2013
CONSOLIDATED FINANCIAL STATEMENTS

(excerpt of the “Document de référence 2013”)

20.1.1. CONSOLIDATED FINANCIAL STATEMENTS FOR 2013
20.1.1.1. CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(In thousands of euros)	Notes	Fiscal year 2013	Fiscal year 2012
Continuing Operations			
Sales	V.1	418 346	419 693
Changes in inventories of work in progress and finished products	V.2	(10 375)	(16 778)
Purchases used in the business	V.3	(193 503)	(179 727)
External expenses		(101 985)	(98 785)
Staff costs	V.4	(95 434)	(98 903)
Taxes other than income tax		(8 058)	(7 831)
Additions to depreciation	IV.3.2	(13 328)	(19 983)
(Additions to) / releases from provisions		(303)	(105)
Other operating income and (expenses)	V.6.	616	1 217
Underlying operating profit		**(4 024)**	**(1 202)**
Other non-operating income and (expenses)	V.7	(38 711)	(67 168)
Operating profit		**(42 735)**	**(68 370)**
Cost of net debt		(6 610)	(7 219)
Other financial income and (expenses)		(862)	(2 225)
Net financial items	V.8	**(7 472)**	**(9 444)**
Share in profit of equity affiliates (net of tax)	V.9	(63)	236
Pre-tax profit		**(50 270)**	**(77 578)**
Income tax	V.10	(4 256)	(1 095)
Net profit from continuing operations		**(54 526)**	**(78 673)**
attributable to:			
. Gascogne SA shareholders		(54 525)	(78 672)
. non-control investments		(1)	(1)
Net profit from continuing operations		**(54 526)**	**(78 673)**
. Items that will not later be reclassified as profit			
Change in revaluations of net liabilities in relation to defined-benefit plans		323	(2 913)
Related taxes		(104)	904
		219	**(2 009)**
. Items that may later be reclassified as profit			
Change in translation differences		(508)	(292)
Change in fair value of hedging instruments		2 059	691
Related taxes		(686)	(230)
		865	**169**
Income and expenses recorded for other items of the comprehensive income		**1 084**	**(1 840)**
Comprehensive income from continuing operations		**(53 442)**	**(80 513)**
DISCONTINUED OPERATIONS			
Net profit from discontinued operations		**(1 156)**	**(12 615)**
Income and expenses recorded for other items of the comprehensive income		**3**	**(4)**
Comprehensive income from discontinued operations		**(1 153)**	**(12 619)**
Net profit of the consolidated whole			
Net profit of the consolidated whole		**(55 682)**	**(91 288)**
attributable to:			
. Gascogne SA shareholders		(55 681)	(91 287)
. non-control investments		(1)	(1)
Income and expenses recorded for other items of the comprehensive income		**1 087**	**(1 844)**
Comprehensive income of the consolidated whole		**(54 595)**	**(93 132)**
attributable to:			
. Gascogne SA shareholders		(54 594)	(93 131)
. non-control investments		(1)	(1)
Earnings per share of the consolidated whole			
Base earnings per share (in €)	V.11.1	(28.54)	(47.01)
Diluted earnings per share (in €)	V.11.1	(28.54)	(47.01)
Earnings per share of continuing operations			
Base earnings per share (in €)	V.11.2	(27.95)	(40.52)
Diluted earnings per share (in €)	V.11.2	(27.95)	(40.52)

20.1.1.2. CONSOLIDATED STATEMENT OF THE FINANCIAL SITUATION

(In thousands of euros)	Notes	Fiscal year 2013	Fiscal year 2012
Assets			
Goodwill and other intangible assets	IV.2	4 560	5 611
Property, plant and equipment	IV.3	75 698	111 027
Equity investments	IV.4	2 710	2 831
Non-current financial assets	IV.5	8 457	15 048
Deferred tax assets	IV.6		4 059
Non-current assets		**91 425**	**138 576**
Inventories	IV.7	94 496	107 821
Trade and other receivables	IV.8	48 785	53 489
Other current assets	IV.9	750	650
Recoverable income tax	IV.19	3 268	1 549
Current financial assets	IV.5	162	150
Cash and cash equivalents	IV.12	4 742	5 058
Current assets		**152 203**	**168 717**
Divested businesses	II.4	**1 355**	**7 199**
Total assets		**244 983**	**314 492**

Shareholders' equity and liabilities	Notes	Fiscal year 2013	Fiscal year 2012
Shareholders' equity			
Share capital		9 970	9 970
Share premiums		64 500	64 500
Consolidated reserves		(5 885)	85 504
Reserves relating to changes in fair value of financial instruments			(1 373)
Reserves related to revaluations of net liabilities in relation to defined-benefit plans		(2 967)	(3 184)
Own shares		(3 000)	(3 044)
Translation differences		(859)	(360)
Consolidated profit		(55 681)	(91 287)
Shareholders' equity, attributable to Gascogne SA shareholders	IV.10	**6 078**	**60 726**
Non-control investments		32	33
Total consolidated shareholders' equity		**6 110**	**60 759**
Liabilities			
Debt due in more than one year	IV.12	3 522	7 591
Employee benefits	IV.15	17 679	18 024
Provisions, more than one year	IV.16	1 897	15 207
Other non-current liabilities	IV.18	2 874	3 598
Deferred tax liabilities	IV.6	1 593	878
Non-current liabilities		**27 565**	**45 298**
Debt due in less than one year	IV.12	107 419	98 605
Provisions, less than one year	IV.16	5 739	6 104
Trade and other payables	IV.17	92 619	90 323
Other current liabilities	IV.18	3 928	8 095
Income tax payable	IV.19	143	148
Current liabilities		**209 848**	**203 275**
Divested businesses	II.4	**1 460**	**5 160**
Total liabilities	II.4	**238 873**	**253 733**
Total liabilities and shareholders' equity		**244 983**	**314 492**

20.1.1.3. CONSOLIDATED CASH FLOW STATEMENT

(In thousands of euros)	Notes	Fiscal year 2013	Fiscal year 2012
Net profit of the consolidated whole		**(55 682)**	**(91 288)**
Income tax	II.4 and V.10	4 262	468
Share in earnings of equity affiliates	V.9	63	(236)
Net financial items	II.4 and V8	7 509	9 863
Additions to depreciation	IV.3	13 560	20 472
Additions to / (releases from) provisions		(6 141)	7 023
Additions to / (releases) from asset impairment provisions		35 000	59 878
Losses / (gains) on sales of non-current assets		4 092	4 541
Investment subsidies taken to income		(707)	(824)
Self-financing capacity from operating activities		**1 956**	**9 897**
Changes in inventories		14 660	25 989
Change in trade and other receivables		6 583	9 138
Change in trade and other payables		2 321	(31 744)
Change in company and tax liabilities		1 557	11 441
Change in other receivables and payables		(1 783)	197
Funds from operations		**25 294**	**24 918**
Interest paid		(5 448)	(6 902)
Other financial income and expenses paid		(282)	(736)
Tax paid		(178)	7
Cash flow from operating activities		**19 386**	**17 287**
of which divested businesses		*720*	*(1 680)*
Acquisitions of intangible assets and property, plant and equipment		(14 684)	(24 366)
Acquisitions of investments		(1 159)	(1 121)
Disposal of intangible assets and property, plant and equipment		2 355	13 361
Disposal of investments		1 312	175
Cash flows from investing activities		**(12 176)**	**(11 951)**
of which divested businesses		*738*	*9 899*
Financing surplus (requirement)		**7 210**	**5 336**
Investment subsidies received			110
Increase in financial debt		1 016	855
(Decrease) in financial debt		(8 042)	(16 792)
Cash flow from financing activities		**(7 026)**	**(15 827)**
of which divested businesses		*(2 089)*	*(7 583)*
Change in net cash		**184**	**(10 491)**
of which divested businesses		*(631)*	*636*
Other movements		(132)	(5)
of which divested businesses		*(31)*	*10*
Cash and equivalents at start of period	IV.12.2	**(31 208)**	**(20 712)**
of which divested businesses		*1 932*	*1 286*
Change in net cash		184	(10 491)
of which divested businesses		*(631)*	*636*
Effects of changes in exchange rates on cash balance		(132)	(5)
of which divested businesses		*(31)*	*10*
Cash and equivalents at end of period	IV.12.2	**(31 156)**	**(31 208)**
of which divested businesses		*1 270*	*1 932*

20.1.1.4. STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands of euros)	Share capital	Share premiums	Undistributed earnings and reserves	Reserves related to revaluations of net liabilities in relation to defined-benefit plans	Hedging reserves	Own shares	Translation differences	Total attributable to Gascogne SA shareholders	Non-control investments	Total shareholders' equity
Position at 31/12/2011	**29 909**	**44 561**	**85 665**	**(1 144)**	**(1 833)**	**(3 368)**	**(96)**	**153 694**	**34**	**153 728**
Other items of the comprehensive income				(2 040)	460		(264)	**(1 844)**		**(1 844)**
Comprehensive income for the period			(91 287)					**(91 287)**	(1)	**(91 288)**
Total income and expenses recognised for the period			**(91 287)**	**(2 040)**	**460**		**(264)**	**(93 131)**	**(1)**	**(93 132)**
Capital decrease (*)	(19 939)	19 939								
Dividends paid										
Share-based payments										
Own shares			(439)			324		**(115)**		**(115)**
Other movements			278					**278**		**278**
Transactions with Gascogne SA owners	**(19 939)**	**19 939**	**(161)**			**324**		**163**		**163**
Position at 31/12/2012	**9 970**	**64 500**	**(5 783)**	**(3 184)**	**(1 373)**	**(3 044)**	**(360)**	**60 726**	**33**	**60 759**
Other items of the comprehensive income				217	1 373		(503)	**1 087**		**1 087**
Comprehensive income for the period			(55 681)					**(55 681)**	(1)	**(55 682)**
Total income and expenses recognised for the period			**(55 681)**	**217**	**1 373**		**(503)**	**(54 594)**	**(1)**	**(54 595)**
Capital decrease										
Dividends paid										
Share-based payments										
Own shares			(41)			44		**3**		**3**
Other movements			(61)				4	**(57)**		**(57)**
Transactions with Gascogne SA owners			**(102)**			**44**	**4**	**(54)**		**(54)**
Position at 31/12/2013	**9 970**	**64 500**	**(61 566)**	**(2 967)**		**(3 000)**	**(859)**	**6 078**	**32**	**6 110**

(*) Share value changed from €15 to €5 following the decision taken at the General Meeting on 5 June 2012.

20.1.1.5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. ENTITY PRESENTING THE FINANCIAL STATEMENTS

II. BASIS OF PREPARATION

III. MAIN ACCOUNTING POLICIES

IV. NOTES TO THE BALANCE SHEET

IV.1. Change in the scope of consolidation
IV.2 Intangible assets
IV.3. Property, plant and equipment
IV.4. Equity investments
IV.5. Financial assets
IV.6. Deferred tax
IV.7. Inventories
IV.8. Trade and other receivables
IV.9. Other current assets
IV.10 Shareholders' equity
IV.11. Stock option plans and bonus share allotments
IV.12. Debt, cash and cash equivalents
IV.13. Fair value of financial instruments and accounting categories
IV.14. Management of financial risks
IV.15. Liabilities relating to pensions and other benefits
IV.16. Provisions
IV.17. Trade and other payables
IV.18. Other liabilities
IV.19. Recoverable and payable income tax

V. NOTES TO THE INCOME STATEMENT

V.1. Sales
V.2. Changes in inventories of finished goods and work in progress
V.3. Purchases used in the business
V.4. Staff costs
V.5. (Additions to) / Releases from provisions for liabilities and charges
V.6. Other operating income and expenses
V.7. Other non-operating income and expenses
V.8. Net financial items
V.9. Share in earnings of equity affiliates
V.10. Income tax
V.11. Earnings per share
V.12. Comprehensive income

VI. OTHER INFORMATION

VI.1. Segment reporting by business divisions
VI.2. Related parties
VI.3. Off-balance sheet commitments
VI.4. Post-balance sheet events

I ENTITY PRESENTING THE FINANCIAL STATEMENTS

Gascogne SA is a company domiciled in France. The company's head office is located at 650, avenue Pierre Benoit, 40990, Saint-Paul-lès-Dax. Gascogne SA's consolidated financial statements for the period ended 31 December 2013 include the parent company and its subsidiaries (together referred to as the "Group" or "Gascogne") and the Group's interests in associated companies. Gascogne's main activities are the processing of wood, and the production of paper, sacks and laminates.
The Group's consolidated financial statements for the year ended 31 December 2012, along with the summarised interim consolidated financial statements for the six months ended 30 June 2013, are available on request from the head office or from the website.

II. BASIS OF PREPARATION

II.1. Statement of compliance.

By application of regulation No.1606/2002 of 19 July 2002 amended by European regulation No.297/2008 of 11 March 2008, the consolidated financial statements for the fiscal year 2013 were prepared in compliance with the IFRS (International Financial Reporting Standards) as adopted by the European Union. These standards are available on the European Union website at the following address: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The financial statements were accepted by the Board of Directors on 19 March 2014, and will be submitted for approval at the next Combined Shareholders' Meeting on 13 June 2014.

II.2. Basis of measurement.

The financial statements are prepared according to the historic cost convention, with the exception of assets and liabilities available-for-sale which are measured in accordance with IFRS 5, and derivative financial instruments which are measured at fair value, and liabilities resulting from transactions for which payment is share-based, which are also measured at fair value.

On 9 April 2014, the Gascogne Group signed a conciliation protocol which is described in paragraph IV.14.2. The restructuring scheme set out by this protocol is based on an industrial and commercial plan supported by EEM and by a company called Attis 2 formed by a consortium of investors comprising the Landes region companies Biolandes Technologies, Les Dérivés Résiniques et Terpéniques (DRT), Bpifrance Participations and the Crédit Agricole group.

This plan:

- is financed through loans or capital contributions to Gascogne, for the necessary investments and restructuring operations.
- includes debt write-offs by the Group's main creditors, in order to reduce the debt burden and provide the Group with a strong and sustainable balance sheet.

This restructuring scheme is subject to the following conditions: 1) that no event occurs that could significantly adversely affect the industrial and commercial plan determined by Attis 2, and 2) that the shareholders approve the proposed financing by vote, notably the authorizations needed for the capital increases reserved for Attis 2 and EEM which will be proposed at the next General Meeting.

On this basis, the consolidated financial statements were drawn up, applying the going concern concept.

However, even if management anticipates that the operations provided for by the protocol will be implemented, there is inherent uncertainty regarding their execution and, if they are not executed, the implementation of accounting principles that are generally accepted in a normal going concern context, especially regarding the measurement of assets and liabilities, could prove inappropriate.

II.3. New IFRS standards

II.3.1. New standards, amendments and interpretations in force within the European Union and applicable to years starting after 1 January 2013

The Group has applied to its consolidated statements the amendments to standards and interpretations that came into force on 31 December 2013, and were adopted by the European Union.
The texts that are mandatory for the fiscal years underway on 1 January 2013 are the following:

- IFRS 13 – Fair value measurement
- Amendments to IFRS 1 – Severe hyperinflation and removal of fixed dates for first-time adopters
- Amendments to IFRS 1 – Government loans
- Amendments to IFRS 7 – Disclosures - Offsetting financial assets and liabilities
- Amendments to IAS 1 – Presentation of the OCI – items of other comprehensive income (OCI)
- Amendments to IAS 12 – Recovery of underlying assets
- Amendments to IAS 19 – Employee benefits
- Annual improvements (cycles 2009 – 2011)
- IFRIC 20 – Stripping costs in the production phase of a surface mine.

These texts do not have significant impact on the Group's consolidated financial statements.

II.3.2. New standards, amendments and interpretations yet to be applied

The Group did not opt for an advance application of the following texts published by the IASB and that could have been applied from 1 January, 2013:

- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosure of interests in other entities
- Amendments to IFRS 10, 11 and 12 – Disclosure of interests in other entities
- Amendments to IAS 27 – Separate financial statements
- Amendments to IAS 28 – Investments in associates and joint ventures
- Amendments to IFRS 10, 12 and 27 – Investment entities
- Amendments to IAS 32 – Offsetting financial assets and financial liabilities
- Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets
- Amendments to IAS 39 – Novation of derivatives and continuation of hedge accounting.

The potential impact of these new texts should be limited for the Group.

The potential impact of the other texts that have been published but not yet adopted by the European Union is being assessed or will be as of the date of their entry into force approaches (2018 for IFRS9). This involves the following, notably:

- Annual improvements (cycles 2010 – 2012)
- Annual improvements (cycles 2010 – 2013)
- IFRS 9 – Financial instruments
- IFRIC 21 – Levies

II.3.3. Change in accounting policy

The Group has changed its accounting policy with regard to greenhouse gas emission quotas. The rules are set out in note III.25.

II.4. Discontinued operations

The divested businesses comprise the assets:

- of the company Gascogne Laminates Switzerland, sold to UPM on 30 August 2012,
- of the company Landes Emballages (ex MUPA Emballages), sold on 1 January 2013,
- of the Jarnac site (part of the Gascogne Laminates company), sold on 1 March 2013.

The companies Gascogne Laminates Switzerland and Landes Emballages (ex MUPA Emballages) are still within the scope, as it is their assets which were divested; as of the end of 2013, these companies are no longer in operation.

In terms of presentation, the following positions have been selected:
- in the Comprehensive income statement, in accordance with standard IFRS 5, the heading "Net income from discontinued operations" includes:

. In 2013: 2 months of operation at the Jarnac site, the residual income from the sale of Jarnac and Landes Emballages (provisioned in large part at the end of 2012) and exceptional factors relating to the liquidation procedures underway for the companies Gascogne Laminates Switzerland and Landes Emballages.

. In 2012: 8 months of operations and the income from the sale of Gascogne Laminates Switzerland and 12 months of operations at Landes Emballages and the Jarnac site.

- in the Statement of the financial situation, "Discontinued operations" comprise the residual assets and liabilities of divested entities/sites.

II.4.1. Income from discontinued operations

(In thousands of euros)	**Fiscal year 2013**	**Fiscal year 2012**
Sales	3 014	44 881
Changes in inventories of work in progress and finished products	(672)	(2 117)
Purchases used in the business	(2 978)	(27 592)
External expenses	(324)	(6 993)
Staff costs	(461)	(8 705)
Taxes other than income tax	(32)	(402)
Additions to depreciation		
(Additions to) / releases from provisions		44
Other operating income and expenses	1 193	(1 007)
Underlying operating profit	**(260)**	**(1 891)**
Other non-operating income and expenses	(853)	(10 932)
Operating profit	**(1 113)**	**(12 823)**
Cost of net debt	(26)	(450)
Other financial income and expenses	(11)	31
Net financial items	**(37)**	**(419)**
Pre-tax profit	**(1 150)**	**(13 242)**
Income tax	(6)	627
Net profit from discontinued operations	**(1 156)**	**(12 615)**

Other non-operating income and expenses include:
- in 2013 the residual impact on the income from the sale of the Jarnac site (€-0.2m),
- in 2012 the income from the divestment of Gascogne Laminates Switzerland assets (€-1.8m), and provisions for the losses expected from divesting the assets of Landes Emballages (€-5.7m) and the Jarnac site (€-3.4m).

II.4.2. Assets and liabilities from discontinued operations

(In thousands of euros)	**Fiscal year 2013**	**Fiscal year 2012**
Intangible assets		10
Property, plant and equipment		313
Non-current financial assets		2
Deferred tax assets		6
Non-current assets	**0**	**331**
Inventories		1 686
Trade and other receivables	81	2 419
Other current assets	2	831
Cash and cash equivalents	1 272	1 932
Current assets	**1 355**	**6 868**
Total assets from discontinued operations	**1 355**	**7 199**
Debt due in more than one year		240
Staff commitments		560
Provisions, more than one year		13
Non-current liabilities	**0**	**813**
Debt due in less than one year	2	99
Trade and other payables	985	3 651
Other current liabilities	473	597
Current liabilities	**1 460**	**4 347**
Total liabilities from discontinued operations	**1 460**	**5 160**
Amount of assets and liabilities from discontinued operations	**(105)**	**2 039**

II.4.3 Cash flow from discontinued operations

(**In thousands of euros)**	**Fiscal year 2013**	**Fiscal year 2012**
Cash and equivalents at start of period	**1 932**	**1 286**
Cash flow from operating activities	720	(1 680)
Cash flows from investing activities	738	9 899
Cash flow from financing activities	(337)	(1 359)
Cash flow from financing activities relating to continuing operations	(1 752)	(6 224)
Change in net cash	(631)	636
Impact of exchange rate fluctuation	(31)	10
Cash and equivalents at end of period	**1 270**	**1 932**

II.5. Functional and presentation currency.

The consolidated financial statements are presented in Euros, which is Gascogne's functional currency. All financial data presented in Euros are rounded to the nearest thousand Euros.

II.6. Use of estimates and judgements.

To produce its consolidated financial statements, the Group management uses estimates inasmuch as many items included in the statements cannot be precisely quantified. Management revises its estimates if there are changes to the circumstances on which they are based, or if new information emerges or new experience is gained. Therefore, the estimates used at 31 December 2013 could, at a later date, be changed significantly.

Management uses its best judgement to determine how to handle the accounting of certain transactions when the standards and interpretations in force do not specifically address the accounting issues in question.

The assumptions on which the primary estimates and the judgement are based are defined below:

Estimate		Estimate type
Notes III.9 and V.7	Impairment losses and impairment tests	Main assumptions made to arrive at the values of use: discount rate, perpetuity growth rate and expected cash flows
Notes III.22 and IV.6	Income tax	Assumptions made for recognition deferred tax assets relating to losses carried forward

II.7. Reminder of the main IFRS initial application options

The main adjustments to be made when converting to IFRS on the changeover date of 1 January 2004, and which continue to have an effect to date, relate to the application of IAS 16 Property, plant and equipment and IAS 38 Intangible assets on the one hand and IAS 36 Impairment of assets on the other hand.

II.7.1. Property, plant and equipment and intangible assets

In accordance with the option available under IFRS 1, the Group has decided not to revalue property, plant and equipment at fair value in the opening balance sheet, but to apply the historical amortised cost method. The Group has applied IAS 16 retrospectively to 1 January 2004 to all of its property, plant and equipment. This has prompted it to revise their useful lives and to apply a component-based approach.
This has resulted in many cases in the extension of the useful lives adopted in relation to former life spans. Consequently, with gross values remaining unchanged, accumulated depreciation and additions to depreciation have been reduced.
On the opening balance sheet of 1 January 2004, net property, plant and equipment and intangible assets were increased (reduction in accumulated depreciation). In return, equity and net deferred tax liabilities were increased.
In total, this adjustment resulted in an increase in equity of €50m at 1 January 2004.

II.7.2. Impairment of assets

Assets (goodwill, intangible assets and property, plant and equipment) are tested in accordance with the terms stipulated by the standard and outlined in note III.9.
On the opening balance sheet of 1 January 2004, goodwill and net intangible assets and property, plant and equipment were reduced. In return, equity and net deferred tax liabilities were reduced.
In total, this adjustment reduced the equity by €45m at 1 January 2004.

III. MAIN ACCOUNTING POLICIES

This note sets out the main accounting policies adopted by the Group, in accordance with the IFRS.
The accounting policies described below were applied consistently throughout all periods covered by the consolidated financial statements.

III.1. Scope of consolidation and consolidation methods.

III.1.1. Consolidation principles.

Subsidiaries

A subsidiary is an entity controlled by the Group. Control exists when the company has the power to directly or indirectly direct the financial and operational policies in order to benefit from its operations.
When assessing control, potential voting rights that are currently exercisable or convertible are taken in consideration.
The financial statements of subsidiaries are included in the consolidated financial statements from the date the control starts until the date the control ends.

Interests in equity affiliates

The companies over which the Group directly or indirectly has significant influence or joint control are treated using the equity method. The equity method consists in replacing the carrying value of the shares held in an associated or jointly-controlled company with the cost of acquiring these shares adjusted for the Group's proportionate share in changes to the entity's net assets since its acquisition.

Transactions eliminated in consolidated financial statements

Balance sheet items and transactions, income and expenses from intra-group transactions are eliminated. Gains from transactions with equity affiliates are eliminated by offsetting the equity investments against the Group's stake in the company. Losses are eliminated by the same method as gains, but only if they do not represent an impairment loss.

III.1.2. Scope of consolidation at 31 December 2013.

There was no change to the scope of consolidation in 2013.

Consolidated companies at 31 December 2013:

Company	Registered office	SIREN number	% control	% interest
FINANCIAL				
Gascogne	40990 F-Saint Paul lès Dax	895 750 412		
Aquitaine Landes Industries	40990 F-Saint Paul lès Dax	421 228 545	100.00	100.00
Gascogne Deutschland	Wieda (Germany)	HRB54618	100.00	100.00
WOOD DIVISION				
Foresco	40210 F-Escource	388 628 166	100.00	100.00
Forestière de Gascogne	40210 F-Escource	323 491 662	100.00	100.00
Gascogne Habitat Bois	47200 F-Marmande	421 228 701	100.00	100.00
Gascogne Wood Products	40210 F-Escource	501719413	100.00	100.00
Gascogne Wood Products Iberica	San Sebastian (Spain)	M.09.112.929	100.00	100.00
Allwood France	65300 F-Campistrou	349772624	100.00	100.00
Gascogne All Wood	Liège (Belgium)	BE-425608482	99.33	99.33
PAPER DIVISION				
Gascogne Paper	40200 F-Mimizan	334612967	100.00	100.00
Gascogne Paper Germany	Münster (Germany)	HRB1009	100.00	100.00
Gascogne Spain	Barcelona (Spain)	29487F141B152448	100.00	100.00
Gascogne Italia	Milan (Italy)	M3090005/7762/5	51.00	51.00
Gascogne USA	Atlanta (USA)	CBP-2.953.531	100.00	100.00
Feutres Depland	87200 F-Saint Junien	760500587	100.00	100.00
SACKS DIVISION				
Gascogne Sack	40200 F-Mimizan	493467989	100.00	100.00
Gascogne Sack Deutschland	Wieda (Germany)	HRB 1200 55	100.00	100.00
Aigis	Chalkida (Greece)	13138/12/B/86/11	100.00	100.00
Gascogne Sack Tunisia	Rades (Tunisia)	B0233542005	99.99	99.99
LAMINATES DIVISION				
Gascogne Laminates	40100 F-Dax	312757347	100.00	100.00
Gascogne Laminates Switzerland (*)	Martigny (Switzerland)	CH-621.3.0001.891-1	100.00	100.00
Gascogne Laminates Germany	Düren (Germany)	HRB3891	100.00	100.00
Kris Duff Management	Sacramento (USA)	EIN 68-0416774	100.00	100.00
Landes Emballages (ex MUPA Emballages) (*)	40100 F-Dax	389613498	100.00	100.00

(*) Companies whose assets have been divested

Companies consolidated using the equity method:

Company	Registered office	SIREN number	% control	% interest
SACKS DIVISION				
Sacchificio Veneto	Grezzana (Italy)	V4720	40.00	40.00

There are no proportionally consolidated companies.

III.2. Presentation of consolidated financial statements.

Gascogne’s consolidated financial statements are presented in accordance with IAS 1 “Presentation of financial statements". They comprise the consolidated comprehensive income statement, consolidated statement of the financial situation, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and notes.

III.2.1. Income statement

The Group has elected to present its expenses on the income statement according to their nature.

III.2.2. Balance sheet.

Operating cycle-related assets expected to be realised and liabilities due to be settled within twelve months of the balance sheet date are classified as current. Other assets and liabilities as well as deferred tax deemed non-current are classified as non-current.

III.2.3. Changes in shareholders' equity.

The statement of changes in shareholders' equity shows:
- changes resulting from transactions with shareholders,
- net profit for the year,
- income and expenses recorded for other items of the comprehensive income,
- the cumulative impact of changes in accounting policies.

III.2.4. Cash flow statement.

The Group has selected the indirect method for preparing the cash flow statement, pursuant to IAS 7 "Cash flow statements". The indirect method consists in determining cash flows relating to operating activities based on profit adjusted for:
- transactions with no impact on the cash position,
- any deferral or accrual of past or future operation cash inflows or outflows,
- income or expenses relating to cash flows concerning investments or financing.

III.3. Segment reporting.

In accordance with IFRS 8 "Operating segments", and taking into account the Group's internal management and reporting organisation, the Group presents segment reports by business sector.
The Chief Operating Decision-Maker is the Group's Chief Executive Officer.
The Group has four segments, as described below, which correspond to the Group's strategic operating units. The divisions are managed by segment managers as per the standard IFRS 8 and they report to the Chief Executive Officer.
The Group's strategic operating units offer distinct products and services, and are managed separately insofar as they require the implementation of different technological and commercial strategies. The operations performed in each of the Group's segments are summarised as follows:

- Wood division: production of lumber and pulp wood, flooring, finished panelling, mouldings, panels, home improvement products and accessories,
- Paper division: production of natural machine-glazed kraft paper and natural kraft paper for sacks,
- Sacks division: production of small-, medium- and large-capacity sacks,
- Laminates division: production of multilayer laminates (standard or reinforced), silicone-coated backing paper, gummed paper and self-adhesive laminates.

The Group's segment information is prepared in accordance with the accounting policies adopted for preparing and presenting the financial statements.

III.4. Foreign currencies

III.4.1. Transactions in foreign currencies.

The recognition and measurement of transactions denominated in foreign currencies are defined by IAS 21 "Effects of changes in foreign exchange rates".
Transactions in foreign currencies are translated at the exchange rate prevailing on the transaction date. At period-end, monetary assets and liabilities denominated in foreign currencies are translated at the period-end exchange rate. The resulting translation differences are recognised as foreign-exchange gains (losses) under "net financial items".

III.4.2. Financial statements of businesses abroad.

The accounts of the Group's foreign subsidiaries are stated in their functional currencies. Balance-sheet items of companies whose functional currency is not the Euro are translated into Euros at the period-end exchange rate, except for shareholders' equity, which is translated at the historical exchange rate. Income-statement items are translated at a rate similar to the rate on the transaction date.
Cash-flow statement items are translated at the average exchange rate for the period, with the exception of cash which is translated at the period-end exchange rate.
Gains and losses resulting from translation of the balance sheet (including the impact of changes in exchange rates on assets and liabilities) are taken to other items of the comprehensive income and accumulated in equity.

III.5. Exchange-rate and interest-rate hedging.

The principle of hedging is to neutralise the economic effect of exposure to a particular risk (exchange-rate risk, interest-rate risk, credit risk, etc.), present or future, through a contract whose exposure to the same risks results in an opposite economic effect.
The hedge ensures that the economic effects of exposure to the related risk will be offset through symmetrical variations.

III.5.1. Definition.

IAS 39 "Financial Instruments: Recognition and Measurement" specifies three possible types of hedges:
- fair-value hedges: hedging of the exposure of an asset, liability or firm commitment that may affect profit,
- cash-flow hedges: hedging of a future cash flow associated with a recognised asset or liability or with an expected transaction that may affect profit,
- hedging of a net investment in a foreign company.

III.5.2. Eligibility for hedge accounting.

For a hedging transaction to be eligible for hedge accounting, the following conditions must be met:
- from the outset, the hedging relationship and objective must be formally identified and documented,
- the hedge must be measured and deemed to be "highly effective" during all periods covered by the financial statements for which the hedge has been identified,
- the effectiveness of the hedge must be reliably measured,
- transactions covered by cash flow hedges must be "highly probable".

III.5.3. Recognition of hedging instruments.

Hedging instruments are measured at fair value. Companies concerned measure the effectiveness or otherwise of hedging instruments intended to offset the hedged item's exposure to changes in fair value or in cash flows arising from the hedged risk.
Changes in fair value of these instruments are treated as follows:

Fair value hedges
If the hedge is eligible for hedge accounting, the gain or loss resulting from the revaluation of the hedging instrument at fair value is taken to income. The gain or loss on the hedged item attributable to hedged risk is also taken to income.

Cash flow hedges
If the hedge is eligible for hedge accounting, the gain or loss resulting from the revaluation of the hedging instrument at fair value is recognised as follows:
- the portion of the gain or loss on the hedging instrument considered to constitute an effective hedge is taken directly to other items of the comprehensive income, until the transaction is realised, then taken to income when the transaction has been completed,
- the ineffective portion of the gain or loss on the hedging instrument is taken immediately to income.

Net investment hedges
The hedging of a net investment in a foreign operation is recognised under the same conditions as cash-flow hedges. As a result:
- the portion of the gain or loss considered to be an effective hedge is taken directly to other items of the comprehensive income,
- the ineffective portion of the hedge is taken immediately to income.

Derivatives contracted for economic hedges, but that do not respect the requirements of IAS 39 hedge accounting are taken to the fair value through profit or loss.

III.6. Goodwill and other intangible assets.

The applicable standards for recognising goodwill and other intangible assets are IAS 38 "Intangible assets", IAS 36 "Impairment of assets" and IFRS 3 "Business combinations." In accordance with IAS 38, only items controlled by the company whose future economic benefits are likely to benefit the Group and whose cost can be reliably determined are recognised as intangible assets. Intangible assets include the following: patents and licences, software, lease rights and the cost of developing new products or in-house software.

III.6.1. Goodwill.

All business combinations are accounted for using the purchase method.

Business combinations are measured and recognised in line with the provisions of revised standard IFRS 3: the consideration transferred (acquisition cost) is measured at the fair value of assets given, equity issued and liabilities assumed at the date of exchange. The identifiable assets and liabilities of the acquired company are measured at their fair value at the date of acquisition. The costs directly attributable to the acquisition are recorded as an expense, with the exception of costs relating to the issue of equity instruments.

The Group measures the goodwill at the date of acquisition as:
- The fair value of the consideration transferred; plus
- The recognised amount for any non-control investment in the acquired company; plus
- If the business combination was implemented in steps, the fair value of any previously held share in the acquired company; minus
- The net amount recognised (usually, the fair value) for any identifiable acquired assets and released liabilities.

All goodwill is attached to a Group Cash Generating Unit (CGU).

Under standard IFRS 3, goodwill is not amortised. Goodwill is subject to an impairment test as soon as indications of an impairment loss appear, and at least once a year. Goodwill impairment losses are irreversible. The profit resulting from an acquisition under advantageous conditions is taken immediately to income.

III.6.2. Patents and licences.

Patents and licences are amortised on a straight-line basis over their legal protection period. Software is amortised on a straight-line basis over its useful life, which is between 1 and 10 years.

III.6.3. Development costs.

In accordance with IAS 38, "Intangible assets," development costs are capitalised if the company can demonstrate:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- its intention to complete the intangible asset and use or sell it,
- its ability to use or sell the intangible asset,
- the manner in which the intangible asset will generate probable future economic benefits,
- the availability of adequate (technical, financial and other) resources for completing the development,

- its ability to reliably measure the expenditure attributable to the intangible asset during its development.
Research and development costs that do not meet the above criteria are recognised as expenses in the period in which they are incurred. Capitalised development costs that meet the above criteria are recognised as assets on the balance sheet. They are amortised on a straight-line basis over their useful lives.

Expenditure thus capitalised includes the direct labour costs and an appropriate proportion of overheads.

Capitalised development costs are recognised at cost less accumulated amortisation and less any impairment losses.

III.6.4. Subsequent expenditure.

Subsequent expenditure on intangible assets is capitalised only if it satisfies the conditions defined in the IAS 38 standard and set out below. Other expenditure is recognised as an expense when it is incurred.

III.7. Property, plant and equipment.

In accordance with IAS 16 “Property, plant and equipment”, only items controlled by the company whose cost can be determined reliably, from which it is probable that future economic benefits will flow to the Group and which are used for a period of more than one accounting period are recognised as property, plant and equipment. Items of property, plant and equipment are stated at their historical cost less accumulated depreciation and impairment losses. Property, plant and equipment are evaluated in line with the rate at which the expected economic benefits are consumed in each asset category, on the basis of purchase cost. The Group has not adopted any residual value for its property, plant and equipment. Most of the Group’s industrial assets are intended to be used until the end of their useful lives and there is generally no intention to sell them.

In addition, the Group has analysed all of its industrial processes, and has isolated the major components of its industrial equipment that require a specific depreciation plan. As part of this work, the effective useful lives of industrial assets have been reviewed. This component-based approach has also been applied to buildings.

As a result, there is no longer any need to book provisions for major maintenance work. Major repairs are now treated as a component of the asset’s value.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life for each type of asset or component. The following depreciation periods are used:

Buildings	15-50 years
Plant and tools	5-30 years
Transportation equipment	3-5 years

Subsequent costs:
Within the carrying value of an item of property, plant and equipment, the Group records the cost of replacing a component of the item at the moment the cost is incurred if it is likely that the future economic benefits associated with this asset will flow to the Group and if its cost can be measured reliably. All maintenance costs are recognised as expenses at the time at which they are incurred.

III.8. Leases.

In accordance with IAS 17 "Leases", leases are classified as finance leases when the terms of the lease transfer substantially almost all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
Finance leases are recognised within fixed assets at an amount equal to the lower of the present value of the minimum lease payments under the lease and the fair value of the fixed assets, with a balancing entry under debt. These assets are depreciated over their expected useful lives on the same basis as the assets held or, if shorter, over the duration of the corresponding lease.
Lease payments under an operating lease are expensed on a straight-line basis over the lease term.

III.9. Impairment of property, plant and equipment, intangible assets and goodwill.

In accordance with IAS 36, "Impairment of assets," intangible assets with an indefinite useful life and intangible assets that are not yet ready for use are subject to impairment tests at every period-end and every time an indication arises that a significant impairment loss has occurred.
The carrying value of other assets: i.e. intangible assets with definite useful lives – mainly patents and software – as well as property, plant and equipment are also subject to impairment tests when events or changes in the market environment indicate the risk of an impairment loss in these assets.

If there is an indication that an asset may have lost value, the recoverable value of the individual asset must be estimated. If it is not possible to estimate the recoverable value of the individual asset, the recoverable value of the cash-generating unit (CGU) to which the asset belongs is determined. A CGU is defined as the smallest identifiable group of assets whose continued use generates cash inflows that are largely independent of cash inflows generated by other assets or groups of assets. The identification of CGUs consisting of an asset or group of assets must be consistent from one period to the next, unless a change is justified.

The Group has organised its assets into seven Cash Generating Units (CGUs):

- Wood CGU: companies in the Wood division (corresponding to the sector of the same name in the segment reporting),
- Paper CGU: companies in the Paper division (corresponding to the sector of the same name in the segment reporting),
- Gascogne Sack CGU: Gascogne Sack company in France,
- Gascogne Sack Deutschland CGU: Gascogne Sack Deutschland company in Germany,
- Aigis CGU: Aigis company in Greece,
- GST CGU: Gascogne Sack Tunisia company in Tunisia,
- Laminates CGU: companies in the Laminates division (Gascogne Laminates France and Gascogne Laminates Germany).

The impairment test consists in determining whether the net carrying value of the asset tested is lower than its recoverable value, which is defined as the higher fair value net of disposal costs and value in use. If the asset's recoverable value is lower than its net carrying value, an impairment loss equal to the difference between the two amounts is recognised. This impairment loss is recorded under "Other non-operating income and expenses" and is charged first and foremost to goodwill. Impairment losses relating to property, plant and equipment and intangible assets with a definite useful life (such as patents and software) are reversible and may be reversed subsequently if the recoverable value becomes higher than the net carrying value (up to the limit of the impairment loss initially recognised). Goodwill impairment losses are irreversible. Any impairment losses remaining after the maximum has been charged to goodwill are charged to the net value of the property, plant and equipment and intangible assets in proportion to the carrying value of each asset within the unit. This method of charging impairment losses reduces the depreciable base and therefore reduces the amount of depreciation in subsequent years.

If no fair value figure based on market prices is available, the recoverable value of assets is determined on the basis of value in use. This corresponds to the value of the expected future economic benefits of their use and their disposal. In practice, value in use is the sum of the present values of future cash flows generated by the tested asset, taking into account a terminal value based on a long-term cash flow growth rate. Projections are made for five-year periods and result from business plans based on economic assumptions and forecasts of operating conditions adopted by management.

III.10. Financial assets and liabilities.

Principles for the recognition and measurement of financial assets and financial liabilities are set out in standards IAS 39 "Financial instruments: recognition and measurement" and IAS 32 "Financial instruments: Presentation" and by IFRS 7 "Financial instruments - disclosures."

Financial assets include financial assets at fair value using the income statement for purposes of transaction, financial assets at fair value through profit or loss on option, assets available for sale, asset derivative instruments, as well as loans and receivables.
Initially, financial assets are measured on their fair value plus transaction costs, when the assets in question are not subsequently measured on their fair value through profit or loss. For assets measured at fair value through profit or loss, transaction costs are directly recorded to income. These financial assets are valued at fair value, with the exception of loans and receivables valued at amortised cost.

The loss in value of a financial asset measured at amortised cost corresponds to the difference between its carrying value and the value of estimated future cash flows, recalculated using the asset's original effective interest rate. The losses are taken to the income statement and recorded in a depreciation account as a deduction from loans and receivables or held-to-maturity investments. Interest on an impaired asset continues to be recognised. When an event occurs after the impairment was recognised, and it has the effect of reducing the amount of the loss in value, the reversal of the loss in value is taken to the income statement.

Accounts receivable are impaired case-by-case, based on their precedence.

The Group derecognises a financial asset when the contractual rights to the cash flows on the asset expire, or when the Group has transferred the contractual rights to receive the cash flows on the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities include borrowings, other bank financing and overdrafts and liabilities relating to derivative instruments.

Borrowings and other financial liabilities are measured at amortised cost, derivative instruments (assets and liabilities) at fair value minus transaction costs, then at amortised cost using the effective interest rate method.

III.11. Cash and cash equivalents

Cash and equivalents include cash at hand, sight deposits and investments in money-market funds constituting short-term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

III.12. Assets held for sale and discontinued operations

An asset or group of assets is classified as an "asset held for sale/discontinued operations" insofar as its carrying value is to be recovered mainly through its sale, not through its continued use. For an asset to qualify as a non-current asset held for sale, it must be effectively available for immediate sale and its sale must be highly probable. These assets or groups of assets are presented separately from other assets if their value is significant. These assets or groups of assets are measured at the lower of carrying value and estimated selling price net of disposal-related costs.

III.13. Discontinued operations.

A discontinued operation is a component of the Group's operations which, in terms of its business and cash flow, is distinctly separate from the rest of the Group, and:

- Represents either a separate major line of business or geographical location of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

An operation is classified as discontinued at the date of disposal, or prior to this date if it meets the held-for-sale classification criteria.

When an operation is classified as discontinued, the comparative statement of the net income and the other items of comprehensive income are reprocessed as if the operation had met the discontinued operation criteria from the start of the comparative period.

III.14. Own shares.

Own shares (Gascogne shares held by the Group) are measured at acquisition cost and are deducted from shareholders' equity. Gains or losses from the sale of these shares are taken directly to equity, not to income.

III.15. Provisions.

In accordance with IAS 37, "Provisions, contingent liabilities and contingent assets," provisions are booked when, at the end of an accounting period, the Group has a present obligation to a third party under which it is probable that an outflow of resources will take place towards the third party, and which does not constitute a future economic benefit for the Group.

This obligation may be legal, regulatory or contractual. It may also result from Group practice or from public commitments that have created a legitimate expectation among the third parties concerned that the Group will assume certain responsibilities.

The estimate of the amount provisioned corresponds to the outflow of resources that the Group is likely to bear in order to extinguish its obligation. If no reliable estimate of the amount of the obligation can be made, no provision is booked and a disclosure is made in the notes.

Contingent liabilities consist of:
- potential obligations resulting from past events, the existence of which will only be confirmed by the occurrence of uncertain future events that are not under the Group's control,
- present obligations resulting from past events but that are not recognised since it is not probable that an outflow of resources representing economic benefits will be necessary to extinguish the obligation and since the amount of the obligation cannot be reliably measured.

In the event of restructuring, an obligation is recognised when the restructuring has been announced and has been the subject of a detailed plan or has commenced before the period-end.

The present value of provisions is calculated if the effect of discounting is significant.

III.16. Inventories.

Inventories are measured at cost using the weighted average cost method or at their probable net realisable value if lower. If the probable net realisable value of inventories is lower than their cost, they are written down to probable net realisable value through an inventory impairment charge. Cost corresponds to acquisition or production cost.

Indirect costs taken into account in valuing inventories of finished products and work in progress only include production-related costs.

III.17. Employee benefits.

Short-term employee benefits

Short-term employee benefits are recorded as an expense when the corresponding service has been provided. A liability is recorded in the amount the Group expects to pay if it has a current legal or implicit obligation to make these payments for past services provided by the employee and if the amount of the obligation can be reliably estimated.

Defined-contribution plans

Contributions to be paid to a defined-contribution plan are recorded as an expense if the corresponding service has been provided. Contributions paid in advance are recorded as an asset, given that this will lead to a cash reimbursement or a reduction of future payments.

Defined-benefit plans

The Group's net defined-benefit obligation is measured separately for each plan, by estimating the amount of future benefits accrued by staff during the current period and previous periods. The present value of this amount is then calculated and the fair value of plan assets is deducted.
The defined-benefit obligations are calculated each year by a qualified actuary using the Projected Unit Credit Method. When the calculations give rise to a potential asset for the Group, the recognised amount for this asset cannot exceed the present value of all economic benefits available in the form of future reimbursements from the plan or reductions in future contributions to the plan. All of these applicable minimum funding requirements are taken into account in calculating the present value of the economic benefits.

In accordance with the revised version of IAS 19 “Employee benefits,” defined-benefit pension plans are subject to an actuarial assessment based on the Projected Unit Credit Method. Under this method, each period of service gives rise to an additional unit of benefit rights and each of these units is assessed separately when valuing the final obligation. The present value of this final obligation is then calculated.
These actuarial calculations include various assumptions for each entity (in France and abroad) and take into account each entity’s macro-economic and social context, i.e.:
- mortality tables,
- retirement ages,
- wage growth rates and employee turnover,
- rate of return on plan assets, if applicable,
- discount rate.

These assumptions take into account the specific conditions, particularly macroeconomic conditions, of the various countries in which the Group operates.

Revaluations of net liabilities in relation to defined-benefit plans, including actuarial gains, return on plan assets (not including the amounts factored into the calculation of the net interest on net liabilities) and, if applicable, change in the effect of the limit on the asset (not including the amounts factored into the calculation of the net interest on net liabilities), are immediately taken to other items of the comprehensive income. The Group determines the expense (income) of net interest on the net liabilities (assets) in relation to the defined benefits for the period, applying the discount rate used to measure the defined-benefit obligations to the net liabilities (assets), as determined at the start of the financial year. This net liabilities (assets) amount is adjusted, if applicable, for any change resulting from contributions and retribution for services paid over the course of the period. The net interest expense and other expenses relating to defined-benefit plans are taken to net income.

If the benefits of the plan are changed, or if the plan is reduced, the impact for past services provided by the staff or the gain (loss) arising from reduction of the plan is immediately taken to net income. The Group records gains and losses relating to the liquidation of a defined-benefit plan when the liquidation occurs.
Actuarial calculations of employee benefits are carried out by an independent actuary and recognised as follows:
. On the balance sheet
The amount of liabilities recognised with respect to defined benefit pensions appears under "Employee benefits" and equals:
- the present value of the defined benefit obligation at the balance sheet date,
- less the fair value at the balance sheet date of plan assets used directly to pay for or finance obligations,
- less any payments made.

. The other components of change in the provision are recorded under the following items of the income statement:
- cost of services already provided and past services: in staff costs (underlying operating profit),
- expense of net interest on net liabilities (financial items).

Other long-term employee benefits

The Group's net obligation with respect to long-term employee benefits is equal to the value of the future benefits accrued by the staff in exchange for services provided during the current period and previous periods. This amount is then calculated to determine its present value. Revaluations are recognised as net income for the period in which they occur.

III.18. Sales.

Sales are measured at the fair value of the consideration received or receivable for goods and services sold as part of the Group's business: they are recognised net of any discounts and rebates offered to the customer.
Sales include sales of finished products and services related to these products, sales of waste, sales of merchandise and invoiced transport costs.
For the sale of goods and merchandise (constituting the largest portion of the sales), the income is recognised as sales when the risks and rewards inherent in the ownership of the goods, as well as their control, have been transferred to the purchaser. This transfer of risks and rewards depends on incoterms: generally concerning French customers, the transfer is effective ex-factory and concerning export or long distance export customers, the transfer is effective when the goods are delivered to the customer.
For services (a minor portion of the sales), recognition depends on the progress of the transaction at period end, measured on the basis of the work completed.

III.19. Other non-operating income and expenses.

Other non-operating income and expenses correspond to income and expenses unrelated to the Group's everyday management activities. They are mainly characterised by their unusual nature and their significant amount.
These other non-operating income and expenses include:
- gains or losses on disposals of fixed assets,
- impairment losses or reversals of impairment losses on property, plant and equipment, intangible assets and goodwill arising from impairment tests required by IAS 36,
- reorganisation and restructuring provisions or expenses.

III.20. Operating profit.

Operating profit corresponds to profit from operating activities before net financial items, tax and non-controlling interests.

III.21. Net financial items.

Net financial items consist of interest payable on borrowings calculated using the effective interest method, interest receivable on investments, translation gains and losses and gains and losses on hedging instruments recognised on the income statement (see accounting method described in note III.5).

Interest income is recognised on the income statement as soon as the Group acquires the right to receive the related payments.
Interest expenses included in payments made under a finance lease are recognised using the effective interest method.

III.22. Tax

III.22.1. Levied income tax

Levied tax comprises the estimated amount of tax due (or receivable) with respect to the taxable profit (or loss) for a period and any adjustment to the amount of due tax with respect to the previous periods. It is calculated based on tax rates that have been enacted or substantively enacted by the balance sheet date.

III.22.1. Deferred income tax.

Deferred tax is calculated on the temporary differences that exist between the carrying value of assets and liabilities and their tax basis. Deferred tax assets and liabilities are measured using the liability method, i.e. at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
The following items do not give rise to the recognition of deferred tax:
- goodwill that is not tax-deductible,
- initial recognition of an asset or liability that does not result from a business combination and that affects neither accounting profit nor taxable profit,
- temporary differences related to equity stakes in subsidiaries to the extent that they will not be reversed in the foreseeable future.

The Group presents deferred tax on the consolidated balance sheet separately from other assets and liabilities. Deferred tax assets are recognised on the balance sheet insofar as it is probable that they will be recovered in subsequent periods. Deferred tax assets and liabilities are not discounted.
To assess the Group's ability to recover these assets, the following items are taken into account:
- expected future tax results as part of the Group's tax consolidation system,
- historical tax results from previous years.

Deferred tax assets and liabilities are netted when there is a legally enforceable right to net payable tax assets and liabilities, when they concern income taxes levied by a single tax authority and when the Group has the intention to settle them based on their net amount.

III.22.3. Research and Development tax credit

The Group presents the Research and Development tax credit (CIR) deducting it from staff costs, which constitute the majority of the research expenditure funded by the Research and Development tax credit.

III.22.4. Competitiveness and Employment tax credit

The Competitiveness and Employment tax credit (CICE) is presented as a deduction from staff costs.

III.22.5. Regional Economic Contribution

The Regional Economic Contribution (CET) in France is made up of two components:

- the Business Contribution on Property (CFE)

- the Business Contribution on Added Value (CVAE).

These two components are recognised as non-operating expenses.

III.23. Earnings per share.

Earnings per share are calculated in accordance with IAS 33 "Earnings per share".

Net basic earnings per share are calculated by dividing net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period excluding own shares held by Gascogne SA that are deducted from equity.

Net diluted earnings per share are calculated by dividing net profit by the weighted average diluted number of shares in issue during the period, excluding own shares held by Gascogne SA, which are deducted from shareholders' equity, and taking into account the dilutive effect of stock options and bonus share allotments.
The weighted average diluted number of shares is calculated using the share repurchase method provided for by IAS 33. It is assumed that the proceeds from the underlying rights of these dilutive instruments are applied for repurchasing shares at the average market price during the reference period. The resulting number of shares is deducted from the total number of shares resulting from the exercise of rights.

III.24. Recognition of public subsidies.

Subsidies received by the Group consist exclusively of investment grants and are classified as “Other liabilities” (current and non-current). They are then reversed to “Other operating income and expenses” on a straight-line basis over the useful life of the asset concerned.

III.25. Recognition of greenhouse gas emission quotas.

In the Paper Division, the Group has been allocated greenhouse gas emission rights.
As there are no IFRS standards or interpretations on the recognition of CO_2 emission rights, the company has used its best judgement and applies the following new provisions (which comply, in particular, with ANC Regulation No. 2012-03 of 4 October 2012, as approved on 7 January 2013):

- Quotas are treated as a production cost, and as such are recognised as inventory:
  - Quotas allocated free of charge are recognised as inventory with a zero value,
  - Quotas acquired in return for payment are recorded at their purchase price,
  - Sales or annual surrender of quotas are considered withdrawals from inventory, which are recognised on the basis of a weighted average unit cost method.
  - If the carrying value of the quota inventory at period-end is above the market value, a provision for impairment is booked.
- At each closing, a provision is recognised for the quota surrender obligations for emissions during the period. This provision is calculated based on the estimated emissions during the period, valued at the weighted average unit cost of the period-end inventory amount. This provision is released when the quotas are surrendered.

If the surrender obligations exceed the available quotas recorded as inventory, a provision is booked for the additional allowances for the missing quotas at their market value.

This method represents a change in policy from the company's previous practice of recording quotas as intangible assets at market value and recognising a public subsidy for quotas allocated free of charge. The accounts for fiscal year 2012 have been reprocessed using this new method. Given that the balance of quotas recognised as intangible assets was equivalent to the corresponding liability amounts, this change in policy did not impact the opening shareholders' equity.

IV. – NOTES TO THE BALANCE SHEET

IV.1. Change in the scope of consolidation

There was no change to the scope of consolidation in 2013.

IV.2. Intangible assets

(In thousands of euros)	Goodwill	Development costs, patents acquired	Software and software development	Other intangible assets	Total
Gross Value at 1/1/2012	**21 083**		**8 319**	**492**	**29 894**
Changes in the scope					
Acquisitions		29	299	77	405
Disposals			(203)		(203)
Translation differences	(150)		(2)		(152)
Other movements	344		198	(197)	345
Operations written back (*)	5 340	44	873	152	6 409
Gross Value at 31/12/2012	**26 617**	**73**	**9 484**	**524**	**36 698**
Gross Value at 1/1/2013	**26 617**	**73**	**9 484**	**524**	**36 698**
Changes in the scope					
Acquisitions			129	9	138
Disposals			(485)		(485)
Translation differences	(260)		(3)		(263)
Other movements			71	(71)	
Gross Value at 31/12/2013	**26 357**	**73**	**9 196**	**462**	**36 088**
Cumulative depreciation at 1/1/2012	**(12 060)**		**(5 797)**	**(155)**	**(18 012)**
Changes in the scope					
Additions to depreciation		(6)	(1 113)	(45)	(1 164)
Deductions from depreciation			202		202
Impairment IAS36	(6 992)				(6 992)
Translation differences					
Other movements			2		2
Operations written back (*)	(4 279)	(44)	(648)	(152)	(5 123)
Cumulative depreciation at 31/12/2012	**(23 331)**	**(50)**	**(7 354)**	**(352)**	**(31 087)**
Cumulative depreciation at 1/1/2013	**(23 331)**	**(50)**	**(7 354)**	**(352)**	**(31 087)**
Changes in the scope					
Additions to depreciation		(10)	(872)	(46)	(928)
Deductions from depreciation			486		486
Impairment IAS36					
Translation differences			1		1
Cumulative depreciation at 31/12/2013	**(23 331)**	**(60)**	**(7 739)**	**(398)**	**(31 528)**
Net value at 31 December 2012	**3 286**	**23**	**2 130**	**172**	**5 611**
Net value at 31 December 2013	**3 026**	**13**	**1 457**	**64**	**4 560**

(*) The operations written back correspond to the companies Gascogne Laminates (excluding the Jarnac site) and Gascogne Laminates Germany, which were re-classified as continuing operations following the decision taken in December 2012 to halt the divestment of these entities.

The table below provides details of net goodwill by Cash-Generating Unit:

In thousands of euros	Fiscal year 2012	Increase (Decrease)	Exchange rate fluctuation	Fiscal year 2013
GST CGU	2 246		(216)	2 030
LAMINATES CGU	1 040		(44)	996
Amount at end of period	**3 286**		**(260)**	**3 026**

IV.3. Property, plant and equipment

IV.3.1. Property, plant and equipment

(In thousands of euros)	Land	Construction	Plant and tools	Other property, plant and equipment	Non-current assets in progress	Total
Gross Value at 1/1/2012	**15 610**	**73 042**	**346 619**	**16 864**	**5 430**	**457 565**
Changes in the scope						
Acquisitions	45	1 347	5 998	2 563	18 370	28 323
Disposals	(211)	(3 550)	(1 473)	(1 953)	(205)	(7 392)
Translation differences	(18)	(26)	(195)	(32)	(1)	(272)
Other movements	132	597	9 578	97	(9 889)	515
Operations written back (*)	1 220	11 924	68 549	1 403	2 419	85 515
Gross Value at 31/12/2012	**16 778**	**83 334**	**429 076**	**18 942**	**16 124**	**564 254**
Gross Value at 1/1/2013	**16 778**	**83 334**	**429 076**	**18 942**	**16 124**	**564 254**
Changes in the scope						
Acquisitions	72	1 725	4 696	594	6 064	13 151
Disposals	(19)	(231)	(3 017)	(1 706)		(4 973)
Translation differences	(30)	(45)	(360)	(59)	(6)	(500)
Other movements	872	1 595	15 807	(521)	(17 352)	401
Gross Value at 31/12/2013	**17 673**	**86 378**	**446 202**	**17 250**	**4 830**	**572 333**
				(269)		
Cumulative depreciation at 1/1/2012	**(7 662)**	**(42 572)**	**(257 142)**	**(13 841)**	**(309)**	**(321 526)**
Changes in the scope						
Additions to depreciation	(1 123)	(2 395)	(14 322)	(1 468)		(19 308)
Deductions from depreciation	82	796	1 995	892	309	4 074
Impairment IAS36	(4 111)	(12 443)	(35 806)	(530)		(52 890)
Translation differences		4	149	14		167
Other movements	10	(10)				
Operations written back (*)	(149)	(7 664)	(54 877)	(1 054)		(63 744)
Cumulative depreciation at 31/12/2012	**(12 953)**	**(64 284)**	**(360 003)**	**(15 987)**		**(453 227)**
Cumulative depreciation at 1/1/2013	**(12 953)**	**(64 284)**	**(360 003)**	**(15 987)**		**(453 227)**
Changes in the scope						
Additions to depreciation	(938)	(420)	(10 066)	(1 208)		(12 632)
Deductions from depreciation	2	209	2 259	1 439		3 909
Impairment IAS36	(1 162)	(5 035)	(28 823)	20		(35 000)
Translation differences		8	282	18		308
Other movements			14	(7)		7
Cumulative depreciation at 31/12/2013	**(15 051)**	**(69 522)**	**(396 337)**	**(15 725)**		**(496 635)**
Net value at 31 December 2012	**3 825**	**19 050**	**69 073**	**2 955**	**16 124**	**111 027**
Net value at 31 December 2013	**2 622**	**16 856**	**49 865**	**1 525**	**4 830**	**75 698**

(*) The operations written back correspond to the companies Gascogne Laminates (excluding the Jarnac site) and Gascogne Laminates Germany, which were re-classified as continuing operations following the decision taken in December 2012 to halt the divestment of these entities.

Finance leases

In thousands of euros	Intangible assets	Plant and tools	Other property, plant and equipment	Total
Gross Value at 31 December 2012	77	2 532	7 650	10 259
Depreciations and provisions	(77)	(1 230)	(6 041)	(7 348)
Net value at 31 December 2012		**1 302**	**1 609**	**2 911**
Gross Value at 31 December 2013	13	2 499	6 651	9 163
Depreciations and provisions	(13)	(1 438)	(5 660)	(7 111)
Net value at 31 December 2013		**1 061**	**991**	**2 052**

IV.3.2. Breakdown of additions to depreciation

(In thousands of euros)	Notes	Fiscal year 2013	Fiscal year 2012
Additions to depreciation for intangible assets: underlying operating profit	IV.2	**928**	**1 164**
Additions to depreciation for property, plant and equipment: underlying operating profit		12 400	18 819
Additions to depreciation for property, plant and equipment: other non-operating income and expenses		232	489
Additions to depreciation for property, plant and equipment:	IV.3	**12 632**	**19 308**
Additions to depreciation		**13 560**	**20 472**

IV.4. Equity investments.

In thousands of euros	Sacchificio Veneto
Percentage owned	**40%**
Value of investment at 31 December 2011	**2 595**
Profit	236
Value of investment at 31 December 2012	**2 831**
Profit	(63)
Other	(58)
Value of investment at 31 December 2013	**2 710**

Key data from the financial statements of Sacchificio Veneto

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Total assets	19 092	20 087
Shareholders' equity	10 272	10 220
Sales	18 174	17 523
Net profit	(159)	588

The main transactions with and receivables from related parties (equity affiliates) are summarised below:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Balance sheet		
Trade and other receivables		
Trade and other payables		
Income statement		
Sales		34
Services provided		
Purchases		

IV.5. Financial assets.

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Non-current financial assets		
Loans (long-term)	1 498	1 549
Factoring guarantee deposits	5 024	5 880
Brussels litigation guarantee deposits		6 150
Other	1 935	1 469
Total non-current financial assets	**8 457**	**15 048**
Current financial assets		
Loans (short-term)	162	150
Derivative instruments		
Total current financial assets	**162**	**150**
Total	**8 619**	**15 198**

Loans consist mainly of construction loans totalling €1,601k.

The “Factoring guarantee deposits” line includes deposits transferred in the framework of factoring contract. These deposits cover trade disputes which could call into question the existence of the invoices transferred. (See note IV.14.2).
The total transferred assets on 31 December 2013 were €37m.

The "Other" section comprises Gascogne Paper's investment in the Exeltium consortium for a total of €1,122k and includes €713k of guarantee deposits and security.
The significant decrease in this entry is related to the final ruling handed down in the Brussels litigation (see IV.16.2): the banks against which third-party complaints were filed claimed the guarantee deposit of €6.3m in consideration.

IV.6. Deferred tax

Deferred tax on the balance sheet

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Deferred tax assets		4 059
Deferred tax liabilities	(1 593)	(878)
Net deferred tax assets (liabilities)	**(1 593)**	**3 181**

Change in deferred tax

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Amount at start of period	**3 181**	**2 270**
Impact operations written back		995
Impact on other items of the comprehensive income	(788)	562
Impact on profit from impairment of deferred tax assets for tax losses	(3 864)	(1 200)
Other impact on profit	(128)	550
Impact of translation differences	6	4
Amount at end of period	**(1 593)**	**3 181**

Sources of main changes in deferred tax

(In thousands of euros)	Fiscal year 2012	Reserves	Profit	Exchange rate fluctuation	Fiscal year 2013
Tax timing differences	2 295		(977)		1 318
Utilisation of tax losses	3 864		(3 864)		
Regulated provisions	(2 077)		383		(1 694)
Other	(293)		(55)		(348)
IAS 01 Presentation of financial statements	55				55
IAS 02 Inventories	(20)		76		56
IAS 16 Property, plant and equipment	(20 081)		595	6	(19 480)
IAS 17 Finance leases	151		(2)		149
IAS 18 Revenue	1				1
IAS 19 Employee benefits	4 569	(102)	(9)		4 458
IAS 20 Accounting for government grants	493		(53)		440
IAS 21 Effects of changes in foreign exchange rates	103		7		110
IAS 36 Impairment of assets	13 307		(14)		13 293
IAS 37 Provisions, Contingent Liabilities	(1)		(103)		(104)
IAS 32 & 39 Financial instruments	662	(686)	24		
IFRS 3 - Business combinations	153				153
Total	**3 181**	**(788)**	**(3 992)**	**6**	**(1 593)**

French companies (tax consolidation)
The tax consolidation group included the following companies in 2013: Gascogne SA, Forestière de Gascogne, Gascogne Wood Products, Allwood France, Gascogne Paper, Feutres Depland, Gascogne Sack, Gascogne Laminates, Landes Emballages, Gascogne Habitat Bois and Aquitaine Landes Industries.

The tax losses of the French Group tax consolidation system used at the end of 2012 were depreciated in 2013 (€3.8m in tax) and those generated in 2013 were not used because, first, the tax consolidation has shown a deficit for several years and, second, there does not appear to be a potential opportunity to use them in the short term.
At the end of 2013, the total unused losses from French companies stood at €59.4m.

Foreign companies
Tax loss carryforwards at our subsidiaries Aigis (Greece) and Gascogne All Wood (Belgium), Gascogne Laminates Germany and Gascogne Deutschland (Germany) did not give rise to the recognition of a deferred tax asset, since the short-term outlook for these companies does not provide adequate certainty that these losses will be used.
At the end of 2013, the total unused losses from foreign companies stood at €23.8m.

IV.7. Inventories

Net value of inventories

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Raw materials and supplies	35 577	37 137
Work in progress: goods	13 667	20 848
Semi-finished and finished goods	37 190	40 850
Merchandise	8 062	8 986
Total	**94 496**	**107 821**

Change in inventory impairment

(In thousands of euros)	Fiscal year 2012	Increase	Decrease	Fiscal year 2013
Raw materials and supplies	4 271	2 652	(2 601)	4 322
Work in progress: goods	716	547	(607)	656
Semi-finished and finished goods	3 708	3 594	(3 624)	3 678
Merchandise	1 016	138	(221)	933
Total	**9 711**	**6 931**	**(7 053)**	**9 589**

Releases from provision during the year relate mainly to the removal of impaired inventories at the end of the previous fiscal year.

IV.8. Trade and other receivables

Net value of trade and other receivables

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Trade receivables	37 601	44 058
Receivables from related parties		
Advance payments	682	94
Other operating items	10 502	9 337
Total trade and other receivables	**48 785**	**53 489**

Change in impairment of trade and other receivables

(In thousands of euros)	Fiscal year 2012	Increase	Decrease	Exchange rate fluctuation	Fiscal year 2013
Provisions for trade receivables	1 079	847	(145)	(2)	1 779
Provisions for other operating receivables	205		(94)		111
Total	**1 284**	**847**	**(239)**	**(2)**	**1 890**

IV.9. Other current assets

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Receivables relating to non-current assets		
Sundry receivables	750	650
Total other current assets	**750**	**650**

IV.10. Shareholders' equity

(In thousands of euros) 31 December 2013	Share capital	Share premium	Total	Number of shares
	9 970	64 500	74 470	1 993 963

IV.10.1. Breakdown of share capital

At 31 December 2013, the share capital consisted of 1,993,963 shares with par value of €5 each.
All shares are fully paid up.

IV.10.2. Own shares

Own shares are the subject of an adjustment explained in note III.14.

	Shares controlled by the company	Liquidity contract	Number of shares	Gross value (€k)
Total at 31 December 2012	**40 206**	**12 039**	**52 245**	**3 044**
Variation for the year		(8 934)	(8 934)	(44)
Total at 31 December 2013	**40 206**	**3 105**	**43 311**	**3 000**

At 31 December 2013, Gascogne SA owned 43,311 of its own shares, amounting to 2.17% of the capital.

IV.10.3. Distributions

The Combined shareholders' meeting on 20 June 2013 decided to allocate the profit for the year 2012 to the balance carried forward, which on 31 December 2013 stood at -€78,836k.

IV.10.4. Translation differences

The table below sets out translation differences taken to equity:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Amount at start of period	**(360)**	**(96)**
Gascogne Laminates Switzerland	5	28
Gascogne Sack Tunisia	(484)	(269)
Other	(20)	(23)
Amount at end of period	**(859)**	**(360)**

IV.11. Stock option plans for shares and bonus share allotments

At the end of 2013, there were no stock option plans for shares or bonus share allotments.

IV.12 Debt, cash and cash equivalents

(In thousands of euros)	Fiscal year 2012	Exchange rate fluctuation	Increase	Decrease	Change in cash	Movements	Other movements (*)	Fiscal year 2013
Debt due in more than one year								
Bond issues	1 370			(130)				1 240
Bank borrowings	3 796			(183)		(2 863)		750
Finance lease borrowings	2 093		358	(48)		(1 088)		1 315
Other financial debt	332			(61)		(54)		217
Total	**7 591**		**358**	**(422)**		**(4 005)**		**3 522**
Debt due in less than one year								
Bond issues	400			(400)				
Bank borrowings	58 007		1 016	(5 651)		2 863	506	56 741
Finance lease borrowings	1 158			(1 202)		1 088		1 044
Other financial debt	530		10 480	(30)		54	89	11 123
Accrued interest on debt	326						614	940
Bank overdrafts	38 166	(10)			(1 027)	(4 777)		32 352
Other, Shareholders' Current Account					2	4 777		4 779
Accrued interest	18						422	440
Total	**98 605**	**(10)**	**11 496**	**(7 283)**	**(1 025)**	**4 005**	**1 631**	**107 419**
Total debt due	**106 196**	**(10)**	**11 854**	**(7 705)**	**(1 025)**		**1 631**	**110 941**
Cash and cash equivalents								
Securities								
Cash	4 916	(113)			(149)		1	4 655
Accrued interest	32						5	37
Other, Shareholders' Current Account	110				(61)		1	50
Total	**5 058**	**(113)**			**(210)**		**7**	**4 742**
Net debt	**101 138**	**103**	**11 854**	**(7 705)**	**(815)**		**1 624**	**106 199**

(*) Other movements include net accrued interest for a total of €1,031k and deferred syndication costs of €506k.

Given the failure to meet the financial ratios of the syndicated contract and conciliation protocol, the share of long- and medium-term loans of the syndicated debt at 31 December 2013, for a total of €52.9m, was classified as debt due in less than one year.

The "Bank borrowings – due in less than one year" item includes €1,016k for the pre-financing of the Competitiveness and Employment tax credit (CICE).

The "Bank overdrafts" item includes the Revolving credit line relating to the syndicated contract for a total of €11.3m and the balance of the New Money loan (banks and State) for €6.7m.

The "Other financial debt – due in less than one year" item comprises the net financing for the Brussels litigation guarantee deposit (see IV.16.2).

IV.12.1. Breakdown of debt by fixed/floating rate

(In thousands of euros)	Fiscal year 2013		Fiscal year 2012	
Fixed-rate borrowings	9 135	8.2%	14 892	14.0%
Floating-rate borrowings	101 806	91.8%	91 304	86.0%
Total	**110 941**	**100.0%**	**106 196**	**100.0%**

Floating-rate borrowings are mainly indexed by 3-month Euribor.

Fixed-rate borrowings are mainly made up of storm loans at 1.5%, granted to Forestière de Gascogne following the Klaus storm in January 2009.

IV.12.2. Reconciliation with the cash position stated in the cash flow statement

(In thousands of euros)	Fiscal year 2013			Fiscal year 2012
	Continuing operations	Discontinued operations	Cash flow from the consolidated whole	Cash flow from the consolidated whole
Bank overdrafts	(32 352)	(2)	(32 354)	(38 166)
Other, Shareholders' Current Account liabilities	(4 779)		(4 779)	
Cash	4 655	1 272	5 927	6 848
Other, Shareholders' Current Account assets	50		50	110
Total	**(32 426)**	**1 270**	**(31 156)**	**(31 208)**

IV.12.3. Bond issues

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Long-term non-convertible bonds	1 240	1 370
Short-term non-convertible bonds		400
Total	**1 240**	**1 770**

Bond issues represent the obligations carried by the Gascogne Epargne FCP mutual fund reserved for employees.

IV.12.4. Foreign-currency debt

Net Foreign-currency debt was almost nil on 31 December 2013 and 31 December 2012.

IV.12.5. Lease commitments

Finance lease liabilities (present value of the minimum lease payments)

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Less than one year	1 044	1 157
Two to five years	1 315	2 093
More than five years		
Total	**2 359**	**3 250**

Operating leases

At 31 December, the total of minimum future lease payments relating to operating leases is:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
One year	2 120	1 962
Two to five years	3 060	2 933
More than five years	2 233	4 908
Total	**7 413**	**9 803**

The amount of operating lease payments recognised as expenses during the period was €2,964k, up from €2,944k in 2012.

IV.13. Fair value of financial instruments and accounting categories

IV.13.1. Balance sheet

The financial assets and financial liabilities presented according to the accounting categories defined by IAS 39 are broken down in the following table:

Fiscal year 2013 (In thousands of euros)	Financial assets and financial liabilities at fair value based on the income on option	Financial assets and financial liabilities at fair value for purposes of transaction	Assets (loans and receivables) and liabilities measured at amortised cost	Financial assets available -for-sale	Hedging derivatives	Total net booked value of financial assets and financial liabilities	Non-financial instruments (*)	Total net carrying value
Loans (long-term)			1 498			1 498		1 498
Factoring guarantee			5 024			5 024		5 024
Other			713	1 222		1 935		1 935
Non-current assets			**7 235**	**1 222**		**8 457**		**8 457**
Trade and other receivables			48 785			48 785		48 785
Other current assets			750			750		750
Loans (short-term)			162			162		162
Interest-rate, exchange-rate and commodity derivatives								
Cash and cash equivalents			4 742			4 742		4 742
Current assets			**54 439**			**54 439**		**54 439**
TOTAL ASSETS			**61 674**	**1 222**		**62 896**		**62 896**
Debt due in more than one year			3 522			3 522		3 522
Non-current liabilities			**3 522**			**3 522**		**3 522**
Debt due in less than one year			107 419			107 419		107 419
Trade and other payables			62 425			62 425	30 194	92 619
Interest-rate, exchange-rate and commodity derivatives								
Other current liabilities			1 898			1 898	2 030	3 928
Current liabilities			**171 742**			**171 742**	**32 224**	**203 966**
TOTAL LIABILITIES			**175 264**			**175 264**	**32 224**	**207 488**

(*) Amounts payable to staff and social security liabilities

Fiscal year 2012 (In thousands of euros)	Financial assets and financial liabilities at fair value based on the income on option	Financial assets and financial liabilities at fair value for purposes of transaction	Assets (loans and receivables) and liabilities measured at amortised cost	Financial assets available-for-sale	Hedging derivatives	Total net booked value of financial assets and financial liabilities	Non-financial instruments (*)	Total net carrying value
Loans (long-term)			1 550			1 550		1 550
Factoring guarantees			5 880			5 880		5 880
Other	6 150		223	1 245		7 618		7 618
Non-current assets	**6 150**		**7 653**	**1 245**		**15 048**		**15 048**
Trade and other receivables			53 489			53 489		53 489
Other current assets			650			650		650
Loans (short-term)			150			150		150
Interest-rate, exchange-rate and commodity derivatives								
Cash and cash equivalents			5 058			5 058		5 058
Current assets			**59 347**			**59 347**		**59 347**
TOTAL ASSETS	**6 150**		**67 000**	**1 245**		**74 395**		**74 395**
Debt due in more than one year			7 591			7 591		7 591
Non-current liabilities			**7 591**			**7 591**		**7 591**
Debt due in less than one year			98 605			98 605		98 605
Trade and other payables			61 532			61 532	28 791	90 323
Interest-rate, exchange-rate and commodity derivatives		307			2 099	2 406		2 406
Other current liabilities			3 643			3 643	2 046	5 689
Current liabilities		**307**	**163 780**		**2 099**	**166 186**	**30 838**	**197 023**
TOTAL LIABILITIES		**307**	**171 371**		**2 099**	**173 777**	**30 838**	**204 614**

(*) Amounts payable to staff and social security liabilities

Financial assets and liabilities at fair value based on the income on option are described in note IV.13.3.

IV.13.2. Income statement

The following tables provide information on the presentation of 2012 and 2013 gains and losses by financial asset/liability accounting category:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Interest income on cash and equivalents (*)	36	101
Dividends received on available-for-sale assets	1	
Ineffective portion of the change in fair value of cash-flow hedging instruments	348	
Net translation gain		
Other		45
Financial income	**385**	**146**
Interest expense on financial liabilities measured at amortised cost	6 989	7 327
Ineffective portion of the change in fair value of cash-flow hedging instruments		95
Net translation loss	189	800
Accretion expense (IAS 19)	542	642
Other (**)	137	725
Net financial items	**7 857**	**9 589**
Net financial items for continuing operations	**(7 472)**	**(9 443)**

(*) Financial assets at fair value based on income

(**) Interest related to the fine for the Brussels litigation totalling €87k in 2013 and €594k in 2012

IV.13.3. Fair value

The table below sets out the fair value of financial assets and liabilities, along with their carrying value on the balance sheet:

(In thousands of euros)	Fiscal year 2013		Fiscal year 2012	
	Net carrying value	Fair value	Net carrying value	Fair value
Loans	1 660	1 660	1 700	1 700
Factoring guarantees	5 024	5 024	5 880	5 880
Trade and other receivables	48 785	48 785	53 489	53 489
Other assets	2 685	2 685	8 268	8 268
Cash and cash equivalents	4 742	4 742	5 058	5 058
Liability interest-rate derivatives			(2 406)	(2 406)
Fixed-rate borrowings	(9 135)	(6 529)	(14 892)	(10 821)
Floating-rate borrowings	(61 876)	(61 876)	(48 770)	(48 770)
Finance lease borrowings	(2 359)	(2 359)	(3 251)	(3 251)
Bank overdrafts facility	(37 571)	(37 571)	(39 283)	(39 283)
Trade payables and other operating payables	(62 425)	(62 425)	(61 532)	(61 532)
Other liabilities	(1 898)	(1 898)	(3 643)	(3 643)
TOTAL	**(112 368)**	**(109 762)**	**(99 382)**	**(95 311)**

Method of determining fair value

- Investment in equity securities

The fair value of available-for-sale financial assets is determined with reference to their listed price on an active market on the closing date. If an active market does not exist and if fair value cannot be estimated reliably using measurement methods, these securities are measured at acquisition cost less cumulative impairment.

-Loans and receivables

The fair value of trade receivables and loans is considered equal to their carrying value insofar as these financial assets mainly carry a credit risk that is taken into consideration via impairments and the interest-rate risk is limited.

- Derivatives

The fair value of interest-rate swap contracts, forward exchange-rate contracts and options is based on prices quoted by financial intermediaries. The Group obtains assurance that these quoted prices are reasonable: it values swaps and forward exchange-rate contracts by discounting estimated future cash flows and values options using a Black-Scholes-type valuation model.

- Non-derivative financial liabilities

Fair value corresponds to future cash flows generated by the repayment of the principal and interest, discounted at the market interest rate on the closing date, adjusted by the credit spread defined by the Group.

The fair value of trade payables and trade receivables corresponds to the carrying value on the balance sheet as the discounting of cash flows does not have a significant impact given the short payment and settlement terms.

Financial instruments at fair value are classified according to the following level of hierarchy:

- Level 1: financial instruments subject to listing on an active market;
- Level 2: financial instruments whose measurement calls on the use of evaluation techniques that rely on observable parameters;
- Level 3: financial instruments whose measurement calls on the use of evaluation techniques that rely in whole or in part on unobservable parameters.

On 31 December 2013 and 2012, the classification of financial instruments at fair value was as follows:

Fiscal year 2013 **(in thousands of euros)**	**Level 1**	**Level 2**	**Level 3**
Loans (long-term)			1 498
Factoring guarantee			5 024
Other			1 935
Non-current assets			**8 457**
Trade and other receivables			48 785
Other current assets			750
Loans (short-term)			162
Cash and cash equivalents	4 742		0
Current assets	**4 742**		**49 697**
Total assets	**4 742**		**58 154**
Debt due in more than one year			3 522
Non-current liabilities			**3 522**
Debt due in less than one year			107 419
Trade and other payables			62 425
Other current liabilities			1 898
Current liabilities			**171 742**
Total liabilities			**175 264**

Fiscal year 2012 **(in thousands of euros)**	**Level 1**	**Level 2**	**Level 3**
Loans (long-term)			1 550
Factoring guarantee			5 880
Other	6 150		1 468
Non-current assets	**6 150**		**8 898**
Trade and other receivables			53 489
Other current assets			650
Loans (short-term)			150
Cash and cash equivalents	5 058		0
Current assets	**5 058**		**54 289**
Total assets	**11 208**		**63 187**
Debt due in more than one year			7 591
Non-current liabilities			**7 591**
Debt due in less than one year			98 605
Trade and other payables			61 532
Interest-rate derivatives		2 406	0
Other current liabilities			3 643
Current liabilities		**2 406**	**163 780**
Total liabilities		**2 406**	**171 371**

IV.13.4. Hedge accounting

At 31 December 2013, the Group no longer held any derivative instruments as the last interest-rate swaps expired at the end of 2013.

In accordance with IAS 39, changes in fair value regarded as effective are taken to other items of the comprehensive income and the ineffective portion of changes in fair value is taken to income for the period.

The table below sets out changes in the hedging reserve:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
At 1 January	**(1 373)**	**(1 833)**
Reclassified as profit	1 373	2
Added to Reserves		458
At 31 December		**(1 373)**

Contractual flows related to rate swaps are paid at the same time as contractual flows of floating-rate borrowing and the total deferred in equity is recognised as profit over the period during which the interest flow of the debt affects the profit.

The amount deferred in equity relating to exchange-rate and commodity price hedging is transferred to the income statement on the date on which the hedged commercial transaction is recognised in income. Derivative exchange-rate and commodity price hedging instruments are arranged to hedge an annual budget and therefore have a maturity of less than one year.

IV.14. Management of financial risks

IV.14.1. Credit risk

All hedging is arranged with leading banks. The Group does not have any significant investments and is therefore not exposed to significant counterparty risks with these banks. As regards credit risk, SFAC and Coface insurance programmes have been arranged to cover the Group’s main companies against the risk of non-payment for financial or political reasons. In the Group’s view, there is no significant concentration of credit risk with respect to a single counterparty.

The year-end carrying values of financial assets, which represent the Group’s maximum exposure to credit risk, were as follows:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Loans	1 660	1 700
Factoring guarantee	5 024	5 880
Trade and other receivables	48 785	53 489
Other assets	2 685	8 268
Cash and cash equivalents	4 742	5 058
TOTAL	**62 896**	**74 395**

Impairment

The table below analyses the maturity of trade receivables (see note IV.8):

Year (In thousands of euros)		Not due	Due for up to 90 days	Due for more than 90 days	Trade receivables
2013	Gross	30 374	5 440	3 567	39 381
	Impairment	(7)	(19)	(1 754)	(1 780)
	Net	30 367	5 421	1 813	**37 601**
2012	Gross	37 112	5 720	2 305	45 137
	Impairment	(9)	(39)	(1 031)	(1 079)
	Net	37 103	5 681	1 274	**44 058**

The table below sets out changes in impairment on trade receivables during the fiscal year:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
At 1 January	**1 079**	**935**
Impairment	702	(43)
Translation differences	(1)	
Operations written back		187
At 31 December	**1 780**	**1 079**

IV.14.2. Liquidity risk

The Group's financing relies mainly on:
. medium and long-term borrowings,
. overdraft facilities and commercial papers, the total use of which remains below the authorised level,
. facilities for using trade receivables.
The Group also uses long-term leasing and rental contracts for some property assets, equipment and vehicles, which feature standard terms used in this type of financing.

The authorised undrawn debt stood at €7.2m on 31 December 2013, comprising undrawn overdraft facilities.

Furthermore, the Group uses factoring operations for a total of €32m, for a maximum financing total of €44m, the majority of which is by French companies.
The receivables are transferred on an ad-hoc basis at a frequency of 2 to 3 transfers a month.
These receivables are derecognised because practically all the risks are transferred to the factor.

The Group keeps the guarantee deposits of €5.0m on the balance sheet, recognised as non-current financial assets. The guarantee deposits cover any valueless securities (credit notes, trade disputes, deductions). They are not remunerated and represent the Group's maximum exposure on these factoring contracts.
The Group collects the receivables by factor delegation.
The interest paid is representative of the losses recognised on the date of the transfer and stood at €0.9m in 2013, recognised as financial items. Furthermore, the factor also receives factoring commission which amounted to €0.6m in 2013.

<u>Recap of 2012 and 2013</u>

Losses in 2011, in addition to increased net debt, have meant that Gascogne had to renegotiate its syndicated loan with the bank pool as from January 2012.

These negotiations gave rise to the signing of a conciliation agreement ("Protocol") on 13 July 2012 with its banking partners and shareholder EEM, which was approved by the Commercial Court of Dax on 18 July 2012.

In addition to providing for a New Money loan amounting to €17.6m from the banks, the shareholder EEM and the State, this agreement primarily set forth a new repayment schedule for the syndicated loan (€70m) from 2014 to 2018 and provided for the maintenance of short-term credit facilities (overdrafts, commercial papers and factoring).

After an initial repayment of the New Money loan in the amount of €7.4m in September 2012, it quickly became clear that the situation was more serious and that the Group would not be able to uphold the provisions of the protocol.

A series of emergency actions were taken during the last quarter of 2012, including primarily: a Chief Operating Officer was appointed, a company and tax liability (€13.8m) was created, a strategic financial audit was carried out, short-term cash flow actions were kicked off, and the programme for the divestment of non-strategic activities was finalised.

Throughout 2013, the banks, the shareholder EEM and the State gave Gascogne time, so that the Group could find the industrial and/or financial partners that would allow it to complete its major restructuring in such a way as to ensure its sustainability.

During the summer of 2013, the Group began talks with a pool of investors.

On 9 April 2014, the Group and certain of its subsidiaries signed a restructuring agreement (conciliation protocol) with the Group's bank, tax and social security creditors, EEM (the principal shareholder of Gascogne) and a company called Attis 2 formed by a consortium of investors comprising the Landes region companies Biolandes Technologies and Les Dérivés Résiniques et Terpéniques (DRT), Bpifrance Participations and the Crédit Agricole group.

The transactions contemplated by the protocol are intended to enable Gascogne to maintain the continuity of its operations.

The main provisions of the protocol comprise an industrial plan, a strengthening of Gascogne’s equity and a restructuring of its debt.

I. Industrial plan

The sales and operations plan Attis 2 wishes to implement is as follows. It concerns the 4 divisions of the Gascogne Group (wood, paper, sacks and laminates):

- The Wood division includes the companies Forestière de Gascogne and Gascogne Wood Products both located in France and Gascogne All Wood located in Belgium. The objective is to provide this division with the solid financial foundations necessary to align its long-term positioning with growing and value-added sectors. Investment in a pellets production line is planned to optimize the use of by-products. Investment in a cutting-jointing line will help streamline existing equipment and enable development of higher value-added products. A reduction in the number of industrial sites in the wood division is also envisaged, which will be implemented through site closures and disposals.
- The Paper division includes the French companies Gascogne Paper (Mimizan plant) and Depland (plant in Haute Vienne, near Limoges). The objective is to reduce dependency on fossil fuels, notably through investment in a biomass boiler and increased operational efficiency through targeted investments in automation technology.
- The Sacks division includes the Mimizan and Nantes plants in France as well as plants in Germany, Greece and Tunisia. The objective is to strengthen this division reputation as a specialist. This will involve investment in a third plastics line in Mimizan and the renewal or modernisation of two lines at the Nantes site.
- Laminates - This division includes the Dax plant in France and the Linnich plant in Germany. Following the investment already carried out in a new machine in Dax, Gascogne will seek to deepen its penetration and accelerate its growth in existing markets

The financing scheme of the industrial plan is based on the strengthening of the equity, essentially through the subscription by Attis 2 to capital increases, as well as by new financing, as outlined below.

II. Strengthening of equity

The following series of capital increases and decrease is contemplated to strengthen Gascogne's equity:

1. A proposed reserved capital increase to be released by offsetting bank receivables acquired by Attis 2 and EEM from the group's bank creditors. Such capital increase would be carried out by means of a total subscription price of 34.1 million euros, corresponding to the nominal value of the acquired receivables, in exchange for the issuance of 1.9 million shares at a price per share of approximately 17.88 euros (representing a premium of approximately 12.88 euros per share). The subscription price has been determined to ensure that the acquisition price of such bank receivables, which is less than their nominal value, does not result in holders of the receivables receiving more shares than would have been received through a subscription at the acquisition value of such receivables.

2. A proposed capital decrease through a reduction in the nominal value of Gascogne shares from 5 euros to 2.5 euros which is intended to deal with accumulated losses on Gascogne's balance sheet.

3. A proposed cash capital increase with preferential subscription rights allowing existing shareholders to subscribe on a pro rata basis to the issuance of new shares. The capital increase will seek to raise approximately 10.2 million euros and will be carried out through the issuance of approximately 4 million shares at a share price of 2.5 euros (without issue premium). Attis 2 and EEM have committed to underwrite this capital increase for at least 75% of the total amount.

4. A proposed cash capital increase reserved for Attis 2 and EEM. This capital increase will amount to approximately 33.6 million euros and will be carried out through the issuance of a maximum of approximately 13.4 million shares for a share price of 2.5 euros (without issue premium).

5. A proposed issuance of 12.05 million euros principal amount of mandatorily convertible bonds (ORAN) to certain bank creditors of the group in satisfaction of a portion of their debt against Gascogne. The maturity date for the ORAN would be 31 December 2023. The ORAN would be issued as two separate classes of security, one class unsecured and another class secured through the security interests that are currently attached to the existing debt of the bank creditors who will receive ORAN. ORAN holders would benefit from a put option on Biolandes Technologies in 2018 and 2019, and would grant a call option in favour of Biolandes Technologies from 1 December 2019 until the maturity date of the ORAN.

In summary, as part of the equity strengthening, Attis 2 proposes to invest an amount of approximately 36 million euros (including 31.24 million euros through the cash capital increases described in steps 3 and 4 above and the balance through the capitalisation of a portion of the bank receivables described in step 1 above).

EEM will invest an amount between 8.17 million euros and 8.96 million euros, as follows:

- capitalisation of the EEM current account (granted within the context of the July 2012 conciliation and benefiting from a new money priority status) for an amount of 3.76 million euros (including interest) giving entitlement to shares with a nominal value of 2.5 euros;
- capitalisation of bank receivables amounting to 1.42 million euros, under the same conditions as those applicable to the capitalisation of the bank receivables acquired by Attis 2 (see step 1 above); and
- cash investment of an amount of between 4.21 million euros and 5.00 million euros, giving right to shares with a nominal value of 2.5 euros.

Following the capital restructuring of Gascogne, which remains subject to the prior approval by the shareholders of Gascogne, Attis 2 will hold at least two thirds of the share capital and voting rights of Gascogne, and the participation of EEM would be reduced from approximately 28.9% of the capital to approximately 20% of the capital of Gascogne.

As a purely illustrative example, assuming a full participation by existing shareholders to the capital increase with preferential subscription rights as referred to in step 3 above, the participation of a shareholder currently holding 1% of the share capital of Gascogne would be reduced to 0.19% if such shareholder decided to subscribe to the capital increase with the total amount of its preferential subscription rights, and to 0.09%, should such shareholder elect not to

subscribe. In case of full repayment of the ORAN in new Gascogne shares, the participation of said shareholder would be reduced, in both cases above described, respectively to 0.17% and 0.08% of the share capital of Gascogne.

III. Debt restructuring

As part of the conciliation protocol, the existing debt of the Group will be partially reduced and partially extended. The restructuring transactions set out in the conciliation protocol would entail a reduction of the drawn gross debt plus overdrafts and factor obligations from approximately 162 million euros as of 31 December 2013, to approximately 118 million euros (excluding the nominal value of ORAN of 12.1 million euros) at the date of completion of all transactions.

New additional financings amounting to 30.5 million euros, subject to the restructuring being implemented, would be made available to the Gascogne Group to fund the contemplated investment programme and the implementation of the new Group strategy.

In the context of this restructuring, the structure of short-term financing has been renegotiated and a new factoring agreement covering all the activities of the French companies has been implemented as a substitute for the existing revolving credit and other existing financings. This agreement allows consolidation of short-term financing and an increase of such financing by 5 to 6 million euros.

IV. Conditions precedent

The commitments to invest and the debt restructuring contemplated by the reconciliation protocol are subject to the satisfaction of certain conditions precedent, including:

- the obtaining of an opinion from an independent expert appointed by Gascogne's Board of Directors upon the fairness for Gascogne's shareholders of the proposed transactions described in Section II above;
- the granting by the AMF in favour of Attis 2 and DRT of a derogation under Article 234-9 2° of its General Regulations to the obligation to make a public offer for Gascogne shares following the Attis 2 company's crossing of the thresholds that trigger the requirement to make such an offer;
- the obtaining of merger control authorisation from the competent authorities;
- the approval by the Gascogne General Meeting of shareholders of the resolutions necessary for the issuing of securities and the reduction of capital referred to in the protocol;
- the granting by the Commercial Courts of Dax and Mont-de-Marsan to the lenders parties to the conciliation protocol of the conciliation’s priority status provided for under the Article L.611-11 of the French Commercial Code.

Under the provisions of the conciliation protocol, all of the conditions precedent must be fulfilled before 21 July 2014, at which date the protocol shall otherwise cease to be valid.

In addition, the conciliation protocol shall also become null and void in case of declaration of cessation of payments or safeguard procedure application by Gascogne and/or one of its subsidiaries, or the occurrence, until the date on which judgements will be free of any recourse, of an event that would be likely to adversely and significantly alter the industrial plan and its financing.

The projected cash-flows set out in the table below illustrate the Conciliation Protocol of July 2012 (including interest paid) without taking into account the defaults that led the Group to take this entire debt to current liabilities at 31 December 2012 and 31 December 2013:

At 31 December 2013:

(In thousands of euros)	Carrying value	Projected cash flows	2013 Less than one year	1-5 years	More than 5 years
Fixed-rate borrowings	6 776	6 871	5 130	1 698	43
Floating-rate borrowings	98 465	105 967	53 277	52 690	-
Bank loans and other debt	*54 901*	*62 403*	*9 713*	*52 690*	-
. Of which medium/long-term syndicated loan	*53 892*	*61 289*	*9 689*	*51 600*	-
. Of which other	*1 009*	*1 115*	*24*	*1 090*	-
Bank overdrafts facility	*43 564*	43 564	*43 564*	-	-
. Of which syndicated / revolving loan	*11 300*	*11 300*	*11 300*		
. Of which the New Loan	*6 723*	*6 723*	*6 723*		
. Of which the Brussels Guarantee	*10 480*	*10 480*	*10 480*		
. Of which short-term bilateral credit lines	*15 061*	*15 061*	*15 061*		
Shareholder loans	5 003	5 003	5 003	-	-
Finance lease borrowings	2 359	2 359	1 044	1 315	-
TOTAL	**112 603**	**120 200**	**64 454**	**55 703**	**43**

At 31 December 2012:

(In thousands of euros)	Carrying value	Projected cash flows	2012 Less than one year	1-5 years	More than 5 years
Fixed-rate borrowings	11 642	12 171	6 780	5 335	56
Floating-rate borrowings	93 831	171 071	44 652	126 419	-
Bank loans and other debt	*54 548*	*65 894*	*2 685*	*63 209*	-
. Of which medium/long-term syndicated loan	*52 871*	*64 178*	*1 993*	*62 185*	
. Of which other	*1 677*	*1 716*	*691*	*1 025*	
Bank overdrafts facility	*39 283*	*39 283*	*39 283*	-	-
. Of which syndicated / revolving loan	*13 600*	*13 600*	*13 600*		
. Of which New Money loan	*10 200*	*10 200*	*10 200*		
. Of which overdrafts	*11 983*	*11 983*	*11 983*		
. Of which commercial papers	*3 500*	*3 500*	*3 500*		
Finance lease borrowings	3 250	3 250	1 157	2 093	-
Derivative instruments	2 406	1 879	1 759	120	-
Interest-rate derivatives	*2 406*	*1 879*	*1 759*	*120*	
Exchange-rate derivatives	-	-	-		
Commodity derivatives	-	-	-		
TOTAL	**111 129**	**188 371**	**54 348**	**133 967**	**56**

IV.14.3. Interest-rate risk

Interest-rate hedging is centralised at the parent company and arranged on a case-by-case basis by the Finance Department. The Group has taken out medium-term variable-rate loans as part of its financing arrangements. To hedge against the risk of a rise in interest rates on its borrowings, swaps (receiving floating rate and paying fixed rate) have been arranged.

However, the Group's particular financial situation since the start of 2012 means it no longer has access to the derivative instruments market, and that the Group was not able to subscribe to any new hedging past the end of 2013 when the previous hedges expired.

Therefore, at the end of 2013, the Group no longer had hedging against interest-rate risk.

Cash flow sensitivity analysis for floating-rate instruments

A 100-basis-point change in interest rates on the closing date would have affected profit by the amounts stated in the table below. For the purpose of this analysis, all other variables, particularly exchange rates, were assumed to remain constant.

The analysis for 2013 was performed on €103.5m of unhedged variable-rate net debt for net interest expenses and on the change in fair value for the interest-rate swaps:

Fiscal year 2013	Profit		Other items of the comprehensive income	
(In thousands of euros)	+100bps shock	-100bps shock	+100bps shock	-100bps shock
Net interest expense	(1 024.6)	274.1		
Interest-rate swaps used as cash-flow hedges				
Interest-rate options used as cash-flow hedges				
Total	**(1 024.6)**	**274.1**		

IV.14.4. Exchange-rate risk

The Group's commercial policy is to hedge an annual budget, except in specific cases.
The Group is mainly exposed to the euro/dollar exchange rate. These risks are hedged using a netting system that enables the parent company to centralise hedging of its subsidiaries' exposure, mainly through forward contracts and currency options. Hedging is governed by strict procedures and is carried out in liaison with senior management.

However, the Group's particular financial situation since the start of 2012 means it no longer has access to the derivative instruments market and therefore was not able to subscribe to exchange-rate hedging for 2014.

Sensitivity analysis

A 10% change in the euro exchange rate on the closing date would have affected other items of the comprehensive income and profit by the amounts stated in the table below. For the purpose of this analysis, all other variables, particularly interest rates, were assumed to remain constant.

The 2013 sensitivity analysis on the non-hedged sheet positions, i.e. 3.1m US dollars and 0.5m GB pounds:

Fiscal year 2013	Profit		Other items of the comprehensive income	
(In thousands of euros)	+10% shock	-10% shock	+10% shock	-10% shock
Forward contracts				
Currency options				
Non-hedged sheet positions	(260.7)	318.6		
Total	**(260.7)**	**318.6**		

IV.14.5. Commodities risk

The Group had not concluded any hedging contracts for commodities at 31 December 2013.

IV.15. Liabilities relating to pensions and other benefits.

Movements in the main benefits during 2013 were as follows:

(In thousands of euros)	Post-employment benefits		Funded pension plans		Other termination benefits		Pensions and similar benefits		Long-service benefits		Liabilities relating to pensions and other benefits	
	2013	2012	2013	2012	2013	2012	**2013**	**2012**	2013	2012	**2013**	**2012**
Gross Obligations												
Position at start of period	**18 241**	**11 067**	**1 873**	**1 406**	**180**	**204**	**20 294**	**12 677**	**621**	**392**	**20 914**	**13 069**
Service costs	819	633	32	27			852	660	20	44	872	704
Gains from plan reduction	(256)						(256)				(256)	
Benefits paid out	(1 058)	(829)			(29)	(23)	(1 087)	(852)	(25)	(29)	(1 111)	(881)
Interest expenses	555	672	39	52			594	724	15	24	609	748
Restructuring, disposal of assets	(16)	(7)					(16)	(7)	(21)	(19)	(37)	(26)
Charges for the period	**44**	**469**	**71**	**79**	**(29)**	**(23)**	**87**	**525**	**(11)**	**20**	**76**	**545**
Changes in the scope							0	0				
Exchange rate fluctuation	(2)	(1)					(2)	(1)			(2)	(1)
Actuarial loss (gain)	(364)	2 537	64	388			(300)	2 924			(300)	2 924
Operations written back, other	(34)	4 169					(34)	4 169		208	(34)	4 377
Position at end of period	**17 884**	**18 241**	**2 008**	**1 873**	**151**	**180**	**20 044**	**20 294**	**610**	**621**	**20 653**	**20 914**
Market value of assets allocated to plans												
Position at start of period	**816**	**789**	**2 074**	**1 995**			**2 890**	**2 784**			**2 890**	**2 784**
Expected return on assets	23	27	43	68			67	95			67	95
Income for the period	**23**	**27**	**43**	**68**			**67**	**95**			**67**	**95**
Actuarial loss (gain)	(10)		28	12			18	12			18	12
Position at end of period	**829**	**816**	**2 145**	**2 074**			**2 975**	**2 890**			**2 975**	**2 890**
Liabilities relating to pensions and other benefits	**17 055**	**17 424**	**(137)**	**(201)**	**151**	**180**	**17 069**	**17 403**	**610**	**621**	**17 679**	**18 024**

The data on 2012 do not include commitments relating to the operations discontinued at the end of 2012.

IV.15.1. Description of benefit plans.

Group employees enjoy short-term benefits (paid holidays, sick leave and profit-sharing), long-term benefits (long-service benefits and bonuses) and defined-contribution and defined-benefit post-employment benefits (termination benefits, supplementary pensions).

Short-term benefits are recognised as liabilities of the various Group entities that grant them.

Long-term benefits are divided between defined-contribution pension plans and defined-benefit pension plans.

Defined-contribution plans

Under these plans, contributions are made periodically to external organisations, which carry out the administrative and financial management of the plans. These plans release the employer from all subsequent obligations, as the organisation has the responsibility to pay employees the amounts to which they are entitled (basic social security plan,

complementary ARRCO and AGIRC retirement plans, defined-contribution pension funds for certain foreign subsidiaries).

The Group's payments are recognised as expenses as follows:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Pension contributions	10 334	10 196

Defined-benefit plans

The Group offers various defined-benefit plans to certain categories of staff. These plans are characterised by an obligation of the employer with respect to its employees. If these plans are not fully funded, they give rise to provisions.

The present value of the commitment is calculated using the Projected Unit Credit Method based on the following assumptions:
- a retirement age between 60 and 65, with a full-length professional activity giving full pension rights to staff of French companies, and assumptions of retirement ages for staff of foreign companies, taking into account local economic and demographic factors,
- wage growth and inflation,
- mortality,
- the workforce attrition rate, based on historical figures and announced restructuring plans,
- employer's social security contributions,
- the discount rate allowing the present value of obligations to be determined. In France, the discount rate used is the yield on top-rated bonds.

These assumptions take into account the specific conditions, particularly macroeconomic conditions, of the various countries in which the Group operates.

Changes in actuarial assumptions, or differences between these assumptions and actual experience, give rise to actuarial gains or losses, which are taken to other items of the comprehensive income when they arise, in accordance with the Group's accounting policies.

Group defined-benefit plans mainly concern:
- post-employment benefits:
* termination benefits (in France, Greece and Tunisia): one-off benefits based on the employee's length of service and his/her annual salary at the time of retirement,
* funded pension plans (Article 39) in France for some types of employees in France, who will receive an additional pension corresponding to a percentage of their salary if they are with the company when they take retirement, and pension plans in Germany,
* an early retirement scheme for certain salaried employees in France (CATS).
- other long-term benefits
* long-service benefits in France and Germany,

IV.15.2. Main actuarial assumptions used for measurements.

Actuarial valuations are based on a certain number of long-term assumptions. These assumptions are reviewed annually and are as follows:

	Fiscal year 2013	Fiscal year 2012
France		
Retirement age	65 years	65 years
Termination benefit discount rate	3.00%	3.00%
Funded pension discount rate	2.25%	2.25%
Long-service benefit discount rate	2.25%	2.25%
Wage growth rate (including inflation)	2.00%	2.00%
Germany		
Retirement age	65 years	65 years
Discount rate	3.00%	3.00%
Wage growth rate (including inflation)	3.00%	3.00%
Greece		
Retirement age	65 years	65 years
Discount rate	2.25%	2.25%
Wage growth rate (including inflation)	2.50%	2.50%

The discount rate is based on the iBoxx € Corporates AA10+ and AA7-10 indices (depending on the commitments' estimated maturity at the measurement date). This index is based on a range of financial and non-financial bonds.

Debt sensitivity to the discount rate

At 31 December 2013, a variation in the discount rate of +/- 50 basis points would affect these commitments by +/€-1.2m.

IV.15.3 Summary of the financial position of the plans.

Unfunded, partially funded and fully funded plans break down as follows:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Present value of unfunded obligations	7 222	7 724
Present value of partially or fully funded obligations	13 431	13 190
Total present value of obligations	**20 653**	**20 914**
Fair value of plan assets	2 975	2 890
Liabilities recognised in relation to defined-benefit plans	**17 679**	**18 024**

The breakdown of plan assets and the rate of return are as follows:

French companies	Fiscal year 2013	Fiscal year 2012
Bonds	86%	85%
Shares	6%	7%
Real estate	4%	3%
Other assets	1%	1%
Cash assets	3%	4%
Interest rate for assets	2.47%	3.50%

Overall bond portfolio breakdown by sector

Bond portfolio breakdown	
Sovereign bonds	44%
Corporate bonds	12%
Financial bonds	44%

Geographic breakdown of the bond portfolio

Bond portfolio breakdown	
France	54%
Other Euro-zone countries	29%
United States	5%
United Kingdom	4%
Other countries	8%

IV.16. Provisions.

IV.16.1. Table of changes in provisions

(In thousands of euros)	Fiscal year 2012	Exchange rate fluctuation	Comprehensive additions	Comprehensive releases	Other movements	Fiscal year 2013
Provisions for litigation	13 969		352	(12 424)		1 897
Provisions for taxes	13				(13)	
Provisions for restructuring and redundancies						
Environmental provisions	1 225			(171)	(1 054)	
Other						
Provisions, more than one year	**15 207**		**352**	**(12 595)**	**(1 067)**	**1 897**
Provisions for litigation	4 890		928	(2 670)		3 148
Provisions for taxes	6			(19)	13	
Provisions for losses/loss-making contracts	10		6	(10)		6
Provisions for restructuring and redundancies			186			186
Environmental provisions					1 054	1 054
Other	1 198	(3)	506	(356)		1 345
Provisions, less than one year	**6 104**	**(3)**	**1 626**	**(3 055)**	**1 067**	**5 739**
Total	**21 311**	**(3)**	**1 978**	**(15 650)**		**7 636**

The distinction between released provisions that are used and unused during the period is set out in note V.5.

IV.16.2. Litigation

In thousands of euros	Fiscal year 2012	Comprehensive additions	Comprehensive releases	Fiscal year 2013
Brussels Commission litigation	13 200		(13 200)	
Litigation related to asbestos	1 551	223	(1 312)	462
Givet site litigation	1 486	370		1 856
NCC litigation	792			792
Former Executive litigation	611			611
Pool litigation	202	498		700
Other	1 017	189	(582)	624
Total	18 859	1 280	(15 094)	5 045

Brussels Commission litigation

In 2002, the European Commission (Competition Directorate - Cartels Office) conducted an in-depth investigation into plastic bag producers belonging to the Valveplast association, to establish whether these producers had effectively formed a cartel. The Group's Sachsa Verpackung subsidiary (which has become Gascogne Sack Deutschland), has a small plastic bag production operation (around €5mvs. total sales of €21m) and was involved in this investigation.
Following the European Commission's decision of 30 November 2005, our subsidiary Sachsa Verpackung was ordered to pay a fine of €13.2m relating to this investigation, for which Gascogne SA was held jointly and severally liable for an amount of €9.9m. The company was informed of this decision on 15 December 2005.
In response, the Group lodged an appeal with the Court of First Instance of the European Communities (CFI) on 23 February 2006. The Group has arranged a bank guarantee for the payment of the fine.
The appeal to the CFI and the arrangement of a bank guarantee have enabled the Group to suspend payment of the fine while the appeal remains pending before this authority. On the other hand, interest at an overall rate of 3.56% per year is being added to the principal amount of the fine between 15 March 2006 (initial collection date) and the date the appeal is completed.
In a decision made on 16 November 2011, the General Court of the European Union rejected the application for annulment.

The companies have decided to institute appeal proceedings before the European Court of Justice, against this ruling by the CFI, and in the alternative, the reduction of the amount of the fine.

The Court handed down its final judgment on 26 November 2013:
- The companies Gascogne Sack Deutschland and Gascogne SA were convicted.
- The Court acknowledged the excessive duration of the procedure and urged the companies to file for compensation before the General Court of the European Union.

The litigation provision (€13.2m) and the interestprovision previously taken to other current liabilities (€3.5m) were released in consideration of the conviction (€13.2min principal and €3.6m in interest), representinga €0.1m impact on the 2013 period.
The European Commission invoked the guarantee provided by the banks, totalling €16.8m, at the end of December 2013.
The Group now has a payable to the banks amounting to €10.5m (the difference between the sentenced amount of €16.8m paid by the banks and Gascogne's guarantee deposit of €6.3m claimed by the banks).

The Court of Justice has acknowledged the excessive duration of the proceedings (i.e., 5 years and 10 months, a duration not justified by the circumstances of the matter itself), entitling the Gascogne Group and Gascogne Sack Deutschland to file for compensation before the General Court of the European Union on the basis of Articles 268 and 340, Para. 2 of the TFEU. Gascogne and its subsidiary are filing a petition for compensation with the GCEU.

Asbestos-related litigation

Gascogne Paper
At the end of 2013, 70 employees from Gascogne Paper filed a claim with the regional health insurance body Caisse Régionale d'Assurance Maladie (CRAM) with the aim of establishing that their asbestos-related illnesses were occupational in nature.
In 61 cases, the illness was acknowledged as occupational. Eight cases were refused and one required further study.
Of the 61 employees whose cases were acknowledged as occupational, 51 served a writ in the TASS social security affairs court, seeking to establish that the employer was grossly negligent and to obtain additional compensation to that offered by the health insurance bodies.

Regarding the 51 cases brought before the TASS:

- 36 cases were judged between 2007 and 2012;
  - gross negligence on the part of the company was found in all of these cases
  - 11 were declared enforceable against the company, which paid a total of €0.7m;

- 25 cases were declared unenforceable against the company, so the Social Security authorities were ordered to pay compensation

- 12 cases were judged on 29 July 2013 and one was judged on 2 December 2013;
  - gross negligence on the part of the company was found in all of these cases
  - 12 cases were declared enforceable against the company which is required to pay a total of €0.9m (payments over a 15-month period as from September 2013)
  - 1 case was declared unenforceable to the company

- 2 cases are under investigation.

Gascogne Sack
No significant progress was made in 2013. 2 cases requesting recognition of the occupational nature of the illness had been filed in 2008, and recognised as such.

Summary of financial effects

At the end of 2013, the amount of compensation that Gascogne Paper has been sentenced to pay for the 49 cases ruled upon amounted to €1.5m, and the provision for the 2cases pending amounted to €0.2m.

Givet site litigation

Litigation with former employees of the Givet site

Following the announcement of the closure of the Givet site at the end of 2008, 55 employees had taken legal action in individual proceedings to gain the above legal compensation in addition to that already paid.

On 16 May 2011, the Charleville-Mézières employee claims court ordered Gascogne Laminates to pay its former employees indemnities and wages for a total of €0.9m with a request for provisional execution. The company appealed this judgement on the merits of the case and summarily obtained suspension of the provisional execution.

The Court of Appeal in Reims confirmed this judgement on 6 November 2013 and raised the amount ordered to €1.3m. The company has appealed.
An additional provision of €0.4m was recognised, bringing the total provision to €1.3m at 31 December2013.

Litigation with the Ardennes Council (Givet)

Following the announcement of the closure of the Givet site at the end of 2008, the Ardennes council called for the return of a subsidy of €1.5m granted in 2006. Believing this request to be unfounded, the company lodged an appeal at the beginning of 2009 to have the claim annulled.
The Administrative Tribunal in Chalons (Champagne) rejected this appeal in its decision dated 26 October 2012. The company appealed in December 2012.
On 19 December 2013, the Court of Appeal in Nancy annulled this judgement and the Ardennes council decision of November 2008.

In early January 2014, the Ardennes council filed a new petition to establish, in its favour, the breach of the 2006 protocol defining the terms under which the subsidy had been granted.

At 31 December 2013, the company has maintained as a liability the provision of €0.6m (for the portion of the subsidy already released to income), and has maintained the €0.9m of the subsidy not yet released (listed under other current liabilities).

NCC litigation

The company NCC (National Cement Company) instigated legal proceedings against Gascogne Paper in 2002 to claim €3.5m in damages and interest for quality and quantity problems violating the contractual obligations. After consulting its lawyers, Gascogne Paper booked a provision of €0.8m.
There has been no progress in the proceedings since 2002, as the hearings at the Cairo court have been systematically pushed back month by month.
At 31 December 2013, the company had maintained the provision of €0.8m.

Landes Wood Trading litigation

The company Forestière de Gascogne, in the framework of litigation with the client Landes Wood Trading was ordered on 19 August 2011 by the commercial court of Mont de Masan to pay Landes Wood Trading damages and interest of €4.4m with a request for provisional execution.
The company Forestière de Gascogne appealed the judgement on the merits of the case and requested that the Court suspend the provisional execution.
On 9 November 2012, the Court of Appeal in Pau reduced the amount to €0.9m.
The company paid the amount ordered at the start of 2013; this amount, €0.9m, was listed under other current liabilities at 31 December 2012.
The other party appealed on 11 February 2013.

Litigation with former executives

The former executive of the Wood division contested his dismissal for serious misconduct on 17 October 2011 before the Bergerac employee claims court, and is claiming damage and interests of €0.3m from Gascogne SA.
The Bergerac claims court ruled against Gascogne SA on 28 June 2012 and ordered it to pay compensation and damages in full with a request for provisional execution.
The company has appealed this decision on the merits of the case, but has already paid €0.2m.
The appeal judgement is expected in 2014.

Furthermore, the company Meysset Développement (of which the legal representative is the former executive of the Wood Division) instigated legal proceedings against Gascogne SA and Gascogne Wood Products on 28 February 2012 with the Commercial Court of Dax to claim €1.5m in damages and interests for the sudden and improper nature of the removal of his mandate as President of Gascogne Wood Products in October 2011. The court dismissed this claim in a judgement on 28 February 2013, which Meysset Développement has appealed.

Two other former executives from the Group are also instigating legal proceedings before the employee claims court, claiming a total of €1.2m: the hearings are expected to take place in 2014.
The company has made a provision amounting to €0.6m for all of these disputes.

Pool litigation

Gascogne Wood Products supplied two pool manufacturers with class 4-treated posts from 2003 to 2006: as it were, the wood rotted in a number of cases, causing serial loss and damage.
The company is covered in part by insurance.
At the end of 2013, there were 100 cases pending with individual customers of the two pool manufacturers:

- 12 are legal actions against the company for latent defects
- 88 are amicable settlement proceedings

At 31 December 2012, the company had booked a provision of €0.2m, which was increased to €0.7m at 31 December 2013, in order to cover the uninsured amounts for the 100 known cases.

Litigation involving the liquidation of Gascogne Laminates Switzerland

The business Gascogne Laminates Switzerland (GLS) was sold to UPM at the end of August 2012. The liquidation procedure is underway for the company GLS, and there were 2 disputes pending at 31 December 2013 for a total provision amounting to €0.4m (listed under discontinued operations).

Tax investigations in progress

At 31 December 2013, tax investigations are in progress in the companies Gascogne Wood Products, Gascogne Paper and Gascogne Sack Deutschland.

To the company's knowledge, there is no other litigation that may have or has recently had a significant impact on the Group's activity, results, financial position or assets.

IV.17. Trade and other payables.

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Trade and other payables		
Trade payables	52 250	46 859
Interest relating to the Brussels Litigation		3 557
Other payables relating to operating activities	40 369	39 907
Total	**92 619**	**90 323**

The other operating debts include:

- at 31 December 2013: liabilities of €11.3m in frozen public debt and €1.7 in frozen pension funds
- at 31 December 2012: liabilities of €9.3m in publicdebt and €1.7 in pension funds

IV.18. Other liabilities.

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Other non-current liabilities		
Equipment subsidies	2 874	3 598
Total other non-current liabilities	**2 874**	**3 598**
Other current liabilities		
Equipment subsidies	853	835
Employee profit-sharing		
Debt relating to non-current assets	1 898	3 643
Other debt	1 177	1 210
Derivative instruments		2 407
Total other current liabilities	**3 928**	**8 095**
Total other liabilities	**6 802**	**11 693**

IV.19. Recoverable and payable income tax.

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Recoverable income tax	3 268	1 549
Income tax payable	143	148
Net income tax - asset (liability)	**3 125**	**1 401**

Recoverable income tax is mostly comprised of receivables for the Research and Development tax credit (CIR) and the Competitiveness and Employment tax credit (CICE).

V. – NOTES TO THE INCOME STATEMENT

V.1. Sales.

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Sales of goods	410 002	412 999
Services provided	8 344	6 694
Sales	**418 346**	**419 693**

V.2. Changes in inventories of finished goods and work in progress.

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Change in gross inventories	(10 307)	(17 045)
Release from provisions for inventories of finished goods and work in progress	3 908	4 262
Additions to provisions for inventories of finished goods and work in progress	(3 976)	(3 995)
Changes in inventories of finished goods and work in progress.	**(10 375)**	**(16 778)**

V.3. Purchases used in the business.

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Purchases of merchandise and raw materials	(192 761)	(173 983)
Changes in inventories of merchandise and raw materials	(1 097)	(5 754)
Release from provisions for inventories of merchandise and raw materials	3 145	2 929
Additions to provisions for inventories of merchandise and raw materials	(2 790)	(2 919)
Purchases used in the business	**(193 503)**	**(179 727)**

V.4. Staff costs.

In thousands of euros	Fiscal year 2013	Fiscal year 2012
Wages	(66 307)	(68 718)
Social security costs	(28 549)	(29 136)
Employee profit-sharing		(388)
Service costs (*)	(578)	(661)
Staff costs	**(95 434)**	**(98 903)**

(*) net of effects of political changes (Greece in 2013)

The Competitiveness and Employment tax credit (CICE) recognised in 2013 is presented as a deduction from staff costs in the amount of €1.6m.
The Research and Development tax credit (CIR) recognised as €0.3m in 2012 and €0.2m in 2013 is presented as a deduction from wages.

V.5. (Additions to) / Releases from provisions for liabilities and charges.

V.5.1. (Additions to) / Releases from provisions for liabilities and charges on the income statement

Fiscal year 2013 (In thousands of euros)	(Additions)	Releases	Net
Provisions in underlying operating profit	(1 073)	742	(331)
Provisions in other non-operating income and expenses	(905)	14 908	14 003
Provisions in operating profit	**(1 978)**	**15 650**	**13 672**

Fiscal year 2012 (In thousands of euros)	(Additions)	Releases	Net
Provisions in underlying operating profit	(834)	729	(105)
Provisions in other non-operating income and expenses	(2 366)	1 454	(912)
Provisions in operating profit	**(3 200)**	**2 183**	**(1 017)**

In 2013, the Releases from provisions under Other non-operating income and expenses include the release from the Brussels litigation provision for €13.2m.

Financial expenses do not include provisions.

V.5.2. Breakdown of additions to / releases from provisions for risks by type

Fiscal year 2013 (In thousands of euros)	Litigation	Tax	Losses on loss-making contracts	Restructuring and redundancies	Environmental provisions	Other	Total
Additions							
Underlying operating profit	(652)		(6)	(186)		(229)	(1 073)
Other non-operating income and expenses	(628)					(277)	(905)
Total additions	**(1 280)**		**(6)**	**(186)**		**(506)**	**(1 978)**
Releases							
Underlying operating profit	415	19	10			298	742
Other non-operating income and expenses	14 679				171	58	14 908
Total releases	**15 094**	**19**	**10**		**171**	**356**	**15 650**
Net							
Underlying operating profit	(237)	19	4	(186)		69	(331)
Other non-operating income and expenses	14 051				171	(219)	14 003
Net total	**13 814**	**19**	**4**	**(186)**	**171**	**(150)**	**13 672**

Fiscal year 2012 (In thousands of euros)	Litigation	Tax	Losses on loss-making contracts	Restructuring and redundancies	Environmental provisions	Other	Total
Additions							
Underlying operating profit	(442)					(392)	(834)
Other non-operating income and expenses	(1 554)		(10)		(70)	(732)	(2 366)
Total additions	**(1 996)**		**(10)**		**(70)**	**(1 124)**	**(3 200)**
Releases							
Underlying operating profit	112	6	37			551	706
Other non-operating income and expenses	235			1 100	115	4	1 454
Total releases	**347**	**6**	**37**	**1 100**	**115**	**555**	**2 160**
Net							
Underlying operating profit	(330)	6	37			159	(128)
Other non-operating income and expenses	(1 319)		(10)	1 100	45	(728)	(912)
Net total	**(1 649)**	**6**	**27**	**1 100**	**45**	**(569)**	**(1 040)**

The table below breaks down releases related to used provisions and releases without consideration:

(In thousands of euros)	Releases total	Used provisions = Charges borne	Releases from unused provisions
Provisions for litigation	15 094	14 702	392
Provisions for taxes	19	19	
Provisions for losses on loss-making contracts	10	10	
Provisions for restructuring and redundancies			
Environmental provisions	171	171	
Other	356	356	
Total provisions released at 31 December 2013	**15 650**	**15 258**	**392**

V.6. Other operating income and expenses.

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Other operating income	1 053	2 037
Investment subsidies taken to income	707	824
Operating subsidies	263	74
Other operating expenses	(801)	(1 762)
(Additions to) / releases from provisions for trade receivables, other receivables and other current assets	(606)	44
Other operating income and (expenses)	**616**	**1 217**

The investment subsidies taken to income include in particular grants relating to the "Klaus" storm.

V.7. Other non-operating income and expenses.

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
(Additions to) asset impairment provisions	(35 000)	(59 988)
Releases from asset impairment provisions		110
(Additions to) / Releases from environmental provisions	171	45
(Additions to) / Releases from restructuring and litigation provisions	13 732	(2 157)
Restructuring and litigation income (expenses)	(16 251)	(4 890)
Other income / (expenses)	(1 460)	(258)
Net gains and losses on asset disposals	97	(30)
Other non-operating income and expenses	**(38 711)**	**(67 168)**

V.7.1 Details on other income and expenses

Asset impairment
This entry mainly includes asset impairments following the impairment test for the Paper CGU for €33mand the Wood CGU for €2m (see*infra* paragraph on impairment tests and impairment losses).
This entry includes in 2012 asset impairments following the impairment tests of the Paper CGU for €23m and the Wood CGU for €37m.

Additions to/releases from restructuring and litigation
This entry mainly includes:
- release from the Brussels litigation provision for €13.2m,
- release from the asbestos litigation provision for €1.1m,
- additions to the provision for the litigation with former employees of the Givet site for €0.4m.

Restructuring charges and litigation
This entry mainly includes:
- the conviction in the Brussels litigation for €13.2m,

- the conviction in the asbestos litigation for €0.9m,
- fees relating to the restructuring of the debt for €1.7m.

Other income and expenses
This entry mainly includes:
- net income related to compensation for the warehouse fire at the Linnich site (Gascogne Laminates Germany) for €0.6m,
- net expenses on dead stock of Gascogne Wood Products amounting to €0.8m.

V.7.2. Impairment tests and impairment losses

Impairment test methodology

Impairment tests were carried out on each CGU on 31 December 2013 using the following methodology:
- the recoverable value of the CGUs equals its estimated value in use, based on future cash flows resulting from the 5-year business plan (2014-2018);
- the discount rate is identical for the Wood, Paper, Gascogne Sack and Gascogne Sack Deutschland CGUs; it reflects the market WACC, and these CGUs operate mainly in western Europe in similar economic environments;
- the discount rate of the Aigis and Gascogne Sack Tunisia CGUs was revised upwards in 2012 in order to better account for the economic and political risks persisting in Greece for Aigis and in Tunisia for Gascogne Sack Tunisia.

The discount rates are specified below:

CGU	Rate 2013	Rate 2012
Wood	8.2%	8.2%
Paper	8.2%	8.2%
Gascogne Sack	8.2%	8.2%
Gascogne Sack Deutschland	8.2%	8.2%
Aigis	15.0%	15.0%
Gascogne Sack Tunisia	11.1%	10.5%
Laminates	8.2%	8.2%

- the growth rate used to extrapolate cash flow projections beyond the 5-year period covered by the provisions was 2% for CGUs overall.

Management's business plans were strategically reviewed by an external firm during the last quarter of 2013. The revised and amended business plans resulting from this review were used for the impairment tests.

We mainly measure the profitability using the EBITDA/Sales ratio. The CGUs which have significant changes are:
- for the Laminates CGU, this ratio increases 2.5 fold between 2013 and 2018 due to a major industrial investment made in 2012 on the Dax site, which will make it possible to enter into new high-growth markets such as the market for composites which are increasingly popular in the aerospace sector, as well as enabling gains in productivity. In 2013, this ratio was significantly thrown off by the machine's entry into service, which disrupted productivity (due to major adjustments and the learning curve).
- for the Gascogne Sack CGU, this ratio increases by 50% between 2013 and 2018, due to 1) particularly poor profitability in 2013 (for cyclical economic reasons) and 2) repositioning the company on markets with higher added value.

Impairment losses

Impairment losses and gains in value recognised at 31 December 2013 break down as follows:

In thousands of euros	Fiscal year 2012	Additions	Releases	Fiscal year 2013
Goodwill	9 535			9 535
Property, plant and equipment	33 239	2 000		35 239
WOOD CGU	**42 774**	**2 000**		**44 774**
Goodwill	186			186
Intangible assets	199			199
Property, plant and equipment	58 250	33 000		91 250
PAPER CGU	**58 635**	**33 000**		**91 635**
Goodwill				
Property, plant and equipment	2 022			2 022
Gascogne Sack Deutschland CGU	**2 022**			**2 022**
Goodwill	1 323			1 323
Property, plant and equipment	5 992			5 992
AIGIS CGU	**7 315**			**7 315**
Goodwill	262			262
LAMINATES CGU	**262**			**262**
Goodwill	11 306			11 306
Intangible assets	199			199
Property, plant and equipment	99 503	35 000		134 503
TOTAL	**111 008**	**35 000**		**146 008**

(*) Laminates division excluding Gascogne Laminates Switzerland

No impairment loss has ever been recognised for the 2 other CGUs: Gascogne Sack (France), Gascogne Sack Tunisia.

The Paper CGU specialises in manufacturing natural kraft paper and natural kraft paper for sacks. It recorded impairment of non-current assets for an amount of €33m over the year, since the recoverable value of the Paper CGU, determined on the basis of its value in use, was lower than its carrying value at period-end. As goodwill was already completely depreciated, this impairment loss was entirely assigned to property, plant and equipment and intangible assets. This impairment of €33m which is additional to that previously recognised in 2012 amounting to €23m and in 2011 amounting to €19m is related to two new elements taken into account in 2013: the significant increase in wood prices in the Landes which affected the expected profitability, and stoppage of the co-generation boiler project which would have enabled considerable savings; the project was dropped when the external operator financing the project backed out.
This test led to depreciation of almost all of the CGU's non-current assets, leaving a residual value of €4m, corresponding to management's estimate of the commercial value of one machine.

The Wood CGU specialises in the production of lumber and pulp wood, rough wood for industrial use (wooden pallets, etc.) and in wood for decorative use (flooring, panelling, mouldings, etc.). It recorded impairment of non-current assets for an amount of €2m in addition to the €37m already provisioned at the end of 2012. Considering the declining profits in 2013 (negative EBITDA of €-2.9m), the situation cannot be expected to improve without a solid recovery plan. Furthermore, given the automatic increase in property, plant and equipment as a result of the investments made in 2013, this additional impairment will leave the residual value of €3.8m previously recognised in 2012, corresponding to management's estimate of the commercial value of one site's production assets and property values of the different sites.

Sensitivity tests

The sensitivity of valuing the CGUs is presented when a technically possible change to a key assumption could lead the carrying value of the CGU to exceed its recoverable value .

The figures below show the gap between the recoverable value and the carrying value of the CGU (after consideration of impairment at the end of 2013) in the case of a variation of +/- 10% from each key assumption. A negative figure indicates impairment.

(In millions of euros)	Recoverable value calculation					
	Cash flow discount rate		Perpetuity growth rate		EBITDA to sales ratio (terminal flow)	
	(0.82%)	0.82%	(0.2%)	0.2%	(10%) EBITDA to sales ratio	10% EBITDA to sales ratio
Gascogne Sack Deutschland CGU	1.1	(0.9)	(0.2)	0.2	(0.8)	0.8

For the Wood, Paper and Aigis CGUs, almost totally depreciated at the end of 2013, the sensitivity tests do not enable less significant depreciation than in 2013 to be envisaged for the Wood and Paper CGUs or a reversal of the previous depreciations for Aigis CGU with reasonable key assumption values.

These sensitivity tests on the +/- 10% variation of each key assumption were also performed on the Gascogne Sack, Gascogne Sack Tunisia, Gascogne Sack Deutschland and Laminates CGUs: with the exception of the Gascogne Sack Deutschland CGU, they do not show risks of impairment.

Therefore, in addition, for these 4 CGUs, it was calculated how the key assumptions should vary (upwards for the discount rate, downwards for the perpetuity growth rate and the EBITDA/Sales ratio of the terminal flow) for the recoverable value to be equal to the carrying value.

	Discount rate		Perpetuity growth rate		EBITDA to sales ratio (terminal flow)
CGU	Selected rate (in %)	Increase required for the recoverable value to equal the carrying value (1) *(in % of additional discount rate)*	Selected rate (in %)	Reduction required for the recoverable value to equal the carrying value *(in % of reduction in growth rate)*	Reduction required for the recoverable value to equal the carrying value *(in % of reduction in selected EBITDA/Sales ratio)*
Gascogne Sack	8.20%	11.8%	2%	na [(2)]	(81%)
Gascogne Sack Deutschland	8.20%	0.05%	2%	(1.9%)	(0.7%)
Gascogne Sack Tunisia	11.10%	11.8%	2%	na [(2)]	(67%)
Laminates	8.20%	1.25%	2%	na [(2)]	(17%)

[(1)] This means that the discount rate must be brought from 8.2% to 20.2% for the recoverable value to equal the carrying value
[(2)] The difference between the recoverable value and the carrying value of these CGUs is high enough so that no reduction in the perpetuity growth rate (to a growth rate of nil at the lowest) brings about a reduction of the recoverable value on the CGU's carrying value

V.8. Net financial items

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Interest and similar income	380	714
Interest and similar expenses	(6 990)	(7 933)
Cost of net debt	**(6 610)**	**(7 219)**
Foreign-exchange income / (expenses)	(194)	(908)
Financial income from unconsolidated equity stakes		
Accretion (expenses) income (IAS 19)	(542)	(653)
Other income / (expenses) (*)	(126)	(664)
Other financial income and expenses	**(862)**	**(2 225)**
Net financial items	**(7 472)**	**(9 444)**

(*) including interest related to the fine for the Brussels litigation totalling €87k in 2013 and €594k in 2012

Gains and losses by financial asset and liability accounting category are presented in note IV.13.

V.9. Share in earnings of equity affiliates.

In thousands of euros	Fiscal year 2013	Fiscal year 2012
Sacchificio Veneto	(63)	236

V.10. Income tax.

V.10.1. Income tax (expense) / income

In thousands of euros	Fiscal year 2013	Fiscal year 2012
Due tax (expense) / income	(264)	(445)
Deferred tax (expense) / income	(3 992)	(650)
Income tax	**(4 256)**	**(1 095)**

V.10.2. Tax evidence

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Net profit of the consolidated whole	(55 682)	(91 288)
(-) share in profit of equity affiliates	(63)	236
Net income of fully-consolidated companies	**(55 619)**	**(91 524)**
Company tax expenses (income) (a)	4 262	467
Theoretical tax expense / (income) based on tax rates in force in each country (b)	(17 186)	(30 267)
Difference (a) - (b)	**21 448**	**30 734**
Analysis of the difference:		
Impact of permanent timing differences	181	573
Impact of unused net tax losses	8 347	8 506
Impact of tax ceiling for previously capitalised tax loss	3 864	1 200
Impact of the difference between the due tax rate and the deferred tax rate	138	257
Impact of consolidation adjustments excluding tax		(105)
Impact of impairment tests	9 591	20 908
Impact of other consolidation adjustments	(134)	(605)
Impact related to recognition of the Competitiveness and Employment tax credit (CICE)	(539)	
Total	**21 448**	**30 734**

V.11. Earnings per share

V.11.1. Net profit per share of the consolidated whole

	Fiscal year 2013	Fiscal year 2012
Net profit (attributable to Group) (€k)	(55 681)	(91 287)
Weighted average number of shares in issue	1 950 652	1 941 718
Basic earnings per share (in €)	**(28.54)**	**(47.01)**

In the absence of dilutive or accretive equity instruments, the diluted net earnings per share for continuing operations are equal to the net basic earnings per share.

V.11.2 Net earnings per share of continuing operations

	Fiscal year 2013	Fiscal year 2012
Net profit (attributable to Group) (€k)	(54 525)	(78 672)
Weighted average number of shares in issue	1 950 652	1 941 718
Basic earnings per share (in €)	**(27.95)**	**(40.52)**

In the absence of dilutive or accretive equity instruments, the diluted net earnings per share for continuing operations are equal to the net basic earnings per share.

V.12. Comprehensive income

(In thousands of euros)	Fiscal year 2013			Fiscal year 2012		
	Gross	Tax	Net	Gross	Tax	Net
Net profit from continuing operations			**(54 525)**			**(78 673)**
Change in translation differences	(508)		(508)	(292)		(292)
Change in fair value of hedging instruments	2 059	(686)	1 373	691	(231)	460
Change in revaluations of net liabilities in relation to defined-benefit plans	323	(104)	219	(2 913)	905	(2 008)
Income and expenses recorded for other items of the comprehensive income	**1 874**	**(790)**	**1 084**	**(2 514)**	**674**	**(1 840)**
Comprehensive income from continuing operations			**(53 441)**			**(80 513)**
Net profit from discontinued operations			**(1 156)**			**(12 615)**
Change in translation differences	5		5	28		28
Change in fair value of hedging instruments						
Change in revaluations of net liabilities in relation to defined-benefit plans	(4)	2	(2)	(41)	9	(32)
Income and expenses recorded for other items of the comprehensive income	**1**	**2**	**3**	**(13)**	**9**	**(4)**
Comprehensive income from businesses divested			**(1 153)**			**(12 619)**
Net profit of the consolidated whole			**(55 681)**			**(91 288)**
Change in translation differences	(503)		(503)	(264)		(264)
Change in fair value of hedging instruments	2 059	(686)	1 373	691	(231)	460
Change in revaluations of net liabilities in relation to defined-benefit plans	319	(102)	217	(2 954)	914	(2 040)
Income and expenses recorded for other items of the comprehensive income	**1 875**	**(788)**	**1 087**	**(2 527)**	**683**	**(1 844)**
Comprehensive income of the consolidated whole			**(54 594)**			**(93 132)**

VI. – OTHER INFORMATION

VI.1. Segment reporting by business division.

Fiscal year 2013								
(In thousands of euros)	Wood	Paper	Sacks	Laminates	Holding	Total Continuing Operations	Discontinued operations	Group total
Sales								
. division	137 886	128 933	114 025	122 888	5 127	508 859	3 014	511 873
. intra-group	56 962	25 305	450	2 914	4 882	90 513		90 513
. net sales	80 924	103 628	113 575	119 974	245	418 346	3 014	421 360
Underlying operating profit	(2 312)	(1 313)	2 512	(1 117)	(1 794)	(4 024)	(260)	(4 284)
Operating profit	(6 179)	(34 313)	2 565	(1 257)	(3 551)	(42 735)	(1 113)	(43 848)
Equity share			(63)			(63)		(63)
Additions to depreciation	(865)	(4 057)	(4 222)	(3 179)	(1 005)	(13 328)		(13 328)
(Additions to) / Releases from asset impairment provisions	(2 000)	(33 000)				(35 000)	5 071	(29 929)
Other non-cash operating income (expenses)	(494)	1 125	2 228	(405)	11 085	13 539	3 831	17 370
Capital expenditure	2 545	5 683	1 712	2 812	185	12 937		12 937
Workforce	534	497	526	414	25	1 996		1 996
Intangible assets and property, plant and equipment	6 602	4 041	33 679	32 869	3 067	80 258		80 258
Equity investments			2 710			2 710		2 710
Segment assets	47 457	29 762	27 184	38 053	825	143 281		143 281
Other assets						17 379		17 379
Assets from discontinued operations							1 355	1 355
Total assets						**243 628**	**1 355**	**244 983**
Segment liabilities	21 521	27 337	18 775	22 080	2 906	92 619		92 619
Other liabilities						144 794		144 794
Liabilities from discontinued operations							1 460	1 460
Total liabilities						**237 413**	**1 460**	**238 873**

Fiscal year 2012								
(In thousands of euros)	**Wood**	**Paper**	**Sacks**	**Laminates**	**Holding**	**Total Continuing Operations**	**Discontinued operations**	**Group total**
Sales								
. division	132 020	126 548	121 343	118 144	5 350	503 405	46 072	549 477
. intra-group	50 833	25 318	70	2 485	5 006	83 712	1 189	84 901
. net sales	81 187	101 230	121 273	115 659	344	419 693	44 883	464 576
Underlying operating profit	(4 132)	(750)	3 637	2 528	(2 485)	(1 202)	(1 891)	(3 093)
Operating profit	(42 270)	(24 260)	3 086	1 463	(6 389)	(68 370)	(12 822)	(81 192)
Equity share			236			236		236
Additions to depreciation	(4 858)	(6 743)	(4 456)	(2 593)	(1 333)	(19 983)		(19 983)
(Additions to) / Releases from asset impairment provisions	(36 988)	(23 000)	110			(59 878)	(8 382)	(68 260)
Other non-cash operating income (expenses)	(7 341)	(135)	1 090	(780)	(174)	(7 340)	1 023	(6 317)
Capital expenditure	3 018	7 206	2 689	13 071	272	26 256	108	26 364
Workforce	567	507	531	415	25	2 045	80	2 125
Intangible assets and property, plant and equipment	6 877	35 227	36 396	34 234	3 904	116 638		116 638
Investments in equity affiliates			2 831			2 831		2 831
Segment assets	60 658	31 513	30 359	37 579	1 201	161 310		161 310
Other assets						26 514		26 514
Assets from discontinued operations							7 199	7 199
Total assets						**307 293**	**7 199**	**314 492**
Segment liabilities	21 078	24 632	18 872	18 822	6 919	90 323		90 323
Other liabilities						158 250		158 250
Liabilities from discontinued operations							5 160	5 160
Total liabilities						**248 573**	**5 160**	**253 733**

The geographic breakdown of sales is as follows:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
France	193 974	195 313
Germany	54 049	54 965
Other European Union countries	115 529	111 255
Other non-European Union countries	54 794	58 160
Total	**418 346**	**419 693**

83% of the non-current assets are in France, 14% are in Germany and the remainder are in Tunisia and Greece.

VI.2. Related parties.

Transactions with the Group's subsidiaries

This is a part of the services provided, and the provision of executives billed to the subsidiaries by the parent company and, on the other hand, current-account advances granted to or by certain subsidiaries that give rise to billing financial interests. Moreover, all the French companies are part of the tax consolidation group, of which Gascogne SA is the parent company. (See section V.10.).

Transactions with related parties

Gascogne SA did not undertake relations of any sort in 2013 with any of the executives (other than compensation or attendance fees).

The company Electricité et Eaux de Madagascar, which holds over 25% of the capital and voting rights:

- made a current account advance of €6m in July 2012, of which €2.5m were paid back by Gascogne SA as part of the repayment of the New Money loan and the shareholder's advance of €7.4m in September 2012. This advance benefits from the same conditions as the New Money loan: rate of remuneration, guarantees, repayment schedule.
- took over a payable (€1.4m) to one of the Group's banks at the end of 2013, which left the Group's payable to EEM at €5.1m.

Moreover, there are no other transactions with the related parties that are significant and/or lead to conditions that would be other than market conditions.

Remuneration and benefits granted to corporate officers

Remuneration and benefits granted to corporate officers in 2012 and 2013 were as follows:

(In thousands of euros)	Fiscal year 2013	Fiscal year 2012
Short-term benefits	1 582	1 136
Post-employment benefits (*)	105	151
Termination benefits paid		
Share-based payments		
Total	1 687	1 287

(*) Variation of the commitment for the year

The remunerations and benefits presented in the table above include 5 corporate officers at the end of 2013 and the end of 2012.

The post-employment benefits mainly include the funded pension scheme contract still in force for the former President and CEO François Vittoz.

At 31 December 2013, the company does not have any commitments to the President and CEO Frédéric Doulcet in terms of post-employment benefits (funded pension contract or golden parachute).

Remuneration granted to the members of the Board of Directors

Attendance fees paid to the Board of Directors with respect to 2013 totalled €130k, including €31k for attendance at specialist committee meetings.

The Board of Directors Meeting of 22 July 2011 decided to subscribe, as a matter of principle, to the AFEP/MEDEF recommendations.

Summary of remuneration and options and shares allotted to each corporate officer

No options or shares were allotted to corporate officers during the 2013 fiscal year.

Other related parties

Information relating to companies accounted for under the equity method is provided in Note IV.4.

VI.3. Off-balance sheet commitments.

At 31 December 2013, off-balance sheet commitments broke down as follows:

Type (in thousands of euros)	Purpose	Fiscal year 2013	Fiscal year 2012
Guarantees and pledges given			
Liabilities guarantee	on sale of subsidiary	500	4 000
Joint guarantee	litigation in favour of Landes Wood Trading		4 425
Total		**500**	**8 425**
Mortgages, pledges and collateral given			
Pledge	on wood inventories in favour of the banks	3 986	6 894
Dailly sale	on receivables in favour of the banks	11 300	13 600
Total		**15 286**	**20 494**
Guarantees and pledges received			
Bank guarantee	on investment-related bank borrowings	396	398
Bank guarantee	on sale of subsidiary		500
Total		**396**	**898**

Commitments related to financing

Syndicated contract
With regard to its syndicated loan, banks benefit from a first-rate financial instrument account pledge covering all of the shares held by Gascogne SA in its main subsidiaries. Furthermore, Gascogne SA is a joint, several and indivisible guarantor of its subsidiaries where repayment of the revolving credit facility is concerned.
In addition, again with regard to the syndicated loan, the revolving credit standing at €11.3m on 31 December 2013, is accordingly guaranteed by trade receivables within the framework of assignments under the Dailly law.

Subsidised Storm loans
As part of exceptional operations for storm efforts and wood storage following the Klaus storm, the Group applied for and obtained, through its subsidiary Forestière de Gascogne, 5 subsidised loans at a rate of 1.5% for an overall amount of €22.5m. The remaining share capital due at period-end stood at €4m and concerns 2 five-year 'storage' loans, for which the banks also enjoy a pledge relating to inventories.

New Money loan and shareholder's advance
The New Money loan amounting to €11.6m granted by the banks and the State in February 2012 and the current account advance of €6m granted in July 2012 by the shareholder Electricité et Eaux de Madagascar the overall outstanding amount of which was €10.2m at the end of 2013, benefiting from a "New Money" privilege in compliance with the provisions of Article L.611-11 of the French Commercial Code. That means that in the event of insolvency proceedings, the parties benefiting from this privilege are paid back by privilege before all the other debts.

Commitments related to operational activities

None

Commitments related to the scope

The Cenpac Divestiture
Regarding the sale of Cenpac, Gascogne SA granted a liability guarantee to the buyer, Raja, for a maximum amount of €4m until 31 December 2013 except with regard to tax matters (31 January 2014). In exchange, Gascogne received a guarantee from Société Générale for €1m until 31 December 2011, then €0.5m until 31 January 2014.
The liability guarantee had not been invoked at the balance sheet date and the bank released the guarantee.

The mortgages, pledges and collateral given relate to the following items:

In thousands of euros	Start date	End date	Amount of guarantees	Net value of assets as guarantees	Total assets	% of the total
Wood inventories	2009	2014/2015	3 986	3 986	94 740	4.2%
Trade receivables	2013	2014	11 300	11 300	37 184	30.4%

VI.4. Post-balance sheet events.

On 9 April 2014, the Group and certain of its subsidiaries signed a restructuring agreement (conciliation protocol) with the Group's bank, tax and social security creditors, EEM (the principal shareholder of Gascogne) and a company called Attis 2 formed by a consortium of investors comprising the Landes region companies Biolandes Technologies and Les Dérivés Résiniques et Terpéniques (DRT), Bpifrance Participations and the Crédit Agricole group.
The provisions of the Protocol are described in paragraph IV.14.2.

.20.4.1. Auditors' report on the consolidated financial statements

Financial year ending 31 December 2013

Dear Madams and Sirs, Dear Shareholders,

As part of the mission entrusted to us by your General Meeting, we hereby present our report on the financial year ending 31 December 2013 with regard to:

- verification of the Gascogne company's consolidated financial statements, which are included herewith;
- the rationale behind our assessment;
- the specific verification required by law.

The consolidated financial statements have been accepted by the Board of Directors. Our role is to express an opinion on these financial statements on the basis of our audit.

1 Opinion on the consolidated financial statements

We have conducted our audit in accordance with the professional standards applicable in France, which require due diligence in order to establish reasonable assurance that the consolidated financial statements are free from material misstatement. An audit involves verifying the items justifying the amounts and information specified in the consolidated financial statements, by sampling or using other selection methods. It also involves assessing the accounting principles applied, the significant estimates used and the overall presentation of the accounts. We believe that the data we have collected are sufficient and appropriate to provide the basis for our opinion.
We hereby certify that, according to the IFRS (International Financial Reporting Standards) as adopted within the European Union, the consolidated financial statements are true and accurate and give a fair view of the assets, financial situation and profit of the parties and entities making up the consolidated whole.
Without qualifying the opinion expressed above, we wish to draw your attention to the uncertainty regarding going concern, which is noted under "II.2. Basis of measurement" in the appendix to the consolidated financial statements.

2 Rationale behind the assessment

In accordance with the provisions of Article L.823-9 of the French Commercial Code with regard to the rationale behind our assessment, we draw your attention to the following points:

- As stated in the first part of this report, uncertainty regarding going concern is noted under "II.2. Basis of measurement" in the appendix to the consolidated financial statements.

  We have examined the measures envisaged in this respect.
  Based on our work and on the information we have received to date, and within the scope of our assessment of the accounting principles applied by your company, it is our opinion that note "II.2. Basis of measurement" in the appendix of the consolidated financial statements provides appropriate information on the company's situation in terms of the uncertainty regarding its ability to continue as a going concern.

- At every period-end, the company does an impairment test on goodwill and assets with an indefinite useful life and also assesses whether there is any indication of an impairment loss on intangible assets with an indefinite useful life and property, plant and equipment, according to the rules set out in the "III.9. Impairment of property, plant and equipment, intangible assets and goodwill." and "V.7.2. Impairment tests and impairment losses" notes in the appendix to the consolidated financial statements Our work involved assessing the data and assumptions on which the estimates for the impairment test were based, reviewing the company's calculations, examining the procedures for approval of these estimates by management, and verifying that the "III.9 Impairment of property, plant and

equipment, intangible assets and goodwill." and "V.7.2. Impairment tests and impairment losses" notes in the appendix to the consolidated financial statement provide appropriate information.

We note, however, that as these estimates are based on forecasts which are inherently uncertain, the real results obtained may differ, even significantly, from the forecasted results.

The assessments thus set out are an integral part of our process for auditing the consolidated financial statements, taken as a whole, and therefore were taken into account in forming our opinion as expressed in the first part of this report.

3 Specific verification

In accordance with the professional standards applicable in France, and as required by law, we have also conducted the specific verification of the information on the group set out in the management report.

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

The Auditors

Mérignac, 14 April 2014	Bordeaux, 14 April 2014
KPMG Audit IS	Deloitte & Associés
Eric Junières	Emmanuel Gadret
Associate	*Associate*