	2.2	29,579	-	29,579	3,257
Receivables attached to equity investments	2.2/2.4	7,146	-	7,146	-
Other capitalised securities		230	(1)	229	218
Loans	2.2/2.3	-	-	-	-
Other non-current financial assets	2.2/2.4	776	-	776	460
TOTAL I		**41,677**	**(2,552)**	**39,125**	**6,243**
CURRENT ASSETS					
Raw materials, supplies		-	-	-	-
Goods in process		-	-	-	-
Work in progress in relation to services		-	-	-	-
Semi-finished and finished products		-	-	-	-
Goods for resale		-	-	-	-
Order down payments and advances		65	-	65	65
Trade receivables and related accounts	2.4	28,704	(680)	28,024	14,828
Other receivables					
. Supplier receivables	2.3/2.4	203	-	203	131
. Employee receivables		-	-	-	1
. Receivables from social security bodies	2.4	8	-	8	1
. Income tax receivables	2.4	300	-	300	705
. Receivables on revenue taxes	2.4	3,202	-	3,202	1,948
. Others	2.4	13,448	(1,043)	12,405	7,437
Capital subscribed and called, not paid in	2.4	-	-	-	-
Marketable securities		33	-	33	29
Cash flow instruments		250	-	250	1,250
Available cash		939	-	939	2,750
Prepaid expenses	2.4	1,823	-	1,823	1,583
TOTAL II		**48,974**	**(1,723)**	**47,251**	**30,727**
Expenses to be deferred over several years		594	-	594	-
TOTAL ASSETS		**91,244**	**(4,275)**	**86,970**	**36,970**

EUR thousands	Notes	31/12/14	31/12/13
EQUITY			
Share capital	2.9.1	1,962	1,624
Issue, merger and spin-off premiums	2.9.2	25,129	15,148
Revaluation differences		-	-
Statutory reserve	2.9.2	162	162
Reserves required by the articles of association or by contractual agreements		-	-
Regulated reserves		-	-
Other reserves		-	-
Retained earnings	2.9.2	1,811	(921)
Profit/(loss) for the year	2.9.2	874	2,732
Investment subsidies		-	-
Regulated provisions	2.9.2	12	4
TOTAL(I)	2.9.2	**29,950**	**18,750**
Income from issue of 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 bond debt		-	-
Other bond debt	2.4	15,400	-
Bank borrowings and debt			
Borrowings	2.4	8,042	3,210
Overdrafts, short-term bank credit facilities	2.4	17	23
Miscellaneous financial debt and borrowings			
Miscellaneous	2.4	402	402
Associates	2.4	-	-
CURRENT LIABILITIES			
Advances and down payments received on orders in progress		3	-
Trade payables and related accounts	2.4	5,855	7,174
Tax and social security payables			
Employee payables	2.4	459	427
Payables to social security bodies	2.4	436	447
Income tax payables	2.4	-	61
Payables on revenue taxes	2.4	3,091	2,056
Payables on guaranteed bonds	2.4	-	-
Other duties, taxes and similar	2.4	64	64
Payables on non-current assets and related accounts	2.4	54	517
Other payables	2.4	11,864	2,742
Cash flow instruments	2.4	-	-
Deferred income	2.4	11,283	1,048
TOTAL (IV)	2.4	**56,971**	**18,171**
Translation difference - liability		-	-
TOTAL LIABILITIES		**86,970**	**36,970**

EUR thousands	**Notes**	**31/12/14**	**31/12/13**
Goods sold	2.11	661	2,302
Sales of goods		-	-
Sales of services	2.11	31,900	33,540
Net revenue	2.11	**32,560**	**35,842**
Stored production		-	-
Capitalised production		-	-
Operating subsidies		39	36
Reversals of amortisation and depreciation charges, provisions, transfer		874	88
Other income		0	4
Total operating income		**33,473**	**35,970**
Purchase of goods (including customs duties)		341	1,138
Change in inventories (goods)			
Purchase of raw materials and other supplies			
Change in inventories (raw materials and other supplies)		-	1,138
Other purchases and external charges		25,519	24,257
Taxes, duties and similar payments		503	563
Wages and salaries		2,818	2,984
Social security expense		1,168	1,230
Depreciation and amortisation charges on non-current assets	2.1	748	968
Allocations to provisions for non-current assets		-	-
Allocations to provisions for current assets		1,109	493
Allocations to provisions for risks and charges		31	-
Other expense		3	48
Total operating expense		**32,241**	**32,819**
OPERATING PROFIT/(LOSS)		**1,232**	**3,151**
Share of profit/loss on joint transactions		-	-
Profit allocated or loss transferred (III)		-	-
Loss incurred or profit transferred (IV)		-	-
Financial income from equity investments		49	-
Income from other marketable securities and receivables		-	-
Other interest and similar income		405	275
Reversals of provisions and transfer of charges		2	28
Forex gains		37	0
Net income from the sale of marketable securities		-	-
Total financial income		**492**	**303**
Depreciation and amortisation charges and provisions		1	3
Interest and similar expense		525	441
Forex losses		5	2
Net expense on the sale of marketable securities		-	-
Total financial expense		**531**	**446**
NET FINANCIAL INCOME/(EXPENSE)		**(38)**	**(143)**
PROFIT BEFORE TAX		**1,194**	**3,008**
Non-recurring income from operating transactions		14	2
Non-recurring income from capital transactions		79	720
Reversals of provisions and transfer of charges		2	1
Total non-recurring income		**95**	**723**
Non-recurring expense on operating transactions		13	16
Non-recurring expense on capital transactions		421	682
Non-recurring depreciation and amortisation charges and provisions		10	1
Total non-recurring expense		**445**	**699**
NON-RECURRING PROFIT/(LOSS)		**(350)**	**24**
Employee profit sharing	2.10	-	(5)
Income tax		(31)	305
Total income		**34,060**	**36,996**
Total expense		**33,186**	**34,264**
NET PROFIT/(LOSS)		**874**	**2,732**

YMAGIS SA
Notes to the separate financial statements as at 31 December 2014

The statement of financial position for the year ended 31 December 2014, before appropriation of earnings, totals €86,970 thousand. The income statement for the year shows net income of €874 thousand.

The financial year ran for 12 months from 1 January 2014 to 31 December 2014. The previous financial year also ran for a 12 month-period, from 1 January 2013 to 31 December 2013.

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

1 - ACCOUNTING PRINCIPLES AND METHODS AND EVENTS DURING THE YEAR

1.1 - ACCOUNTING PRINCIPLES AND METHODS

General accounting conventions were applied in compliance with the general rules for drawing up and presenting separate financial statements, in accordance with the principle of prudence and using the following basic assumptions:

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

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 intangible assets

Intangible assets are amortised on a straight-line basis in accordance with their estimated useful lives.

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

Property, plant and equipment are measured 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 straight-line method (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. They are recognised at their purchase or contribution price. Where applicable, the acquisition cost of the securities is also recognised among the Company's assets and is subject to a special depreciation allowance.

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 marketable securities

The gross value is the purchase price including any incidental costs. When the carrying amount drops below the gross value, impairment is recognised for 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 realisable value less proportional costs to sell is recognised when said gross value exceeds the second value as described.

The Company has had no inventories since 1 December 2013 and the transfer of its delivery business to subsidiary SmartJog YMAGIS Logistics SAS (**SYL**).

1.1.5 – Trade and other receivables

Receivables are recognised 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 counterparty for the Company. They are estimated taking into consideration the most likely scenarios as at the accounting preparation date.

1.1.7 – Bonds with share subscription warrants (OBSAs)

The bond debt totalling €15,400 thousand on the statement of financial position at 31 December 2014 represents the OBSAs issued on 20 October 2014 as partial remuneration for the contributions made by dcinex shareholders (the **OBSAs**) as part of YMAGIS's acquisition of dcinex.

These OBSAs were redeemed in advance, in full and without penalty on 2 March 2015, and the corresponding share warrants were annulled in compliance with the Issue Agreement approved by the Ordinary and Extraordinary Shareholders' Meeting on 20 October 2014.

The main characteristics of the OBSAs, which carried the risk of a full dilutive effect on the capital of around 18.9%, were as follows:

- principal amount of €15.4 million, corresponding to 94,477 OBSAs with a unit value of €163;
- annual interest rate of 3.5%, increased to 7.5% as of 20 January 2016;
- non-transferable, except for between bondholders during the share warrant exercise period, i.e. 15 trading days as of 20 January 2016;
- non-detachable share warrants;
- share warrants exercisable only during the strike period, i.e. 15 trading days as of 20 January 2016;
- share warrants enabling the subscription of YMAGIS shares at a strike price of €8.15 in exchange for the annulment of the OBSA in question.

1.1.8 – Recognition of revenue

VPF income is recognised under revenue when a feature-length film or any other content is screened using digital projection equipment contracted with YMAGIS, regardless of the financing method used (Third-Party Collector model or Third-Party Investor model[1]). A VPF is thus payable for each new film or content screened on equipment under contract, regardless of the number of screenings of this content.

For a screen under a VPF contract with YMAGIS, the total amount of VPFs received during a given year depends mainly on the number of new films shown on that screen.

Most of the VPF contracts signed with film distributors provide for the capping of payments once all the financial costs of the model and the Company's contractually agreed margin have been recouped. As such, cost recoupment is achieved when the sum of the VPFs received, plus where applicable, exhibitors' contributions paid to YMAGIS (in the Third-Party Investor model), is equal to the total sum of: (i) the digital projection equipment purchase and installation costs; (ii) financing costs; (iii) the Company's overheads; and (iv) a margin contractually agreed by the distributor and YMAGIS.
VPFs 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 agreement differ from the public rate, credit notes can be issued and recognised, where applicable.

The amounts billed to exhibitors under the Third-Party Investor model ("contributions") are recognised in revenue and spread over the lifetime of the underlying financing arrangement.

[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 the equipment itself and bills YMAGIS for a contribution that the Company recognises under external charges; and (ii) the Third-Party Investor model, whereby YMAGIS finances the digital equipment. In the latter case, YMAGIS bills the exhibitor for its share in the financing of the equipment, with the amount received recognised under revenue.

The collection of VPFs is subject to contractual limits and legal restrictions in France:

- a maximum of 10 years starting from the average VFP screen deployment date by country. In France, content distributors will stop paying VPFs on 31 December 2021 at the latest, under the terms of Law no. 2010-1140 of 30 September 2010;
- under the Company's agreements with various content providers, VPFs collected by the Company from these providers are gradually reduced from the cost recoupment date specific to each provider.

1.1.9 – R&D costs

Research and development costs that do not meet the criteria for capitalisation are recognised in operating expenses. The Company has not capitalised any R&D expense over the last three financial years.

1.1.10 – Recognition and presentation of tax credits

The CICE (tax credit for encouraging competitiveness and employment), which reduced YMAGIS SA's expenses by €54,474 in 2014 (compared with €41,884 in 2013), was recognised as a reduction in employee expenses in the Company's separate financial statements. It was used primarily to fund the investments made by the Company during the financial year.

The CIR (research tax credit), which is recognised as a reduction in tax expense in the YMAGIS SA parent company financial statements, totalled €55,867 in the 2014 financial year, compared with €167,776 in 2013, of which €60,000 corresponded to an underestimate of the 2012 figure. In addition, €71,458 was recognised in respect of 2014 in the parent company financial statements of our subsidiary SYL, which undertakes a major part of the YMAGIS Group's R&D efforts and to which expenses for the Company's research staff were recharged during the financial year.

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 following main events took place during the year:

- **Acquisition of the Belgian company dcinex and its group of companies**

Pursuant to an agreement announced at the end of last July and approved by the Ordinary and Extraordinary Shareholders' Meeting of 20 October 2014, the main terms of which are summarised below, in late 2014 the Company acquired dcinex, one of the Company's main European competitors.

This transaction, which was the subject of a prospectus drawn up pursuant to Article 212-34 of the AMF General Regulation and registered on 30 September 2014 under number E.14-059, enabled the Company to become Europe's leading provider of digital technology for the motion picture industry, with a presence in 16 countries across Europe.

The dcinex group operates identical businesses to YMAGIS, but its activity is complementary from a geographical perspective. With the exception of Germany, where YMAGIS and dcinex were in competition in two areas of the Group's business activities, Exhibitor Services (services for cinema exhibitors) and Content Services (services for distributors and producers of digital content), the two groups operate in different countries.

As well as being Europe's leading digital cinema installer (projection booths and sound), dcinex is a major player in the post-production and physical and electronic delivery of digital copies, via its non-controlling stake in Dsat, a joint venture with Eutelsat. The merger with dcinex enables the Group to rebalance its business between VPF and Services, thereby preparing better for a future marked by the long-anticipated phasing out of VPFs over the next few years.

The dcinex group employs around 200 people across 16 countries in Europe. It posted consolidated revenue of €92 million in 2013 (compared with €47 million for YMAGIS), of which more than half came from services to exhibitors and distributors, generating consolidated EBITDA of €31 million (compared with €15 million for YMAGIS). As at 31 December 2013, dcinex had consolidated net debt of €92 million (compared with €36 million for YMAGIS), mainly comprising loans associated with the roll-out of VPF screens (2,904 VPF screens under contract with dcinex at the end of 2013, compared with 2,785 for YMAGIS at the same date).

The newly combined entity is the leading pan-European provider of digital equipment and services for the motion picture industry, with a presence in 16 countries and 2013 proforma revenue of €139.0 million, generating EBITDA of €46.8 million and earnings before tax of €7.0 million. As at 31 December 2013, the new group's respective proforma equity and consolidated net debt totalled €38.3 million and €149.0 million, of which €132.3 million backed by VPF agreements.

The total cost of the acquisition was €26.1 million, comprising a cash payment of €5 million, YMAGIS shares worth €5.7 million and YMAGIS OBSAs in the amount of €15.4 million. It therefore gave rise to the issue in favour of dcinex shareholders of:

- 699,379 new YMAGIS shares at a unit price of €8.15, totalling €5.7 million and representing a dilution of 8.9%; and
- 97,477 YMAGIS OBSAs, with a total nominal value of €15.4 million. These OBSAs were redeemed in full on 2 March 2015, as explained in section 1.1.7 above.

In addition, as at the transaction date, dcinex had also repaid the majority of the subordinated loans granted by its former shareholders in the total amount of €12.9 million, with the outstanding balance of €1.2 million payable by 20 October 2015 at the latest.

Lastly, the fees of around €1.2 million relating to this transaction were recognised in YMAGIS's parent company financial statements as follows: (i) the €348,000 (€230,000 net of taxes) relating to the capital increase was recognised as a reduction in the contribution premium; (ii) the €623,000 relating to the bond issue was capitalised as bond issue expenses amortised over the initial five-year term of the bond debt; and lastly (iii) the €200,000 representing the purchase cost of securities was capitalised as security acquisition costs and amortised using the special allowance over five years, resulting in the creation of regulated provisions.

- **Capital increase via private placement in January 2014**

On 24 January 2014, as part of a private placement, YMAGIS SA carried out a cash capital increase totalling €4,969,000. This capital increase involved issuing 649,540 ordinary shares with cancellation of pre-emptive subscription rights at a unit issue price of €7.65.

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

Immediately following this transaction, the Company's historical shareholders held 71.02% of the share capital and 81.32% of the voting rights, with the free float and voting rights at the end of January amounting respectively to 28.98% and 18.68%.

- **Acquisition of Arqiva's network of connected cinemas to strengthen SYL**

In early April 2014, via its specialist digital copy duplication and delivery subsidiary SYL, YMAGIS acquired digital content satellite transmission assets from UK company Arqiva, in particular its network of 726 connected cinemas (776 including those yet to be rolled out at the transaction date).

This network, based largely in the UK and Ireland, where Arqiva is the leading operator in this field, but also in Italy, extends the geographical reach of SYL's European network of connected cinemas.

The acquisition cost was €3.6 million, of which €0.2 million relating to possible earnouts based on Arqiva performing certain services and meeting certain targets in favour of SYL.

- **Creation of two new subsidiaries**

In late October and mid-December 2014, the Company created **two new subsidiaries** employing 4.4 and 3 full-time equivalent (FTE) workers respectively:
- in France, VIDEO AUDIO MEDIA PRESTATIONS (**V.A.M.P.**) was set up in Paris to extend the audiovisual post-production range of services to television;
- in the US, Direct Cinema North America Inc. (**DCNA**) was set up in New York to explore the possibility of electronically delivering digital copies by cable (ADSL or fibre-optic) for independent distributors and cinemas in North America.

- **Eligibility for PEA-PME and inclusion in the CAC Small, CAC Mid & Small, CAC All-Tradable and PEA-PME 150 stock market indices**

Lastly, the Company fulfils the eligibility criteria for the PEA-PME share ownership scheme (allowing investors to purchase securities in SMEs), thus enabling the funds concerned to purchase its securities on the stock market. It was added to the CAC Small, CAC Mid & Small and CAC All-Tradable stock market indices on 24 March 2014 and to the new Enternext PEA-PME 150 index, comprising the 150 most liquid French companies eligible for the PEA-PME scheme, on 17 November 2014.

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

2.1 - Property, plant and equipment and intangible assets (gross value and depreciation/amortisation)

Gross value - *in EUR thousands*	**31/12/13**	**Increase**	**Decrease**	**31/12/14**
Intangible assets	**1,004**	**22**	**1**	**1,025**
Technical installations, equipment and industrial tools	248	-	-	248
Other fixtures, fittings and improvements	460	17	-	478
Transportation equipment:	15	5	4	17
Office and IT equipment and furniture	1,490	171	21	1,640
Specialist audio and video equipment	1,060	4	526	538
Sub-total of other property, plant and equipment	**3,026**	**197**	**551**	**2,672**
Property, plant and equipment under construction	10	-	10	-
Property, plant and equipment	**3,284**	**197**	**561**	**2,920**
Total	**4,289**	**220**	**563**	**3,945**

The main change relates to **Property, plant and equipment**, which was affected by the sale to a lessor, as part of their refinancing, of 12 digital projection installations (**DPIs**) that had previously been financed using equity.

Changes in amortisation and depreciation between 31 December 2013 and 31 December 2014 are shown in the table below:

	Events and changes during the year			
Amortisation and depreciation - *in EUR thousands*	**Start of year**	**Allocations during the year**	**Reductions Reversals**	**End of year**
Start-up and research costs	-	-	-	-
Other intangible assets	616	255	1	869
Sub-total for intangible assets	**616**	**255**	**1**	**869**
Land	-	-	-	-
Construction on own ground	-	-	-	-
Construction on third-party ground	-	-	-	-
General construction fixtures and fittings	-	-	-	-
Technical installations, equipment and industrial tools	114	25	-	139
General miscellaneous fixtures and fittings	78	82	12	148
Transportation equipment	8	3	2	9
Office and IT equipment and furniture	860	265	1	1,124
Specialist audio and video equipment	305	117	161	261
Sub-total of other property, plant and equipment	**1,252**	**468**	**177**	**1,542**
Total property, plant and equipment	**1,366**	**493**	**177**	**1,681**
Overall total	**1,981**	**748**	**179**	**2,550**

2.2 - Non-current financial assets

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

Gross value - *in EUR thousands*	**31/12/13**	**Increase**	**Decrease**	**31/12/14**
Securities	3,257	26,323	-	29,579
Receivables attached to equity investments	-	7,146	-	7,146
Other capitalised securities	220	1,273	1,264	230
Other non-current financial assets	460	1,687	1,371	776
Non-current financial assets	**3,937**	**36,429**	**2,635**	**37,731**

The increase in securities relates mainly to the acquisition of dcinex. As well as the above-mentioned payment of €26,100,000 in cash, YMAGIS SA shares and OBSAs, this item includes €200,000 for the cash share of security purchase costs. This security purchase cost will be amortised using the special allowance over five years, giving rise to the creation of a regulated provision.

Details of the securities and related changes during the year are shown in the table below:

	EUR thousands	**COUNTRY**	**Start of year**	**Increase**	**Decrease**	**End of year**
1	3Delux SAS	France	26	-	-	26
2	Y.E.S SAS	France	424	-	-	424
3	YMAGIS UGC Italie SARL	France	1	-	-	1
4	YMAGIS UGC France SARL	France	1	-	-	1
5	YMAGIS UGC Espagne SARL	France	1	-	-	1
6	YMAGIS UGC Belgique SARL	France	1	-	-	1
7	Smartjog Ymagis Logistics SAS	France	2,716	-	-	2,716
8	YMAGIS Deutschland GmbH	Germany	13	13	-	25
9	YMAGIS Systemhaus GmbH	Germany	25	-	-	25
10	YMAGIS Spain SLU	Spain	50	-	-	50
11	V.A.M.P SAS	France	-	1	-	1
12	Direct Cinema North America, Inc.	United States	-	8	-	8
13	dcinex SA	Belgium	-	26,301	-	26,301
	Total securities		**3,257**	**26,322**	**-**	**29,579**

The item "Receivables attached to equity investments", totalling €7,146,000, corresponds to the loan awarded to our new subsidiary dcinex, enabling it to repay, as indicated below and in accordance with the agreements described in Document E registered on 30 September 2014 under number E.14-059, nearly all its current account balances with its former shareholders upon the change of control.

The item "Other capitalised securities" relates mainly to the recognition of 30,970 YMAGIS shares held at 31 December 2014 (30,359 at 31 December 2013) by the Company as part of the liquidity agreement with the bank ODDO.

The item "Other non-current financial assets" mainly comprises: (i) security deposits relating partly to the OSEO/BPI loans and partly to the mobilisation of a number of receivables; and (ii) cash balances totalling €184,000 (€190,000 at 31 December 2013) managed by ODDO as part of the aforementioned liquidity agreement. The net increase in the item between 31 December 2013 and 31 December 2014 relates mainly to new security deposits amounting to €250,000, corresponding to 5% of the two new OSEO/BPI loans taken out by the Company during the year for a total of €5.0 million.

2.3 - Provisions

Provisions as at 31 December 2014 and their changes during the year are as follows:

EUR thousands	31/12/13	Allocations	Reversals	31/12/14
Special depreciation allowances	4	8	-	12
Total regulated provisions	**4**	**8**	**-**	**12**
Other provisions	49	-	-	49
Total other provisions	**49**	**-**	**-**	**49**
Total provisions	**53**	**8**	**-**	**61**
on equity investments	-	-	-	-
on other capitalised securities	2	-	1	1
on customer accounts	357	360	37	680
Other depreciation and amortisation (current accounts)	482	748	187	1,043
Total depreciation and amortisation	**841**	**1,108**	**225**	**1,724**
Overall total	**894**	**1,117**	**225**	**1,786**

Allocations to the special amortisation allowance in the period correspond to the straight-line amortisation over five years, pro rata temporis starting on 20 October 2014 (date of the Company's Shareholders' Meeting that approved the contribution of the securities in question), of the cash portion (€200,000) of the dcinex securities' acquisition fees.

The allocation of €748,000 relates to provisions for miscellaneous receivables and current accounts held at our German subsidiary YSH, in view of this company's financial position and the ongoing restructuring in Germany.

The reversal of the provision of €187,000 corresponds to the reduction in the impairment of the current account of our subsidiary UGC YMAGIS Italie SARL, in view of the improvement in this company's net financial position at 31 December 2014.

2.4 - Maturity of receivables and payables

The maturities of receivables and payables as at 31 December 2014 are as follows:

Statement of receivables - *In EUR thousands*	**Gross amount**	**Less than 1 year**	**More than 1 year**
Receivables attached to equity investments	7,146	-	7,146
Loans	-	-	-
Other non-current financial assets	776	-	776
Doubtful or disputed trade receivables	736	736	-
Other trade receivables	27,968	27,968	-
Receivables representing loaned securities	-	-	-
Miscellaneous debtors	203	203	-
Employees and related accounts	-	-	-
Social security, other welfare bodies	8	8	-
Central government and other government authorities:			
Income tax	300	300	-
VAT	3,202	3,202	-
Other duties, taxes, payments and similar	-	-	-
Miscellaneous	-	-	-
Group and associates	13,448	13,448	-
Prepaid expenses	1,823	1,823	-
Overall total	**55,609**	**47,687**	**7,922**
Amount of loans awarded during the year	-	-	-
Loan repayments during the year	-	-	-
Loans and advances to associates	-	-	-

Statement of payables - *In EUR thousands*	**Gross amount**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Convertible bond debt	-	-	-	-
Other bond debt	15,400	15,400	-	-
Bank borrowings and debt				
Up to 1 year	-	-	-	-
More than 1 year	8,059	585	6,690	785
Miscellaneous financial debt and borrowings	402	-	-	402
Group and associates	-	-	-	-
Advances and down payments received on orders in progress	3	3	-	-
Trade payables and related accounts	5,855	5,855	-	-
Employees and related accounts	459	459	-	-
Social security and other welfare bodies	436	436	-	-
Central government and other government authorities:				
Income tax	-	-	-	-
VAT	3,091	3,091	-	-
Guaranteed bonds	-	-	-	-
Other taxes and duties	64	64	-	-
Payables on non-current assets and related accounts	54	54	-	-
Other payables	11,864	11,864	-	-
Debt representing borrowed securities	-	-	-	-
Deferred income	11,283	11,283	-	-
Overall total	**56,971**	**49,095**	**6,690**	**1,186**
Debt taken out during the year	20,400			
Debt repaid during the year	168			
Borrowings and debt taken out with associates	-			

YMAGIS SA's gross financial debt stood at €23.9 million at the end of December 2014, compared with €3.6 million a year earlier. This increase is due entirely: (i) to the issue of an OBSA (detailed in section 1.1.7) totalling €15.4 million, as remuneration for the contribution of dcinex securities described in section 1.2 above; and (ii) to the Company taking out two loans during the financial year with BPI for a total of €5.0 million, repayable over five years after a two-year grace period, i.e. over seven years in total.

The breakdown of YMAGIS's gross debt as follows at 31 December 2014 was as follows:

- €15.4 million in relation to the OBSAs, which were redeemed in full on 2 March 2015 (see above);
- €7.9 million to BPI (formerly OSEO);
- €0.1 million to Neuflize OBC; and
- €0.4 million to the bank Palatine (repayable in full in 2019).

2.5 - Related parties

Related parties comprise the companies within the consolidation scope, as set out in the table in section 3.8 below, as well as YMAGIS Holdings and the funds managed by OTC Asset Management and Odyssée Venture, shareholders of the Company.

+ = asset or income / (-) = liability or expense - *In EUR thousands*	**Related parties (1)**	**Equity link (2)**
Equity investments	29,579	-
Receivables attached to equity investments	7,146	-
Trade receivables and related accounts	18,339	-
Other receivables	12,170	-
Trade payables and related accounts	(3,281)	-
Other payables	(9,530)	
Financial income	436	-
Financial expense	(180)	-

(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 or which hold a stake in YMAGIS SA

2.6 - Income and credit notes to be received

Amount of income and credit notes to be received included in the following statement of financial position items - *In EUR thousands*	**Amounts, including taxes**
Receivables:	
Trade receivables and related accounts	20,943
Other receivables (including credit notes to be received)	202
Total	**21,145**

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

Amount of expense to be paid and credit notes to be issued included in the following statement of financial position items - *In EUR thousands*	**Amounts, including taxes**
Bank borrowings and debt	52
Trade payables and related accounts	2,150
Tax and social security payables	658
Other payables (including credit notes to be issued)	2,571
Total	**5,432**

2.8 - Deferred income and prepaid expenses

EUR thousands	**Expense**	**Income**
Operating income/expense	1,823	11,283
Total	**1,823**	**11,283**

Prepaid expenses primarily concerns the charges on finance leases for which the first payments, where increased, are then spread over the duration of the lease. Deferred income relates mainly to the sales to and corresponding financing of digital projection equipment for our various subsidiaries as part of the roll-out of VPF screens over the last two years.

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:

In EUR	**Number of shares**	**Nominal value (€)**	**Amount (€)**
Share capital at December 31, 2013	6,495,531	0.25	1,623,883
Capital increase via private placement in January 2014	649,540	0.25	162,385
Exercise of 412 BSPCE warrants - October 2014	1,648	0.25	412
Contribution of dcinex SA securities - part remunerated in YMAGIS shares	699,379	0.25	174,845
Share capital at December 31, 2014	**7,846,098**	**0.25**	**1,961,525**

2.9.2 - Equity

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

EUR thousands	31/12/13	Increase	Decrease	Allocation of profit/(loss) N-1	31/12/14
Share capital	1,624	338	-	-	1,962
Issue/merger/spin-off premiums	15,148	9,981	-	-	25,129
Statutory reserve	162	-	0	-	162
Retained earnings	(921)	-	-	2,732	1,811
Profit/(loss) for the year	2,732	874	-	(2,732)	874
Total	**18,746**	**11,193**	**-**	**-**	**29,938**
Regulated provisions	4	8	-	-	12
Total equity	**18,750**	**11,201**	**-**	**-**	**29,950**

The change in equity is attributable to the capital increase via private placement carried out in January 2014, as well as to the partial remuneration in YMAGIS shares of the contribution of dcinex securities, as described in section 1.2. above.

2.10 - Employee profit sharing

In view of the Company's results for the year ended, no YMAGIS SA employee profit sharing was recorded during 2014.

2.11 – Breakdown of net revenue

Revenue for the year breaks down as follows by activity and geographical area:

Breakdown by business - *In EUR thousands*	**Amounts**
Goods sold	661
Provision of services	31,900
Total	**32,560**

Geographical breakdown - *in EUR thousands*	**Amounts**
France	19,917
Abroad	12,643
Total	**32,560**

2.12 - Breakdown of income taxes

In light of the tax consolidation and the tax loss carried forward at 31 December 2014, the breakdown of income taxes is not relevant.

YMAGIS SA is the head of a tax consolidation group set up in December 2011 that also includes the following companies:

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

Tax consolidation income amounted to €154,000 during the year, versus net income of €161,000 in 2013.

3 – FINANCIAL COMMITMENTS AND OTHER INFORMATION

3.1 - Rental and finance lease commitments - other guarantees given to subsidiaries

The commitments made by YMAGIS SA or its subsidiaries in relation to finance leases and contributions owed to cinema exhibitors are presented below in a consolidated manner since all commitments given or received pertaining to the VPF model are provided or guaranteed in this respect by the Company (this applies to the YMAGIS scope excluding dcinex, with the latter, which was acquired in October 2014, being the subject of specific guarantees described below).

Commitments given and received in relation to equipment financing

The net commitment in relation to equipment financing comprises 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 amounts billed to exhibitors as part of their contribution to financing, where this is underwritten by YMAGIS SA or one of its subsidiaries (commitments received).

- Commitments given - Outstanding contributions to exhibitors (Third-Party Collector model)

Amounts in €k	Less than 1 year	1 to 5 years	More than 5 years	Total
31/12/14	10,148	28,914	2,603	41,665
31/12/13	10,421	35,924	6,384	52,729

- Commitments received - Contributions outstanding from exhibitors (Third-Party Investor model)

Amounts in €k	Less than 1 year	1 to 5 years	More than 5 years	Total
31/12/14	256	412	4,510	5,178
31/12/13	265	581	4,545	5,391

In addition, for information, all outstanding payments to finance lease companies in respect of rental payments on leases under the Third-Party Investor model are as follows:

Amounts in €k	Less than 1 year	1 to 5 years	More than 5 years	Total
31/12/14	11,467	28,240	27	39,734
31/12/13	8,777	27,827	412	37,016

Given their shared nature, the amounts collected by YMAGIS SA and its subsidiaries in respect of VPFs should be sufficient to cover the commitments given to cinema exhibitors and 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 under property leases refer to rent on the offices in Paris and Montrouge occupied by the Company's teams, as detailed below:

Amounts in €k - Outstanding rental payments	Less than 1 year	1 to 5 years	More than 5 years	Total
31/12/14	374	1,257	377	2,008
31/12/13	394	1,412	659	2,465

The other agreements do not contain any specific clauses that may have an impact on the way these agreements are renewed or terminated.

Commitments given in relation to equipment leasing, excluding VPFs

EUR thousands	Less than 1 year	1 to 5 years	More than 5 years	Total
31/12/14	157	163	-	319
31/12/13	285	303	14	602

Commitments received

As part of the VPF model, exhibitors under a VPF contract with YMAGIS SA or its subsidiaries are party to digital projection equipment facilities management agreements with YMAGIS SA or its subsidiaries for the following amounts (excluding dcinex scope):

Amounts in €k - Outstanding rental payments	Less than 1 year	1 to 5 years	More than 5 years	Total
31/12/14	3,514	14,659	7,562	25,735
31/12/13	3,516	14,791	11,677	29,984

Other guarantees given to Group subsidiaries

Lastly, in some cases the Company has provided guarantees to some of its subsidiaries.

With regard to dcinex, these guarantees concern those given by YMAGIS SA to dcinex's banks and junior lenders as part of bank waivers requested and obtained during the Company's acquisition of dcinex securities, as described in section 1.2 above and in more detail in Document E registered by the AMF on 30 September 2014 under number E.14-059. YMAGIS SA has guaranteed all senior and junior debt associated with the financing of the roll-out of VPF screens by dcinex.

The guarantees given by YMAGIS SA to its subsidiary SYL relate to financial assistance provided to its subsidiary prior to the Shareholders' Meeting to be called to approve the financial statements for the year ending 31 December 2015, the guarantees given to lessors having financed the roll-out by SYL of new connected cinemas, and in particular the acquisition of the Arqiva network of connected cinemas, as described in section 1.2 above, as well as the guarantee given to the owner of the subsidiary’s London offices.

The table below shows the total of these guarantees for the two companies in question. This is broken down by company in the table in section 3.8 later in the document.

Amounts in €k - Outstanding rental payments	Less than 1 year	1 to 5 years	More than 5 years	Total
31/12/14	24,337	46,734	1,145	72,216

3.2 - Increases and reductions in future taxes payable

EUR thousands	
Increases in future taxes payable	**-**
	None
Decreases in future taxes payable	**44**
C3S (EX - Organic)	44
Nature of temporary differences	**199**
Individual tax loss carryforwards	9
Consolidation group tax loss carryforwards	190

3.3 - Remuneration of executives

The gross remuneration of management bodies totalled €360,000 in respect of 2014, compared with €352,000 for the previous year.

3.4 - Workforce as at 31 December 2014

	Salaried personnel	Staff seconded to the company
Managers	34	-
Supervisors and technicians	-	-
Employees	19	-
Manual workers	-	-
Total	**53**	**-**

The Company's headcount also totalled 53 people at 31 December 2013.

3.5 - Retirement commitments and individual training entitlement (DIF)

The Company has no recognised provisions for retirement commitments. The off-balance sheet commitment totalled €164,000 as at 31 December 2014, versus €82,000 a year earlier.

The individual training entitlement (DIF) totalled 2,833 hours for all employees as at 31 December 2014, compared with 2,460 hours a year earlier.

3.6 - Research and development costs

Research and development costs amounted to €424,000 during the year, compared with €367,000 in 2013. Since these costs did not meet all the criteria for capitalisation, they were recognised in full in expenses for the year.

3.7 - Events after the reporting period

Private placement of a €36.5 million bond in February 2015

In late February 2015, YMAGIS carried out an initial private placement of a €36.5 million bond with various French and Belgian institutional investors, thereby enhancing the Group's financial flexibility and replenishing some of the cash reserves used in the acquisition of dcinex.

This placement comprises two tranches of four and five years respectively. The first, for €17.5 million, has an annual coupon of 4.00% and is repayable in full upon maturity on 23 February 2019, while the second, for €19.0 million, has an annual coupon of 4.25% and is repayable in full upon maturity on 23 February 2020.

Strengthened by this new source of funding, the Group carried out the following transactions:

Redemption of OBSAs - Cancellation of share warrants

On 2 March 2015, YMAGIS redeemed in full the OBSAs issued in October 2014 during the acquisition of dcinex, for a total amount of €15.4 million.

These OBSAs bore interest rate at 7.5% from January 2016 and 3.5% before then.

Simultaneously, all the share warrants attached to these OBSAs were cancelled, thereby eliminating the maximum dilution risk of 18.9% of capital (post dilution) in the event of all warrants being exercised.

Repurchase of the dcinex junior debt

On 31 March YMAGIS also repurchased €9.9 million of the dcinex junior debt, which bore an average interest rate of around 9%. The outstanding balance of this junior debt is expected to be repurchased during the current year.

Repayment of the current account of dcinex's former shareholders

Lastly, on 31 March, dcinex repaid the outstanding balance of €1.2 million on the current account of its former shareholders.

3.8 - Subsidiaries and other equity investments

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

In EUR thousands - amount at December 31, 2014	Share capital	Reserves and retained earnings	Share of capital held in %	Gross value of securities held	Net value of securities held	Loans and advances allowed by the company	Sureties and endorsements given by the company	Revenue excluding tax in the most recent financial year	Profit/(loss) in the most recent financial year	Dividends collected by the company during the year
A - Detailled information on subsidiaries and other equity investments										
Subsidaries (more than 50% of capital held):										
3Delux SAS	50	(96)	51%	26	26	115	-	153	18	-
Y.E.S. SAS	424	903	100%	424	424	-	-	14,607	294	-
YMAGIS UGC Italie SARL	1	(110)	100%	1	1	426	-	113	(18)	-
YMAGIS UGC France SARL	1	625	100%	1	1	-	-	4,492	13	-
YMAGIS UGC Espagne SARL	1	53	100%	1	1	131	-	118	(14)	-
YMAGIS UGC Belgique SARL	1	(204)	100%	1	1	356	-	452	(34)	-
SMARTJOG YMAGIS Logistics SAS	431	88	60%	2,716	2,716	3,720	6,891	11,523	(4,533)	-
YMAGIS Deutschland GmbH	25	1,137	100%	25	25	-	-	9,784	582	-
YMAGIS Systemhaus GmbH	25	(222)	100%	25	25	1,021	-	2,562	(389)	-
YMAGIS Spain SLU	50	-	100%	50	50	6,303	-	9,418	108	-
V.A.M.P. SAS	1	-	100%	1	1	51	-	43	-	-
Direct Cinema North America, Inc.	8	-	100%	8	8	43	-	-	(48)	-
dcinex SA	10,033	2,327	100%	26,301	26,301	7,146	65,325	79,000	7,138	-
Total *where applicable*				**29,579**	**29,579**	**19,312**	**72,216**			
B - Overall information on other subsidiaries and equity investments	**None. All the company's subsidiaries are more than 50% owned and figure in the table above**									

DCNA: amount initially in US dollars

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Statutory auditors' report on the separate financial statements

YMAGIS

Year ended 31 December 2014

Dear Shareholders,

Pursuant to the mandate awarded to us by your Shareholders' Meeting, we hereby present to you our report for the year ended 31 December 2014 on:

- the audit of the separate financial statements of **YMAGIS**, as attached to this report;
- the justification of 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 the professional standards applicable in France. These standards require that we plan and perform procedures to obtain reasonable assurance that the separate financial statements are free of material misstatement. An audit involves performing procedures, on the basis of samples 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 the accounting principles used, the reasonableness of the significant estimates made 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 would like to bring the following to your attention:

- Equity securities are measured at acquisition cost and then impaired, where appropriate, on the basis of their value in use in accordance with the methods described in Note 1.1.2 "Equity securities" of the notes to the financial statements. 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 the appropriate information.

These assessments are part of our audit of the separate 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 the professional standards applicable in France, we also performed the specific checks required by law.

We have no observations to make regarding the fair presentation and consistency with the separate financial statements of the information provided in the Board of Directors' management report and in the documents addressed to shareholders relating to the financial position and to the separate 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 companies controlling your Company or controlled by it. 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 items of information on equity investments and takeovers and on the identity of holders of the capital and voting rights were communicated to you in the management report.

Paris, 17 April 2015

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 by the statutory auditors

YMAGIS

A French limited company (SA) with capital of €1,961,525
Paris Trade and Companies Registry no. B 499 619 864
106, rue La Boétie - 75008 Paris, France

CONSOLIDATED FINANCIAL STATEMENTS
Year ended
31 December 2014

I. STATEMENT OF FINANCIAL POSITION

EUR thousands	Notes	**31/12/14**	**31/12/13**
Goodwill	6.1	10,523	-
Intangible assets	6.2	10,048	11,204
Property, plant and equipment	6.3	135,374	53,781
Equity-accounted investments	6.4	437	-
Non-current financial assets	6.5	3,670	1,598
Financial instruments	6.6	699	-
Deferred tax assets	6.7	5,801	926
Non-current assets		**166,552**	**67,508**
Inventories	6.8	6,182	832
Trade receivables	6.9	42,710	16,874
Other current assets	6.9	16,346	10,188
Current financial assets	6.5	114	-
Cash and cash equivalents	6.10	18,075	12,043
Current assets		**83,428**	**39,937**
Total assets		**249,980**	**107,447**
Share capital	6.11	1,962	1,624
Issue premiums		24,248	15,148
Reserves and retained earnings		9,824	6,391
Net profit/(loss)		1,788	2,381
Group share of equity		**37,821**	**25,544**
Minority interests		4,771	5,049
Consolidated equity		**42,592**	**30,593**
Provisions (non-current portion)	6.12	1,112	690
Borrowings and financial liabilities (non-current portion)	6.13	87,630	35,916
Financial instruments	6.6	1,830	-
Employee benefits	6.14	324	142
Deferred tax liabilities	6.7	547	42
Other non-current liabilities	6.15	14,029	1,868
Non-current liabilities		**105,471**	**38,658**
Provisions (current portion)	6.12	-	-
Financial debt and borrowings (current portion)	6.13	55,733	12,553
Trade payables	6.16	15,683	6,000
Corporation tax payables		1,174	187
Other current liabilities	6.16	29,332	19,457
Current liabilities		**101,922**	**38,196**
Total liabilities and equity		**249,980**	**107,447**

II. CONSOLIDATED INCOME STATEMENT

EUR thousands	Notes	31/12/14	31/12/13	Proforma
Revenue		**84,611**	**47,322**	**150,368**
Consumables purchased		(20,832)	(8,250)	(42,880)
Other purchases and external charges	6.17	(24,586)	(16,147)	(34,078)
Taxes and duties		(423)	(366)	(504)
Employee expenses	6.18	(11,459)	(7,234)	(18,665)
Other current operating income		1,039	637	1,643
Other current operating expense		(1,126)	(558)	(2,070)
Net depreciation and amortisation charges and provisions	6.19	(20,013)	(8,836)	(39,844)
Operating income before non-recurring items		**7,211**	**6,570**	**13,970**
Other income	6.20	-	-	-
Other expense	6.20	(200)	-	(200)
Operating profit		**7,011**	**6,570**	**13,770**
Cost of gross financial debt		(4,571)	(2,631)	(9,960)
Income from cash and cash equivalents		-	-	-
Cost of net financial debt		**(4,571)**	**(2,631)**	**(9,960)**
Other financial income		524	90	1,292
Other financial expense		(865)	(21)	(2,023)
Net financial income/(expense)	**6.21**	**(4,912)**	**(2,561)**	**(10,691)**
Profit before tax		**2,100**	**4,008**	**3,079**
Income tax	6.22	(1,782)	(1,627)	(2,738)
Share attributable to equity-accounted investments		(85)	-	(791)
Net profit for the period		**232**	**2,382**	**(451)**
Share attributable to minority interests	6.23	1,556	(1.1271)	1,188
Net profit for the period - Share attributable to YMAGIS shareholders		**1,788**	**2,381**	**737**
Earnings per share	6.11	€0.25	€0.42	
Diluted earnings per share	6.11	€0.26	€0.40	

(1) Given the consolidation of dcinex in the final quarter of 2014, a 2014 proforma income statement over 12 months is also shown in order to provide a clearer picture of the new grouping's business and results. In addition, Note 3.4 also provides a summary comparison with the 2013 proforma income statement issued as part of Document E registered by the AMF on 30 September 2014 under number E.14-059 E.

III. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousands	**31/12/14**	**31/12/13**
Group share of consolidated net profit	**1,788**	**2,381**
Minority interests	(1,556)	1
Net profit for the period	**232**	**2,382**
Actuarial gains/(losses) on employee benefits	(113)	(14)
Tax effect	39	4
Items that cannot be reclassified to the income statement	**(74)**	**(10)**
Financial instruments	886	-
Tax effect	(304)	-
Translation differences	108	
Items that can be reclassified to the income statement	**690**	**-**
Consolidated comprehensive income	**848**	**2,372**
of which Group share	2,414	2,371
of which share of minority interests	(1,565)	1

IV. STATEMENT OF CHANGES IN EQUITY

EUR thousands	Note	Share capital	Issue premiums	Reserves and earnings	Treasury shares	Translation difference	Employee benefits	Total Group share	Minority interests	Consolidated equity
December 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)				-		-
Issue costs net of taxes			(1,267)					(1,267)		(1,267)
Net profit/(loss)				2,381				2,381	1	2,382
Treasury share transactions					(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)
December 31, 2013		**1,624**	**15,148**	**9,009**	**(220)**	**-**	**(17)**	**25,544**	**5,049**	**30,593**
Capital increase	6.11	338	10,339					10,677		10,677
Issue costs net of taxes	(2)		(358)					(358)		(358)
Net profit/(loss)				1,788				1,788	(1,556)	232
Treasury share transactions					(10)			(10)		(10)
Share-based payment	6.11			20				20		20
Financial instruments net of tax	III.			582				582		582
OBSA - optional component of the equity warrant part	6.1			416				416		416
OBSA - Effect of change in share price	(1)		(881)					(881)		(881)
Employee benefits							(66)	(66)	(8)	(74)
Change in consolidation scope								-	1,287	1,287
Translation difference						108		108	36	144
Others				10			(10)	-	(37)	(37)
December 31, 2014		**1,962**	**24,248**	**11,825**	**(230)**	**108**	**(93)**	**37,821**	**4,771**	**42,592**

(1) The issue costs charged to the issue and contribution premiums relate to:

- the capital increase carried out in January 2014, in the amount of €126,000 net of tax;
- the capital increase carried out following the acquisition of dcinex, in the amount of €232,000 net of tax (see Note 2).

(2) The difference between the reference YMAGIS share price used for the purpose of the transaction between YMAGIS and the former shareholders of dcinex, i.e. €8.15, and the closing price on 20 October 2014, the date of the Extraordinary Shareholders' Meeting that definitively approved the contribution of dcinex securities, equal to €6.89, attributed to the 699,379 new YMAGIS shares, was recognised as a deduction in the contribution premium in the amount of €881,000.

V. STATEMENT OF CASH FLOWS

EUR thousands	Note	31/12/14	31/12/13
Net profit for the period		232	2,382
Depreciation, amortisation and provisions		19,541	8,111
Share of profit/(loss) attributable to equity-accounted investments	6.4	85	
Capital (gains)/losses on disposals		761	(76)
Other operating income and expense with no effect on cash flows		44	(11)
Tax expense (included deferred taxes) recognised	II.	1,782	1,627
Income and expense related to BSPCE warrants	6.11	20	243
Change in interest on convertible bonds		-	235
Other financial expense		565	(701)
Interest expense		4,620	2,383
Change in working capital requirements		(3,625)	(1,400)
Change in non-current financial assets linked to operations	6.5	(1,675)	(523)
Impact of change in bond issue fees		-	-
Taxes paid		(510)	(923)
Operational cash flows		**21,840**	**11,345**
Acquisition of subsidiaries		(5,520)	(2,500)
Acquisition of non-current intangible assets	6.2	(87)	(649)
Acquisition of property, plant and equipment		(1,240)	(6,425)
Sale of non-current assets		52	697
Net change in financial assets		58	84
Cash flows related to investments		**(6,738)**	**(8,792)**
Capital increase and reduction	6.5	10,677	11,572
Capital increase and issue charges	IV.	(358)	(1,267)
Dividends paid		-	-
Net change in other current financial debt	6.13	(178)	156
Finance lease repayments	6.13	(12,241)	(6,191)
Sale/(purchase) of treasury shares		(6)	(220)
Inflows from new long-term loans	6.13	19,603	5,353
Repayments of long-term loans	6.13	(21,910)	(293)
Repayment of interest on convertible bonds		-	(2,399)
Interest expense		(4,620)	(2,383)
Dividends paid to minority interests	IV.	(37)	
Cash flows related to financing activities		**(9,070)**	**4,328**
Net cash flows for the period		**6,032**	**6,881**
Cash and cash equivalents at the start of the period	6.4	12,043	5,162
Cash and cash equivalents at the end of the period	6.4	18,075	12,043
Change in cash and cash equivalents		**6,032**	**6,881**

In accordance with IAS 7, paragraph 44, capital expenditure financed by finance leases, restated in the statement of financial position at €13,605,000 and €8,208,000 at 31 December 2014 and 31 December 2013 respectively, is not presented in cash flows generated by (used in) investing activities or in cash flows generated by (used in) financing activities.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of the activity and the Group

YMAGIS is a company domiciled in France whose registered office is at 106, Rue de la Boétie, Paris, France. YMAGIS has carved out a position as a major player in the development of digital cinema in Europe by establishing a complete range of services for cinemas (financing, sales, installation, maintenance and facilities management of digital projection and sound equipment, but also advertising displays for entrance halls, projection booth and cinema management software, seats, etc.) and offering digital services to film producers and distributors (duplication and delivery of digital content, whether physically or electronically, and post production).

The Group currently comprises 31 companies. It is physically present through fully consolidated subsidiaries in 13 countries, including ten in Europe (France, Belgium, the Netherlands, Spain, Germany, Italy, Austria, the Czech Republic, Croatia and the United Kingdom), the others being Turkey, Russia and the United States, as well as through equity-accounted subsidiaries in Poland, Luxembourg and Belarus.

Note 2. Main events during the year

The following main events took place during the year:

- **Acquisition of the Belgian company dcinex and its group of companies**

Pursuant to an agreement announced at the end of last July and approved by the Ordinary and Extraordinary Shareholders' Meeting of 20 October 2014, the main terms of which are summarised below, in late 2014 the Company acquired dcinex, one of the Company's main European competitors.

This transaction, which was the subject of a prospectus drawn up pursuant to Article 212-34 of the AMF General Regulation and registered on 30 September 2014 under number E.14-059, enabled the Company to become Europe's leading provider of digital technology for the motion picture industry, with a presence (usually in the form of a subsidiary) in 16 countries across Europe.

The dcinex group operates identical businesses to YMAGIS, but its activity is complementary from a geographical perspective. With the exception of Germany, where YMAGIS and dcinex were in competition in two areas of the Group’s business activities, Exhibitor Services (services for cinema exhibitors) and Content Services (services for distributors and producers of digital content), the two groups operate in different countries.

As well as being Europe's leading digital cinema installer (projection booths, sound and projection booth management software), dcinex is a major player in the post-production and physical and electronic delivery of digital copies, via its 49.8% non-controlling stake in DSAT, a joint venture with Eutelsat. The merger with dcinex enables the Group to rebalance its business between VPF and

Services, thereby preparing better for a future marked by the long-anticipated phasing out of VPFs over the next few years.

The dcinex group employs around 200 people across 16 countries in Europe. It posted consolidated revenue of €92 million in 2013, of which more than half came from services to exhibitors and distributors, and consolidated EBITDA of €31 million. As at 31 December 2013, dcinex had consolidated net debt of €92 million, mainly comprising loans associated with the roll-out of the 2,904 screens under VPF contracts.

The newly combined entity is the leading pan-European provider of digital equipment and services for the motion picture industry, with a presence in 16 countries and 2013 proforma revenue of €139.0 million, generating EBITDA of €46.8 million and earnings before tax of €7.0 million. As at 31 December 2013, the new group's respective proforma equity and consolidated net debt totalled €38.3 million and €149.0 million, of which €136.0 million backed by VPF agreements.

The total cost of the acquisition was €26.1 million, comprising a cash payment of €5 million, YMAGIS shares worth €5.7 million and YMAGIS OBSAs in the amount of €15.4 million. It therefore gave rise to the issue in favour of dcinex shareholders of:

- 699,379 new YMAGIS shares at a unit price of €8.15, totalling €5.7 million and representing a dilution of 8.9%; and
- 94,477 YMAGIS OBSAs, with a total nominal value of €15.4 million. These OBSAs were redeemed in full on 2 March 2015, as stated in Note 8.5 “Events after the reporting period”.

In addition, as at the transaction date, dcinex had also repaid the majority of the subordinated loans granted, at an annual interest rate of 8.25%, by its former shareholders in the total amount of €12.9 million, with the outstanding balance of €1.2 million scheduled to be repaid by 20 October 2015 at the latest.

As stated in Note 8.5 "Events after the reporting period", the OBSAs and the current account balance were redeemed in full on 2 March and 31 March 2015 respectively.

Lastly, the fees of around €1.2 million relating to this transaction were recognised in the YMAGIS Group's consolidated financial statements as follows: (i) the €348,000 (€232,000 net of taxes) relating to the capital increase was recognised as a reduction in the contribution premium; (ii) the €623,000 relating to the bond issue was recognised as a reduction in the OBSA debt; and finally (iii) the €200,000 representing the cash purchase cost of securities was recognised in costs for the year under "Other expense".

- **Capital increase via private placement in January 2014**

On 24 January 2014, as part of a private placement, YMAGIS SA carried out a cash capital increase totalling €4,969,000. This capital increase involved issuing 649,540 ordinary shares with cancellation of pre-emptive subscription rights at a unit issue price of €7.65.

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

Immediately following this transaction, the Company's historical shareholders held 71.02% of the share capital and 81.32% of the voting rights, with the free float and voting rights at the end of January amounting respectively to 28.98% and 18.68%.

- **Acquisition of Arqiva's network of connected cinemas to strengthen SYL**

In early April 2014, via its specialist digital copy duplication and delivery subsidiary SYL, YMAGIS acquired digital content satellite transmission assets from UK company Arqiva, in particular its network of 726 connected cinemas (776 including those yet to be rolled out at the transaction date).

This network, based largely in the UK and Ireland, where Arqiva is the leading operator in this field, but also in Italy, extends the geographical reach of SYL's European network of connected cinemas.

The acquisition cost was €3.6 million, of which €0.2 million refers to possible earnouts based on Arqiva performing certain services and meeting certain targets in favour of SYL.

- **Creation of two new subsidiaries**

In late October and mid-December 2014, the Company created **two new subsidiaries** employing 4.4 and 3 full-time equivalent (FTE) workers respectively:

- in France, VIDEO AUDIO MEDIA PRESTATIONS (**V.A.M.P.**) was set up in Paris to extend the audiovisual post-production range of services to television;
- in the US, Direct Cinema North America Inc. (**DCNA**) was set up in New York to explore the possibility of electronically delivering digital copies by cable (ADSL or fibre-optic) for independent distributors and cinemas in North America.

- **Eligibility for PEA-PME and inclusion in the CAC Small, CAC Mid & Small, CAC All-Tradable and PEA-PME 150 stock market indices**

Lastly, the Company fulfils the eligibility criteria for the PEA-PME share ownership scheme (allowing investors to purchase securities in SMEs), thus enabling the funds concerned to purchase its securities on the stock market. It was added to the CAC Small, CAC Mid & Small and CAC All-Tradable stock market indices on 24 March 2014 and to the new Enternext PEA-PME 150 index, comprising the 150 most liquid French companies eligible for the PEA-PME scheme, on 17 November 2014.

Note 3. Basis of preparation of the consolidated financial statements

In accordance with Regulation (EC) No. 1606/2002 of 19 July 2002, the accounting principles used to prepare and present the consolidated financial statements of the YMAGIS Group as at 31 December 2014 comply with IFRS regulations and interpretations as adopted by the EU as at 31 December 2014.
The accounting principles used as at 31 December 2014 are unchanged from those used for the consolidated financial statements as at 31 December 2013, except for standards and interpretations adopted by the EU and applicable as of 1 January 2014 (see Note 3.1, "Changes in accounting principles and methods").
The Board of Directors approved the consolidated financial statements for the year ended 31 December 2014 at its meeting on 13 April 2015.
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, as well as the YMAGIS Group's reporting currency.
They were prepared on a historical cost basis, except for the following assets and liabilities measured at fair value through profit or loss: trade receivables maturing in more than 12 months and marketable securities.

3.1 Changes in accounting principles and methods

New mandatory standards and interpretations as of 1 January 2014:

- IFRS 10 - "Consolidated Financial Statements"
- IFRS 11 - "Joint Arrangements"
- IFRS 12 - "Disclosure of Interests in Other Entities"
- Revised IAS 28 - "Investments in Associates and Joint Ventures"
- Amendments to IFRS 10 - "Consolidated Financial Statements", IFRS 12 - "Disclosure of Interests in Other Entities" and revised IAS 27 - "Separate Financial Statements" - Investment Entities
- Amendments to IAS 32 - "Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities"
- 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

These standards, amendments and interpretations published and applicable as at 1 January 2014 have no effect on the consolidated financial statements at 31 December 2014.

Standards and interpretations adopted by the IASB but not yet applicable as at 31 December 2014:

- IFRIC 21 - "Levies"
- IFRS 15 - "Revenues from Contracts with Customers"
- IFRS 9 - "Financial Instruments"
- Amendments to IAS 19 - "Defined Benefit Plans: Employee Contributions"
- Amendments to IAS 16 and IAS 38 - "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to IFRS 11 - "Accounting for Acquisitions of Interests in Joint Operations"

The Group has not applied any standard or interpretation early.

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 headcounts 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 main estimates used relate to:

- the depreciation/amortisation timeframe for projection equipment recognised under "Property, plant and equipment" and for the usage rights pertaining to software and the database included under the "Intangible assets" of SmartJog YMAGIS Logistics following the partial asset transfers carried out on 30 November 2013;
- the depreciation/amortisation timeframe for the network of connected cinemas and the electronic delivery of film and advertising content business of Arqiva, which was acquired during the period;
- the recognition of dcinex's deferred tax assets;
- the recognition of the possible impact of cost recoupment.

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".
The subsidiaries over which the Group has a significant influence are consolidating using the equity method.

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 recognised in accordance with revised IFRS 3.
Pursuant to this standard, business combinations are recognised 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 paid to the seller in exchange for control of the acquired entity;
- the direct costs associated with the acquisition are recognised as an expense as and when they are incurred;
- non-controlling interests are measured on the basis of their share of the identifiable net assets of the acquired entity measured at fair value, or at their acquisition-date fair value. This option is applied on a case-by-case basis for each acquisition.

- goodwill is the positive difference between the acquisition price and the fair value of the identifiable assets and liabilities acquired;
- the Group has 12 months from the acquisition date to finalise 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 follows one of two models:

- The first, the Third-Party Investor model, involves YMAGIS purchasing the equipment either by using borrowed capital or its available cash, or from a financial institution under a finance lease, and leasing, or sub-leasing in the case of a finance lease, said equipment to the exhibitor. In the case of a finance lease, the commitment entered into vis-à-vis the lessor is recognised as a liability under financial liabilities, with a corresponding asset under property, plant and equipment depreciated over eight years. The amounts billed in respect of rent or sub-rent and the VPF are recognised in revenue. The finance lease expenses billed by the bank are recognised under financial expenses for the interest portion and as a deduction from net financial liabilities for the capital portion.

- The second, known as the Third-Party Collector model, involves the exhibitor acquiring and financing as it sees fit the digital projection equipment and transferring to YMAGIS the right to receive the related VPF in exchange for a significant contribution from YMAGIS to the financing of the equipment over its lifetime. Given the obligations of the exhibitor, particularly the obligation to provide the data necessary to enable YMAGIS to receive the VPF and the obligation to enter into a ten-year facilities management agreement with YMAGIS, the corresponding contractual commitment is presented as an off-balance sheet commitment, whereas YMAGIS' contribution to the financing is recognised under operating expenses and the billing of the VPF is recognised under revenue.

These two financing methods, which require significantly different presentation in the income statement and the statement of financial position, have no impact on the collection and recognition under revenues of the corresponding VPFs or of cash.

Research and development – R&D work carried out internally

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

Under IAS 38, internal development costs are capitalised as intangible assets if, and only if, the following six criteria can be demonstrated:

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

(b) the Group's 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, and

(f) reliable measurement of development expenditure.

In view of their nature, these expenses are recognised in the consolidated financial statements under the item "Concessions, patents and licences".

These expenses are amortised 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 of SmartJog YMAGIS Logistics resulting from the contribution by SmartJog are amortised on a straight-line basis in accordance with their estimated useful life over a period of 10 years. This useful life is reviewed at the end of each year.

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 amortisation and impairment losses.

They are amortised on a straight-line basis over their estimated economic useful lives (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 recognised as assets in the statement of financial position, with the related debt being recognised under liabilities, when the terms of the leases are such that they qualify 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 under assets at their purchase price net of depreciation. The principal amount outstanding under finance leases is presented under liabilities.

Impairment of goodwill, 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 recognises 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 out the activity related to the assets or CGU concerned.
Impairment losses in respect of property, plant and equipment and intangible assets are recognised in the income statement under “Other expenses”.

Equity-accounted investments

The Group's equity-consolidated investments are initially recognised at purchase cost, including any goodwill. Their carrying amount is then increased or decreased to take account of the Group share of profits or losses realised after the acquisition date.

Financial assets

The Group recognises 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 for which the non-current portion is discounted at the counterparty's estimated financing rate.

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

Assets measured at fair value through profit or loss

Units in money market mutual funds (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 recognised in the income statement, under "Other headcount/(expense)".

Loans and receivables

This category includes receivables attached to equity investments as well as operating loans and 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 amortised cost. In addition, impairment losses are recognised 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 into current and non-current elements depending on whether they mature in less than or more than one year.
This category includes trade receivables that mature in more than 12 months and which are not interest-bearing. These assets are discounted on initial recognition. They are measured at their amortised cost and the discount is then unwound over future financial years.

The initial discount as well as subsequent changes are recognised under revenue.

Inventories

Following the acquisition of the dcinex group, and with a view to harmonising the accounting methods used by the two groups, inventories are now measured using the weighted average cost method previously adopted by dcinex. 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 realisable value less proportional costs to sell is recognised when said gross value exceeds the realisable 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 amortised 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 meet 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 financial partner bears the risk in full of non-payment of these receivables only when due to financial reasons - 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 2014, 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, under short-term borrowings and financial liabilities. Investments with an initial maturity of more than three months from the acquisition date and that cannot be realised 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 recognises a provision when a present obligation exists, 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 recognised 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 resources is expected to be offset by income, an asset is recognised when realisation of the income is virtually certain. Contingent assets are not recognised.
The Group recognises 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 recognised 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 recognised to reflect the effects of the passage of time is recognised in “Other financial income/(expense)”.

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 employee benefits for 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 recognised on the basis of employees’ length of service. The actuarial differences resulting from these assumptions are recognised in equity.

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 amortised 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 recognised in the income statement in "Cost of gross financial debt" 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 recognised 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.

Fair value of asset and liability derivatives

The Group uses derivatives to hedge its exposure to market risks (primarily interest rate risks and currency risks). The derivatives used by the Group are classed as hedging instruments. Hedge accounting applies if the following conditions set forth in IAS 39 are met:

- the hedging relationship must be clearly designated and documented as at the hedge implementation date;
- the effectiveness of the hedging relationship must be demonstrated from the start and at each reporting date.

Derivatives designated as hedging instruments are automatically recognised at their fair value on the statement of financial position. Changes in fair value from one period to another are recognised in equity under other items of comprehensive income.

Revenue

VPF (Virtual Print Fee) or contribution to the digital transition

VPF revenue is recognised 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 capping of payments once the financial costs of the VPF model have been recouped. Cost recoupment is achieved when the sum of the VPFs 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. The date on which cost recoupment is achieved may vary considerably from one distributor to another, and from one country to another.

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 recognised, where applicable.
In addition, the collection of VPFs is subject to contractual limits and, in France, legal restrictions also apply:

- a maximum of 10 years starting from the average deployment date by cinema complex; in France, pursuant to Law 2010-1140, this period expires when the agreed equipment cost negotiated between the parties has been covered, and no later than 31 December 2021;
- Under the Group's agreements with different content providers, on the cost recoupment date for each of these providers, revenues collected from them by the Group are gradually reduced.

Lastly, the lease payments charged to exhibitors under the Third-Party Investor model are recognised monthly as revenue.

Services
Service revenues generated by monthly equipment management fees and maintenance contracts are recognised during the period in which the services are provided. Revenues from other 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 recognised as revenue upon delivery, if the Company has no further contractual obligations to the client.

Other operating income and expenses
This item comprises non-recurring income and expenses that are individually material.

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

Other financial income/(expense) includes expenses related to the unwinding of the discounting on long-term provisions and, in particular, on provisions for retirement benefits and provisions for equipment renewals.

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

The "Income tax" item 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.
Pursuant to 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 under income tax.

Deferred taxes

In accordance with IAS 12, the Group recognises deferred tax on temporary differences between the carrying amount and the tax value of assets and liabilities recognised 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 recognising 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 recognised 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 recognised 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 recognised 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 made in the income statement.
Deferred tax amounts generated by adjustments recognised directly in equity (actuarial difference on retirement commitments) are also recognised 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 shareholders by the weighted average number of shares outstanding during the financial year. Treasury shares are not taken into account in this calculation.

Diluted earnings per share are calculated by dividing the earnings available to shareholders by the weighted average number of shares outstanding during the financial year to which are added all potentially dilutive instruments, namely the options and bonds convertible into ordinary shares issued by the Company. Share warrants and options have a dilutive effect when they will 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 expenses, 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.

3.4 Comparability of financial years

The integration of dcinex starting in the final quarter makes a comparison between financial years 2013 and 2014 difficult and of little use.
In order to make the results from one year to the next easier to read and compare, the Group has drawn up a proforma income statement taking account of the consolidation of dcinex as of 1 January 2014, as well as a 2013 proforma income statement as presented in Document E registered by the AMF on 30 September 2014 under number E.14-059. The latter includes a reclassification of €4,200,000 from "Purchases consumed" to "Other purchases and external charges" in order to make comparison with 2014 information easier.
The assumptions used when preparing the 2014 proforma income statement are the same as those used to draw up the 2013 proforma income statement, which are described in Chapter 4 of Document E registered by the AMF on 30 September 2014 under number E.14-059.

EUR thousands	31/12/14	31/12/13	Change	%
Revenue	**150,368**	**139,027**	**11,341**	**8.2%**
Consumables purchased	(42,880)	(42,369)	(511)	1.2%
Other purchases and external charges	(34,078)	(30,380)	(3,698)	12.2%
Taxes and duties	(504)	(480)	(24)	5.0%
Employee expenses	(18,665)	(18,076)	(589)	3.3%
Other current operating income	1,643	1,198	445	37.2%
Other current operating expense	(2,070)	(1,390)	(680)	48.9%
Net depreciation and amortisation charges and provisions	(39,844)	(30,533)	(9,311)	30.5%
Operating income before non-recurring items	**13,970**	**16,997**	**(3,027)**	**-17.8%**
Other income	-	-	-	NA
Other expense	(200)	-	(200)	NA
Operating profit	**13,770**	**16,997**	**(3,227)**	**-19.0%**
Cost of gross financial debt	(9,960)	(10,006)	46	-0.5%
Income from cash and cash equivalents	-	-	-	NA
Cost of net financial debt	**(9,960)**	**(10,006)**	**46**	**-0.5%**
Other financial income	1,292	1,060	232	21.9%
Other financial expense	(2,023)	(1,026)	(997)	97.2%
Net financial income/(expense)	**(10,691)**	**(9,972)**	**(719)**	**7.2%**
Profit before tax	**3,079**	**7,025**	**(3,946)**	**-56.2%**
Income tax	(2,738)	(2,618)	(120)	4.6%
Share attributable to equity-accounted investments	(791)	(638)	(153)	24.0%
Net profit for the period	**(451)**	**3,769**	**(4,219)**	**-111.9%**
Share attributable to minority interests	1,188	(569)	1,757	-308.8%
Net profit for the period - Share attributable to YMAGIS shareholders	**737**	**3,200**	**(2,462)**	**-76.9%**

Note 4. Information on the 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 31 December 2014:

	Name of entity	Country	Business	% stake
	Fully consolidated subsidiaries			
1	YMAGIS SA (parent company)	France	(1)	
2	3 Delux SAS	France	(3)	51%
3	SMARTJOG YMAGIS Logistics SAS	France	(2)	60%
4	YMAGIS Engineering Services SAS (YES)	France	(4)	100%
5	YMAGIS UGC France SARL	France	(1)	100%
6	YMAGIS UGC Espagne SARL	France	(1)	100%
7	YMAGIS UGC Belgique SARL	France	(1)	100%
8	YMAGIS UGC Italie SARL	France	(1)	100%
9	YMAGIS Deutschland GmbH	Germany	(1) and (2)	100%
10	YMAGIS Systemhaus GmbH	Germany	(4)	100%
11	YMAGIS Spain SLU	Spain	(1) and (2)	100%
12	Video Audio Media Prestations	France		100%
13	Ymagis Direct Cinema	United States		100%
14	dcinex SA (parent company)	Belgium	(4)	
15	XDC Switzerland AG	Switzerland	(3)	100%
16	dcinex France SA	France	(2)	100%
17	dcinex Deutschland GmbH	Germany	(1)	100%
18	dcinex GmbH	Austria	(1)	77%
19	dcinex Magyarorszag Kft.	Hungary	(1)	39%
20	SC dcinex Cinema S.R.L.	Romania	(1)	46%
21	dcinex Ceska Republika S.R.O	Czech Republic	(1)	51%
22	dcinex Benelux B.V.	Netherlands	(1)	90%
23	dcinex Italia S.R.L	Italy	(1)	46%
24	dcinex d.o.o.	Croatia	(1)	39%
25	dcinex Medien AG	Germany	(2)	100%
26	dcinex LLC	Russia	(1)	77%
27	dcinex UK Ltd	United Kingdom	(1)	51%
28	dcinex TR Sinema Ekipmanlari Ticaret Ltd Sirketi	Turkey	(1)	100%
	Proportionally consolidated joint ventures			
	None			
	Companies consolidated at equity			
29	dcinex Polska Sp. z o.o	Poland	(1)	50%
30	DSAT Cinema SA	Luxembourg	(2)	49.8%
31	Kraftwerk Belarus COOO	Belarus	(1)	15%

* dcinex SA is the head of the dcinex group.

As stated in Note 2 "Main events during the year", two new subsidiaries were created in October and mid-December 2014: Video Audio Media Prestations SAS (V.A.M.P.) based in Paris, and Direct Cinema North America Inc. (DCNA), based in New York.

Information about the activities:

(1) VPF: Providing support and financing to cinema exhibitors for the digital transition

(2) Exhibitor Services: Sale and installation, maintenance and facilities management for cinema equipment and consumables, particularly digital projection and sound

(3) Content Services: Physical or electronic delivery of digital content

(4) Content Services: Post-production

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 VPFs for cinemas under VPF agreements with YMAGIS;
- **Exhibitor Services** (**ES**): services for cinema exhibitors, particularly sales and installations, maintenance and facilities management for cinema equipment and consumables, especially with regard to digital projection and sound;
- **Content Services** (**CS**): services for distributors and producers of digital content, including the physical or electronic delivery of digital content and post-production services.

Following the acquisition by YMAGIS of the dcinex group, and in order to present comparable segment-based information, analysis is performed at proforma consolidated income statement level.

The following table provides a breakdown of certain aggregates by business segment:

	Virtual Print Fee		Content Services		Exhibitor Services		Others		Total	
EUR thousands	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
Revenue	71,458	64,860	12,606	9,238	66,304	64,931			150,368	139,030
EBITDA	55,412	46,813	(3,937)	(400)	2,339	1,146			53,814	47,559
%	1	1	(0)	(0)	0	0			0	0
EBIT	20,635	19,862	(8,059)	(2,088)	1,195	(769)			13,770	17,005
EBT	11,209	10,390	(8,592)	(2,265)	462	(1,300)			3,079	6,825
%	0	0	(1)	(0)	0	(0)			0	0
Gross debt	113,995	136,046	5,092	1,325			24,276	21,655	143,363	159,026

The Group's EBITDA is calculated by adding net depreciation and amortisation charges and provisions to current operating income.
EBT is Earnings BeforeTax.

The following table provides a geographical breakdown of revenue:

	31/12/14		31/12/13	
EUR thousands	Amount	%	Amount	%
France	22,504	27%	23,678	50%
Spain	19,567	23%	11,849	25%
Germany	15,130	18%	8,601	18%
Benelux	7,619	9%	2,925	6%
Greece	5,039	6%		0%
United Kingdom	4,307	5%		0%
Others	10,445	12%	270	1%
Revenue	84,611	100%	47,322	100%

Note 6. Presentation of the financial statements

6.1 Goodwill

EUR thousands	**Goodwill**
At 1 January 2014	-
Increases	-
Change in consolidation scope	10,523
Reductions	-
Impairment	-
At 31 December 2014	10,523

Following YMAGIS's acquisition of 100% of dcinex, positive goodwill was identified, being the difference between the purchase price and the value of the assets and liabilities acquired.

Cost of acquiring securities	26,246
Amount of equity at consolidation date	15,723
Goodwill	10,523

(1) Cost of acquiring securities

Cost of securities	26,100
Fair-value measurement of part of the bond debt	611
Optional component of the equity warrant part	416
Effect of change in share price	(881)
Cost of acquiring securities	26,246

The cost of acquiring securities takes account of the fair-value measurement of the bond debt and of the optional component of the share warrant (BSA) portion of said debt, in the respective amounts of €611,000 and €416,000. It also factors in the effect of changes in the share price, as stated in Note IV. Statement of changes in equity.

(2) Amount of equity at business combination date

Equity at consolidation date	17,211
Non-recognition of historical goodwill	(1,488)
Amount of equity at consolidation date	15,723

Historical goodwill was deducted from the dcinex group's share of consolidated equity at the business combination date since it was considered to be without value at the time of addition to the consolidation scope.

In compliance with IFRS 3 and IAS 36, YMAGIS has 12 months from the acquisition date to finalise the recognition of the business combination and to allocate the goodwill to the cash generating units (CGUs).

The group did not perform an impairment test at 31 December 2014 since there was no indication of impairment.

6.2 Intangible assets

	31/12/14			31/12/13		
EUR thousands	Concessions, patents and licences	Other intangible assets	**Total**	Concessions, patents and licences	Other intangible assets	**Total**
Gross value						
Opening balance	12,089	343	12,432	1,144	4	**1,148**
Increases	54	34	**88**	309	339	**649**
Change in consolidation scope	1,153	186	**1,339**	10,718	-	**10,718**
Reductions	((0))	(186)	**(186)**	(81)	-	**(81)**
Closing balance	13,296	377	**13,673**	12,089	343	**12,432**
Amortisation and impairment						
Opening balance	(1,140)	(89)	(1,229)	(887)	(1)	**(888)**
Amortisation charges	(1,238)	(175)	**(1,412)**	(305)	-	**(305)**
Reclassification	-	-	-		(86)	**(86)**
Change in consolidation scope	(984)	(148)	**(1,132)**	-	-	-
Impairment	-	-	-		-	-
Reductions	0	148	**148**	49	-	**49**
Closing balance	(3,362)	(263)	**(3,625)**	(1,140)	(89)	**(1,228)**
Net value						
Opening balance	10,949	254	**11,203**	257	2	**260**
Closing balance	9,934	114	**10,048**	10,949	255	**11,204**

The item "Concessions, patents and licences" includes €10,718,000 in relation to software and usage rights for the identified database and software contributed by the TDF Group to SmartJog YMAGIS Logistics under the partial asset contribution carried out at the end of November 2013. This intangible asset is amortised over 10 years. The amortisation charge for the year was €1,072,000, compared with €89,000 at 31 December 2013.
An impairment test was performed on this intangible asset at 31 December 2014 since there was a sign of impairment during the period. As at 31 December 2014, this impairment test did not result in additional amortisation or call into question the useful life of the asset.
The asset's value in use was calculated using the valuation of SmartJog YMAGIS Logistics, in accordance with the discounted cash flow method based on provisional data for the next five years.
The following key assumptions were made:

- A perpetuity growth rate of 1.5%;
- A weighted average cost of capital (WACC) of 10.8%;
- No impact from a possible future merger with competitors, particularly DSAT, the dcinex subsidiary consolidated in the YMAGIS financial statements using the equity method, or the delivery business of the dcinex scope.

A sensitivity test was carried out with a range of -0.5% to +0.5% for the two rates mentioned above. A change in these two rates does not result in impairment.
Research and development costs recognised in expenses totalled €871,000 in 2014 and €503,000 in 2013. These did not give rise to capitalisation in 2013 and 2014 because they did not fulfil all the capitalisation criteria of IAS 38.

6.3 Property, plant and equipment

	31/12/14						31/12/13					
EUR thousands	Construction	Specific installations	Other property, plant and equipment (1)	Assets held under finance lease (2)	Assets under construction	**Total**	Specific installations	Other property, plant and equipment (1)	Assets held under finance lease (2)	Assets under construction	**Total**	
Gross value												
Opening balance	-	736	17,141	53,969	10	**71,856**	223	6,172	45,763	276	**52,433**	
Increases	0	57	3,524	6,386	-	9,967	513	10,856	6,865	10	**18,243**	
Reclassification	-	124	(6,914)	6,801	(10)	**0**	-	(1,068)	1,343	(276)	**(0)**	(3)
Change in consolidation scope	575	906	154,611		-	**156,092**	-	1,869	-	-	**1,869**	(4)
Reductions	(340)	(12)	(724)	(292)	-	**(1,367)**	-	(687)	-	-	**(687)**	
Closing balance	**236**	**1,811**	**167,637**	**66,865**	-	**236,549**	736	17,141	53,969	10	**71,856**	
Depreciation and impairment												
Opening balance	-	(135)	(2,802)	15,138	-	**18,074**	(92)	(1,576)	(9,015)	-	**(10,683)**	
Depreciation charges	(16)	(123)	(9,671)	(8,130)	-	**(17,940)**	(43)	(1,325)	(6,123)		**(7,491)**	
Change in consolidation scope	(247)	(786)	(64,734)		-	**(65,767)**	-	-	-		**-**	
Reclassification	-	(120)	(48)	168	-	**-**	-	-	-		**-**	
Impairment	-	-	-	-	-	**-**			-		**-**	
Reductions	163	13	372	55	-	**603**	-	99	-		**99**	
Closing balance	**(100)**	**(1,150)**	**(76,879)**	**(23,046)**	-	**(101,175)**	(135)	(2,802)	(15,138)	-	**(18,074)**	
Net value												
Opening balance	-	601	14,340	38,831	10	**53,781**	131	4,596	36,747	276	**41,749**	
Closing balance	136	661	90,758	43,819	-	**135,374**	600	14,340	38,831	10	**53,781**	

(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 mainly included €6,966,000 of movements between other property, plant and equipment and assets acquired under finance leases, corresponding to 145 pieces of digital projection equipment financed through Group equity at the end of 2013 and then refinanced under leases in the first half of 2014.
(4) The item "Change in consolidation scope" relates to the acquisition of dcinex

6.4 Equity-accounted investments

EUR thousands	
At January 1, 2014	**0**
Addition to consolidation scope	521
Profit/(loss) for the year	(85)
Distributions	-
Other changes	-
At December 31, 2014	**437**

Breakdown of investments in equity-accounted companies:

Company	Country	% stake	Value of equity	of which goodwill
dcinex Polska Sp. z o.o	PL	50%	387	
DSAT Cinema SA	LU	50%		
Kraftwerk Belarus COOO	BY	15%	49	

Since it has a negative value, the equity value of DSAT Cinema SA does not feature among the assets.

Key financial data of equity-accounted companies at 31 December 2014:

Company	Statement of financial	Equity	Revenue	Net profit/(loss)
dcinex Polska Sp. z o.o	460	381	2,206	15
DSAT Cinema SA	5,574	1,460	2,412	(622)
Kraftwerk Belarus COOO	574	247	3,090	233

6.5 Financial assets

EUR thousands	Factoring deposits	Deposits and security	Trade receivables	**Total**
December 31, 2013	**-**	**289**	**1,308**	**1,598**
Increases	82	733	1,675	**2,491**
Repayments / Disposals	(5)	(867)	-	**(872)**
Addition to consolidation scope	21	131	417	**568**
Reclassification	17	(17)	-	**-**
December 31, 2014	**114**	**269**	**3,400**	**3,784**
of which current				114
of which non-current				3,670

Trade receivables relate to receivables falling due in June 2019 pursuant to contractual agreements. This amount is expected to increase year upon year until the date of maturity. In return, the Company has a credit line, the terms of which are summarised in Note 6.13.

6.6 Financial instruments

EUR thousands	**31/12/13**	**Addition to consolidation scope**	**impact on OCI**	**impact on profit/(loss)**	**31/12/14**
Financial instruments (on the asset side)	-	77	623		699
Financial instruments (on the liability side)	-	(2,093)	264		(1,830)
Financial instruments (net)	**-**	**(2,017)**	**886**	**-**	**(1,130)**

Interest rate hedging:

In order to hedge against interest rate risk on financial debt and lease payables arising from VPF investments, dcinex SA has entered into various interest rate swaps (IRSs). These derivative instruments had a value of -€1,065,000 at the end of 2014.

Currency hedging:

- <u>SYL/Intelsat agreement</u>

As part of the creation of the joint venture SmartJog YMAGIS Logistics, SmartJog contributed a contract with Intelsat, pursuant to which Intelsat will invoice SmartJog YMAGIS Logistics the amount of USD 271,000 per month until 31 May 2017 in respect of various technical services.
This contract, which is essential to the business of SmartJog YMAGIS Logistics, covers the leasing of two satellite transponders and the related technical costs, enabling the transmission by satellite of digital copies of films, trailers and adverts to cinemas and technical laboratories with a suitable SmartJog server and satellite dish, on behalf of film distributors and advertising sales agencies that are clients of SmartJog YMAGIS Logistics.
As part of the execution of this contract, YMAGIS hedged the dollar purchases of its subsidiary SmartJog YMAGIS Logistics.
The fair value of this hedging agreement was €646,000 at 31 December 2014.

- <u>Others:</u>

In order to mitigate the currency risk arising from the purchase of goods in a foreign currency (USD), dcinex SA entered into various forward exchange hedging contracts. These derivative instruments had a value of €53,000 at the end of 2014.
In order to mitigate the currency risk arising from the financial debt associated with VPF investments in a foreign currency (GBP), dcinex SA entered into various forward exchange hedging contracts. These derivative instruments had a value of -€764,000 at the end of 2014.

6.7 Deferred taxes

EUR thousands	**31/12/13**	Addition to consolidation scope	Impacting equity	Impacting net profit/(loss)	**31/12/14**
Employee benefits	**47**		39	14	**100**
Third-party investor finance lease	**(227)**			(470)	**(697)**
Deferred income - Third-party investor	**759**	153		(61)	**851**
Restatement of internal margins		771		(43)	**728**
Restatement of depreciation and		133		(25)	**108**
Discounting of receivables	**79**			10	**89**
Discounting of long-term provisions	**(51)**			10	**(41)**
Tax loss carryforwards	**267**	3,659		195	**4,121**
Financial instruments		685	(304)		**381**
Intra-Group provisions	**(9)**			(367)	**(376)**
Other timing differences	**19**			(28)	**(9)**
Total	**884**	5,401	(265)	(764)	**5,254**
of which deferred tax assets	926				5,801
of which deferred tax liabilities	(42)				(547)

The following table shows deferred taxes by entity as well as the status of losses:

	Deferred tax assets	Deferred tax liabilities	Available losses	Capitalised losses	Non-capitalised losses	Deferred taxes on tax loss
YMAGIS SA - tax consolidation		547	88	88	-	30
3 Delux SAS	2		400		400	
SMARTJOG YMAGIS Logistics SAS	459		4,622	1,317	3,305	439
YMAGIS Deutschland GmbH	9					
YMAGIS Systemhaus GmbH	41		683		683	
YMAGIS Spain SLU	90					
dcinex SA	5,201		19,890	10,673	9,217	3,651
Total	5,801	547	25,682	12,078	13,605	4,121

Net deferred taxes amounted to €5,254,000 at 31 December 2014, compared with €884,000 a year earlier. They comprise deferred tax assets of €5,801,000 and deferred tax liabilities of €547,000.
The tax loss carryforwards of YMAGIS and of the tax consolidation group were capitalised in the amounts of €192,000 and €74,000 respectively in the financial statements at 31 December 2013.
Part of SmartJog YMAGIS Logistics' tax losses (base €1,317,000) was capitalised at 31 December 2014, for a deferred amount of €439,000.
In addition, at 31 December 2014, the dcinex group had tax loss carryforwards amounting to €19,890,000. Part of these losses (base €10,673,000) was capitalised in the consolidated financial statements for an amount of €3,651,000. This deferred tax asset is expected to be used over three to four years.
These deferred tax assets are calculated based on the losses that the Group believes it can charge in the short term against future taxable profits in view of its results forecasts.
Lastly, at consolidated level, tax losses of €13,605,000 (base) were not recognised at the end of the year. Most of these non-capitalised losses were attributable to dcinex (€9,217,000) and to SmartJog YMAGIS Logistics (€3,305,000).

6.8 Inventories

EUR thousands	**31/12/14**	**31/12/13**	***Addition to consolidation***
Raw materials and consumables			
Work-in-progress in respect of services			
Finished products			
Goods for resale	6,182	832	*5,367*
Total inventories	**6,182**	**832**	***5,367***

Inventories mainly consist of projectors and servers.

6.9 Trade receivables and other current assets

EUR thousands	**31/12/14**	**31/12/13**	***Addition to consolidation***
Trade receivables	**42,710**	**16,874**	***20,651***
Social security receivables	157	58	-
Tax receivables	11,654	6,750	*1,396*
Miscellaneous debtors	966	224	*828*
Advances and prepaid expenses	3,567	3,157	*1,890*
Other current assets	**16,346**	**10,188**	***4,114***

As at 31 December 2014, the Group had 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 €2,853,000 at 31 December 2014 and €2,945,000 at 31 December 2013. The Group retains most of the risks and rewards associated with the trade receivables assigned. The receivables are therefore recognised as assets.
Tax receivables correspond to VAT, in the amounts of €5,737,000 and €10,657,000 as at 31 December 2013 and 31 December 2014 respectively.

The following table provides an age analysis of trade receivables:

EUR thousands	**31/12/14**	**31/12/13**
Receivables not yet due	14,922	6,668
Receivables < 90 days due	15,074	2,608
Receivables 90-180 days due	1,970	226
Receivables > 6 months due	2,653	7,300
Trade receivables excluding doubtful receivables and invoices to be issued	**34,618**	**16,802**
Invoices to be issued	7,578	-
Doubtful trade receivables	3,182	949
Provisions for doubtful receivables	(2,669)	(877)
Total trade receivables	**42,710**	**16,874**

Receivables more than six months past due should be analysed in relation to credit notes to be issued, recognised under "Other current liabilities", in the amount of €1,648,000.

6.10 Cash and cash equivalents

EUR thousands	**31/12/14**	**31/12/13**	***Addition to consolidation***
Cash and cash equivalents	18,075	12,043	*20,903*
Bank overdrafts	(0)	(1)	*(314)*
Cash and cash equivalents in the statement of cash flows	**18,075**	**12,043**	***20,589***

Of the cash balances at 31 December 2014 and 31 December 2013, €537,000 and €677,000 respectively represented amounts relating to receipts of VPFs 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 distribute a dividend until the Cash Reserve reaches €4,130,000. However, as a result of the IPO, and subject to compliance with certain criteria, YMAGIS has obtained from the banks in question a formal authorisation to distribute a dividend even if the Cash Reserve does not reach said amount.
At 31 December 2014, some €9 million of liquidity from dcinex was allocated as a priority to the repayment of bank loans and leases associated with the VPF business.

6.11 Composition of the share capital and earnings per share

a. Change in the share capital

	31/12/14	**31/12/13**
Number of shares	7,846,098	6,495,531
Par value	0.25	0.25
Share capital in euros	1,961,525	1,623,883

As at 31 December 2014, the Company's share capital consisted of 7,846,098 shares. Double voting rights are attached to 3,889,097 shares that have been held for more than two years by YMAGIS's historical shareholders.
As at 31 December 2014, the Company held 30,970 treasury shares.

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

	In issue	After dilutive instruments	
Number of shares as at January 1, 2014	6,465,172	6,478,500	(*)
BSPCE warrant issue of March 25, 2013		13,235	(**)
Conversion of BSPCE warrants	1,648	1,648	
Capital increase via private placement on January 24, 2014	649,540	649,540	
Capital increase of October 20, 2014	699,379	699,379	
OBSA issue of October 20, 2014		1,889,540	
Change in treasury shares held via liquidity agreement	(611)	(611)	
Number of shares as at June 30, 2014	7,815,128	9,731,231	(*)
Average number of shares as at December 31, 2014	7,176,811	7,505,062	

**Less treasury shares*
*** The issue of founders' warrants (BSPCEs) 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 13,235 shares taken into account for the purpose of this calculation correspond to the number of notional shares issued with no counterparty.*

As stated in Note 2 "Main events during the year", on 24 January 2014, the Company carried out a capital increase of €4,968,981 via private placement with institutional investors by issuing 649,540 ordinary shares.
In addition, as part of the acquisition of the dcinex group, the Company carried out a capital increased of €5,699,939 by issuing 699,379 shares and issued 94,477 OBSAs to dcinex's former shareholders.
Lastly, following the exercise of 412 founders' warrants (BSPCEs), 1,648 new shares were issued during the period for a total amount of €7,877.

b. Earnings per share

In EUR	**31/12/14**	**31/12/13**
Basic earnings per share	**0.25**	**0.42**
Earnings figure used to calculate basic earnings per share	1,787,721	2,381,049
Weighted average number of shares	7,176,811	5,629,465
Diluted earnings per share	**0.26**	**0.40**
Earnings figure used to calculate basic earnings per share	1,787,721	2,381,049
Interest expense net of tax on convertible bonds	148,945	68,194
Earnings figure used to calculate diluted earnings per share	1,936,666	2,449,243
Weighted average number of shares used to calculate diluted earnings per share	7,505,062	6,159,464

c. Award of founders' warrants (BSPCEs)

The Extraordinary Shareholders' Meeting of 25 March 2013 authorised the distribution of 74,750 founders' warrants entitling the beneficiaries to 299,000 ordinary shares of YMAGIS SA, insofar as the exercise of each warrant entitles the holder to subscribe for four ordinary shares of the Company.

These BSPCE warrants were awarded by the Board of Directors on 25 March 2013 by virtue of an authorisation granted by the Shareholders' Meeting. The number of BSPCE warrants awarded stands at 74,750. Between them, the corporate officers have received 35,000 BSPCE warrants, entitling them to subscribe for 140,000 shares. The 10 employees who benefited most received 20,000 BSPCE warrants between them, entitling them to subscribe for 80,000 shares.
There were no performance-related conditions associated with the awarding of the BSPCE warrants. For employees who had been at the Company for more than two years on this date, one-quarter of the warrants vest each year from 25 March 2013; for all other employees, one-quarter of the warrants vest each year 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 25 March 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 could not be transferred prior to 25 March 2015.
During the period under review, 412 BSPCE warrants were exercised, resulting in the issue of 1,648 new shares.
Following the departure of beneficiaries during the year and the transfer of certain employees within SmartJog YMAGIS Logistics as part of the partial asset transfer carried out in November 2013, 62,856 BSPCEs remained active at 31 December 2014, representing a maximum of 251,424 shares to be issued.
The expense of €20,000 recognised at 31 December 2014 relates to the acquisition by the beneficiaries, in accordance with their seniority, of a potential 56,281 new shares during the year, taking account of the impact of inactive BSPCEs.

6.12 Provisions

EUR thousands	Provisions for guarantees given	Other provisions	**Total**
December 31, 2013	**609**	**81**	**690**
Allocations	218	92	**310**
Utilisations	-	(128)	**(128)**
Reversals	-	-	**-**
Reclassification	-	-	**-**
Effect of discounting/modifying the rate	30	-	**30**
Addition to consolidation scope	-	211	**211**
Impact on profit/loss for the period	**248**	**174**	**422**
December 31, 2014	**857**	**255**	**1,112**
of which current portion	-	-	-
of which non-current portion	857	255	1,112

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

6.13 Borrowings and financial liabilities

EUR thousands		31/12/14	31/12/13	*Addition to consolidation*
Interest on other financial debt		2,099	442	*1,353*
Bank loans	(1)	29,230	5,730	*25,577*
Credit lines	(1)	822	822	-
Debt arising from finance leases (VPF)	(3)	41,717	28,340	*17,491*
Debt arising from finance leases (Delivery)	(3)	3,165	-	-
Debt arising from finance leases (Others)		167	232	*15*
Other borrowings and similar debt	(1)	10,080	-	*11,342*
Miscellaneous financial debt and borrowings	(1)	350	350	-
Borrowings and financial liabilities (non-current portion)		**87,630**	**35,916**	***55,778***
Bond debt		15,507	-	-
Bank borrowings	(1)	12,691	1,240	*12,634*
Debt arising from finance leases (VPF)	(3)	19,472	7,975	*10,250*
Debt arising from finance leases (Delivery)	(3)	1,191	-	-
Debt arising from finance leases (Others)		147	250	*5*
Mobilisation of receivables	(2)	2,517	2,695	-
Miscellaneous financial debt and borrowings	(1)	3,649	-	*16,251*
Non-Group current accounts	(4)	538	366	-
Short-term bank credit facilities		0	1	*314*
Bank credit facilities (accrued interest not due)		21	26	-
Financial debt and borrowings (current portion)		**55,733**	**12,553**	***39,455***
Total		**143,363**	**48,469**	***95,233***

The amounts shown are net of security deposits.

During 2014, financial debt changed essentially as follows:

- Bond debt

As stated in Note 2 "Main events during the year", as part of the acquisition of dcinex, 94,477 YMAGIS OBSAs with a total nominal amount of €15,400,000 were issued to dcinex shareholders. In compliance with IAS 39, the fair value of the debt component of these instruments was measured and came to €611,000. The issue costs of €623,000 were carried as a reduction to financial debt. Based on an amortised cost of 5.9% and a total fair value of €15,388,000, interest for the period totalled €207,000, of which €106,000 has been paid. These OBSAs were redeemed in full on 2 March 2015, as stated in Note 8.5 "Events after the reporting period".

- Bank loans

- Obtainment of two OSEO loans totalling €4,750,000 net of security deposits;
- Repayment by SmartJog YMAGIS Logistics of the short-term credit line obtained in November 2013 as part of the partial asset transfer carried out, in the amount of €509,000;
- Repayment of €20,698,000 of financial debt taken out by dcinex, of which €11,445,000 relates to subordinated loans;
- Repayment of €535,000 by YMAGIS Spain SLU and €168,000 by YMAGIS.

- Debt arising from finance leases

- New equipment loans totalling €8,575,000 were taken out from leasing companies as part of the Third-Party Investor model, while repayments for the period came to €11,382,000.

- Arqiva's assets, as well as various other servers and satellite dishes, were financed through leasing companies for a total amount of €4,943,000. Repayments on these loans amounted to €587,000 during the year.

- Other financial debt

Debt arising from the sale of trade receivables decreased by €178,000 during the year.

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

EUR thousands	Entity concerned	interest rate	Year of maturity	Initial value	Book value at 31/12/14	Amount available	
Bank loans	YMAGIS SA	1-month Euribor + 4% p.a.	2015	550	137		(a)
	YMAGIS SA	Change in average government bond yields (base 08/12) + 4.67% p.a.	2018	150	127		(*), (b)
	YMAGIS SA	Change in average government bond yields (base 08/12) + 5.37% p.a.	2019	1,250	1,188		(*)
	YMAGIS SA	Change in average government bond yields (base 08/12) + 4.33% p.a.	2020	1,500	1,425		(*)
	YMAGIS SA	Change in average government bond yields (base 05/14) + 3.30% p.a.	2021	4,000	3,800		(*)
	YMAGIS SA	Change in average government bond yields (base 05/14) + 1.35% p.a.	2021	1,000	950		(*)
	YMAGIS Spain	CIRR + 1.2% p.a.	2019	2,226	1,903		(*)
	YMAGIS Spain	CIRR + 1.15% p.a.	2018	1,059	847		(**)
	SMARTJOG YMAGIS Logistics	3-month Euribor + 3% p.a.	2014	509			
	dcinex SA	6-month Euribor + (Margin + Mark-up 1.71%) + ONDD premium (1.94%)	2020	58,573	26,797		
	dcinex SA	6-month Libor + (Margin + Mark-up 1.71%) + ONDD premium (1.94%)	2020	7,109	4,746		
Total				**77,927**	**41,920**		
Miscellaneous financial debt and borrowings	YMAGIS SA	4% p.a. (capitalised interest)	2019	350	350		
	dcinex SA	6.825% p.a. + 3.675% (capitalised interest)	2015	6,115	4,198		
	dcinex SA	4% p.a. + 4% (capitalised interest)	2015	3,151	1,914		
	dcinex SA	6.5% p.a.	2015	3,712	2,498		
	dcinex SA	7.5% p.a. + 5% (capitalised interest)	2015	5,521	3,919		
	dcinex SA	4% p.a. + 4.25% (capitalised interest)	2015	15,900	1,200		
Total				**34,749**	**14,080**		
Credit lines	YMAGIS SA	16.5% p.a. (capitalised interest)	2019	4300	822	1,255	(b)
	dcinex SA	Floating-rate straight loan +/- 2.30% at 31.12.14		5,000	-	5,000	
Total				**9,300**	**822**	**6,255**	
Total borrowings				**121,976**	**56,822**	**6,255**	

** 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 €10,000. Since the value of the cap was negligible at 31 December 2014, 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 with a €4,500,000 cap subject to the existence of receivables. At 31 December 2014 and 31 December 2013, use of these lines totalled €2,517,000 and €2,695,000 respectively.

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

EUR thousands	Less than 1 year	1-5 years	More than 5 years	**Total**
December 31, 2014				
Lease payments	23,423	48,253	27	**71,702**
Financial expense	(2,758)	(3,398)	(0)	**(6,157)**
Net present value of the finance lease debt	20,665	44,855	26	**65,545**
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**

(4) This item corresponds to the creditor current accounts of 3 Delux and SmartJog YMAGIS Logistics with non-controlling shareholders.
SmartJog YMAGIS Logistics' current account of €441,000 is intended to cover the company's working capital requirement.

Maturity analysis of financial liabilities:

	31/12/14			
	Amounts due			
EUR thousands	Less than 1 year	1-5 years	> 5 years	**Total**
Interest on convertible bonds	15,507	-	-	15,507
Interest on other financial debt	-	2,099	-	2,099
Bank loans	12,691	27,710	1,520	41,921
Credit lines	-	822	-	822
Debt arising from finance leases	147	167	-	314
Debt arising from finance leases - Third-party investors	20,664	44,855	26	65,545
Mobilisation of receivables	2,517	-	-	2,517
Miscellaneous financial debt and borrowings	3,649	-	10,430	14,080
Non-Group current accounts	538	-	-	538
Short-term bank credit facilities	-	-	-	-
Bank credit facilities (accrued interest not due)	21	-	-	21
Total borrowings	**55,733**	**75,652**	**11,977**	**143,362**

6.14 Employee benefits

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

Assumptions	31/12/14	31/12/13
Discount rate	2.00%	3.50%
Sources of discount rate	Consultant actuary rate curve	
Term of commitments	24	
Wage growth	3.9% for managers and 2.8% for non-managers	
Turnover rate	Downward curve by age and category (managers and non-managers)	
Rate of social security charges	49%	44%
Mortality table	INSEE 2006-2008	
Retirement departure methods	Voluntary departure	
Retirement age	62 years	

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	31/12/14	31/12/13
Discount rate -0.25% - Impact on commitment	18	18
Discount rate -0.25% - Impact on expense N+1	5	7
Discount rate +0.25% - Impact on commitment	(17)	615
Discount rate +0.25% - Impact on expense N+1	(5)	(6)

The demographic assumptions were set by management.

The changes in the commitments provided for in the statements of financial position in respect of defined benefit schemes break down as follows:

EUR thousands	31/12/14	31/12/13
Commitment at start of period	**142**	**86**
Normal cost	58	38
Interest on debt	7	4
Addition to consolidation scope	23	
Modification to regime		
Reduction / liquidation of regime	(19)	
Acquisitions / Disposals		
Transfers		
Actuarial gains (losses)	113	14
Benefits paid		
Other (forex differences)		
Commitment at end of period	**324**	**142**

6.15 Other non-current liabilities

Other non-current liabilities, which relate to deferred income, include, for the years ended December 31, 2014 and December 31, 2013 respectively, deferred income totalling €2,103,000 and €1,868,000 in respect of the portion of sale and lease back transactions that exceed cost. This deferred income is amortised over the equipment's depreciation period, i.e. eight years.

6.16 Trade payables and other current liabilities

EUR thousands	**31/12/14**	**31/12/13**	***Addition to consolidation scope***
Trade payables	**15,683**	**6,000**	***6,991***
Corporation tax payables	**1,174**	**187**	***1,029***
Tax and social security payables (1)	12,916	8,103	*2,040*
Deferred income	11,296	3,627	*6,638*
Other payables (2)	5,119	7,728	*2,791*
Other current liabilities	**29,332**	**19,457**	***12,498***

(1) Tax payables include VAT of €9,600,000 at 31 December 2014 and €6,693,000 at 31 December 2013.
(2) Other payables essentially comprise credit notes to be issued to customers in the amount of €1,648,000 at 31 December 2014 and €1,449,000 at 31 December 2013.

6.17 Purchases consumed

EUR thousands	**31/12/14**	**31/12/13**	***Dcinex share***
Goods purchased	(20,829)	(7,372)	*(11,100)*
Purchase of raw materials and other supplies	(2)	3	-
Change in inventories (materials and other supplies)	(5)	(14)	*100*
Change in inventories (goods)	5	(867)	-
Total	**(20,832)**	**(8,250)**	***(11,000)***

6.18 Other purchases and external charges

EUR thousands	**31/12/14**	**31/12/13**	***Dcinex share***
Contribution to financing - Third-Party Collector Model	(10,385)	(9,680)	*(153)*
Subcontracting purchases	(2,780)	(1,265)	-
Purchase of supplies that are not part of inventories	(781)	(727)	*(209)*
Leasing and lease charges	(1,131)	(555)	*(472)*
Other external services	(9,509)	(3,920)	*(2,837)*
Total	**(24,586)**	**(16,147)**	***(3,671)***

The main components of “Other external services” are professional fees, transport and travelling expenses.
In addition to the acquisition of dcinex, the increase in "Other purchases and external charges" can be explained mainly by the rise in contributions paid to exhibitors under VPF agreements, owing to a full year of sharp growth in VPF screens rolled out under the Third-Party Collector model in 2013, and by the €2,200,000 increase in "Other external services" resulting from Intelsat satellite expenses taken on as part of the new SmartJog YMAGIS Logistics business. It is also due to €1,332,000 of usage costs for the Arqiva transponder and related services as part of the acquisition of Arqiva's network of connected cinemas.

6.19 Employee expenses and headcount

EUR thousands	**31/12/14**	**31/12/13**	***Dcinex share***
Employee expenses	(8,644)	(5,407)	*(1,817)*
Social security expense	(2,815)	(1,827)	*(479)*
Employee profit sharing	-	-	-
Total	**(11,459)**	**(7,234)**	***(2,296)***
Workforce at end of period	**362**	**138**	***193***

6.20 Depreciation and amortisation charges and provisions

The following table provides a breakdown of the charges:

EUR thousands	**31/12/14**	**31/12/13**	***Dcinex share***
Depreciation and amortisation of non-current asse	(19,358)	(7,812)	*(7,489)*
Inventories	(16)	(3)	*(15)*
Trade receivables	(319)	(706)	-
Risks and charges	(320)	(315)	*(102)*
Total	**(20,013)**	**(8,836)**	***(7,606)***

Net depreciation and amortisation charges and provisions increased by €11,177,000, from €8,836,000 at 31 December 2013 to €20,013,000 a year later. This increase of 126% is attributable in particular to:

- the addition of dcinex to the consolidation scope, in the amount of €7,606,000;
- the amortisation and depreciation of assets transferred as part of the SmartJog YMAGIS Logistics transaction and the purchase of Arqiva's electronic delivery network, in the amount of €2,015,000 related directly to the Delivery business segment;
- the increase of €1,974,000, relating to the YMAGIS sub-group, in the depreciation of projection equipment capitalised under the Third Party Investor VPF model following the considerable growth in the number of VPF screens rolled out under this model in 2013.

6.21 Other income and expenses

Other expenses relate entirely to the dcinex acquisition costs recognised in expenses for the period.

6.22 Net financial income/(expense)

EUR thousands	**31/12/14**	**31/12/13**	***Dcinex share***
(-) Cost of gross financial debt	(4,571)	(2,631)	*(1,466)*
Interest included in cost of assets			
Income from cash and cash equivalents	-	-	-
Cost of net financial debt	**(4,571)**	**(2,631)**	***(1,466)***
(-) Other financial expense	(865)	(21)	*(765)*
Other financial income	524	90	*448*
Total financial income and expense	**(4,912)**	**(2,561)**	***(1,783)***

6.23 Income tax

Tax consolidation agreement

In France, since the 2011 financial year, YMAGIS SA has been the sole company 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

EUR thousands	31/12/14	31/12/13	*Dcinex share*
Current taxes	(1,018)	(1,342)	*(96)*
Deferred taxes	(764)	(285)	*(118)*
Total income tax	**(1,782)**	**(1,627)**	***(214)***

It should be noted that the research tax credit, which totalled €127,000 in 2014 and €168,000 in 2013, has been reclassified as a deduction against employee expenses and that the CVAE expense, which totalled €349,000 in 2014 and €381,000 in 2013, has been reclassified from "Taxes and duties" to "Current taxes".
The tax credit encouraging competitiveness and employment, amounting to €132,000 at 31 December 2014 and €68,000 at 31 December 2013, is also recorded as a deduction against employee expenses.

Reconciliation of theoretical tax and actual tax

EUR thousands	31/12/14	31/12/13
Net profit/(loss) before tax	**2,100**	**4,008**
Tax rate in force	34.43%	34.43%
Theoretical tax expense	(723)	(1,380)
<u>Effect of:</u>		
Non-deductible expenses	(31)	(88)
Deferred taxes on losses	(659)	(93)
Others	(89)	(74)
Tax rate differential	(140)	176
Tax credit	89	82
CVAE	(229)	(250)
Total tax expense	**(1,782)**	**(1,627)**
Effective tax rate	-84.86%	-40.59%

6.24 Share attributable to non-controlling interests

The loss attributable to non-controlling interests was €1,556,000 at 31 December 2014. This figure relates mainly to SmartJog YMAGIS Logistics, which recorded an overall loss of €4,073,000 during the year, of which €1,629,000 was attributed to non-controlling interests.

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 various 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 recognised as assets in the statement of financial position at their fair value through profit or loss.

Assets at fair value

The Group holds only marketable securities. These are recognised on the asset side of the statement of financial position at their fair value through profit or loss.

Financial liabilities at amortised cost

The Group considers the carrying amount of trade payables 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 directly attributable to their issuance.
At each reporting date, these financial liabilities are subsequently measured at their amortised cost in accordance with the effective interest rate method.
The fair value of financial liabilities at amortised cost is calculated by reference to the financing rate applicable at the period end. At 31 December 2014, the rates applied were 3.3% for long-term liabilities (unchanged from a year earlier) and 4.26% for finance leases (versus 3.99% a year earlier).

	classification pursuant to IAS 39			31/12/14				
EUR thousands	Loans and receivables	Assets at fair value through profit or loss	Liabilities at amortised cost	Book value	Estimated fair value	Level 1 (*)	Level 2 (**)	Level 3 (***)
Non-current financial assets	✓			**3,670**	**3,670**			
Trade receivables	✓			42,710	42,710			
Other current assets	✓			12,778	12,778			
Current financial assets	✓			114	114			
Cash and cash equivalents		✓		18,075	18,075	18,075		
Current assets				**73,678**	**73,678**			
Total assets				**77,347**	**77,347**			
OBSA debt			✓	15,507	15,507			
Credit lines			✓	1,371	2,503			
Other bank loans			✓	60,088	60,088			
Finance leases			✓	65,860	66,546			
Shareholder current accounts			✓	538	538			
Trade payables			✓	15,683	15,683			
Corporation tax payables			✓	1,174	1,174			
Other current liabilities			✓	18,036	18,036			
Total liabilities				**178,255**	**180,073**	-	-	-

	classification pursuant to IAS 39			31/12/13				
EUR thousands	Loans and receivables	Assets at fair value through profit or loss	Liabilities at amortised cost	Book value	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**			
OBSA debt			✓	-	-			
Credit lines			✓	1,177	2,433			
Other bank loans			✓	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**	-	-	-

* *Level 1 - Quoted prices and availability*
** *Level 2 - Internal model with observable parameters*
*** *Level 3 - Internal model with non-observable parameters*

The fair value of the financial assets and liabilities of the dcinex sub-group was deemed to be equal to the carrying amount.

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 centralised basis. It draws up financing and hedging policies for interest rate and currency risks 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.
In the event of a generalised 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 five to seven 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 €41,783,000. Floating-rate debt represents less than 20% of gross financial debt. Consequently, interest rate volatility over the course of a full year has little impact on the market value of the net financial debt.
The Group's gearing ratio is as follows:

EUR thousands	31/12/14	31/12/13
Borrowings and financial debt:	143,363	48,468
Cash and cash equivalents	(18,075)	(12,043)
Long-term receivables	(3,400)	(1,308)
Net debt (1)	**121,887**	**35,117**
Equity attributable to owners of the company (2)	**37,821**	**25,544**
Net debt and equity (1)+(2)=3	**159,708**	**60,661**
Gearing = (1)/(3)	**76%**	**58%**

Currency risk

Most of the Group's subsidiaries operate in the eurozone. Foreign-currency denominated purchases and sales are currently not significant since all VPFs are invoiced in euros. As a result, the Company has relatively limited exposure to fluctuations in its functional currency, the euro.

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 2014, the largest client represented 9% of consolidated revenue and the five largest represented 38%.

8.2 Financial commitments and contingent liabilities

a. Commitments given and received in relation to equipment financing

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

- Conditional outstanding payments to exhibitors (Third-Party Collector model)

EUR thousands	Less than 1 year	1-5 years	More than 5 years	**Total**
December 31, 2014	10,148	28,914	2,603	**41,665**
December 31, 2013	10,421	35,924	6,384	**52,728**

Contribution payments recorded under expenses amounted to €10,385,000 as at 31 December 2014 and €9,680,000 a year earlier.

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

EUR thousands	Less than 1 year	1-5 years	More than 5 years	**Total**
December 31, 2014	3,628	7,223	4,510	**15,361**
December 31, 2013	265	581	4,546	**5,392**

As indicated in Note 6.13, outstanding lease payments (capital and interest) to leasing companies (for the VPF and delivery businesses), the capital amount of which is recognised in financial debt, are as follows:

EUR thousands	Less than 1 year	1-5 years	More than 5 years	**Total**
December 31, 2014	23,423	48,253	27	**71,702**
December 31, 2013	9,929	31,406	32	**41,366**

Given its shared nature, and assuming a VPF collection period of 10 years, VPF income is expected to be sufficient to cover the commitments given to cinema exhibitors and financial lessors.

b. Commitments received in relation to facilities management

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

EUR thousands	Less than 1 year	1-5 years	More than 5 years	**Total**
December 31, 2014	8,229	35,851	13,107	**57,188**
December 31, 2013	3,516	14,791	11,677	**29,984**

c. Commitments related to other operating leases

As part of its operations, the Group is party to operating leases. The main 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	Less than 1 year	1-5 years	More than 5 years	**Total**
December 31, 2014	1,390	3,039	1,523	**5,952**
December 31, 2013	548	1,896	659	**3,104**

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

d. 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 30 November 2013 states that, as of 30 November 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 YMAGIS's 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 said company at the same price and payment terms as those offered by the third party, provided

that the price per share offered by the latter is equal to or greater than the price initially proposed 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 30 November 2013 and the date on which YMAGIS exercises the option.

This option may be exercised in full or in part, on one or more occasions, up to 30 November 2018.
The derivative associated with this call option was void at 31 December 2014.

e. Other guarantees given to Group subsidiaries

In some cases, the Company has provided guarantees to some of its subsidiaries.
With regard to dcinex, these guarantees refer to those given by YMAGIS SA to dcinex's banks and junior lenders as part of bank waivers requested and obtained during the Company's acquisition of dcinex securities, as described in Note 2 and in more detail in Document E registered by the AMF on 30 September 2014 under number E.14-059. YMAGIS SA has guaranteed all senior and junior debt associated with the roll-out of VPF screens by dcinex.
The shares and bank accounts of 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.
The guarantees given by YMAGIS SA to its subsidiary SYL relate to financial assistance provided to the subsidiary prior to the Shareholders' Meeting to be called to approve the financial statements for the year ending 31 December 2015, the guarantees given to lessors having financed the roll-out by SYL of new connected cinemas, and in particular the acquisition of the Arqiva network of connected cinemas, as described in Note 2 above, as well as the guarantee given to the owner of the subsidiary’s London offices.
The Group is committed to freeing up the subscribed and not yet called capital of its subsidiary DSAT in the amount of €1,450,000.
Dcinex SA is guarantor to Eutelsat on €800,000 of the overdraft facility granted to DSAT.

f. Other commitments given

The Company has undertaken to not distribute a dividend until the cash reserve reaches €4,130,000 under the terms 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 authorisation to distribute a dividend even if the Cash Reserve does not reach said amount. The amounts collected under this agreement as at the end of the period are presented in Note 7.
Dcinex SA is committed to buying back the equipment sold to KBC Lease for €227,000 in the event of default on the For&Ever cinema deal
Assets with a net value of €32,485,000 have also been pledged.
Commitments relating to individual training entitlements (DIF) amounted to 5,531 hours.

8.3 Related-party transactions

Management remuneration

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

EUR thousands	**31/12/14**	**31/12/13**
Gross remuneration, employer contributions and benefits in kind	412	576
Short-term benefits (paid holidays)	87	37
Post-employment benefits	21	9
Other long-term benefits		
Share-based payments	146	119
End-of-service payments		
Total expense for the period	**666**	**741**

Main relations between YMAGIS SA and its subsidiaries

YMAGIS, the parent company of the Group, carries out certain global management tasks for its subsidiaries centrally (general management, risk and insurance management, financial management, etc.). Accordingly, the costs for these services are billed to the subsidiaries under "head-office costs".
Since 2011, YMAGIS SA has been the sole entity liable for 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 Holdings and YMAGIS SA in 2013 or 2014.

8.4 Statutory auditors' fees

EUR thousands	Grant Thornton				Vachon et Associés			
	Amounts		%		Amounts		%	
	2014	2013	2014	2013	2014	2013	2014	2013
Audit								
Audit, certification, review of separate and consolidated financial statements								
- Issuer	98	76	68%	36%	78	56	53%	26%
- Fully consolidated subsidiaries					26	18	18%	8%
Other duties and services directly associated with the audit mandate								
- Issuer	30	132	21%	64%	30	140	20%	65%
- Fully consolidated subsidiaries								
Sub-total	**128**	**208**	**89%**	**100%**	**134**	**214**	**91%**	**100%**
Other services provided by the networks to the fully consolidated subsidiaries								
Legal, tax, corporate	15		11%		13		9%	
Others								
Sub-total	**15**	**0**	**11%**	**0%**	**13**	**0**	**9%**	**0%**
Total	**143**	**208**	**100%**	**100%**	**147**	**214**	**100%**	**100%**

8.5 Events after the reporting period

Private placement of a €36.5 million bond in February 2015

In late February 2015, YMAGIS carried out an initial private placement of a €36.5 million bond with various French and Belgian institutional investors, thereby enhancing the Group's financial flexibility and replenishing some of the cash reserves used in the acquisition of dcinex.

This placement comprises two tranches of four and five years respectively. The first, for €17.5 million, has an annual coupon of 4.00% and is repayable in full upon maturity on 23 February 2019, while the second, for €19.0 million, has an annual coupon of 4.25% and is repayable in full upon maturity on 23 February 2020.

Strengthened by this new source of funding, the Group carried out the following transactions:

Redemption of OBSAs - Cancellation of share warrants

On 2 March 2015, YMAGIS redeemed in full the OBSAs issued in October 2014 during the acquisition of dcinex, for a total amount of €15.4 million.

These OBSAs bore interest at 7.5% from January 2016 and 3.5% before then.

Simultaneously, all the share warrants attached to these OBSAs were cancelled, thereby eliminating the maximum dilution risk of 18.9% of capital (post dilution) in the event of all warrants being exercised.

Repurchase of the dcinex junior debt

On 31 March YMAGIS also repurchased €9.9 million of the dcinex junior debt, which bore an average interest rate of around 9%. The outstanding balance of this junior debt is expected to be repurchased during the current year.

Repayment of the current account of dcinex's former shareholders

Lastly, on 31 March, dcinex repaid the outstanding balance of €1.2 million on the current account of its former shareholders.

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Statutory auditors' report
on the consolidated financial statements

YMAGIS
Year ended 31 December 2014

Dear Shareholders,

Pursuant to the mandate awarded to us by your Shareholders' Meeting, we hereby present to you our report for the year ended 31 December 2014 on:

- the audit of the consolidated financial statements of **YMAGIS**, as attached 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 the professional standards applicable in France. These standards require that we plan and perform procedures to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves performing procedures, on the basis of samples or by other selection methods, to obtain audit evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the appropriateness of accounting principles used, the reasonableness of the significant estimates made 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.

We hereby certify that the consolidated financial statements provide, pursuant to the IFRS framework adopted within the European Union, a true and fair view of the assets and liabilities, financial position, and results of the grouping comprising the persons and entities included in the scope of consolidation.

Without calling the above opinion into question, we would like to draw your attention to Note 3.4 "Comparability of financial years" of the notes to the financial statements, which, in order to make the results of the grouping comprising YMAGIS and dcinex easier to read and compare, shows a proforma income statement for YMAGIS for 2013 and 2014, as if the acquisition of dcinex had taken place on 1 January 2013.

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 would like to bring the following to your attention:

- During the year, your company acquired dcinex and provisionally allocated the acquisition cost, as described in Note 6.1 "Goodwill" in the consolidated financial statements. We examined the methods used to identify and value the assets and liabilities recognised as at the acquisition date, as well as to determine the provisional goodwill at said date and the related information shown in the notes to the financial statements.

- Note 3.2 "Use of estimates" presents the significant estimates and assumptions made by Management, particularly those relating to the assessment of intangible assets (the section entitled "Amortisation of goodwill and intangible assets, and depreciation of property, plant and equipment" in Note 3.3 "Main accounting principles") and Note 6.2 "Intangible assets") and to deferred tax assets (Note 6.7 "Deferred taxes"). Our work involved assessing the data and assumptions that formed the basis of the estimates made by Management, reviewing on the basis of samples the calculations made by the company, and checking that the notes to the financial statements provide proper disclosure.

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 the professional standards applicable in France, we also performed the specific checks required by law of the information relating to the Group in the management report.

We have no observations to make regarding the fair presentation and consistency with the consolidated financial statements.

Paris, 17 April 2015

The statutory auditors

Grant Thornton **French member of Grant Thornton International**	**Vachon et Associés**
Laurent Bouby Partner	Bertrand Vachon Managing Partner

IV. Board of Directors' management report relating to the separate and consolidated financial statements for the year ended 31 December 2014

Dear Sir/Madam,

In accordance with the law and the articles of association, we are pleased to present to you our report on the management of the Company and operations that took place during the year ended 31 December 2014, 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 presented to you.

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 in accordance with the terms, conditions and timeframes required by the French Commercial Code.

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

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1. SIGNIFICANT EVENTS IN THE BUSINESS OF THE COMPANY AND THE GROUP DURING 2014

YMAGIS experienced another year of transition in 2014, marked by the acquisition, completed in the second half of the year, of the dcinex group, which was integrated into the consolidated financial statements as of 1 October 2014.

This acquisition tripled the size of the YMAGIS Group, making it the undisputed European leader in its three different areas of business.

Acquisition of dcinex

The acquisition of the dcinex group, headquartered in Liège in Belgium and one of the Company's major European competitors, was carried out under the terms of an agreement announced at the end of July 2014 and definitively approved by the Extraordinary Shareholders' Meeting of 20 October 2014.

This transaction, which was the subject of a prospectus (Document E) registered by the AMF on 30 September 2014 under number E.14-059, enabled the Company to triple in size and to become Europe's leading provider of digital technology for the motion picture industry, with a presence (usually in the form of a subsidiary) in 16 countries across Europe.

The dcinex group operates identical businesses to YMAGIS, and are almost entirely complementary from a geographical perspective. With the exception of Germany, where the two groups were in competition in the Exhibitor Services (services for cinema exhibitors) and Content Services (services for distributors and producers of digital content) business segments, YMAGIS and dcinex operate in different countries, with the latter have a much more extensive geographical presence.

As well as being Europe's leading digital cinema installer (projection booths, sound and projection booth management software), dcinex is one of the Group's major competitors in the areas of post-production and physical delivery of digital copies, or electronic delivery via its 49.8% non-controlling stake in DSAT, a joint venture with Eutelsat. The merger with dcinex enables YMAGIS to rebalance its business between VPFs on the one hand and services for exhibitors or producers/distributors on the other, in order to better prepare for a future marked by the long-anticipated phasing out of VPFs over the next few years.

The dcinex group employs around 200 people across 16 countries in Europe. It posted consolidated revenue of €92 million in 2013, of which more than half came from services to exhibitors and distributors, generating consolidated EBITDA of €31 million. As at 31 December 2013, dcinex had consolidated net debt of €92 million, mainly comprising loans related to the roll-out of the 2,904 VPF screens contracted with the Group as at that date.

The total cost of the acquisition was €26.1 million, comprising a cash payment of €5 million, YMAGIS shares worth €5.7 million and YMAGIS OBSAs in the amount of €15.4 million, resulting in the issue to dcinex shareholders of:

- 699,379 new YMAGIS shares at a unit price of €8.15, totalling €5.7 million and representing a dilution of 8.9%; and
- 97,477 YMAGIS OBSAs, with a total nominal value of €15.4 million. These OBSAs were redeemed in full on 2 March 2015 and the corresponding share warrants were cancelled, as described in Chapter 20 "Events after the reporting period".

In addition, as part of this acquisition, on 20 October 2014 dcinex repaid the majority of the €12.9 million of subordinated loans granted to it by its former shareholders. These loans bore an annual interest rate of 8.25% up to 26 June 2014 and 3.5% thereafter.

Lastly, the fees of around €1.2 million relating to this transaction were recognised in the YMAGIS Group's consolidated financial statements as follows: (i) the €348,000 (€232,000 net of taxes) relating to the capital increase was recognised as a reduction in the contribution premium; (ii) the €623,000 relating to the bond issue was recognised as a reduction in the OBSA debt; and lastly (iii) the €200,000 representing the purchase cost of securities in cash was recognised under costs for the year in "Other expenses".

In respect of the acquisition of dcinex, YMAGIS recorded initial goodwill of €10.5 million in its consolidated financial statements at 31 December 2014, as described in Note 6.1 to the consolidated financial statements, which is an integral part of this report. The Group has 12 months from the acquisition date to finalise the recognition of this acquisition and to allocate the corresponding goodwill.

Overall, the newly combined YMAGIS and dcinex entity:

- is the leading pan-European provider of digital equipment and services for the motion picture industry;
- is present in 16 countries;
- posted proforma[2] revenue of €150.4 million for 2014, including dcinex as of 1 January, generating EBITDA[3] of €53.8 million and earnings before tax of €3.1 million; and
- had consolidated equity of €42.6 million at 31 December 2014 and consolidated net debt of €125.3 million (after cash of €18.1 million), of which €114.0 million related to the financing of VPFs.

2014 was also marked by the following:

Capital increase via private placement in January 2014

On 24 January 2014, as part of a private placement, YMAGIS SA carried out a cash capital increase totalling €4,969,000. This capital increase involved issuing 649,540 ordinary shares with cancellation of pre-emptive subscription rights at a unit issue price of €7.65.

This transaction resulted in a gross amount of €184,000 (€123,000 net of tax) being charged to the issue premium of €4,807,000 in relation to costs.

The newly issued shares represented a dilution of 9.1% at issue compared with the 6,495,531 shares outstanding prior to the capital increase.

[2] The basic assumptions underlying the proforma financial statements and data are shown, broken down and explained in Chapter 4 of Document E registered by the AMF on 30 September 2014 under number E.14-059. These assumptions are also presented in the consolidated financial statements at 31 December 2014 attached to this report, particularly Note 3.4 of the notes to the consolidated financial statements.

[3] EBITDA as defined by the Group (see elsewhere) is calculated by adding net depreciation and amortisation charges and provisions for the period to operating income before non-recurring items.

Acquisition of Arqiva's network of connected cinemas

In early April 2014, via its subsidiary SmartJog YMAGIS Logistics (**SYL**) specialising in the duplication and delivery of digital copies, YMAGIS acquired the digital content satellite transmission assets of UK company Arqiva, including its network of 726 connected cinemas.

This network, based largely in the UK and Ireland, where Arqiva is the leading operator in this field, but also in Italy, extends the geographical reach of SYL's European network of connected cinemas.

The acquisition cost was €3.6 million, of which €0.2 million relating to possible earnouts to be paid in 2015 based on Arqiva performing certain services and meeting certain targets.

Creation of two new subsidiaries

In late October and mid-December 2014, the Company created two new small subsidiaries employing 4 and 3 workers respectively at 31 December 2014:

- in France, VIDEO AUDIO MEDIA PRESTATIONS (**V.A.M.P.**) was set up in Paris to start to extend the audiovisual post-production range of services to television-specific content; and
- in the US, Direct Cinema North America Inc. (**DCNA**) was set up in New York to explore the possibility of electronically delivering digital copies by cable (ADSL or fibre-optic) for independent distributors and cinemas in North America and advertising sales agencies, and to sell the Group's software solutions for exhibitors.

Eligibility for PEA-PME - Inclusion in the CAC Small, CAC Mid & Small, CAC All-Tradable and PEA-PME 150 indices

Lastly, the Company has fulfilled the criteria for eligibility for the PEA-PME share ownership scheme (allowing investors to purchase securities in SMEs). It was added to the CAC Small, CAC Mid & Small and CAC All-Tradable stock market indices on 24 March 2014 and to the new Enternext PEA-PME 150 index, comprising the 150 most liquid French companies eligible for the PEA-PME scheme, on 17 November 2014.

Significant events and major changes during the year by business segment

The following changes took place in 2014:

VPF

For the **VPF** business, which accounts for 47.5% of the proforma revenue for the year at €71.5 million, the year was marked by the end of the roll-out of VPF contract screens[4] in Europe, with the

[4] Virtual Print Fee (VPF), or Digital Transition Fee (DTF), invoiced by the Group and received from distributors of content, particularly feature-length films, each time digital content is provided to the cinema where YMAGIS financed the digital transition.

number for the Group as a whole (including dcinex) totalling 6,027 screens[5] at 31 December 2014, versus 5,689 a year earlier.
The three tables below show the total number of VPF screens rolled out by the Group by country as at 31 December 2014 and 31 December 2013, along with a breakdown by Third-Party Investor model and Third-Party Collector model[6]:

Total number of VPF screens by country:

	31/12/13			31/12/14				
Number of VPF screens - total	**YMAGIS**	**dcinex**	**Total**	**YMAGIS**	**dcinex**	**Total**	**Change**	**% change**
France	1,116	-	1,116	1,114	-	1,114	(2)	0%
Germany	612	443	1,055	612	443	1,055	-	0%
Spain	854	655	1,509	854	687	1,541	32	2%
Benelux	203	174	377	200	173	373	(4)	-1%
Austria	-	269	269	-	268	268	(1)	0%
Bulgaria	-	70	70	-	69	69	(1)	-1%
Czech Republic	-	83	83	-	83	83	-	0%
Denmark	-	120	120	-	120	120	-	0%
Ireland	-	188	188	-	180	180	(8)	-4%
Poland	-	102	102	-	89	89	(13)	-13%
Portugal	-	294	294	-	294	294	-	0%
United Kingdom	-	506	506	-	581	581	75	15%
Croatia	-	-	-	-	7	7	7	NA
Greece	-	-	-	-	178	178	178	NA
Montenegro	-	-	-	-	5	5	5	NA
Serbia	-	-	-	-	22	22	22	NA
Slovenia	-	-	-	-	48	48	48	NA
Europe	**2,785**	**2,904**	**5,689**	**2,780**	**3,247**	**6,027**	**338**	**6%**

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

[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 recognises under external charges;
- the Third-Party Investor model, whereby YMAGIS generally finances the digital equipment through lease agreements with financial institutions, to which the Group makes lease payments. In this case, YMAGIS bills the exhibitor for a contribution to the financing of the equipment, with the amount received recognised under revenue. Pursuant to IFRS, the financial expenses associated with the lease payments are restated under financial expenses 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 under assets on 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 YMAGIS's income statement and statement of financial position.

Total number of VPF screens by country rolled out under the Third-Party Investor model:

Number of VPF screens - Third-party investor model	31/12/13 YMAGIS	31/12/13 dcinex	31/12/13 Total	31/12/14 YMAGIS	31/12/14 dcinex	31/12/14 Total	Change	% change
France	610	-	610	608	-	608	(2)	0%
Germany	77	443	520	76	443	519	(1)	0%
Spain	471	655	1,126	479	687	1,166	40	4%
Benelux	153	174	327	152	173	325	(2)	-1%
Austria	-	269	269	-	268	268	(1)	0%
Bulgaria	-	70	70	-	69	69	(1)	-1%
Czech Republic	-	83	83	-	83	83	-	0%
Denmark	-	120	120	-	120	120	-	0%
Ireland	-	188	188	-	180	180	(8)	-4%
Poland	-	102	102	-	89	89	(13)	-13%
Portugal	-	294	294	-	294	294	-	0%
United Kingdom	-	506	506	-	581	581	75	15%
Europe	**1,311**	**2,904**	**4,215**	**1,315**	**2,987**	**4,302**	**87**	**2%**

Total number of VPF screens by country rolled out under the Third-Party Collector model:

Number of VPF screens - Third-party collector model	31/12/13 YMAGIS	31/12/13 dcinex	31/12/13 Total	31/12/14 YMAGIS	31/12/14 dcinex	31/12/14 Total	Change	% change
France	506	-	506	506	-	506	-	0%
Germany	535	-	535	536	-	536	1	0%
Spain	383	-	383	375	-	375	(8)	-2%
Benelux	50	-	50	48	-	48	(2)	-4%
Croatia	-	-	-	-	7	7	7	NA
Greece	-	-	-	-	178	178	178	NA
Montenegro	-	-	-	-	5	5	5	NA
Serbia	-	-	-	-	22	22	22	NA
Slovenia	-	-	-	-	48	48	48	NA
Europe	**1,474**	**-**	**1,474**	**1,465**	**260**	**1,725**	**251**	**17%**

Exhibitor Services

The **Exhibitor Services** business (44.1% of the 2014 proforma revenue: services, equipment and software sold to Europe's cinema exhibitors) held steady, with 2014 proforma revenue posting a slight rise of 2.1% to €66.3 million.

This stability was achieved in an unfavourable environment marked by the end of the digital transition phase in most European countries, where the overall digital projection screen penetration rate was 91%[7] at the end of 2014.

During the year, this business was boosted in particular by: (i) the sale of equipment under VPF contracts totalling €7.3 million and €5.0 million respectively in Spain and Greece, two countries lagging considerably behind in their digital transition and which the Group was able to support; and (ii) the continued growth in the facilities management and maintenance business, where revenue climbed by 11.6% to €8.6 million in 2014, driven by an increase in the number of screens rolled out under VPF agreements.

[7] Source: Media Salles, *DGTonline informer*, Berlin, press release of 7 February 2015

Content Services

The 2014 proforma revenue of the **Content Services** unit (duplication and delivery, whether physical or electronic, of digital content and post-production services, at 8.4% of total Group proforma revenue in 2014) was up by 36.9%, driven by the Delivery business, which grew by 53.0% to €8.8 million.

This segment benefited in particular from the contributions of SmartJog, which was consolidated as of 1 December 2013, and of Arqiva's network of connected cinemas, consolidated as of 1 April 2014. These figures do not include revenue generated by DSAT, the satellite transmission company owned by dcinex (49.8%) and Eutelsat (50.2%), consolidated by the Group using the equity method.

The table below provides a breakdown of connected cinemas by European country at 31 December 2013 and 31 December 2014, with most of the 26% increase from one year to the next attributable to the consolidation of Arqiva's network:

Country	31/12/13	31/12/14	Change	% change
France	1,199	1,211	12	1%
United Kingdom	-	375	375	-
Spain	236	316	80	34%
Germany	237	300	63	27%
Italy	-	129	129	-
Austria	79	70	-9	-11%
Netherlands	49	56	7	14%
Belgium	55	51	-4	-7%
Portugal	45	42	-3	-7%
Switzerland	15	15	0	0%
Luxembourg	10	12	2	20%
Czech Republic	-	10	10	-
Ireland	-	9	9	-
Other countries	-	12	12	-
Total	**1,925**	**2,608**	**683**	**26.2%**

Workforce

The two tables below provide a breakdown, for each of the YMAGIS and dcinex scopes, of the headcount and changes therein by country and business segment between 31 December 2013 and 31 December 2014:

Change in headcount by country:

	31/12/13			31/12/14				
Country	**YMAGIS**	**dcinex**	**Total**	**YMAGIS**	**dcinex**	**Total**	**Change**	**% change**
France	100	-	100	114	-	114	14	14%
Belgium	-	86	86	-	90	90	4	5%
Germany	25	70	94	27	49	75	-19	-20%
Spain	13	-	13	19	-	19	6	42%
United Kingdom	-	3	3	7	8	15	12	440%
Netherlands	-	11	11	-	13	13	1	11%
Austria	-	5	5	-	6	6	1	31%
Italy	-	2	2	-	5	5	3	150%
United States	-	-	-	3	-	3	3	NA
Other countries	-	12	12	-	22	22	10	77%
Total workforce	**138**	**189**	**327**	**169**	**193**	**362**	**35**	**11%**

The growth in the headcount in France is largely attributable to the expanding Content Services unit, while the reduction in Germany is the result of dcinex's corporate restructuring in the wake of a sharp decline in local sales of projection equipment in this country. The increase in the Group's headcount in the United Kingdom is due to the acquisition of Arqiva's network of connected cinemas, while the rise in headcount in other areas reflects the expansion of the Exhibitor Services business in central and eastern European countries.

Change in headcount by business segment:

	31/12/13			31/12/14				
Segment	**YMAGIS**	**dcinex**	**Total**	**YMAGIS**	**dcinex**	**Total**	**Change**	**% change**
VPF	10	7	17	11	8	18	1	8%
Content Services - Delivery and Post-Production	45	27	72	75	30	105	33	46%
Exhibitor Services - Sales, Installation and Online Support	46	130	176	47	131	177	1	1%
Operational TOTAL	**101**	**164**	**265**	**132**	**168**	**300**	**36**	**13%**
IT and other support functions	37	25	62	37	25	62	(1)	-1%
Total workforce	**138**	**189**	**327**	**169**	**193**	**362**	**35**	**11%**

NB: many of the Group's employees divide their time to varying degrees between the VPF and Delivery businesses. For the purpose of clarity and readability, only those employees working exclusively in VPF or in Delivery are shown in that particular segment in the table above.

The change in headcount by business segment mainly reflects the efforts and investments made by the Group during the year in the Content Services segment, where most of the new hires were made.

2. CONSOLIDATED FINANCIAL DATA AT 31 DECEMBER 2014

Notes to the financial data summarised in the pages below and detailed in the consolidated financial statements attached to this report are provided in the chapter below.

In order to ensure greater readability and comparability of the income statement, we have attached to the published financial data, which includes dcinex as of 1 October 2014, the 2013 and 2014 proforma[8] income statements resulting from consolidating dcinex in the YMAGIS financial statements as of 1 January 2013.

[8] See Note (2) above. The basic assumptions underlying the proforma financial statements are described in Chapter 4 of Document E registered by the AMF on 30 September 2014 under number E.14-059.

STATEMENT OF FINANCIAL POSITION

EUR thousands	31/12/14	31/12/13	Change	% change
Goodwill	10,523	-	10,523	NA
Intangible assets	10,048	11,204	(1,156)	-10.3%
Property, plant and equipment	135,374	53,781	81,593	151.7%
Equity-accounted investments	437	-		
Non-current financial assets	3,670	1,598	2,072	129.7%
Financial instruments	699	-		
Deferred tax assets	5,801	926	4,875	526.4%
Non-current assets	**166,552**	**67,508**	**99,044**	**146.7%**
Inventories	6,182	832	5,350	642.9%
Trade receivables	42,710	16,874	25,837	153.1%
Other current assets	16,346	10,188	6,157	60.4%
Current financial assets	114	-	114	NA
Cash and cash equivalents	18,075	12,043	6,032	50.1%
Current assets	**83,428**	**39,937**	**43,490**	**108.9%**
Total assets	**249,980**	**107,447**	**142,533**	**132.7%**
Share capital	1,962	1,624	338	20.8%
Issue premiums	24,248	15,148	9,100	60.1%
Reserves and retained earnings	9,824	6,391	3,433	53.7%
Net profit/(loss)	1,788	2,381	(593)	-24.9%
Group share of equity	**37,821**	**25,544**	**12,277**	**48.1%**
Minority interests	4,771	5,049	(278)	-5.5%
Consolidated equity	**42,592**	**30,593**	**11,999**	**39.2%**
Provisions (non-current portion)	1,112	690	422	61.2%
Borrowings and financial liabilities (non-current portion)	87,630	35,916	51,714	144.0%
Other non-current liabilities	16,729	2,052	(2,052)	-100.0%
Non-current liabilities	**105,471**	**38,658**	**66,814**	**172.8%**
Provisions (current portion)	-	-	-	NA
Financial debt and borrowings (current portion)	55,733	12,553	43,180	344.0%
Trade payables	15,683	6,000	9,683	161.4%
Corporation tax payables	1,174	187	987	528.4%
Other current liabilities	29,332	19,457	9,875	50.7%
Current liabilities	**101,922**	**38,196**	**63,725**	**166.8%**
Total liabilities and equity	**249,980**	**107,447**	**142,533**	**132.7%**

SIMPLIFIED CONSOLIDATED INCOME STATEMENT

EUR thousands	31/12/14	31/12/13	Change	% change
Revenue	**84,611**	**47,322**	**37,290**	**78.8%**
Consumables purchased	(20,832)	(8,250)	(12,582)	152.5%
Other purchases and external charges	(24,586)	(16,147)	(8,440)	52.3%
Taxes and duties	(423)	(366)	(58)	15.8%
Employee expenses	(11,459)	(7,234)	(4,226)	58.4%
Other current operating income and expense	(87)	79	(79)	-100.0%
Net depreciation and amortisation charges and provisions	(20,013)	(8,836)	(11,177)	126.5%
Operating income before non-recurring items	**7,211**	**6,570**	**641**	**9.8%**
EBITDA	27,224	15,406	11,817	76.7%
Other income and expense	(200)	-	-	
Operating profit	**7,011**	**6,570**	**641**	**9.8%**
Net financial income/(expense)	**(4,912)**	**(2,561)**	**2,561**	**-100.0%**
Profit before tax	**2,100**	**4,008**	**(1,909)**	**-47.7%**
Income tax	(1,782)	(1,627)	(156)	9.6%
Share attributable to equity-accounted investments	(85)	-		
Net profit for the period	**232**	**2,382**	**(2,150)**	**-90.3%**
Share attributable to minority interests	1,556	(1)	1,557	
Net profit for the period - Share attributable to YMAGIS shareholders	**1,788**	**2,381**	**(593)**	**-24.8%**

The Group calculates the EBITDA shown above by adding net depreciation and amortisation charges and provisions to operating income before non-recurring items.

SIMPLIFIED CONSOLIDATED INCOME STATEMENT - PROFORMA[8]

EUR thousands	**31/12/14**	**31/12/13**	**Change**	**%**
Revenue	**150,368**	**139,027**	**11,341**	**8.2%**
Consumables purchased	(42,880)	(42,369)	(511)	1.2%
Other purchases and external charges	(34,078)	(30,380)	(3,698)	12.2%
Taxes and duties	(504)	(480)	(24)	5.0%
Employee expenses	(18,665)	(18,076)	(589)	3.3%
Other current operating income	1,643	1,198	445	37.2%
Other current operating expense	(2,070)	(1,390)	(680)	48.9%
Net depreciation and amortisation charges and provisions	(39,844)	(30,533)	(9,311)	30.5%
Operating income before non-recurring items	**13,970**	**16,997**	**(3,027)**	**-17.8%**
Other income	-	-	-	NA
Other expense	(200)	-	(200)	NA
Operating profit	**13,770**	**16,997**	**(3,227)**	**-19.0%**
Cost of gross financial debt	(9,960)	(10,006)	46	-0.5%
Income from cash and cash equivalents	-	-	-	NA
Cost of net financial debt	**(9,960)**	**(10,006)**	**46**	**-0.5%**
Other financial income	1,292	1,060	232	21.9%
Other financial expense	(2,023)	(1,026)	(997)	97.2%
Net financial income/(expense)	**(10,691)**	**(9,972)**	**(719)**	**7.2%**
Profit before tax	**3,079**	**7,025**	**(3,946)**	**-56.2%**
Income tax	(2,738)	(2,618)	(120)	4.6%
Share attributable to equity-accounted investments	(791)	(638)	(153)	24.0%
Net profit for the period	**(451)**	**3,769**	**(4,219)**	**-111.9%**
Share attributable to minority interests	1,188	(569)	1,757	-308.8%
Net profit for the period - Share attributable to YMAGIS shareholders	**737**	**3,200**	**(2,462)**	**-76.9%**

The Group calculates the EBITDA shown above by adding net depreciation and amortisation charges and provisions to operating income before non-recurring items.

[8] See Note (2) above. The basic assumptions underlying the proforma financial statements are described in Chapter 4 of Document E registered by the AMF on 30 September 2014 under number E.14-059.

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED ASSETS

The consolidated statement of financial position totalled €250.0 million at 31 December 2014, compared with €107.4 million a year earlier.

This significant increase was mainly due to the addition of dcinex to the YMAGIS Group's consolidation scope as of 1 October 2014.

In addition to the specific comments in the notes to the consolidated financial statements, where readers can find a detailed item-by-item breakdown, the main comments on the consolidated assets are as follows:

- most of the €135.4 million on property, plant and equipment refers to the net carrying amount of the digital projection equipment used in the 4,302 screens in Europe for which the Group financed the digital transition under the VPF Third-Party Investor model, and for which a breakdown by country is provided above;
- the goodwill of €10.5 million relates to the addition of dcinex to the scope of consolidation, as described in Chapter 1 above;
- most of the intangible assets (€9.6 million) relates to the net carrying amount of the technology used to send and receive digital copies that was contributed by SmartJog as part of the creation of SYL in November 2013. This technology, which was valued at €10.7 million gross for the purpose of the creation, is amortised over 10 years in the Group’s separate and consolidated financial statements, starting from 1 December 2013;
- most of the deferred tax assets (€5.2 million) arise from dcinex and refer to the capitalisation of the tax losses of dcinex SA. In total, at 31 December 2014, the YMAGIS Group had tax losses of around €25.7 million across all the companies in its scope of consolidation, of which the corresponding deferred tax savings were capitalised on only €12.7 million;
- most of the value of consolidated inventories (€5.5 million) comes from the dcinex scope, in keeping with the status of the company and its subsidiaries as the leading digital sound and projection equipment sales and installation group in Europe;
- Of the €42.7 million of trade receivables, slightly over half (€22.5 million) came from the consolidation of dcinex and its subsidiaries;
- Lastly, at 31 December 2014, the Group had €18.1 million in cash, of which €13 million pertained to the dcinex scope. As stated in Note 6.10 to the consolidated financial statements, which are an integral part of this report, around €9.5 million has been allocated as a priority, under the terms of the agreements between the Group and its banks, to repaying bank loans and leases relating to the VPF business.

3.2 CONSOLIDATED LIABILITIES

The Group's consolidated net equity at 31 December 2014 was €42.6 million, of which €37.8 million was attributable to the Group, compared with €30.6 million (€25.5 million attributable to the Group) a year earlier.

This increase was due essentially on the one hand to the €5.0 million capital increase via private placement in January 2014 (€4.8 million net of transaction costs charged to the issue premium) and on the other to the €5.7 million capital increase (€5.5 million net of costs) corresponding to the partial redemption (i.e. the portion in YMAGIS shares) of the contribution of dcinex securities.

These transactions are also described in Chapter 1 above, and the other changes are explained in section IV of YMAGIS's consolidated financial statements at 31 December 2014, which are an integral part of this annual financial report.

For the other items making up the Group's consolidated liabilities at 31 December 2014, and in addition to the specific comments in the notes to the consolidated financial statements, to which readers should refer for an item-by-item breakdown, the main comments are as follows:

- The Group's gross debt was €143.3 million, of which the non-current portion was €87.6 million and the current portion was €55.7 million. Most of this debt (€114.0 million) refers to the financing of digital projection equipment financed by the Group under the VPF Third Party-Investor model (described elsewhere in the document), backed by the recurring cash flows from the VPF business;
- In view of the consolidated cash balance of €18.1 million at the end of the year, the Group's consolidated net debt stood at €125.2 million, contrasting with consolidated net equity of €42.6 million and proforma EBITDA[9] of €53.8 million.

3.3 CONSOLIDATED INCOME STATEMENT

Given the integration of dcinex in the final quarter of 2014, i.e. starting on 1 October, a 2014 proforma income statement over 12 months is shown in order to provide a clearer picture of the new grouping's business and results.

The comments in this section are based on a comparison between this 2014 proforma income statement and the 2013 proforma income statement as shown and described in detail in Document E registered by the AMF on 30 September 2014 under number E.14-059.

The Group's proforma consolidated revenue increased by 8% from €139.0 million in 2013 to €150.4 million in 2014.

This was due to higher revenue from the VPF business (+10% to €71.5 million, representing 47% of the Group's total revenue), while revenue from the Exhibitor Services business (44% of the total) posted a slight rise of 2% to €66.3 million and revenue from Content Services (8% of the total) was up by 36% to €12.6 million.
Driven by this increase in overall revenue, the Group's EBITDA rose by 13.2% year on year to €53.8 million, giving a margin on sales of 35.8%.

[9] EBITDA as defined by the Group (see elsewhere) is calculated by adding net depreciation and amortisation charges and provisions for the period to operating income before non-recurring items.

The Group's structural costs, excluding amortisation and depreciation, increased by €5.1 million (+5.5%), with most of this rise coming from the Delivery business, where satellite costs relating to SmartJog's operations increased from €0.2 million in December 2013 alone to €2.4 million and costs incurred for the Arqiva network (consolidated from 1 April) totalled €1.6 million, of which €1.1 million were satellite fees.

Amortisation and depreciation charges increased by €9.3 million (+30.5%) year on year, of which €6.7 million related to the VPF business, where there was an increase in the number of screens rolled out under the Third-Party Investor model, and €2.2 million related to the Delivery business.

Following a 7.0% rise in its net financial expenses, as a result of non-disbursed forex losses on exposure to the pound sterling, and €1.4 million of non-recurring items recognised as expenses in relation to the dcinex acquisition, attributable in part to non-disbursed expenses, the YMAGIS Group recorded earnings before tax of €3.1 million, compared with €7.0 million in 2013.

Excluding non-recurring and non-disbursed items relating mainly to the harmonisation of rules for measuring dcinex's consolidated financial statements as part of their integration into the Group's scope, the Group's earnings before tax stood at €4.5 million, or 3% of sales.

Despite the reduction in its proforma earnings before tax in 2014, the Group's consolidated tax expense was up slightly at €2.7 million, including €1.3 million to be paid in 2015 and €1.4 million in deferred taxes, with the Group having used during 2014 some of the tax losses capitalised in previous years.

The share of profit attributable to equity-accounted companies shows a loss of €0.8 million, referring mainly to the Group's share in the losses of SYL competitor DSAT, which is 49.8%-owned by dcinex and the remainder owned by Eutelsat.

Lastly, after taking non-controlling interests into account, the Group share of net profit dropped sharply from €3.2 million in 2013 to €0.7 million in 2014.

Analysis of segment-based information and financial highlights by business segment

The results by segment provide a mixed picture: the VPF unit saw its earnings before tax in 2014 increase by 8% compared with the 2013 proforma figure to €11.2 million, while the Content Services division saw its losses deepen by €6.3 million to -€8.6 million, and the Exhibitor Services division recorded the reverse trend and posted a €1.8 million rise in earnings before tax to €0.5 million.

Specifically, the main changes between 2013 and 2014 were as follows:

- **VPF segment**

	Virtual Print Fee			
EUR thousands	**31/12/2014 *(1)***	**31/12/2013 *(1)***	**Change**	**%**
Revenue	71,458	64,860	6,598	10%
EBITDA	55,412	46,813	8,599	18%
%	*78%*	*72%*		
EBIT	20,635	19,862	773	4%
EBT	11,209	10,390	820	8%
%	*16%*	*16%*		
Gross debt	113,995	136,046	(22,051)	-16%

(1) Proforma figures, i.e. considering YMAGIS and dcinex together over 12 months in both 2013 and 2014

The VPF business recorded proforma revenue of €71.5 million (accounting for 47.5% of the cumulative proforma revenue during the year), with organic growth of 10.2% compared with 2013.

This rise is in line with the increase in the average number of VPF screens rolled out by the Group, which was 5,728 in 2014 versus 5,160 in the previous year, with the total number of screens under a Group VPF contract reaching 6,027 across 19 countries in Europe at 31 December 2014, compared with 5,689 a year earlier (+6%).

In 2014, the VPF business benefited mainly from a full year of cinemas that made the digital transition in 2013, a year in which most European countries completed the digital transition cycle.

Following the increases, due to the greater number of VPF screens under the Third-Party Collector and Third-Party Investor models, in (i) contributions owed to exhibitors under the Third-Party Collector model, (ii) depreciation charges on equipment financed by the Group, and (iii) related financial expense under the Third-Party Investor model, and following lower absorption of structural fixed costs, the VPF business's earnings before tax (EBT) increased by €0.8 million to €11.2 million, or 16% of revenue.

- **Content Services**

	Content Services			
EUR thousands	31/12/2014 *(1)*	31/12/2013 *(1)*	Change	%
Revenue	12,606	9,238	3,367	36%
EBITDA	(3,937)	(400)	(3,537)	884%
%	*-31%*	*-4%*		
EBIT	(8,059)	(2,088)	(5,971)	286%
EBT	(8,592)	(2,265)	(6,327)	279%
%	*-68%*	*-25%*		
Gross debt	5,092	1,325	3,767	284%

(1) Proforma figures, i.e. considering YMAGIS and dcinex together over 12 months in both 2013 and 2014

The increase in Content Services revenue was driven by the 53.0% hike in the Delivery business, which benefited during the year from:
- a full year of SmartJog, which was consolidated as of 1 December 2013;
- nine months of Arqiva's network of connected cinemas, which was consolidated as of 1 April 2014.

These figures do not include the revenue generated by DSAT, the satellite content transmission company owned by dcinex (49.8%) and Eutelsat (50.2%), consolidated by the Group using the equity method.

Excluding DSAT and overlaps, the number of cinemas connected by YMAGIS or Arqiva stood at some 2,608 at the end of December 2014, compared with 1,925 a year earlier.

In terms of EBITDA, this increase in revenue was not enough to offset the year on year increase in direct fixed costs in the segment, arising from:
- the inheritance of €2.4 million in SmartJog satellite costs over full-year 2014, versus €0.2 million in December 2013 alone, when SYL was integrated into the YMAGIS Group;
- €1.6 million of operational costs linked to the Arqiva network acquired in April 2014, including €1.1 million of satellite costs that the Group was able to eliminate, for the most part, from mid-March 2015 onwards;
- the €2.8 million rise in employee expenses, with the segment's headcount increasing from 72 FTEs at the end of 2013 to 105 FTEs at the end of 2014 (+46%);
- the absorption of €1.8 million of structural fixed costs, which represents an extra €0.6 million compared with 2013. This increase was also linked to the rise in FTE employees in the segment in absolute terms and as a proportion of the Group total, with the Group's structural costs being mainly divided between the segments on a headcount prorata basis.

EBIT dropped by almost €6.0 million to -€8.1 million at 31 December 2014. This was a result of the increase in depreciation and amortisation charges pertaining partly to the assets contributed by SmartJog when SYL was created in 2013 (particularly the amortisation of its technology over 10 years, i.e. a charge of €1.1 million per year) and partly to the new cinemas connected during the year (mainly those in the Arqiva network).

After the increase in financial expenses, reflecting greater funding requirements related to the Group's major investments in Content Services in 2014, EBT fell sharply by €6.3 million to -€8.6 million.

- **Exhibitor Services**

	Exhibitor Services			
EUR thousands	**31/12/2014 *(1)***	**31/12/2013 *(1)***	**Change**	**%**
Revenue	66,304	64,931	1,372	2%
EBITDA	2,339	1,146	1,193	104%
%	*4%*	*2%*		
EBIT	1,195	(769)	1,964	-225%
EBT	462	(1,300)	1,762	-136%
%	*1%*	*-2%*		
Gross debt			-	na

(1) Proforma figures, i.e. considering YMAGIS and dcinex together over 12 months in both 2013 and 2014

Despite the end of the digital transition in Europe, where 91% of screens were digital at the end of December 2014, the Group managed to post a slight increase of 2% in revenue in this business to €66.3 million.

This was achieved thanks to the Group introducing its business to new regions, the opening of new cinemas, the adoption of new technologies (4K projection, 3D/immersive sound) and lastly the digital transition of cinemas in countries lagging behind, such as Spain and Greece.

The Facilities Management and Maintenance business posted revenue of €9.6 million during the year, up by 11.6% compared with 2013, in line with the increase in the number of screens rolled out under VPF contracts.

This €1.4 million increase in revenue led to an even greater rise in EBT, owing:

- partly to a year on year reduction in the segment's employee and operating expenses, relating in particular to: (i) less subcontracting, especially in Spain, of facilities management and maintenance, and (ii) the corporate restructuring in Germany that began in 2013 and continued in 2014; and
- partly to a year on year decrease of €1.1 million in the absorption by the segment of Group structural costs, resulting from a smaller headcount as a proportion of the Group total.

4. SUBSIDIARIES AND ASSOCIATES

The main information concerning the Company's subsidiaries and associates at 31 December 2014 is summarised in the table below:

	In EUR thousands - amount at December 31, 2014	Country	Share capital	Reserves and retained earnings	Share of capital held in %	Gross value of securities held	Net value of securities held	Loans and advances allowed by the company	Sureties and endorsements given by the company	Revenue excluding tax in the most recent financial year	Profit/(loss) in the most recent financial year	Dividends collected by the company during the year
	A - Detailled information on subsidiaries and other equity investments											
	Subsidaries (more than 50% of capital held):											
1	3Delux SAS	France	50	(96)	51%	26	26	115	-	153	18	-
2	Y.E.S. SAS	France	424	903	100%	424	424	-	-	14,607	294	-
3	YMAGIS UGC Italie SARL	France	1	(110)	100%	1	1	426	-	113	(18)	-
4	YMAGIS UGC France SARL	France	1	625	100%	1	1	-	-	4,492	13	-
5	YMAGIS UGC Espagne SARL	France	1	53	100%	1	1	131	-	118	(14)	-
6	YMAGIS UGC Belgique SARL	France	1	(204)	100%	1	1	356	-	452	(34)	-
7	SMARTJOG YMAGIS Logistics SAS	France	431	88	60%	2,716	2,716	3,720	6,891	11,523	(4,533)	-
8	YMAGIS Deutschland GmbH	Germany	25	1,137	100%	25	25	-	-	9,784	582	-
9	YMAGIS Systemhaus GmbH	Germany	25	(222)	100%	25	25	1,021	-	2,562	(389)	-
10	YMAGIS Spain SLU	Spain	50	-	100%	50	50	6,303	-	9,418	108	-
11	V.A.M.P. SAS	France	1	-	100%	1	1	51	-	43	-	-
12	Direct Cinema North America, Inc.	United State	8	-	100%	8	8	43	-	-	(48)	-
13	dcinex SA	Belgium	10,033	2,327	100%	26,301	26,301	7,146	65,325	79,000	7,138	-
	Total *where applicable*					**29,579**	**29,579**	**19,312**	**72,216**			
	B - Overall information on other subsidiaries and equity investments	**None. All the company's subsidiaries are more than 50% owned and figure in the table above**										

DCNA: amount initially in US dollars

In addition, the table below includes all the direct or indirect (via dcinex) subsidiaries of YMAGIS SA that were part of the Group's consolidation scope at 31 December 2014, as well as their segment of business:

	Name of entity	Country	Business	% stake
	Fully consolidated subsidiaries			
1	YMAGIS SA (parent company)	France	(1)	
2	3 Delux SAS	France	(3)	51%
3	SMARTJOG YMAGIS Logistics SAS	France	(2)	60%
4	YMAGIS Engineering Services SAS (YES)	France	(4)	100%
5	YMAGIS UGC France SARL	France	(1)	100%
6	YMAGIS UGC Espagne SARL	France	(1)	100%
7	YMAGIS UGC Belgique SARL	France	(1)	100%
8	YMAGIS UGC Italie SARL	France	(1)	100%
9	YMAGIS Deutschland GmbH	Germany	(1) and (2)	100%
10	YMAGIS Systemhaus GmbH	Germany	(4)	100%
11	YMAGIS Spain SLU	Spain	(1) and (2)	100%
12	Video Audio Media Prestations	France		100%
13	Ymagis Direct Cinema	United States		100%
14	dcinex SA (parent company)	Belgium	(4)	
15	XDC Switzerland AG	Switzerland	(3)	100%
16	dcinex France SA	France	(2)	100%
17	dcinex Deutschland GmbH	Germany	(1)	100%
18	dcinex GmbH	Austria	(1)	77%
19	dcinex Magyarorszag Kft.	Hungary	(1)	39%
20	SC dcinex Cinema S.R.L.	Romania	(1)	46%
21	dcinex Ceska Republika S.R.O	Czech Republic	(1)	51%
22	dcinex Benelux B.V.	Netherlands	(1)	90%
23	dcinex Italia S.R.L	Italy	(1)	46%
24	dcinex d.o.o.	Croatia	(1)	39%
25	dcinex Medien AG	Germany	(2)	100%
26	dcinex LLC	Russia	(1)	77%
27	dcinex UK Ltd	United Kingdom	(1)	51%
28	dcinex TR Sinema Ekipmanlari Ticaret Ltd Sirketi	Turkey	(1)	100%
	Proportionally consolidated joint ventures			
	None			
	Companies consolidated at equity			
29	dcinex Polska Sp. z o.o	Poland	(1)	50%
30	DSAT Cinema SA	Luxembourg	(2)	49.8%
31	Kraftwerk Belarus COOO	Belarus	(1)	15%

(1) VPF: Providing support and financing to cinema exhibitors for the digital transition
(2) Exhibitor Services: Sale and installation, maintenance and facilities management for cinema equipment and consumables, particularly digital projection and sound
(3) Content Services: Physical or electronic delivery of digital content
(4) Content Services: Post-production

5. FINANCIAL DATA IN THE PARENT COMPANY FINANCIAL STATEMENTS

The 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 separate financial statements and notes thereto, which are an integral part of this report.

Parent Company statement of financial position at 31 December 2014

	31/12/14			31/12/13		
EUR thousands	Gross	Dep./Amor. & prov.	Net	Net	Change	% change
Intangible assets	1,025	(869)	156	389	(233)	-59.9%
Property, plant and equipment	2,920	(1,681)	1,239	1,919	(680)	-35.4%
Non-current financial assets	37,731	(1)	37,730	3,935	33,795	858.8%
Non-Current Assets	**41,677**	**(2,552)**	**39,125**	**6,243**	**32,882**	**526.7%**
Inventories	-	-	-	-	-	NA
Trade receivables and related accounts	28,769	(680)	28,088	14,892	13,196	88.6%
Tax and social security receivables	3,510	-	3,510	2,654	856	32.2%
Other receivables	13,651	(1,043)	12,608	7,567	5,040	66.6%
Cash	1,222	-	1,222	4,029	(2,807)	-69.7%
Prepaid expenses	1,823	-	1,823	1,583	239	15.1%
Current assets	**48,974**	**(1,723)**	**47,251**	**30,727**	**16,524**	**53.8%**
Expenses to be deferred over several years	594	-	594	-	594	NA
TOTAL ASSETS	**91,244**	**(4,275)**	**86,970**	**36,970**	**50,000**	**135.2%**
Share capital	-	-	1,962	1,624	338	20.8%
Issue premiums	-	-	25,129	15,148	9,981	65.9%
Reserves	-	-	162	162	(0)	
Retained earnings	-	-	1,811	(921)	2,732	-296.7%
Profit/(loss) for the year	-	-	874	2,732	(1,857)	-68.0%
Regulated provisions	-	-	12	4	8	200.1%
Equity	**-**	**-**	**29,950**	**18,750**	**11,201**	**59.7%**
Provisions for risks and charges	**-**	**-**	**49**	**49**	**-**	**0.0%**
Borrowings and debt	-	-	23,860	3,635	20,225	556.4%
Trade payables and related accounts	-	-	5,912	7,691	(1,779)	-23.1%
Tax and social security payables	-	-	4,050	3,055	995	32.6%
Other payables	-	-	11,864	2,742	9,122	332.7%
Deferred income	-	-	11,283	1,048	10,236	976.8%
Current liabilities	**-**	**-**	**56,971**	**18,171**	**38,799**	213.5%
TOTAL LIABILITIES	**-**	**-**	**86,970**	**36,970**	**50,000**	**135.2%**

Parent Company income statement at 31 December 2014

EUR thousands	31/12/14	31/12/13	Change	% change
Net revenue	32,560	35,842	(3,282)	-9.2%
Other operating income	913	128	785	615.6%
Operating income	**33,473**	**35,970**	**(2,497)**	**-6.9%**
Purchase of goods for resale and change in	(341)	(2,276)	1,936	-85.0%
Other purchases and external charges	(25,519)	(24,257)	(1,262)	5.2%
Taxes, duties and similar payments	(503)	(563)	60	-10.6%
Wages and salaries	(2,818)	(2,984)	166	-5.6%
Social security expense	(1,168)	(1,230)	61	-5.0%
Depreciation, amortisation and provisions	(1,889)	(1,461)	(428)	29.3%
Other expense	(3)	(48)	44	-93.0%
Operating expense	**(32,241)**	**(32,819)**	**578**	**-1.8%**
Operating profit/(loss)	**1,232**	**3,151**	**(1,919)**	**-60.9%**
Net financial income/(expense)	**(38)**	**(143)**	**105**	**-73.1%**
Profit before tax	**1,194**	**3,008**	**(1,814)**	**-60.3%**
Non-recurring profit/(loss)	**(350)**	**24**	**(374)**	**-1574.6%**
Employee profit sharing	-	5	(5)	-100.0%
Income tax	31	(305)	336	-110.1%
Net profit/(loss)	**874**	**2,732**	**(1,857)**	**-68.0%**

6. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The main notes to the parent company 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:

The net value of YMAGIS SA's non-current assets was €39,125,000 as at 31 December 2014, versus €6,243,000 a year earlier. This significant increase is due mainly to the acquisition of dcinex.

This acquisition, which is described in Note 1.2 to the separate financial statements making up an integral part of this report, resulted in €26,301,000, inclusive of acquisition costs, being recognised in the Company's non-current assets under "Equity securities" and €7,146,000 being recognised under "Receivables attached to equity investments".

Current assets:

Current assets stood at €47,251,000 at 31 December 2014, up by €16,524,000 compared with a year earlier, due mainly to: (i) the rise in intra-Group trade receivables related to the acquisition and subsequent resale within the Group of digital projection equipment as part of the roll-out of screens under VPF contracts with YMAGIS SA and its subsidiaries, and (ii) the rise in the Company's debtor current accounts with its subsidiaries, particularly SYL, as part of the parent company's financing of their business and investments.

Equity:

The Company's equity amounted to €29,950,000 at 31 December 2014, compared with €18,750,000 a year earlier. In addition to the impact of net profit for the year of €874,000, this significant year on year increase of €11,201,000 is attributable to the following two capital increases associated with the transactions described in Note 1.2 to the separate financial statements, which is an integral part of this report:

- the capital increase via private placement in January 2014 for a total amount, including the issue premium and before the allocation of €123,000 of transaction costs net of the tax effect, of €4,969,000. This capital increase involved issuing 649,540 ordinary shares with cancellation of pre-emptive subscription rights at a unit issue price of €7.65;
- the capital increase in October 2014 for a total amount of €5,700,000, including the issue premium and before the allocation of related costs of €232,000 net of the tax effect, representing the equity portion of the remuneration of the contribution of dcinex securities by the former shareholders of dcinex. This capital increase involved the issue of 699,379 new ordinary shares at a unit price of €8.15.

Borrowings and financial debt:

Borrowings and financial debt totalled €23,860,000 at 31 December 2014, up by €20,225,000 overall on a year earlier owing mainly to:

- the increase in "Other bond debt" pertaining to the issue of OBSAs worth €15.4 million, redeemed in full on 2 March 2015, as remuneration for the contribution of dcinex securities;

- the taking out of two new loans with BPI for a total of €5.0 million, repayable in seven years after a two-year grace period.

Other payables:

Other payables amounted to €11,864,000 at 31 December 2014, an increase of €9,122,000 from €2,742,000 at 31 December 2013. The increase in the item is attributable essentially to the change in the Company's creditor current accounts with its subsidiaries as part of financing activities in general and, in particular, the VPF business.

Review of the Company's income statement

YMAGIS SA revenue:

Parent company revenue totalled €32,560,000 at 31 December 2014, versus €35,842,000 in the previous year. This decrease of €3,282,000 (-9%) stems mainly from:

- the year on year reduction in goods sold of €1,642,000 (-71%), from €2,302,000 at 31 December 2013 to €661,000 at 31 December 2014, owing to the non-recurring sale of projectors to a lessor in 2013;
- the reduction in revenue from content delivery services of €312,000 (-91%), owing to the transfer of these services to SmartJog YMAGIS Logistics;
- the decrease in VPF activity and corresponding reduction in revenue of €1,845,000 (-8%), from €21,518,000 at 31 December 2014 to €23,363,000 at 31 December 2013;
- the increase of €3,290,000 (+69%) in intra-Group re-invoicing, owing to the expansion of our subsidiaries' business.

Operating profit:

Operating profit amounted to €1,232,000 as at 31 December 2014, compared with €3,151,000 in the previous year. Affected by the aforementioned decline in revenue, this reduction of €1,919,000 (-61%) came about following:
- a reduction of €1,936,000 (-85%) in purchases consumed, owing mainly to the non-recurrence of the Sales and Installation transaction carried out in 2013;
- an increase of €1,262,000 (+5%) in other purchases and external charges;
- a reduction of €60,000 (-11%) in taxes and duties;
- a reduction of €228,000 (-5%) in employee expenses;
- an increase of €428,000 (+29%) in net depreciation and amortisation charges and provisions.

Net financial income/(expense):

Net financial income/(expense) amounted to expenses of €38,000 as at 31 December 2014, compared with expenses of €143,000 in the previous year. This improvement of €105,000 (+73%) is attributable mainly to the increase in headcount from equity investments following the acquisition of dcinex in October 2014, which the Company financed to the tune of €7,146,000, as of 20 October 2014, and to the increase in current-account interest billed to our subsidiaries.

Employee profit sharing:

In view of the Company's results for the year, no YMAGIS SA employee profit sharing was recorded during 2014.

7. OUTLOOK

The outlook for the Group's three business segments in 2015 can be summarised as follows:

The **VPF** business should benefit from the full effect of the roll-out of cinemas under VPF agreements carried out over the previous years by YMAGIS and dcinex, thereby continuing to generate significant cash flows and reduce its debt, particularly since the phase of major investment in this business is now over. The first, albeit limited, recoupments by country are expected at the end of the year.

The **Content Services** business should enjoy further investment this year through our subsidiary SmartJog YMAGIS Logistics, relating to the continuation of (i) the roll-out of the network of connected cinemas across Europe, and (ii) the consolidation of our activities spread between several entities across the Group, each using different technology. In addition, the Group will start to reduce its fixed cost base, particularly with regard to satellite transponders, in order to accelerate the return to a positive EBITDA in this business. Lastly, this process could be accelerated by the signing of an agreement with the Eutelsat group.

Finally, within the **Exhibitor Services** segment, although the facilities management business should also benefit from the full effect of the roll-out of cinemas under VPF agreements, the coming year is also likely to see an overall decline in the Sale and Installation of digital projection equipment, owing to the end of the digital transition in Europe, before business picks up again in the coming years as cinemas begin the cycle of renewing their digital equipment.

YMAGIS is studying new, small-scale, targeted acquisition opportunities, in both the Content Services and Exhibitor Services segments, so that it can benefit from economies of scale in these two segments, particularly by extending or reinforcing its geographical presence and its range of products and services.

8. RISK FACTORS

The different risks to which the Company is or may be exposed are outlined in Chapter 4 of its *Document de Référence*, which the AMF registered on 22 September 2014 under the number R. 14-058.

As at the date of this report, and with the exception of the comments below, these risks and their description remain unchanged from the aforementioned document, since the changes affecting the Company and its business environment since this date are not such as to require a significant review of said risks. The addition of dcinex to the consolidation scope as of 1 October 2014 does not significantly change these risk factors, given the similarity of dcinex's business to that of the YMAGIS scope.

The particular nature of the exhibitor and distributor contracts of YMAGIS and dcinex means that the approach to cost recoupment risk cannot be assessed in a uniform fashion:

- YMAGIS has carried out a study showing that no provisions were required in this area at 31 December 2014;
- in 2014, the dcinex group continued the accounting methods used in previous years, aimed notably at matching expenses with corresponding income, while establishing that no provisions were required.

Note 8.1 to the consolidated financial statements, "Risk management", which forms an integral part of this report, provides a detailed description of the financial risks as at 31 December 2014.

9. APPROVAL OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

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

We ask that you approve the separate and consolidated financial statements for the year ended 31 December 2014 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 31 DECEMBER 2014

We propose that the net profit of €874,289 shown in the parent company financial statements for the year ended 31 December 2014 be allocated as follows:

Profit for the year	€874,289
Allocation to the statutory reserve	€34,207
Retained earnings	€840,082

Following this allocation, the statutory reserve will increase to €196,153 and retained earnings will total €2,650,994.

11. DIVIDENDS AWARDED DURING THE LAST THREE YEARS

The Company has not awarded any dividends during the last three years.

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

During 2014, the Group spent a total of €871,000 on research and development, compared with €503,000 in 2013 and €419,000 in 2012.

These amounts concerned in part the development of Theater Management System (TMS) software and in part the required automation of the power on/off for all electric and electronic components in digital projection booths. It also went towards the development and maintenance of software enabling the correct forwarding of information from cinemas, as well as the optimisation of the duplication and delivery of digital copies and KDMs (Key Delivery Messages, electronic messages used by film distributors to send to exhibitors the key that enables them to read and therefore project the digital copy). Lastly, the amounts went towards software developed to enable the efficient management of the electronic delivery of digital content to cinemas and to provide customers of this business, cinema exhibitors or film distributors, with the tools they need to manage and monitor their orders.

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

14. ACQUISITION OF TREASURY SHARES

Under the liquidity agreement entered into with Oddo & Cie in April 2013 upon the occasion of its IPO, the Company held 30,970 treasury shares as at 31 December 2014. Their total value, using the closing price of €8.05 on said date, is €249,308.50, representing unrealised capital gains of €6,757.21. As at 31 December 2013, these figures stood at 30,359 treasury shares, a closing price of €7.26, value of €220,406.34 and unrealised capital gains of €2,061.29.

In addition, as part of the same liquidity agreement, in 2014 your Company acquired 105,721 treasury shares at an average price of €8.14 and sold 105,110 shares at an average price of €8.13.

15. TABLE OF YMAGIS SA'S RESULTS OVER THE LAST FIVE YEARS

The table below shows the results of the parent company, YMAGIS SA, over the last five years, presented in accordance with French GAAP:

EUR thousands

Nature of information / Periods	31/12/14	31/12/13	31/12/12	31/12/11	31/12/10
Duration of the financial year	12 months	12 months	12 months	12 months	12 months
I - Financial position at end of year					
a) Share capital	1,962	1,624	986	986	986
b) Number of shares issued (1)	7,846,098	6,495,531	985,718	985,718	985,718
c) Number of bonds convertible into shares (2)	94,477	0	259,998	259,998	259,998
II - Overall profit/(loss) from effective transactions					
a) Revenue, excluding taxes	32,560	35,842	28,616	16,837	6,075
b) Profit before tax, amortisation and depreciation and provisions	3,082	4,465	1,933	2,978	-968
c) Income tax	-31	305	-24	69	-89
d) Profit after tax, but before amortisation and depreciation and	3,113	4,160	1,957	2,909	-879
e) Profit after tax, amortisation and depreciation and provisions	874	2,732	956	2,488	-1,186
f) Amount of profit distributed					
g) Employee profit sharing	0	-5	72	0	0
III - Diluted earnings per share (EUR) (1)					
a) Profit after tax, but before amortisation and depreciation	0.39	0.64	1.57	2.33	-0.70
b) Profit after tax, amortisation and depreciation and provisions	0.11	0.42	0.77	2.00	-0.95
c) Dividend per share					
IV - Employees					
a) Number of employees	53	53	49	39	20
b) Payroll	2,818	2,984	2,925	2,034	1,283
c) Amounts paid in respect of social security benefits	1,168	1,230	1,157	762	493

(1) There was a four-for-one share split of the YMAGIS stock following the shareholders' meeting of March 25, 2013. The resulting increase in the number of renders a comparison of earnings per share between years before and after December 31, 2012 barely relevant.

(2) If all the share warrants attached to the 94,477 OBSAs issued in October 2014 had been subscribed, 1,889,540 new ordinary YMAGIS shares would have been issued, each with a par value of €0.25. All OBSAs were redeemed on March 2, 2015 (see § 2- below). This information is provided here simply as a reminder.

(3) Before taking into account the non-recurring profit/(loss) for the period. There was a non-recurring loss of €350k at 31/12/2014, compared with a non- and a non-recurring loss of €33k at 31/12/2012.

16. REMUNERATION OF CORPORATE OFFICERS AND EXECUTIVES

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

Jean Mizrahi	***31-Dec-14***		***31-Dec-13***	
Chairman of the Board of Directors	***Amounts due***	***Amounts paid***	***Amounts due***	***Amounts paid***
Fixed remuneration	*120,000*	*139,992*	*120,000*	*100,008*
Variable remuneration	-	-	-	-
One-off remuneration	-	-	-	*80,000*
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	***120,000***	***139,992***	***120,000***	***180,008***

Jean Marie DURA	***31-Dec-14***		***31-Dec-13***	
Managing Director	***Amounts due***	***Amounts paid***	***Amounts due***	***Amounts paid***
Fixed remuneration	*120,000*	*120,000*	*120,000*	*120,241*
Variable remuneration	-	-	-	-
One-off remuneration	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	***120,000***	***120,000***	***120,000***	***120,241***

Christophe LACROIX	***31-Dec-14***		***31-Dec-13***	
Managing Director	***Amounts due***	***Amounts paid***	***Amounts due***	***Amounts paid***
Fixed remuneration	*120,000*	*120,000*	*102,000*	*102,000*
Variable remuneration	-	-	-	-
One-off remuneration	-	-	*10,000*	*10,000*
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	***120,000***	***120,000***	***112,000***	***112,000***

The directors received no directors' fees or any other form of remuneration during 2013 and 2014.

The corporate officer members of the management bodies cumulatively received 35,000 founders' warrants, which were awarded by the Board of Directors on 25 March 2013 as part of the BSPCE programme authorised by the Extraordinary Shareholders' Meeting held on the same day and described in section 17.3 below.

Lastly, please be aware that the Group has no supplementary 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 31 December 2014 and 31 December 2013

The YMAGIS SA share capital comprised 7,846,098 shares as at 31 December 2014, broken down as follows:

	Breakdown of share capital and voting rights at 31 December 2014		
Name	**Number of shares**	**As % of capital**	**% of voting rights**
YMAGIS Holdings	2,052,413	26.2%	34.5%
OTC AM	1,054,426	13.4%	17.3%
Odyssée Venture	1,240,877	15.8%	18.4%
Sub-total of long-standing shareholders	**4,347,716**	**55.4%**	**70.2%**
Public	3,498,382	44.6%	29.8%
TOTAL	**7,846,098**	**100.0%**	**100.0%**

BNP Paribas Securities Services (BP2S) has performed securities services for the Company since its IPO 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 breakdown of the Company's share capital and voting rights at 31 December 2013 was as follows:

	Breakdown of share capital and voting rights at 31 December 2013		
Name	**Number of shares**	**As % of 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%
Sub-total of long-standing 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 breakdown of the Company's share capital and voting rights at 28 February 2015 was as follows:

	Breakdown of share capital and voting rights at 28 February 2015		
Name	**Number of shares**	**As % of capital**	**% of voting rights**
YMAGIS Holdings	2,052,413	26.2%	37.1%
OTC AM	581,926	7.4%	10.7%
Odyssée Venture	635,377	8.1%	10.3%
Sub-total of long-standing shareholders	**3,269,716**	41.7%	58.1%
Public	4,576,382	58.3%	41.9%
TOTAL	**7,846,098**	**100.0%**	**100.0%**

17.2 Crossing of ownership thresholds

During 2014, and up to the reporting date, the Company was informed of the following crossings of legal ownership thresholds. These changes were also notified to the AMF:

DATE	Shareholders	Statutory thresholds		Thresholds as per the articles of association	
		Above	Below	Above	Below
24/01/14	YMAGIS Holdings		30% of shares		29% of shares 37% of voting rights
24/01/14	OTC				21% of shares 22% of voting rights
24/01/14	Odyssée Venture				22% of shares 23% of voting rights
24/01/14	Arbevel			1% of shares 1% of voting rights	
24/01/14	Sycomore			3% of shares 2% of voting rights	
11/04/14	ANTIN FCPI 9,10 and 11 (BNP)			6% of shares 4% of voting rights	
08/04/14	OTC		20% of shares 20% of voting rights		20% of shares 20% of voting rights
09/05/14	OTC				18% of shares 18% of voting rights
20/10/14	YMAGIS Holdings				27% of shares 35% of voting rights
20/10/14	OTC		15% of shares		16% of shares 19% of voting rights
20/10/14	Odyssée Venture		20% of shares		19% of shares 21% of voting rights
09/12/14	AMIRAL Gestion	5% of shares 5% of voting rights		5% of shares 5% of voting rights	
10/12/14	OTC		15% of shares		15% of shares
11/12/14	AMIRAL Gestion	10% of shares 10% of voting rights		10% of shares 10% of voting rights	
20/01/14	OTC				12% of shares 16% of voting rights
21/01/15	Odyssée		15% of shares		14% of shares 17% of voting rights
23/01/15	Sycomore	5% of shares		5,6 and 7% of shares 3 and 4% of voting rights	
13/02/15	OTC		10% of shares 15% of voting rights		12% of shares 13% of voting rights
17/02/15	Sycomore	10% of shares 5% of voting rights		11% of shares 7% of voting rights	
19/02/15	Odyssée		10% of shares 10% of voting rights		9% of shares 10% of voting rights

17.3 Employee ownership

The Extraordinary Shareholders' Meeting of 25 March 2013 authorised 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 25 March 2013 by virtue of an authorisation granted by the Shareholders' Meeting. The number of BSPCE warrants awarded stands at 74,750. Between them, the corporate officers have received 35,000 BSPCE warrants, entitling them to subscribe for 140,000 shares. The 10 employees who benefited most received 20,000 BSPCE warrants between them, entitling them to subscribe for 80,000 shares.

There were no performance-related conditions associated with the awarding of the BSPCE warrants. For employees who had been at the Company for more than two years on this date, one-quarter of the warrants vest each year from 25 March 2013; for all other employees, one-quarter of the warrants vest each year 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 25 March 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, subject to certain conditions, notably relating to time periods. Shares acquired through the exercise of BSPCE warrants could not be transferred prior to 25 March 2015.

At 31 December 2014, 412 BSPCE warrants had been exercised, giving rise to the creation of 1,648 new shares, and, with certain employees no longer part of the Company for various reasons, 62,856 BSPCEs remained exercisable.

17.4 Financial authorisations and powers awarded to the Board of Directors

The tables below summarise the various authorisations and powers awarded to the Board of Directors up to and since the end of 2014:

Financial authorisations used during the year ended 31 December 2014				
Nature of the authorisation	**Shareholders' Meeting (resolution no.)**	**Duration (expiry date)**	**Maximum amount authorised**	**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)*	25 March 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*	25 March 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)

Financial authorisations used since the end of 2014
None

18. LIST OF POSITIONS HELD DURING THE YEAR BY CORPORATE OFFICERS, BOTH WITHIN AND OUTSIDE THE COMPANY

18.1 Board of Directors

First name, surname, age	Business address	Term of office	Offices and duties	Offices and duties outside the Company	Other offices held during the last five years but no longer held
Jean Mizrahi **56** **Chairman**	85-87, Avenue Jean Jaurès 92120 Montrouge	Date of first appointment: 25 March 2013 End of term of office: Shareholders' Meeting called to approve the financial statements for the year ending 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) - HULVIC (Chairman of the Board of Directors) - X-ROM (Director) - MONALEA SARL (Manager) - SMARTJOG YMAGIS LOGISTICS (Chairman and Director) - VIDEO AUDIO MEDIA PRESTATION SAS (Chairman) - DIRECT CINEMA NORTH AMERICA INC. (CEO) - DCINEX SA (Chairman of the Board of Directors and Managing Director) - DCINEX GMBH (Director) - DCINEX MEDIEN GMBH (Director) - DCINEX UK (Director)	- Mansart Varenne (Manager) - Rom Consulting (Director) - Bumi PLC (Director)
Julien Andrieux **38** **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:	Director	**As representative of the funds managed by Odyssée Venture:** - EKINOPS (Director) - INOPS (Director) - MC GROUP (Director) - WIKANGO (Director)	**As representative of the funds managed by Odyssée Venture:** - AMBITIO (Director) - ARUM

		Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2015		**On his own behalf:** - PARTEAM (NOMIOS) (Member of the Supervisory Board)	TECHNOLOGIES (Director) - ENOVANCE (Director) -
Michel Garbolino **71**	50, rue Rochechouart 75009 Paris	Date of first appointment: 25 March 2013 End of term of office: Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2015	Independent director	- SCI JUIGAR (Managing Partner) - FONCIERE ROCADE SA Luxembourg (Chairman and CEO) - C.M.I.L. Luxembourg (Manager)	AFFINE R.E (Director)
Jérôme Lescure **55** **Representative of the funds managed by OTC**	79, rue la Boétie 75008 Paris	Term of office of his predecessor Date of first appointment: 25 March 2013 End of term of office: Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2015	Director	**As representative of the funds managed by OTC AM:** - Groupe Archimen (Director) - Inspirational Stores / D3T (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	**On his own behalf:** - 3 Rivières Holding (Manager)

				(Director)	
Eric Bauche, representative of SPARAXIS		Date of first appointment: October 20, 2014 End of term of office: Shareholders' Meeting called in 2017 to approve the financial statements for the year ending 31 December 2016	Director	- SRIW SA - (Advisor to the Management Committee) - NGK Ceramic Europe (Director) - SAMANDA (Director) - Sparaxis (Director)	- SA FONDERIES MARICHAL KETIN (Director) -
Pierre Rion, representative of EVS Broadcast Equipement SA		Date of first appointment: October 20, 2014 End of term of office: Shareholders' Meeting called in 2017 to approve the financial statements for the year ending 31 December 2016	Non-voting director	ACCES DIRECT (Managing director) BELROBOTICS (Chairman of the Board of Directors – Director) PAIRI DAIZA (Director) AVIARENT Wallonie (Managing Director) PROGECOO (Manager) Domaine de Mellemont (Manager) Ecole & Surdité (Director) Agence du Commerce Extérieur (Director) MULTITEL (Director) Union Wallonne des Entreprises (Director) Institut Saint-Joseph (Director) Cercle de Wallonie (Chairman of the Board of Directors – Director)	

18.2 Senior management

Information about[1] the senior management of the Company, performed by Jean Mizrahi, Christophe Lacroix and Jean-Marie Dura, is provided in the table below:

First name, surname, age	Business address	Term of office	Position	Offices and duties outside the Company	Other positions held during the last five years but no longer held
Jean Mizrahi 56	See table 18.1 above	See table 18.1 above	Chief Executive Officer and Chairman of the Board of Directors	See table 18.1 above	See table 18.1 above
Jean-Marie Dura 51	85-87, avenue Jean Jaurès 92120 Montrouge	Date of first appointment: 25 March 2013 End of term of office: Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2015	Managing Director	- SMARTJOG YMAGIS LOGISTICS (Director)	- e-UGC (Chairman and CEO) - UGC Belgium (Managing Director)
Christophe Lacroix 51	85-87, avenue Jean Jaurès 92120 Montrouge	Date of first appointment: 25 March 2013 End of term of office: Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2015	Managing Director -	- SMARTJOG YMAGIS LOGISTICS (Director)	None

[1] *List of all positions (corporate office, employment contract, etc.) held in any company (partnerships, commercial companies, French or foreign entities, within or outside the Group) by each corporate officer (Chairman, Director, Chief Executive Officer, Managing Director, permanent representative of a legal person, board member or sole Managing Director, Supervisory Board member) during the year (L. 225-102-1).*

19. ADDITIONAL INFORMATION

19.1 Maturity of trade payables

No trade payables are past due by more than one year. The following two tables show trade payables by maturity at 31 December 2014 and 31 December 2013:

Maturity of trade payables at December 31, 2014					
EUR thousands	Not due	Less than 1 month past due	1-3 months past due	More than 3 months past due	Total
Total trade payables	12,152	2,338	1,070	122	15,683

Maturity of trade payables at December 31, 2013					
EUR thousands	Not due	Less than 1 month past due	1-3 months past due	More than 3 months past due	Total
Total trade payables	1,951	1,920	1,528	601	6,000

The increase in total trade payables during the year was due mainly to the consolidation of dcinex as of 1 October 2014.

19.2 Social and environmental information

The Company provided social and environmental information in its Corporate Social Responsibility Report, which was reviewed and approved by the Board of Directors on 13 April 2015.

This report is available on the Company's website. As mentioned in section 12 above, since the Group's business is not deemed to be high-risk or polluting, the Company is not affected by the provisions of Article L. 225-102-2 of the French Commercial Code.

19.3 Other information

In accordance with Article 223-quater of the French General Tax Code, we inform you that during the year ended 31 December 2013 the Company did not incur any non-deductible expense within the meaning of Article 39-4 of said code.

20. EVENTS AFTER THE REPORTING PERIOD

Private placement of a €36.5 million bond in February 2015

At the end of February 2015, YMAGIS carried out an initial private placement of a €36.5 million bond with various French and Belgian institutional investors, thereby enhancing the Group's financial flexibility and replenishing some of the cash reserves used in the acquisition of dcinex.

This placement comprises two tranches of four and five years respectively. The first, for €17.5 million, has an annual coupon of 4.00% and is repayable in full upon maturity on 23 February 2019, while the second, for €19.0 million, has an annual coupon of 4.25% and is repayable in full upon maturity on 23 February 2020.

Strengthened by this new source of funding, the Group carried out the following transactions:

Redemption of OBSAs – cancellation of share warrants

On 2 March 2015, YMAGIS redeemed in full the OBSAs issued in October 2014 during the acquisition of dcinex, for a total amount of €15.4 million.

These OBSAs bore interest at 7.5% from January 2016 and 3.5% before then.

Simultaneously, all the BSA warrants attached to these OBSAs were cancelled, thereby eliminating the maximum dilution risk of 18.9% of capital (post dilution) in the event of all warrants being exercised.

Repurchase of the dcinex junior debt

On March 31, YMAGIS also repurchased €9.9 million of the dcinex junior debt, which bore an average interest rate of around 9%. The outstanding balance of this junior debt is expected to be repurchased during the current year.

Repayment of the current account of dcinex's former shareholders

Lastly, on 31 March, dcinex repaid the outstanding balance of €1.2 million on the current account of its former shareholders.

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