EQUIPMENT

HEALTHCARE

CONSUMER GOODS

Registration Document 2013

CFAO

distributor of brands

Société anonyme (Joint-stock company)
with a Management Board and a Supervisory Board
With share capital of €10,277,498
Head office: 18, rue Troyon, 92316 Sèvres, France
Registered in the Nanterre Trade and Companies Registry
Under number 552 056 152

REGISTRATION DOCUMENT 2013

including the annual financial report

This document is a free translation into English of CFAO's original *Document de Référence* (hereinafter referred to as the "Registration Document"), which was prepared in French and filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 23, 2014, in accordance with Article 212-13 of the AMF's General Regulations.

Only the French version of this Registration Document is legally binding.

The French Registration Document may be used in the context of a financial transaction only if it is accompanied by a securities Note approved by the AMF. It was prepared by the issuer and its signatories therefore assume responsibility for its content.

Copies of this English translation of the French Registration Document are available at CFAO's registered office: 18, rue Troyon, 92316 Sèvres, France.
This document may also be consulted on the website of CFAO (www.cfaogroup.com), and on the website of the AMF (**www.amf-france.org**).

General

This Registration Document also includes:

- the annual financial report that must be prepared and published by all listed companies within four months following the end of each fiscal year, pursuant to Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and Article 222-3 of the AMF's General Regulations; and
- the annual management report of the Company's Management Board, which must be submitted to the Shareholders' Meeting called to approve the financial statements for each completed fiscal year, pursuant to Articles L. 225-100 et seq. of the French Commercial Code (*Code de commerce*).

The cross-reference table (see Chapter 26) shows where the information pertaining to these two reports can be found.

Incorporations by reference

In accordance with Article 28 of European Regulation (EC) 809/2004, the following information is incorporated by reference in this Registration Document:

- the consolidated financial statements and parent company financial statements for the year 2012 and the related Statutory Auditors' reports on pages 212 to 301 (inclusive) of the 2012 Registration Document in French, registered by the AMF on April 15, 2013 under number D.13-0358;
- the financial information in Chapter 9, "Operating and financial review", on pages 91 to 115 of the 2012 Registration Document in French, registered by the AMF on April 15, 2013 under number D.13-0358;
- the consolidated financial statements and parent company financial statements for the year 2011 and the related Statutory Auditors' reports on pages 206 to 295 (inclusive) of the 2011 Registration Document in French, registered by the AMF on April 6, 2011 under number R. 12-009;
- the financial information in Chapter 9, "Operating and financial review", on pages 108 to 135 of the 2011 Registration Document in French, registered by the AMF on April 6, 2012 under number R. 12- 009.

Definitions

In this Registration Document, and unless otherwise specified in certain Chapters:

- the term "CFAO" or "the Company" refers to the *société anonyme* (joint stock corporation) CFAO SA;
- the term "Group" refers to CFAO and its subsidiaries;
- the term "Maghreb" refers to Algeria, Morocco and Tunisia, although the Group only operates in Algeria and Morocco;

- the term "French-speaking Sub-Saharan Africa" refers to the following countries:

Benin *	Democratic Republic of the Congo *	Mali *
Burkina Faso *	Djibouti	Mauritania *
Burundi	Equatorial Guinea *	Niger *
Cameroon *	Gabon *	Rwanda
Central African Republic *	Gambia *	Sao Tome and Principe *
Chad *	Guinea *	Senegal *
Comoros	Guinea-Bissau *	Togo *
Côte d'Ivoire *	Madagascar *	

* *Countries in which the Group operates.*

- the term "English-and Portuguese-speaking Sub-Saharan Africa" refers to the following countries:

Angola *	Liberia *	South Africa
Botswana	Malawi *	Sudan
Cape Verde	Mauritius (1)	Swaziland
Eritrea	Mozambique	Tanzania *
Ethiopia	Namibia	Uganda *
Ghana *	Nigeria *	Zambia *
Kenya *	Seychelles	Zimbabwe *
Lesothov *	Sierra Leone	

* *Countries in which the Group operates.*
(1) *Mauritius, previously classified by CFAO as part of the "French Overseas Territories and Other" category, was included in English-speaking Sub-Saharan Africa in 2012.*

- the term "French Overseas Territories and Other" refers to the following countries and territories:

Overseas departments and regions	French overseas territories Overseas collectivities	Other French overseas territories	Other
French Guiana *	French Polynesia *	Clipperton	Denmark *
Guadeloupe *	Mayotte	French Southern and Antarctic Lands	India *
Martinique *	Saint-Barthélémy	New Caledonia *	Switzerland *
Reunion *	Saint-Martin *		Vietnam *
	Saint-Pierre and Miquelon		Cambodia *
	Wallis and Futuna		

* *Countries and territories in which the Group operates.*

Information concerning the above-mentioned countries and geographic areas in which the Group operates is provided in Chapter 6 of this Registration Document. The above classification of the countries and territories corresponds to that used by the Group in the context of the presentation of its financial statements and may be different from the traditional geopolitical classification for certain countries (in particular Gambia, Guinea-Bissau and Sao Tome and Principe).

- The term "territories" refers to a country or a French overseas territory.
- Unless otherwise indicated, the term "revenue" (and related information), when referring to the Group or one of its divisions, excludes intragroup revenue.

Market information

This Registration Document contains information about the Group's markets and competitive position, including information relating to market size and market share. Unless otherwise stated, this information is based on the Group's estimates and is provided for indicative purposes only. To the Group's knowledge, there are no authoritative external reports providing exhaustive and comprehensive coverage or analysis of the markets in which the Group operates.

Consequently, the Group has made estimates based on a number of sources including internal surveys, studies and statistics from independent third parties (in particular INSEE, Global Insight, *Groupement pour l'Elaboration et la Réalisation de Statistiques* and Intercontinental Marketing Services (IMS) Health) or professional federations of specialized distributors (such as the *Comité des Constructeurs Français d'Automobiles* in France, and the *Association des Importateurs de Véhicules Automobiles* and the *Groupement des Poids Lourds et Camions* in Morocco) and data from operating subsidiaries.

These various studies, estimates, research and information, which the Group considers reliable, have not been verified by independent experts. The Group does not guarantee that a third party using other methods to collate, analyze or compile market data would obtain the same results. In addition, the Group's competitors may define its economic and geographic markets differently. To the extent that the data relating to market share and market size included in this Registration Document are based solely on the Group's estimates, they do not constitute official data.

Forward-looking statements

This Registration Document contains information on the Group's prospects and main lines of development. This information is sometimes presented by use of the future or conditional tense, or by the use of forward-looking statements such as "considers", "plans", "aims to", "expects", "intends", "should", "is designed to", "estimates", "believes" and "may", or, if applicable, the negative of these terms and similar expressions. Such information is not historical data and should not be interpreted as a guarantee that such facts and events as stated will occur.

Such information is based on data, assumptions and estimates that the Group considers reasonable. They are likely to change or be modified due to the uncertainties of the economic, financial, competitive or regulatory environment. This information is mentioned in various sections of this Registration Document and contains data relating to the Group's intentions, estimates and targets concerning in particular its market, strategy, growth, results, financial position, cash position and projections.

The forward-looking statements provided in this document are made as of the date of this Registration Document. Except to comply with any applicable legal or regulatory requirements, the Group does not make any commitment to publish updates of the forward-looking statements provided in this document to reflect any changes in its targets or in the events, conditions or circumstances on which such forward-looking statements are based.

The Group operates in a rapidly changing and competitive environment. It is therefore unable to anticipate all risks, uncertainties or other factors that may affect its activities, their potential impact on its activities or the extent to which the occurrence of a risk or combination of risks could have significantly different results from those set out in any forward-looking statements, it being noted that such forward-looking statements do not constitute a guarantee of actual results.

Risk factors

Investors should read carefully the risk factors described in Chapter 4 "Risk factors" of this Registration Document, before taking any investment decision. The occurrence of all or any of these risks may have an adverse effect on the Group's business, results or financial position or prospects. Furthermore, other risks that have not yet been identified or that are not considered material by the Group at the filing date of this Registration Document, could have the same adverse effect.

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STATEMENT OF RESPONSIBILITY FOR THE REGISTRATION DOCUMENT INCLUDING THE ANNUAL FINANCIAL REPORT

1

1.1 Person responsible for the Registration Document

Mr. Richard Bielle, Chairman of the Management Board

1.2 Statement of responsibility

Sèvres, April 22, 2014

"I hereby certify, having taken all reasonable care to ensure that such is the case, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further certify, to the best of my knowledge, that (i) the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of CFAO SA and of all the companies of the consolidated Group, and (ii) the Management Board's "management report" (Rapport de gestion) set forth in this Registration Document, as indicated in the cross reference table in Chapter 26 of this Registration Document, provides a fair view of the development of the business, results and financial position of the Company and of all the companies of the consolidated Group, as well as a description of the principal risks and uncertainties to which they are exposed.

I obtained from the Statutory Auditors, upon completion of their work, a letter in which they state that they have audited the information concerning the financial position and the financial statements presented in this Registration Document and that they have read the Registration Document in its entirety."

Mr. Richard Bielle
Chairman of the Management Board

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STATUTORY AUDITORS

2

2.1 Principal Statutory Auditors

Deloitte & Associés

185, Avenue Charles de Gaulle – 92200 Neuilly-sur-Seine

Represented by Alain Penanguer.

- Appointed Principal Statutory Auditor at the General Shareholders' Meeting of May 26, 1992. The most recent term was renewed at the General Shareholders' Meeting of May 17, 2010, and shall expire at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2015.

KPMG

3 Cours du Triangle, Immeuble le Palatin – 92939 La Défense Cedex

Represented by Hervé Chopin.

- Appointed Principal Statutory Auditor in the context of the Company's IPO in 2009, at the General Shareholders' Meeting of October 5, 2009, and whose term shall expire at the end of the General Shareholders' Meeting which will be called in 2015 to approve the financial statements for the year ending December 31, 2014.

2.2 Deputy Statutory Auditors

BEAS

185, Avenue Charles de Gaulle - 92200 Neuilly-sur-Seine

Represented by Alain Pons.

- Appointed Deputy Statutory Auditor at the Ordinary General Shareholders' Meeting of May 24, 2004. The term was renewed at the General Shareholders' Meeting of May 17, 2010, and shall expire at the end of the General Shareholders' Meeting to be called in 2016 to approve the financial statements for the year ending December 31, 2015.

KPMG Audit IS

3, cours du Triangle, Immeuble le Palatin – 92939 Paris La Défense

Represented by François Caubrière.

- Appointed Deputy Statutory Auditor at the Ordinary General Shareholders' Meeting of June 12, 2013, for the remainder of the term of its predecessor, Mr. François Chevreux, who resigned in 2012, i.e. until the end of the General Shareholders' Meeting which will be called in 2015 to approve the financial statements for the year ending December 31, 2014.

2.3 Fees of the Statutory Auditors for 2012 and 2013

	Deloitte				KPMG			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%	
(In € thousands)	2013	2012	2013	2012	2013	2012	2013	2012
Audit								
• Statutory audit, certification, review of parent company and consolidated financial statements								
Issuer (CFAO SA)	234	201	16%	17%	234	201	19%	21%
Fully consolidated subsidiaries	956	941	76%	77%	767	714	71%	75%
Sub-total	**1,190**	**1,142**	**92%**	**94%**	**1,001**	**915**	**90%**	**96%**
Other services provided to fully consolidated subsidiaries								
• Legal, tax and labor related services	62	73	8%	6%	75	35	10%	4%
Sub-total	**62**	**73**	**8%**	**6%**	**75**	**35**	**10%**	**4%**
TOTAL	**1,252**	**1,215**	**100%**	**100%**	**1,076**	**950**	**100%**	**100%**

SELECTED FINANCIAL INFORMATION

3

The following tables present consolidated financial information by division for the income statement and other Group operating information. The financial information has been extracted from the audited consolidated financial statements prepared in accordance with IFRS.

Selected financial information – consolidated income statement

SIMPLIFIED CONSOLIDATED INCOME STATEMENT (CFAO GROUP)

(in € millions, except percentages)	2009	2010	2011	2012	2013
Revenue	2,582.0	2,676.2	3,123.7	3,585.2	3,628.1
Gross profit	577.3	613.7	705.5	792.8	813.1
As a % of revenue	*22.4%*	*22.9%*	*22.6%*	*22.1%*	*22.4%*
Recurring operating income before PPR (now Kering) management fees *	216.6	223.2	256.3	290.3	269.0
As a % of revenue	*8.4%*	*8.3%*	*8.2%*	*8.1%*	*7.4%*
Recurring operating income	211.0	223.2	256.3	290.3	269.0
As a % of revenue	*8.2%*	*8.3%*	*8.2%*	*8.1%*	*7.4%*
Net income of consolidated companies	121.2	140.3	170.6	171.2	144.4
Net income attributable to owners of the parent	90.3	100.2	121.1	114.0	100.4

* *See section 9.1.3.5 of the Registration Document for more information on the recurring operating income.*

REVENUE AND RECURRING OPERATING INCOME BY DIVISION

(in € millions, except percentages)	2009	2010 (1)	2010 (2)	2011	2012	2013
CFAO Automotive						
Revenue	1,451.4	1,537.6	1,527.4	1,891.7	2,188.2	2,049.0
Recurring operating income	118.1	120.1	117.6	141.1	161.3	129.8
As a % of revenue	*8.1%*	*7.8%*	*7.7%*	*7.5%*	*7.4%*	*6.3%*
Number of new vehicles sold	66,728	64,873	64,873	82,095	95,063	78,237
Eurapharma						
Revenue	740.8	809.6	809.6	864.5	969.2	1,103.4
Recurring operating income	60.1	71.4	71.4	75.8	84.0	93.8
As a % of revenue	*8.1%*	*8.8%*	*8.8%*	*8.8%*	*8.7%*	*8.5%*
CFAO Industries						
Revenue	279.9	221.1	-	-	-	
Recurring operating income	44.3	50.3	-	-	-	
As a % of revenue	*15.8%*	*22.8%*	-	-	-	
CFAO Technologies						
Revenue	110.0	107.8	-	-	-	
Recurring operating income	4.1	6.7	-	-	-	
As a % of revenue	*3.8%*	*6.2%*	-	-	-	
CFAO Industries, Equipment & Services						
Revenue	-	-	339.1	367.4	427.6	475.5
Recurring operating income	-	-	59.6	67.1	78.3	79.5
As a % of revenue	-	-	*17.6%*	*18.3%*	*18.3%*	*16.7%*
CFAO Holding						
Recurring operating expense (3)	(15.7)	(25.3)	(25.3)	(27.6)	(33.3)	(34.1)

(1) Based on Group structure in 2010.
(2) Pro forma based on Group structure in 2011.
(3) Including management fees paid to Kering (ex. PPR) until 2009.Pursuant to a service agreement entered into on September 28, 1995, the Group paid an annual management fee to PPR, (now Kering) its majority shareholder, until the date its shares were first listed on Euronext Paris in December 2009. This management fee was paid as compensation for certain consulting and technical services, as well as for support provided by PPR (now Kering) in connection with complex transactions, development opportunities, and new business and cost reduction initiatives. The annual fee corresponded to 0.24% of the Group's annual revenue. Since the IPO, certain costs that were previously covered by PPR (now Kering), for example costs relating to investor relations, to the management of currency hedging, to insurance policies and to stock options and performance share plans have been directly taken on by CFAO.

NB: The CFAO Industries, Equipment & Services division includes the businesses of the Industries and Technologies division from 2010 as well as rental services, which was part of the Automotive division until 2011. Conversely, the motorcycle assembly business in Morocco which was part of the Industries division is included in the Automotive division from 2011.

Reconciliation of recurring operating income to EBITDA

(in € millions)	2009	2010	2011	2012	2013
Recurring operating income	**211.0**	**223.2**	**256.3**	**290.3**	**269.0**
Amortization of intangible assets	(2.5)	(3.1)	(3.8)	(4.4)	(4.2)
Depreciation of land and buildings	(5.1)	(6.1)	(6.4)	(7.4)	(8.6)
Depreciation of plant and equipment	(24.3)	(26.2)	(30.1)	(34.2)	(38.6)
Depreciation of other property, plant and equipment	(7.8)	(7.6)	(7.9)	(8.7)	(7.8)
Additions to provisions for non-current assets	(0.1)	(0.0)	(0.5)	(0.2)	(0.1)
TOTAL EBITDA	**250.6**	**266.3**	**304.9**	**345.2**	**328.4**

Selected financial information – consolidated statement of financial position

(in € millions)	As of December 31 2009	2010	2011	2012	2013
TOTAL ASSETS	**1,714.1**	**1,918.3**	**2,315.1**	**2,624.3**	**2,603.5**
o/w cash and cash equivalents	127.8	133.1	251.8	199.3	211.5
TOTAL EQUITY	**570.9**	**646.7**	**739.1**	**818.9**	**853.9**
Non-current liabilities	**183.9**	**132.8**	**131.1**	**194.0**	**153.8**
o/w non-current borrowings	149.6	99.0	93.5	149.8	109.0
Current liabilities	**959.3**	**1,138.8**	**1,445.0**	**1,611.4**	**1,595.7**
o/w current borrowings	240.2	234.6	350.3	426.5	506.0

Selected financial information – consolidated statement of cash flows

(in € millions)	Years ended December 31 2009	2010	2011	2012	2013
Cash flow from operating activities before tax, dividends and interest	240.6	274.3	314.4	339.6	334.5
Change in working capital requirement	36.2	17.1	0.8	(164.7)	(33.0)
Net cash from operating activities	203.1	231.0	241.0	100.1	214.2
Net operating investments	(64.2)	(61.1)	(70.0)	(89.6)	(88.6)
Net cash used in investing activities	(38.8)	(66.6)	(89.9)	(137.7)	(105.0)
Net cash from (used in) financing activities	27.5	(162.6)	(120.7)	(99.3)	(160.5)
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	**192.6**	**(4.2)**	**26.7**	**(136.6)**	**(47.5)**

Other selected operating information

EBITDA

EBITDA is defined as recurring operating income plus depreciation, amortization and provisions for non-recurring operating assets recognized in recurring operating income. EBITDA is not a financial measure defined under IFRS. It should not be taken as a substitute for operating income, net income or cash flows, nor should it be treated as a measure of liquidity. EBITDA may be calculated differently by other companies with businesses that are similar to or different from that of the Group. Accordingly, the EBITDA calculated by the Group may not be comparable to that calculated by other issuers.

For the purposes of meaningful comparison, EBITDA recorded under the CFAO holding company in the table below is shown after the payment of PPR management fees until 2009 (see Chapter 9, section 9.1.3.5 for more information on the recurring operating income).

	Years ended December 31					
(in € millions)	2009	2010 (1)	2010 (2)	2011	2012	2013
CFAO Automotive	139.1	143.1	136.7	162.4	182.3	150.5
Eurapharma	65.0	76.3	76.3	81.1	91.7	102.4
CFAO Industries	56.2	63.7	-	-	-	-
CFAO Technologies	5.5	7.8	-	-	-	-
CFAO Industries, Equipment & Services	-	-	77.9	88.4	103.8	108.9
CFAO Holding	(15.2)	(24.7)	(24.7)	(27.0)	(32.6)	(33.4)
TOTAL	**250.6**	**266.3**	**266.3**	**304.9**	**345.2**	**328.4**

(1) Based on Group structure in 2010.
(2) Pro forma based on Group structure in 2011.

EBITDA before management fees paid to PPR (until 2009) is presented below.

	Years ended December 31				
(in € millions)	2009	2010	2011	2012	2013
EBITDA	256.3	266.3	304.9	345.2	328.4
as a % of revenue	*9.9%*	*10.0%*	*9.8%*	*9.6%*	*9.1%*

Until 2009, CFAO benefited from a certain number of services from PPR (now Kering) in exchange for the payment of an annual fee. Following the IPO, the Group had to bear additional expenses related to its new status as an independent company directly. Some of these amounts were previously included in the annual fee (see section 9.1.3.5 of the Registration Document). Presenting EBITDA after the payment of PPR's annual fee therefore allows for a more meaningful comparison.

Other financial data

	As of December 31				
(in € millions)	2009	2010	2011	2012	2013
Free operating cash flow (1)(5)	139.0	169.9	171.0	10.5	125.6
Net debt (2)	(262.0)	(200.5)	(192.0)	(377.0)	(403.5)
Capital employed (3)	837.3	800.0	926.6	1,055.3	1,302.1
Working capital requirement (in € millions)	401.7	383.2	397.0	572.1	604.7
Working capital requirement (as a % of revenue)	*15.6%*	*14.3%*	*12.7%*	*16.0%*	*16.7%*
Return on capital employed (ROCE) (3)(4)(5)	24.2%	28.9%	27.8%	26.5%	20.4%

(1) Free operating cash flow is equal to net cash from operating activities less net operating investments. For more information regarding the calculation of free operating cash flow, see section 10.4.4 "Free operating cash flow".
(2) The concept of net debt used by the Group comprises gross debt including accrued interest less net cash as defined by French National Accounting Board (Conseil National de la Comptabilité – CNC) recommendation 2009-R-03 dated July 2, 2009. Net debt includes fair value hedging instruments recorded in the statement of financial position relating to bank borrowings and bonds. The interest rate risk on this debt is covered in full or in part by these fair value hedges. For more information concerning the calculation of net debt, see section 10.4.5 "Change in net debt". The Group does not currently have any interest rate hedging instruments.
(3) Capital employed (i.e., the sum of intangible assets, property, plant and equipment, deposits and guarantees and working capital requirement, less provisions for contingencies and losses) is calculated using the average of the month-end values.
(4) ROCE corresponds to the ratio between (1) operating income excluding gains and losses on the sale of financial assets and capital employed.
(5) Free operating cash flow and ROCE are not financial measures defined under IFRS. They should not be taken as a substitute for operating income, net income or cash flows, nor should they be treated as measures of liquidity. The amounts of free operating cash flow and ROCE may be calculated differently by other companies with activities that are similar to or different from those of the Group. Accordingly, the free operating cash flow and ROCE figures calculated by the Group may not be comparable to those calculated by other issuers.

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Investors should read carefully the risk factors described in this Chapter before making any investment decision. As of this the filing date of this Registration Document, these are the risks the Group considers as having a material adverse effect on its business, financial position, results and prospects. However, other risks may also exist that have not yet been identified as of the filing date of this Registration Document, or that are not considered as having a material adverse effect on the Group's business, financial position, results and prospects.

4.1 Risks relating to the business and regulatory environment

4.1.1 A difficult macro-economic environment

The Group conducts most of its operations in emerging and pre-emerging markets with economies that are often volatile and unpredictable, and which are affected by local political conditions as well as by multiple external factors, including the level of direct foreign investment and financial aid, and conditions in the markets for raw materials and other important export products.

A volatile and unpredictable economic environment, low or negative growth rates, an unfavorable change of price of a raw material, the downgrading of the CFA franc, high inflation or interest rates and exchange-rate fluctuations have in the past, and could in the future, have a negative impact on the economy of the countries where the Group operates and thus have a material adverse effect on the Group's activities, results, financial position and prospects.

The Group considers that its presence in 33 countries in Africa, in seven French Overseas Territories, Vietnam and Denmark, contribute to reducing the risk of unfavorable macroeconomic changes in one country having a significant impact on its revenue. However, some countries make a larger contribution to the Group's results. The countries and the French Overseas Territories which account for more than 5% of the Group's 2013 revenue are as follows: Algeria (14.8%), Congo (8.5%), Reunion (6.7%), Cameroon (6.4%), French Antilles (6.2%) and Côte d'Ivoire (5.4%). These six territories together generated 48.0% of the 2013 revenue.

4.1.2 Business in emerging and pre-emerging African markets and countries

The Group's future growth prospects are heavily dependent on the development of the emerging or pre-emerging markets of the African countries in which it operates. These economies are in various stages of development and their economic performances may vary considerably.

As discussed in section 6.4 "Market description" of this Registration Document, the Group believes that the African market offers generally favorable growth prospects due in particular to a high GDP growth rate in recent years, the emergence of a middle class and low levels of vehicle ownership and medical spending in most of the African countries in which the Group operates.

However, the Group cannot guarantee that the countries in which it operates will continue to experience high growth rates or that actual rates of development will be sufficient to support the Group's own development, that the purchasing power of the African middle class will actually grow, or that the infrastructure (essentially road networks) will be sufficiently improved, all of which could have a material adverse effect on the Group's business, results, financial position and prospects.

The countries in which the Group does business may also experience political or labor unrest, wars, acts of terrorism or other violence, infrastructure failure or inadequacy, and the risk of loss due to expropriation, nationalization, confiscation of assets and property, or restrictions on foreign investment and the repatriation of invested capital. This political or social unrest is common in some of the countries in question and can have a significantly negative impact on the Group's business activities, results, financial position and prospects.

At the present time, certain countries in which the Group is present are experiencing social strife, such as the countries of the Sahel region, Nigeria, Kenya or the Central African Republic.

Even though the situation gradually improved in Mali in 2013, the movements by jihadist groups which have been observed, notably in the south of Libya are making the security position worse in the countries of the Sahel, and especially in Niger and potentially in Chad. The Group's sales in these two countries in 2013 represented 1.6% of total consolidated revenue.

The security situation in Nigeria continues to be difficult. The Group is currently reinforcing its exposure in the country by developing a retail product distribution activity. The Group's sales in Nigeria represented 3.9% of total consolidated revenue in 2012 and 4.1% in 2013.

The Central African Republic is experiencing a serious political crisis at the present time, which is causing violence and a very insecure environment, making the Group's business activity difficult in the country. CFAO's sales in the Central African Republic represented 0.2% of consolidated revenue in 2012 and in 2013.

In Kenya traveling to the borders of Somalia, Ethiopia and Sudan continues to be difficult because of the conflicts in these countries and the terrorist threat remains very high after the attack on the Westgate shopping mall in Nairobi in September 2013. The Group's sales in Kenya represented 3.2% of total consolidated revenue in 2012 and 3.5% in 2013.

Social or political tension also remains high in many other countries, and in particular in Ivory Coast, the Democratic Republic of Congo, Madagascar, Algeria and Guinea.

These tensions can also spillover during elections in certain countries were the Group is present disrupting the Group's economic activities and trade. Sometimes scheduled elections may lead central governments or public bodies to reduce expenditure or tighten credit and this may also slow down economic activity in the country.

Presidential elections will be held in Algeria and in Guinea-Bissau in 2014. These elections and the events related to them, sometimes over a long period, may have an impact on the CFAO Group's business and results.

Given such a potentially instable environment, CFAO carefully analyzes risks before launching operations in new territories. In view of its longstanding operations, CFAO has for many years had an appropriate security procedure in place for each of the environments in which it operates, aimed at safeguarding its employees, reputation and assets. This procedure includes monitoring political and social conflicts in each of the countries concerned, with the aim of anticipating any difficulties.

Given the above mentioned complexity of certain territories, the CFAO Group cannot exclude improper usage of the products that it distributes.

4.1.3 Foreign exchange risk exposure

The Group purchases its products in yen, in US dollars and in euros and sells them primarily in euros and euro-linked currencies (CFP francs), in CFA francs and in other local currencies. The Group prepares its financial statements in euros. If the currencies in which the Group purchases the products it distributes and the raw materials it uses to manufacture products rise against the local currencies in which the Group realizes its sales, the Group may not be able to increase its prices sufficiently in these local currencies to bolster its margins or pass these additional costs on. In addition, any increase in the Group's sale prices in order to pass these costs on could have a negative impact on the Group's sales volume.

In addition, because the Group reports its results in euros, an appreciation of the euro against the currencies in which the Group sells its products may reduce the euro equivalent of such sales, and conversely a depreciation of the euro may increase the euro equivalent of the Group's purchases. Furthermore, the Group's financial commitments (including borrowings) may be denominated in currencies other than the euro, exposing the Group to foreign exchange risk with respect to its financial charges. Failure by the Group to respond effectively to changes in foreign exchange rates could have a material adverse effect on the Group's business, results, financial position and prospects. (See section 4.4.1 "Foreign exchange risks" below for a more detailed description of foreign exchange risk and the tools used by CFAO to manage such risks.)

The Group operates in 14 countries that use the CFA franc (see the table in section 4.4.1.1 for further details). Although the CFA franc is currently pegged to the euro based on a fixed exchange rate, it is possible that the CFA franc could be devalued against, or decorrelated from the euro, either of which could have a material adverse effect on the Group's results. The 1994 devaluation of the CFA franc had a material adverse effect on the Group's revenue and recurring operating income in the countries that were affected by it, and it took several years for sales to return to pre-devaluation levels.

Moreover, even before the devaluation of the CFA franc, the economies of numerous countries within the CFA franc zone – and consequently, the Group's sales in these countries – were adversely affected by certain measures taken by the countries in this zone to support the CFA franc. And while we stress that no such measures are being contemplated by the relevant monetary authorities at present, future devaluation in the CFA franc or government policies implemented to support the CFA franc, or other similar monetary policies in the other countries in which the Group conducts business, may have a material adverse effect on the Group's business, results, financial position and prospects.

4.1.4 Exchange rate controls

The Group's ability to generate operating cash flows at the level of CFAO SA (the Group's holding company) and to pay dividends depends on the ability of its subsidiaries to transfer the funds upstream. Several of the African countries in which the Group operates have exchange controls that place restrictions on the exchange of local currency for foreign currency and the transfer of funds or payment of dividends abroad. The Group is subject to this legislation in the following major countries: the countries belonging to the CFA franc zone (for details of these countries see the table in paragraph 4.4.1.1), Algeria, Nigeria and Morocco.

Although these controls have not generally created major operational problems, they may become more onerous in the future. These and other controls that may be implemented in the future could limit the ability of the Group's subsidiaries to transfer cash to CFAO. Moreover, in certain countries, the Group has experienced, and may experience in the future, difficulties in converting large amounts of local currency into foreign currency due in particular to illiquid foreign exchange markets.

In addition, as the cash flows of certain countries are highly dependent on the export of certain raw materials, the ability to convert such currencies can be limited by the timing of payments for such exports, requiring the Group to organize its currency conversions around such constraints. The Group cannot guarantee that additional restrictions on currency exchange will not be implemented in the future or that these restrictions will not limit the ability of the Group's subsidiaries to transfer cash to CFAO, which could have an adverse effect on the Group's business, results, financial position and prospects.

The Group takes account of exchange rate controls in its management of day-to-day transactions and in its decision-making analysis prior to launching new sites and operations.

4.1.5 Import restrictions

A significant portion of the Group's business involves the distribution of products that are sold in regions that are different from the places where they are manufactured. As a result, the Group must comply with applicable import regulations and restrictions, including import duties.

Some countries in which the Group has operations may also decide to limit imports, by implementing new quotas, conditions for obtaining quotas, customs duties or other import barriers or by tightening up those already in place. These changes could durably hamper the Group's ability to import the products it distributes or sells in some countries, in particular vehicles, pharmaceutical products and spare parts, at reasonable prices, which could also negatively impact the Group's activities, results, financial position and prospects. In Algeria for example, in order to meet regulatory requirements for renewing its import quotas, the Group made an investment in the pharmaceutical sector in 2012.

The offer of CFAO Technologies' products includes certain materials which may sometimes be considered to be "dual civilian-military use" material by the exporting countries, because of the encrypted algorithms they contain. The problems associated with obtaining the right export permits have led to significant delays in delivering and selling these materials, which could reoccur in the future.

4.1.6 Limitations on foreign investment

The Group is also subject to the regulation of foreign direct investments in the countries in which it operates. Certain countries have implemented measures to encourage foreign investment, such as tax incentives, the loss or the expiry of which could have an adverse effect on the Group's results (see section 6.6.4 under Chapter 6 of this Registration Document). Certain measures or tax breaks may also be withdrawn on a discretionary basis by certain governments creating fiscal uncertainty and impacting CFAO's results significantly. Other countries may impose new or additional limitations on foreign direct investment, causing the Group to incur additional costs.

There have been significant changes in foreign investment legislation in Algeria in recent years. In particular a new minimum Algerian shareholding condition of 51% for companies involved in import and "as is" reselling ("foreign trade activities") came into force in January 2014. At present, this obligation does not apply to existing entities, however it makes it more difficult to incorporate new entities and set up new ventures if local partners cannot be found. It also makes it harder to reorganize local group entities or modify their ownership or corporate management structures, if this is necessary.

This minimum Algerian shareholding condition is also 51% for goods production and services activities. The Algerian state or Algerian public companies also have a right of pre-emption if an interest in an Algerian company is sold by a foreign shareholder, or to a foreign shareholder. Importers must also set up an industrial and/or semi-industrial activity within a maximum of three years.

A parliamentary bill was under consideration in Ghana during 2013 aimed at controlling foreign investment in the country and allocating the Ghanaian state an interest in the share capital of foreign companies. As far as the Group is aware, this project was abandoned on the date this Registration Document was filed.

New restrictions on existing or future investments in Algeria or in other countries could have a material adverse effect on the Group's business, results, financial position and prospects.

4.1.7 Unstable legal and regulatory environment

The Group's distribution businesses, and the products and services the Group offers are subject to a variety of legislative and regulatory measures in the countries in which it operates.

Weaknesses in legal systems and legislation in many of these countries create uncertainty for investments and business due to changing requirements that may be costly, incoherent and contradictory, limited budgets for judicial systems, defective judicial interpretations and/or inadequate regulations. These failings may have an adverse effect on economic conditions in the countries in which the Group operates. They could also interrupt some of the Group's businesses or lead to an increase in operating expenses in the countries concerned. Changes in legislative and regulatory provisions in these countries, which the Group may not

be able to anticipate, could have a material adverse effect on the Group's business, results, financial position and prospects.

Government authorities have considerable discretionary powers in many of the markets in which the Group operates, and have sometimes used these powers somewhat arbitrarily and unpredictably. Moreover, many governments in the countries in which the Group operates have the power in certain circumstances, by regulation or other government action, to interfere with the performance of contracts or to terminate them or declare them null and void. Governmental actions may include withdrawal of licenses, withholding of permits, criminal prosecutions and civil actions. This can result in risks of loss to the Group, if contracts or approvals are called into question. (See also paragraph 6.6.4 specifying that the Brasseries de Congo group has been the subject of a site agreement described in Chapter 6 "Overview of the Group's activities" of this Registration Document.)

In some countries, when the economic environment has deteriorated, and in order to compensate for the resulting revenue shortages, the authorities have imposed new regulations, in particular relating to tax and customs duties, sometimes unexpectedly.

4.1.8 Difficulties obtaining licenses, permits or approvals for carrying out the Group's businesses

The Group's diversified offer of products and services means that the majority of its activities in the countries it does business are subject to regulations imposed by national, regional or local government authorities and/or regulatory bodies. These regulations may require it to obtain approvals or permits from these authorities in order to do business.

For example, the Group is required to obtain licenses to sell pharmaceutical products in certain countries such as Algeria and the majority of the English- and Portuguese-speaking Sub-Saharan African countries in which Eurapharma operates. Moreover, in some countries, importing activity requires a government-issued license. These licenses are subject to the control, interpretation, modification or termination by the competent authorities. A delay in obtaining these licenses can have a significant impact on the Group's revenue, due to slowing down scheduled imports. The Group can offer no assurance that the relevant authorities will not take any action that could materially and adversely affect these licenses, permits or approvals, or the Group's ability to distribute its products and provide its services, such as actions to increase license, permit or approval fees, or to reduce the scope of goods and services the Group is allowed to provide.

Considerations are at an advanced stage in certain countries like Nigeria regarding the possibility of demanding car importers to operate vehicle assembly plants in the country. If such a decision was made, it would impact the organization of the Group's car distribution activity in the country.

4.1.9 Risk of extortion and infringement of anti-corruption laws and regulations

Anti-corruption laws and regulations in force in many countries prohibit companies from making direct or indirect payments to civil servants, public officials or members of governments for the purpose of entering into or maintaining business relationships. The Group has activities in certain countries where corruption and extortion are considered to be widespread, where it sells products and services to governments and public or quasi-public entities requiring obtaining approvals from, or completing certain formalities with public officials. Therefore, the Group is exposed to the risk that its employees, consultants or agents may make payments or grant hidden benefits in violation of anti-corruption laws and regulations, especially in response to demands or attempts at extortion.

In the past, the Group has experienced actual or alleged violations of anti-corruption laws and regulations and/or extortion. As a result, the Group has implemented prevention and training programs as well as internal procedures designed to promote best practices and discourage such violations. However, these prevention and training programs may prove to be insufficient, and employees, consultants or representatives of the Group may have been, or may in the future be engaged in activities for which the Group or its managers could be held liable.

In addition, certain anti-corruption laws and regulations may require that proper records be maintained, and that controls, procedures and internal regulations be implemented in order to ensure that the operations of a given entity do not involve corruption, illegal payments or extortion. The great diversity and complexity of these local laws and regulations and the decentralized operating basis of Group entities in various countries and markets create a risk that, in some instances, the Group may be deemed liable for violations of local laws and regulations – in particular, in connection with a failure to comply with the laws and regulations relating to documentation, records or reporting.

Any breach of these anti-corruption laws and regulations could affect the overall reputation of the Group and expose it to administrative or judicial proceedings, which could result in criminal and civil proceedings, culminating in a possible prohibition on maintaining business relationships with suppliers or customers in certain countries. This could have a material adverse effect on the operations, results, financial position and prospects of the Group.

On the date of filing of this Registration Document, there are no material administrative or judicial proceedings in which the Group is involved as a result of infringement of anti-corruption laws or extortion.

4.1.10 Risk of fraud being committed by Group employees

The Group has adopted a decentralized business model and operates in emerging and pre-emerging markets where ethical standards for business relations may not be uniformly advanced. Despite the Group's efforts at training and internal control, the Group has been a victim of fraud by its employees in the past, which could also occur in the future, including cases of theft or misuse of Company property. These cases could have a material adverse impact on the Group's results. A case of fraud was discovered in one of the Group's companies in Morocco in 2013. The net impact of this fraud on net income will not be significant.

On the date of filing this Registration Document, the Group is not aware of any other cases of fraud involving employees within the Group, which could have a material adverse effect on the Group's results or financial position.

4.1.11 Tax risks related to the geographical location of the Group's activities

As an international group handling flows of funds in multiple jurisdictions, the Group is subject to tax laws in many countries throughout the world, and it structures and conducts its business globally around diverse regulatory requirements as well as the Group's commercial, financial and tax objectives. The organization and running of the Group's business activities may be impacted by tax legislation, notably transfer pricing, because the jurisdictions where the Group operates do not always have clear, definite, or permanent laws which mean that the tax regimes applying to the Group's companies and the interpretations of local tax law may be transitory. This legislation and its interpretation by the local tax authorities are liable to change, and an inconsistent application could have a negative impact on the Group's effective tax rate and on its income.

In addition, some of the Group's subsidiaries are currently subject to tax audits and tax adjustments by the tax authorities in various jurisdictions, including France, in relation to VAT, sales tax, income tax and other taxes. The total amount of the provisions set aside for tax litigation amounted to €16.5 million as of December 31, 2013, and €11.5 million as of December 31, 2012. If these tax audits were to result in tax adjustments (for which provisions have been set aside in certain cases) (see section 20.8.1 "Tax litigation" of this Registration Document), or if the Group were to become subject to other tax adjustments, this could adversely affect the Group's cash flows, liquidity and ability to pay dividends (see Note 26 "Provisions" to the consolidated financial statements).

4.1.12 Investor perceptions of risk in African economies

Economic crises in one or more emerging or pre-emerging markets in Africa or elsewhere could make access to financing difficult or reduce investors' general appetite for the financial instruments of issuers operating in African countries, including when they operate in countries which are not directly affected by these crises.

4.2 Risks relating to the Group's business

4.2.1 A relatively small number of suppliers

A major part of the Group's operations depends on its ability to negotiate agreements and maintain business relationships with automakers and pharmaceutical companies. While the Group has long-standing relationships with most of these suppliers, the Group's agreements with them are generally entered into for fixed terms, and therefore must be renewed and renegotiated periodically, and the current trend among the main automakers is to reduce the duration of distribution agreements. The prospect that certain suppliers may choose not to renew distribution agreements therefore constitutes a risk for the CFAO Group.

There has been significant consolidation in the automotive and pharmaceutical industries in recent years, and there could be new mergers in the future. When suppliers merge, they may seek to modify existing distribution strategies, for example by selecting a single distributor for a given territory or region, or by deciding, for strategic reasons, to enter or exit a given market.

The Group cannot guarantee that its suppliers will wish to continue to renew their agreements with the Group on acceptable terms, that the agreements will actually be renewed or will not be terminated prior to their expiration, or that the Group will remain, in practice, the only distributor of the products of a supplier in the countries covered by a given agreement. Early termination

or failure to renew the Group's distribution agreements could have a material adverse effect on the Group's business, results, financial position and prospects. (See also the next paragraph "Risk resulting from the shareholding structure of CFAO".)

The Group's small number of suppliers also makes it vulnerable to supplier shortages and the failure of certain suppliers to perform their contractual obligations. Over the past few years, CFAO's supply chain has been exposed to increased risk because some of its suppliers are located in regions that have been damaged by natural disasters, e.g., Japan and Thailand. Although the Group's business interruption insurance encompasses supplier failure to perform in certain countries, this coverage may prove insufficient and a problem with a given supplier may have a material adverse effect on the Group's revenue.

4.2.2 Risk connected to the structure of CFAO's share ownership

Following the sale of PPR's interest in the Company and the subsequent tender offer by Toyota Tsusho Corporation (TTC) for CFAO shares closed on December 17, 2012, TTC owns 97.59% of CFAO's share capital and voting rights, as of the filing date of this Registration Document.

As of the end of December 2013, TTC was held 21.73% by the Japanese company Toyota Motor Corporation and 11.20% by the Japanese company Toyota Industries Corporation, with Toyota Motor Corporation holding 23.51% of the voting rights in Toyota Industries Corporation on the same date. TTC is an independent company, which is listed on the Tokyo and Nagoya stock exchanges and is not controlled by a third party within the meaning of French or Japanese law. Neither Toyota Motor Corporation, nor Toyota Industries Corporation, nor any of their officers is a member of the Board of Directors of TTC. Furthermore, the European Commission indicated in its decision dated November 13, 2012 authorizing the takeover transaction on CFAO that "TTC does not form part of the Toyota group for the purposes of the Merger Regulation, as it is not controlled by any Toyota group company or companies, whether directly or indirectly". It should be stressed further that TTC is a Japanese trading house active in many businesses outside the automotive industry, such as the trading of metals, machinery, chemicals, foodstuffs, electronics and other products.

Certain distribution agreements contain change of control clauses that could nevertheless be invoked by certain partners to terminate these agreements as a result of TTC's successful tender offer for CFAO shares.

Certain suppliers could also decide not to renew their distribution agreements without necessarily referring to a change of control clause because they consider TTC to be an affiliate of Toyota Motor Corporation.

On the filing date of this Registration Document, several of the CFAO's suppliers have formally demanded the termination or non-renewal of automotive distribution agreements, citing TTC's takeover of CFAO. These agreements represented 11.0% of CFAO's consolidated revenue in 2013, and 8.9% of the Group's consolidated gross profit in 2013. These contract terminations or non-renewals have or will take effect on staggered dates between December 2013 and December 2014, depending on the country. In addition, CFAO is studying the possibility of finding a successor to distribute Nissan vehicles in Morocco, following a request from the Renault Nissan group. CFAO however underscores its multi-brand distribution strategy and its desire to continue to grow its CFAO Automotive division, especially in East Africa. The Group is therefore studying opportunities for entering into new distribution agreements to replace the existing ones for these brands. There are very positive negotiations in progress with several large brands with this in mind. Due to the change of control, the CFAO Group may find it more difficult to keep, renew or enter into agreements or to develop new business opportunities in the automotive distribution business in the future.

TTC's acquisition of a majority stake in CFAO's share capital has been subject to merger control clearance in several jurisdictions. The European Commission authorized the transaction before the close of the tender offer for CFAO's shares. However, on the filing date of this Registration Document, authorization had been refused in Tanzania. The Automotive activities in these two countries represented around 0.8% of the Group's consolidated revenue in 2013. As for Zambia, authorization was obtained in February 2014. TTC is appealing the decision in Tanzania. If TTC and CFAO fail to obtain authorizations from any of the foregoing competition authorities, CFAO may face the risk of being forced to reduce its market shares in the given country and this could have an adverse effect on the Group's consolidated revenue and results.

TTC now holds a majority of CFAO's share capital and voting rights and therefore it exercises control over the Group and influence over its strategy and business development. Owing to the size of its equity interest, TTC is in a position to impose decisions at Ordinary and Extraordinary Shareholders' Meetings, and in particular to appoint and remove members of the Supervisory Board and to remove members of the Management Board. Nevertheless, it should be stressed that on the filing date of this Registration Document, the CFAO Management Board is composed of four members, one of whom only comes from the TTC Group and that the CFAO Supervisory Board is composed of a majority of independent members (4 out of the 7 members of the Supervisory Board are independent members).

It should also be noted that the acquisition of CFAO Group by TTC may require some adjustments to processes and working methods that could distract CFAO's management from day-to-day operational or financial matters and have some effects on the Group's results.

4.2.3 Liquidity of the CFAO share

The liquidity of CFAO's shares has been reduced because of the high percentage of its capital which is held by TTC. The share price may therefore not completely reflect the Company's value. It is impossible to guarantee that market making operations on CFAO shares will be able to increase share liquidity or even that Group management may take a decision to this effect.

Although TTC disclosed in the Information Document (*note d'information*) relating to the takeover offer for CFAO shares its intention to keep CFAO listed on Euronext Paris subject to the implementation of a squeeze-out (*retrait obligatoire*) and decided not to implement any such squeeze-out after the takeover offer in February 2013, it cannot be excluded that TTC eventually decides to de-list the CFAO's shares subject to applicable French law.

4.2.4 Risk of increased competition in Africa

The Group's competitive environment varies by segments, products distributed and the countries and regions in which it operates. In markets where the Group is the leading distributor or has a high market share, it may be unable to maintain its market share. The economies of African countries where the Group is present are experiencing strong growth with certain of them becoming mature, making the continent highly attractive. Consequently, new distributors are constantly trying to penetrate these markets and in certain cases, manufacturers decide to distribute their own products directly or through wholly owned subsidiaries, all of which serves to intensify competition in general.

Although the Group is often the only distributor of a manufacturer's products in a given country or region, the Group's agreements with manufacturers rarely stipulate exclusivity and this leaves the door open for the competition. This increased competition may require the Group to spend greater resources to acquire and retain customers, or may require it to reduce its prices in order to avoid losing market share to competitors.

For CFAO Automotive, the Group may face stiff competition from sellers of used vehicles. Import restrictions on used vehicles in countries like Algeria could be removed in the future, leading to increased competition.

More generally, some of CFAO's market leader positions may be challenged due to the general intensification of competition in Africa.

Regulatory authorities may seek to stimulate competition in the Group's pharmaceutical products distribution markets by granting additional licenses to new companies, or to lower the price of drugs by reducing the margins paid to wholesale distributors.

Brasseries du Congo held a strong market position because of its two breweries in Brazzaville and Pointe Noire which were the only two in the country. A plan was developed for a competing brewery in 2013 and production was launched in mid-December, challenging Brasseries du Congo's dominant position on the beer market in the Congo. This new competition will have an effect on the Company's results although it is not possible to measure the impact that this new unit will have on Brasseries du Congo's activities at the present time.

4.2.5 Risk related to recruiting, retaining and training skilled labor

The Group's success depends in large part upon its ability to attract and retain skilled manufacturing, sales and management personnel, and any difficulties in retaining key employees could disrupt its operations. Future growth will require the Group to continue to implement and improve its managerial, operational and financial systems, and to retain, recruit and train additional qualified personnel, which may strain the Group's administrative and operational infrastructure.

If the Group is unable to retain key personnel or manage its growth effectively, it may not be able to implement its business plan. Generally speaking, the Group does not have non-competition agreements in place that would prevent its managers or employees who leave the Group from joining a competitor. The loss of the services of existing personnel or the failure to recruit additional key technical and managerial personnel in a timely manner following the loss of employees to its competitors could have a material adverse effect on the Group's business, results, financial position and prospects.

4.2.6 Risks related to developments in the automobile industry

The performance of CFAO Automotive within the Group depends on the success of its key manufacturer suppliers. The Group relies on its automaker suppliers to provide it with an attractive and high-quality range of products in a timely manner to meet its customer demands. The Group's success depends on its suppliers' financial position, new product design and marketing, reputation, management, production costs and industrial relations.

Manufacturers also provide product warranties and, in some cases, service contracts to customers that allow the Group to offer services at the sales locations for vehicles under manufacturer product warranties and service contracts, and bill the manufacturer directly as opposed to invoicing the store customer. Consequently, at any particular time, the Group may have significant receivables balances with manufacturers for customer warranty and service work performed. In addition, the Group relies on manufacturers to varying degrees for replacement parts, technical training, and product brochures.

4.2.7 Risks associated with the import and export of products

The Group imports materials and products from numerous countries, and coordinates delivery to its 278 sites in 2013 on five continents. Accordingly, the Group's ability to serve its customers competitively depends on its ability to import and export its products in a timely and effective manner. The Group uses multiple forms of transportation to bring its products to market, including trucks, air freight and sea freight. The Group's products are often under the control of third party transporters for long periods, which can range from five days for products shipped from Europe to North Africa, to 90 days for products shipped from Japan to land-locked countries of Sub-Saharan Africa. The weighted average period is 30 days.

The import and export of its products may be disrupted by raw material shortages, work stoppages, strikes, shipping container shortages, bankruptcies of transporters, increased inspections of import deliveries, poor or extreme weather conditions and accidents, or damage or destruction of products during the shipping process. Increased import or export delays or increased forwarding costs for any reason, including availability or cost of fuel, regulations affecting the industry, competition for shipping capacity, piracy or labor shortages in the transportation industry, could have an adverse effect on the Group's ability to serve its customers, which could have a material adverse effect on the Group's business, results, financial position and prospects.

In addition, the fact that there is an average period of six months between ordering vehicles (for the automotive sector) and delivery, increases the CFAO's Group's need to make forecasts and the risk that its products will be unsuitable for the market's requirements.

4.2.8 Functioning of distribution facilities

The efficient functioning of the Group's global distribution facilities is key to its success. The Group distributes its products to customers directly from the manufacturers and through distribution subsidiaries or platforms located primarily in Africa as well as in France, Italy, Belgium, Portugal, Denmark and India. The Group's ability to satisfy its customer's expectations, manage inventories, close sales and attain its targets depends on its distribution infrastructures functioning properly, the reliability of its centralized purchasing system and its logistic chain, the development or expansion of its distribution network and third parties (in particular those involved in goods transport to and from distribution infrastructures) performing services within the deadlines.

The Group's distribution systems could be interrupted by power failures, breaches in security, IT problems, natural disasters or problems linked to geopolitical instability in one or a number of countries where there is a potential or an actual threat to the free movement of goods, which could have a materially adverse effect on the Group's results, financial position and prospects.

4.2.9 Customer credit risk

Although the Group's customer base is diversified across industries and countries and no single customer represents more than 1% of its revenue, the Group is exposed to the risk of non-payment or delayed payment by its customers. Although the Group seeks to manage this exposure through guarantees, insurance and credit control, it is not possible to eliminate this risk, which is accentuated by the economic crisis. In particular, the Group's risk management model may not accurately anticipate the impact of an economic crisis on customers, and the Group may fail to set aside adequate provisions for potential losses. Default risk may arise from events or circumstances that are difficult to detect, foresee or evaluate, particularly in light of the current economic, political, social and monetary instability in certain countries. These credit risks could have an adverse effect on the Group's results.

4.2.10 Changes in pharmaceutical price regulations

In the French overseas territories, the price of the pharmaceutical products marketed by the Group is subject to government regulation (regulated margins). Government may sometimes amend the regulations to limit healthcare spending. For example, in 2011, a new regulation was adopted in France to reduce the margins earned by whole sale-distributors on the mainland.

In the 14 French-speaking Sub-Saharan African countries (including Mauritania) in which the Group operates, as well as in Algeria, the price of medication is generally regulated, as are the margins at different stages of the distribution process. Any reduction in the margin the Group is permitted to generate in these markets may have a material adverse effect on its business, results, financial position and prospects.

In addition, governments or private health insurers may also attempt to reduce spending on pharmaceutical products or to lower the reimbursement of medical expenses which could have an adverse effect on the Group's business, results, financial position and prospects.

4.2.11 Risks associated with manufacturing processes

The Group manufactures certain products at its production facilities, including beverages, plastic products, motorcycles and pharmaceuticals. While the Group has taken out insurance covering its facilities, including business interruption insurance, loss of the use of all or a portion of its facilities due to accident, breakdown, fire, flooding, explosion, labor unrest, civil war, severe weather conditions, or other natural disasters, environmental damages resulting from its industrial activities, whether in the short or long-term, could have a material adverse effect on the Group's business, results, financial position and prospects.

The Group's Eurapharma division must also comply with a specific set of regulations (see paragraph 6.6 of this Registration Document) because of its pharmaceutical product manufacture and distribution activity. Non-conformity with these very strict regulations could have a material adverse effect on the division's activities and revenues, with the risk of being held liable to the public health authorities and consumers for a defect or flaw in the pharmaceutical products produced.

The major water supply problems which affected Brasseries du Congo at the start of 2013 severely disrupted this subsidiary's production, resulting in weaker than expected sales in the first half year. These problems which have now been resolved, underline the importance of access to the water in the brewery production cycle and the risks associated with disruptions to this access. The conditions for supply from the public network were improved during the second half of 2013, and Brasseries du Congo launched a plan to secure its supply and increase the capacity of its reserves.

4.3 Risks relating to the Group

4.3.1 Risks linked to the Group's external growth strategy and the development of new activities

The Group's strategy partly relies on external growth through acquisitions and developing new activities. The Group announced the creation of the new CFAO Retail activity in 2013, with the ambition of creating and developing several tens of shopping malls in Sub-Saharan Africa over a ten year period. The Group also decided to accelerate the development of its wholesale distribution activity in Nigeria, by signing distribution contracts with Pernod Ricard and Ferrero.

CFAO may be unable to assess these projects correctly, or perform them successfully under the initially planned conditions, or identify attractive targets or close deals at the right time under satisfactory terms. The success of acquisitions and new activities depends on different factors, including the economic conditions and general business climate, the negotiation of satisfactory terms, the Group's financial capacities, and the presence of teams able to manage the new projects and integrate acquired entities successfully.

In its vehicle distribution activity, in the event that it acquires distribution businesses for certain brands in certain territories, the Group may have to contend with the loss of distribution rights to rival brands, or with requests to renegotiate contracts from suppliers of these rival brands in the relevant territories and even in other territories, which could have an adverse effect on the Group's results.

Further, the Group may need to borrow funds to finance its projects and acquisitions and the resulting debt may reduce its income, or may not be available on acceptable terms. Acquisitions may also involve other risks or problems inter alia operating in new markets with which the Group is unfamiliar, disruption to the Group's existing business, failure to retain key personnel of the acquired entities, deterioration in relationships with manufacturers and customers or incorrect valuation of acquired entities.

In addition, the development of new activities or the integration of acquired entities into the Group's existing mix of businesses may result in substantial costs or distract CFAO's management from day-to-day operational or financial matters. Unforeseen expenses, difficulties and delays could hamper the Group's growth, prevent it from achieving acquisition synergies and force it to focus resources on integration or new acquisitions instead of other more profitable areas. Acquired entities and new activities could encumber the Group with unforeseen liabilities, or more onerous liabilities than it expected, which could have an adverse effect on the Group's results, financial position and prospects.

4.3.2 Less room for flexibility due to partnerships and minority shareholders

The Group runs some of its activities, including its Beverage activity in the Congo and the Distribution division of its new CFAO retail activity through partnerships. The partnership agreements sometimes include rights of first refusal, preemptive rights (including reciprocal preemptive rights) or put or call options that may restrict the Group's ability to maximize proceeds in the event of the sale of its stake. Moreover, these agreements may provide for vetoes over certain decisions relating to the operations of the partnership that could prevent the Group from implementing its strategy, which could in turn have a material adverse effect on the Group's business, results, financial position and prospects.

In addition, there are minority shareholders in numerous subsidiaries in all of its divisions. Agreements with the minority shareholders generally include preemptive and approval provisions, as well as commitments regarding representation on the governance bodies of the relevant companies.

Minority shareholders may also restrict the Group's freedom of action in certain respects, e.g., corporate restructurings and dividend policy. Moreover, the Group conducts its pharmaceutical business in part through local subsidiaries in which local pharmacists hold non-controlling interests. The by-laws of these companies and the agreements between the Group and these pharmacists do not generally provide for liquidity mechanisms – notably in the event of the retirement of a pharmacist – that would enable the Group to repurchase these minority interests and to transfer them to practicing pharmacists. Impediments to transferring shares in these companies could undermine the Group's strategy of fostering loyalty among local pharmacists by giving them an equity interest in the business.

4.3.3 Financial risks from inadequate insurance coverage

Many of the countries in which the Group operates have a history of currency instability, high inflation, political and civil unrest, wars and/or terrorism, and obtaining adequate insurance coverage against such risks for the Group's operations and assets in these countries may be impossible or prohibitively expensive. Should the Group's insurance coverage prove to be inadequate, the Group's financial position and results could be severely strained by losses arising on the risks inherent to operating in such countries.

The Group is also exposed to risks inherent to its businesses. Although the Group maintains civil liability insurance, claims sometimes result in the payment of significant amounts, portions of which are not covered by insurance policies.

4.3.4 Risks related to litigation

The Group is party to, or directly or indirectly involved in tax, civil and criminal litigation (see section 20.8 "Litigation and arbitration"). In particular, certain subsidiaries of the Group are involved in tax reassessment proceedings in Morocco and Algeria (see section 20.8.1 "Tax litigation"). The Company is also party to proceedings before the Paris Commercial Court involving a claim by various minority shareholders of SCOA (which merged with CFAO 1997) for the payment by the Company of substantial damages. CFAO is also named in various criminal actions related to this commercial dispute (see section 20.8.2 "Civil and criminal litigation"). At this stage of the proceedings, the Group cannot predict the outcome of these cases or the financial liability that it may incur as a result of these litigations, which, in aggregate, could have a material adverse effect on its financial position or results in the future.

There are no other governmental, legal, or arbitration proceedings (including any proceedings of which the Group is aware that are pending or likely) that could have or have had in the past twelve months a material impact on the Group's financial position or profitability.

The Group has set aside provisions for certain tax-related disputes; however, it has not set aside provisions for the litigation described in section 20.8.2 "Civil and criminal litigation".

However, the Group cannot exclude the possibility that new governmental, judicial, or arbitration proceedings may arise due to events or facts that are currently unknown or the associated risk of which is not yet determinable or quantifiable. Such litigation could have a material impact on the Group's financial position or results. In particular, and without limitation, the Group could be exposed to liability claims related to the sale or storage of products.

Although the risk of liability due to substandard or defective products is primarily assumed by the manufacturer of the product and CFAO has taken out several insurance policies to protect itself against this risk, coverage limits may be inadequate to cover losses and/or legal expenses, notably concerning the Group's liability in relation to Eurapharma's new activity consisting in manufacturing pharmaceutical products. Any successful product liability claim or other type of claim may have a significant impact on the Group's financial position or results and could also prevent it from obtaining new liability insurance in the future on commercially advantageous terms.

Finally, certain products distributed by the Eurapharma division are stored and transported under specific conditions, e.g., cold storage for certain vaccines and insulin-based products. Non-compliance with these storage specifications could lead to lost inventory or product recalls, with consequential reputational damage and a risk of product liability, and material adverse effects for the Eurapharma division's operations and results.

4.3.5 Ability of Group operating subsidiaries to generate profits and pay dividends

CFAO, the parent company, is a holding company that conducts the majority of its operations directly or indirectly through its operating subsidiaries. Most of the Group's assets are held by, and substantially all of its revenue and cash flows are attributable to the Group's operating subsidiaries. If revenue from these operating subsidiaries were to decline, the Group's earnings and cash flow would be affected, and the Group might not be able to meet its obligations or pay dividends. The Group's cash flows are principally derived from dividend payments, management fees, license royalties and interest and repayments of intra-group loans from its operating subsidiaries.

The ability of the Group's operating subsidiaries to make these payments depends on business considerations, regulatory limits in France and in the countries in which the Group does business, and relationships with other shareholders, in the case of subsidiaries that are jointly owned with local partners. Moreover, the Group may, in the future, be subject to exchange controls that restrict the transfer of cash upstream from operating subsidiaries to the holding company – as in Algeria where restrictions have been placed on the payment of dividends abroad.

CFAO, the parent company, cannot guarantee investors that its operating subsidiaries will be able to distribute sufficient quantities of cash and cash equivalents to it. Any decrease in revenue or failure or inability of the Group's operating subsidiaries to make payments to the Group's other subsidiaries could have a material adverse effect on the Group's ability to distribute dividends, service Group debt and satisfy its other obligations, which could in turn have a material adverse effect on the Group's business, results, financial position and prospects.

The Company's aim is to distribute an annual dividend, although this does not create obligations for CFAO in this respect. The amount of dividends paid out in the future will depend on a number of factors, including the Group's strategic objectives, financial position, any contractual restrictions, development opportunities or applicable legislation.

4.4 Market risks

The Group has implemented an organizational structure that allows it to centralize the management of market risks. Within the Group, risk management is placed under the responsibility of financial management. The Group believes that addressing these issues at the holding company level allows the Group's risk management policies to be applied more efficiently. Additional information about these risks is provided in Note 30 to the consolidated financial statements in Chapter 20 of this Registration Document.

4.4.1 Foreign exchange risks

4.4.1.1 Overview

The Group's foreign exchange risk management policy consists of reducing the Group's intrinsic exchange rate risk by contracting currency forward hedges to manage the risk on commercial transactions denominated in foreign currencies (see Note 30.2 to the consolidated financial statements in Chapter 20 of this Registration Document).

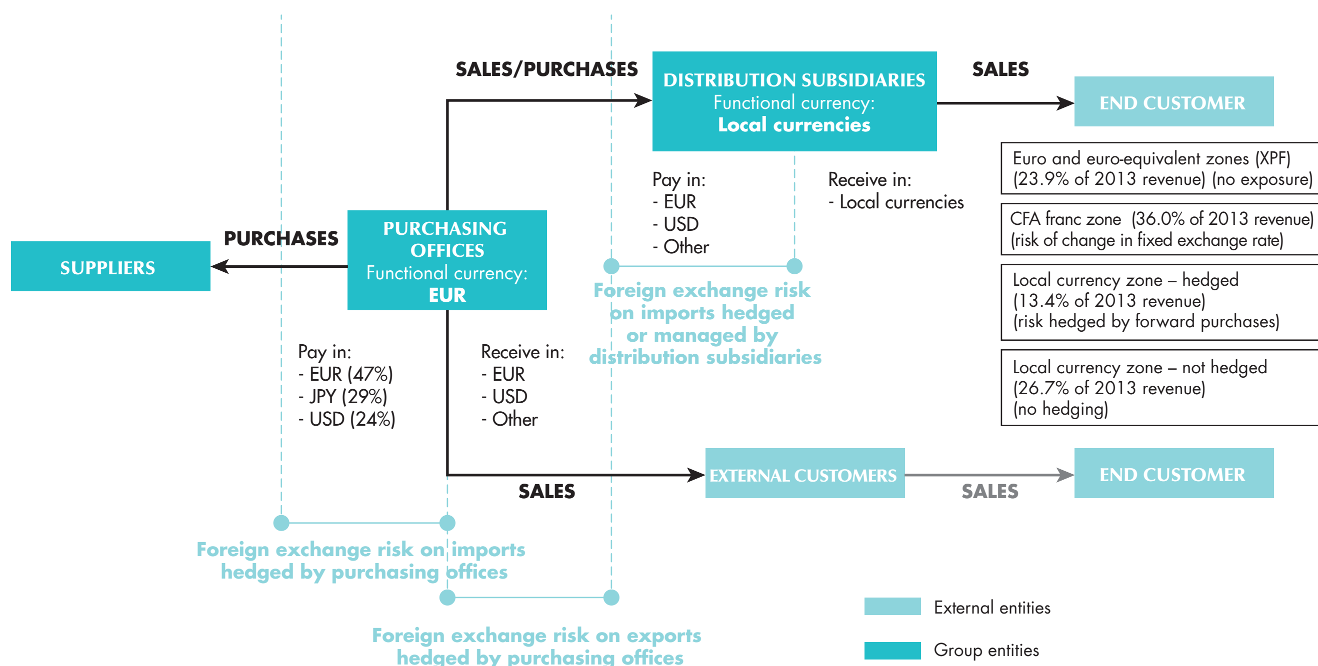
The Group sells its products in euros and equivalent currencies (such as CFP francs), in CFA francs, and in other local currencies and prepares its financial statements in euros. Conversely, the Group's purchases are made in yen, US dollars or in euros. These differences expose the Group to several currency related risks:

- the value of the euro could depreciate between the date on which the Group places an order with a supplier in Japanese yen, US dollars, or any other currency, and the payment date for such an order, resulting in an increase in the euro equivalent of such payment. To limit this risk, the Group enters into forward purchase contracts when it places an order in yen, US dollars or other currencies for an amount equal to 100% of the amount of the confirmed order at the payment date. This policy allows CFAO Automotive to anticipate the potential impact on the cost of vehicles sold resulting from the high cost of purchasing currencies as from the time orders are made, and to adjust its pricing policy where applicable to reduce the impact of exchange rates on gross profit. Any price increase in a local currency may lead to a decline in sales;
- the local currencies in which the Group's sales are made could depreciate against the euro (which is either the purchase currency or the currency into which exposure to the supplier's currency has been converted through the forward purchase contracts described above), requiring a higher amount of local currency to cover the purchase price. The Group takes several measures to minimize this risk:
  - *at Central Purchasing Office level:* The central purchasing offices bill the local subsidiaries in the hard currency most closely associated with the local currency, and, once a confirmed order is received, they set up forward sale contracts for 100% of the value of the confirmed order at the payment date by the local subsidiaries. By doing this, the central purchasing office protects against a devaluation of the hard (billing) currency against the euro between the billing and payment dates,
  - *at the Local Subsidiaries level:* The local subsidiaries either hedge, when possible, or else bear the risk of devaluation of the local currency in which they bill their customers against

the hard currency in which they are billed by the central purchasing office, between the order and payment dates;

- *in the euro and euro-equivalent zones* (see "French Overseas Territories" in the following table), (accounting for 23.9% of the Group's 2013 revenue), the local subsidiaries bill customers in euros or in CFP francs, which are pegged to the euro. There is no foreign exchange risk exposure and these amounts are not hedged;
- *in the CFA franc zone* (see "French-speaking Africa – CFA franc zone" in the following table), (accounting for 36% of the Group's 2013 revenue), the local subsidiaries bill customers in CFA francs, a currency that is pegged to the euro. These subsidiaries are not exposed to exchange rate fluctuations and do not use hedging arrangements. They can neither exclude nor hedge against the possibility of a change in the fixed exchange rate between the CFA franc and the euro. See "Foreign exchange risk exposure" in section 4.1 "Risks relating to the business and regulatory environment";
- *in the countries outside of the CFA franc zone and the euro and euro-equivalent zones, where it is possible to hedge the exchange risk between local currency and hard currency (Morocco, Kenya and Mauritius)* (accounting for 13.4% of the Group's 2013 revenue), the Group's subsidiaries set up forward purchase contracts for an amount equal to the purchase price of the goods ordered from the central purchasing offices at the scheduled payment date. This allows them to hedge against the risk of devaluation of the local currency against the hard currency in which their purchases are billed to them;
- *in the countries outside of the CFA franc zone and the euro and euro-equivalent zones, where it is not possible to hedge the exchange risk between local currency and hard currency (in the following table see "English-speaking Africa", "Maghreb" and "Africa – other countries", excluding Morocco, Kenya and Mauritius)* (accounting for 26.7% of the Group's 2013 revenue), the Group's subsidiaries must bear the risk of a devaluation in the local currency against the hard currency between the date of the confirmed order with the central purchasing office and the due date for payment to the central purchasing office. For these local subsidiaries, the Group's policy is to seek to adjust sales prices in local currency to cover fluctuations in the value of local currency against the hard currency in which central purchasing offices bill the products. Nevertheless, the Group is not always able to adjust its prices to cover the total amount of exchange rate fluctuations, especially in highly competitive markets. The Group's Nigerian subsidiaries started hedging their foreign exchange exposure to the naira in December 2010;
- when preparing its consolidated financial statements, the Group must convert the financial statements of its subsidiaries, which are prepared in local currency, into euros. Any devaluation of local currencies against the euro has a negative impact on equity (see the "Cumulative translation adjustments" column in "Consolidated statement of changes in equity" in the consolidated financial statements presented in Chapter 20 of this Registration Document).

Presentation of CFAO's exchange rate hedging policy:



Billing currencies used by the central purchasing offices

The central purchasing offices bill local subsidiaries in the hard currencies deemed to be most closely associated with the applicable local currency. These hard currencies are listed in the following table:

Geographic location of the subsidiary	Currency of invoicing of the Central Purchases Office	Country / Territory / Department
French overseas territories	Euro	Reunion, French Guiana, New Caledonia, Martinique, Guadeloupe, French Polynesia, Saint Martin
French-speaking Africa – CFA franc zone	Euro	Benin, Burkina Faso, Ivory Coast, Senegal, Togo, Cameroon, Central African Republic, Congo (Brazzaville), Equatorial Guinea, Gabon, Mali, Niger, Chad, Guinea Bissau
English-speaking Africa	US dollar	Zambia, Malawi, Kenya, Nigeria, Ghana, Zimbabwe, Gambia, Uganda
	Euro	Morocco
Maghreb	US dollar	Algeria
Africa – other countries	US dollar, Euro, Japanese yen *	Guinea, Congo (DRC), Mauritania, Mauritius, São Tomé, Madagascar, Tanzania

* *As appropriate.*

4.4.1.2 Hedging instruments

In accordance with IAS 39, foreign exchange hedges were analyzed to determine whether they qualified for hedge accounting.

For further information, see Note 30.2 "Exposure to foreign exchange risk" in the consolidated financial statements in Chapter 20 of this Registration Document.

Analysis of sensitivity to foreign exchange risk

For further information, see Note 30.2 "Exposure to foreign exchange risk" in the consolidated financial statements in Chapter 20 of this Registration Document.

4.4.1.3 Management of foreign exchange risks for operational expenditure

In order to limit the foreign exchange exposure on the financing of its operational expenditure, the Group generally tries to finance this expenditure out of equity or borrowings in local currency.

4.4.1.4 Residual foreign exchange risk (after hedging)

Despite its efforts to systematically hedge its foreign exchange risk in all cases where this is possible, the Group cannot totally eliminate its exposure to such foreign exchange fluctuations. Risks remain despite the hedges set up:

- for subsidiaries outside the CFA franc zone that operate in markets in which it is not possible to use forward currency contracts to hedge against the risk of fluctuation between the local currency and the currency in which purchases are billed by the central purchasing offices (which is the case in most of the countries in Africa in which the Group operates), the Group is unable to hedge against fluctuations between these currencies;
- in the CFA franc zone, the Group cannot hedge against or exclude the possibility of a change in the fixed exchange rate of the CFA franc against the euro (see section 4.1 "Foreign exchange risk exposure");
- the Group often places orders via the central purchasing offices without having a matching customer order. When a sale to the final customer takes place after the expiration of the corresponding hedge, the Group is exposed to the risk of exchange rate fluctuations between the expiration of the hedge and the sale date;
- even when the Group is able to fully or partially hedge its risk using forward currency contracts against exchange rate fluctuations between the date an order is placed with a supplier and the date on which the final customer pays the purchase price in local currency, the Group must still set its prices in local currency based on the hedged purchase price that it obtains. Although the Group's policy is to adjust sales prices in local currency to reflect exchange rate fluctuations, its ability to increase its prices and maintain its gross profit margins will depend upon market conditions and the level of competition in a given country.

Because the Group is unable to fully eliminate its currency exposure, its revenue, gross profit margin and income are vulnerable to exchange rate fluctuations, particularly with respect to the yen/euro and dollar/euro exchange rates, as well as the dollar, euro and yen exchange rates against other currencies in which the Group's sales are conducted. For more information concerning these risks, see section 9.1.2.2 "Exchange rate fluctuations" of this Registration Document and Note 30.2 "Exposure to foreign exchange risk" to the consolidated annual financial statements.

4.4.2 Interest rate risk

The Group is exposed to interest rate risk mainly on its syndicated credit facility which bears interest at variable rates. The medium-term borrowings of the Group's subsidiaries in local currencies are at fixed rates. The interest rate on short-term borrowings is not usually indexed as these comprise unconfirmed lines of credit. The Group does not use any derivative instruments to hedge its interest rate risk at present.

For further information, see Note 30.1 "Exposure to interest rate risk" in the consolidated financial statements in Chapter 20 of this Registration Document.

4.4.3 Liquidity risk

(For further information, see Note 30.5 to the consolidated financial statements in Chapter 20 of this Registration Document.)

Most of the Group's non-derivative financial instruments, which consist primarily of trade payables and other borrowings, have maturities of less than one year. Projected cash flows relating to accrued interest payable are calculated through to maturity of the debt to which they relate. Floating-rate accrued interest payable at future dates is calculated at the December 31, 2013 interest rate.

In the past, the Group has met these obligations mainly from its available cash and cash equivalents, cash flows from operating activities and loans from the PPR current cash account. When it was floated on the stock market at the end of 2009, the Group set up a syndicated credit facility of €300 million to replace and repay the historical financing supplied by PPR. This syndicated facility with CFAO's main banks with an initial maturity of three years was extended for one year in 2010 and again for a year in 2011. CFAO signed a new revolving credit agreement for €400 million in December 2013, with a syndicate of 12 banks. The purpose of this credit line is to finance the Group's general operating requirements and to refinance the €300 million syndicated loan described above.

For further information concerning the Group's liquidity sources see Chapter 10 "Capital resources" of this Registration Document.

Given the current instability in the global economy and its impact on each of the markets in which it operates, the Group cannot be certain that it will still be able to meet certain contractual obligations under the syndicated credit facility in the future, and in particular the restrictive clauses or covenants described in Chapter 10 "Capital resources". Other circumstances in countries in which the Group has operations, particularly political events, could indirectly prevent CFAO from complying with these covenants. Failure to comply with these clauses would constitute a default event under a credit facility agreement and entitle the financial institutions to demand early repayment of all sums outstanding as well as accrued interest and related costs. In the event of a demand for early repayment of the sums owed under a credit facility agreement, it is possible that the Group may not have sufficient liquid assets to cover the full outstanding amount. At the date of this Registration Document, and in light of the current economic environment, the Company considers it unlikely that it will not comply with these covenants at the next contractual assessment date, i.e., June 30, 2014, and is unable to make a formal pronouncement with regard to subsequent assessment dates.

It is also possible that a consequence of these restrictive commitments or covenants is to reduce the Group's flexibility in the way it runs its business activities. The main risks of reducing the Group's flexibility involve: its capacity to seize business opportunities, its capacity to plan its expansion and/or to easily dispose of certain of its assets, its capacity to obtain additional financing, going beyond the commitments already made, in order to cover its working capital requirements, its investments, its potential acquisitions, and its refinancing, and the fact that it may be forced to devote a significant part of its cash flow to paying sums owed under the agreement, thus reducing its ability to use its cash flows for other purposes.

Finally, the syndicated credit facility provides for the possibility for lenders to demand the early repayment of the sums owed and to cancel its credit lines, if its controlling shareholder loses control (within the meaning of Article L. 233-3 I of the Commercial Code).

Liquidity risk may also result from local difficulties in transferring funds as a dividend or other payment from local subsidiaries, in countries where the Group operates, to the holding company. As a result of the foreign exchange or economic policy of the country in question, the funds may be unavailable (see Note 27.2 to the consolidated financial statements and "Ability of Group operating subsidiaries to generate profits and pay dividends" in section 4.3 above, "Risks relating to the Group").

4.4.4 Counterparty risk

The Group is exposed to counterparty risk on its use of derivative instruments to manage its exchange rate risk (see Notes 30.4 and 30.2 to the consolidated financial statements in Chapter 20 of this Registration Document). The Group's strategy is to minimize its exposure to counterparty risk by only contracting with leading establishments and allocating its transactions among the selected institutions according to pre-defined limits. The counterparties for derivative operations are included in the credit risk management procedures: each of them is the subject to authorizations which are regularly updated in terms of the amount and maturity.

4.5 Risk management

The Group's internal control and risk management systems are closely linked. Both rely on a range of systems, procedures and tailored actions intended to ensure that appropriate measures are taken to control: (i) the Group's activities, the effectiveness of its operations and the efficient use of resources; and (ii) risks that are likely to have a significant impact on the Group's assets or the realization of its objectives, whether these involve operational, financial, or legal and regulatory matters.

As part of its internal control and risk management procedures, the Group has mapped the main risks to which it is exposed. For each risk identified, the Group evaluates the likelihood of the occurrence of this risk and its potential impact. The Group's risk management procedures are set out in more detail in Chapter 16 of this Registration Document in the report by the Chairman of the Supervisory Board to the Shareholders' Meeting on corporate governance and internal control.

4.6 Insurance

4.6.1 Overview

The Group's insurance coverage is provided under a number of policies taken out either directly at Group level and/or at subsidiary level. These are included in international insurance programs, as is the case with carriage insurance, property damage and business interruption insurance, and civil liability insurance, or in individual policies such as those underwritten for the Group's civil liability insurance for corporate officers and its construction insurance.

The insurance policies taken out by the Group over recent months have similar coverage (see section 4.6.4 "Main insurance policies" below for a description of the Group's insurance coverage) and terms and conditions to those of last year. The policies were taken out in recent months with rating conditions which were appreciably the same as those of the previous period. The Group's Insurance Manager participates in identifying and quantifying the consequences of and the reduction of risks either by recommending measures to prevent risks which can thus be eliminated or reduced, or by planning financing conditions, and notably insurance for exceptional risks, which have a high potential impact and low frequency.

Each Group subsidiary is required to provide the Insurance Director with the information needed to identify and quantify risks and to implement business contingency plans in the event of a major incident. Based on this information, the insurance manager negotiates with major insurance and reinsurance providers in order to obtain the most appropriate coverage.

4.6.2 Risk prevention policy

The Group's risk prevention measures, which are implemented on a decentralized basis at the subsidiary level, are designed to enable the Group to identify, evaluate and reduce its exposure to risk and potential losses, and their frequency and intensity, through valuations of assets at risk.

They are based on audits of the Group's principal operating sites and implementation of the recommendations of security professionals, a risk prevention engineering program designed to reduce exposure to on-site fire risks in particular, internal control procedures, employee training programs addressing the risk of misappropriation of assets, and implementation of appropriate contingency plans in certain Group entities. This policy is implemented on a risk-by-risk basis.

4.6.3 The Group's approach to insurance

The Group's significant risk insurance policy is determined primarily by evaluating the best economic fit between risk coverage, premiums and the Group's self-insurance, and the market offering, constraints and local regulations.

When obtaining coverage, the Group favors an "all risks with exceptions" approach and sets coverage levels in light of the Group's assessment of the potential financial consequences of potential loss events, including civil liability (bodily injury or property damage caused to third parties by products, installations or equipment), property damage resulting from fire, explosions, water damage, riots, terrorism, wars, etc., or operating losses arising directly from a loss event.

The Group determines the level of appropriate coverage by site and by company, based on its assessment of the amount needed to settle or deal with reasonably estimated potential liabilities, damage or other risks. In making these assessments, the Group considers the evaluations provided by its insurers. In some cases, identified risks are not insured because no third party insurance coverage is available or because the price is disproportionately high compared to the benefits of the insurance.

The Group manages risks within the framework of its general risk management policy and believes that its approach to insurance is consistent with the market practices of French or foreign companies of a similar size that are exposed to comparable risks.

Most of the Group's policies are "umbrella" insurance policies that cover some or all of its subsidiaries, depending on the particular policy and subject to local regulations. The Group gets coverage through international insurance brokers specialized in obtaining coverage of the Group's principal risk categories from recognized insurers in the industrial risks sector. The insurance premium is generally paid by the Group's subsidiaries and is set based on criteria such as the amount of capital insured or the subsidiaries' share of the Group's overall revenue. The cost of corporate officer liability insurance and war risk policies is not passed on to the Group's subsidiaries.

In addition to the Group's main insurance policies, certain operating subsidiaries have taken out individual insurance policies to cover risks specific to their businesses (construction, auto insurance, etc.). In 2013, insurance premiums recognized in operating expenses (excluding carriage insurance, which is recognized in cost of sales) totaled €8 million.

4.6.4 Main insurance policies

The Group's principal categories of insurance coverage are described below:

- ***Operating losses and damage:*** The Group has set up an operating losses and damage insurance program. This cover came into effect on July 1, 2010, and has been renewed since. It insures the Group against damage resulting from fire, explosions, water damage, theft, natural events affecting specific assets (buildings, movable property, equipment, goods, IT equipment) and those for which the Group is responsible, as well as lost income resulting from such damages, for a period until normal business can be resumed. The total amount of the damages insured by these policies depends on the geographic area and the specific risks. For example, this amount is capped at €100 million per claim resulting from fire, explosions or water damage in France, and €50 million or €20 million for a similar-type claim in the French overseas territories and Africa, respectively. These amounts are based on evaluations of potential maximum loss events within the Group.
- ***Credit risk:*** The Group only insures the central purchasing offices when selling to third parties on a transaction specific basis.
- ***Carriage insurance:*** The Group has taken out an insurance policy expiring on December 31, 2014 that covers the transport of goods in the various geographic areas in which it operates. This policy covers the risk of damage, theft or major events, including acts of war, occurring during transport operations performed by the Group's operating subsidiaries, from dispatch of the goods by suppliers to delivery to the recipient. The amount of damages insured under this policy is capped at €25 million per claim.
- ***Civil liability:*** The Group has set up a civil liability insurance program for operating risks and risks after delivery or services, covering loss to third parties caused by the activities of all its subsidiaries. The amount of damages insured under this policy is capped at €100 million per claim and per year. The amount of the premium is paid by the subsidiaries in proportion to their revenue. The Group has also taken out similar-type civil liability insurance specifically covering its African activities. The amount of damages insured under these specific policies is capped at €150,000 per claim.
- ***The Civil liability of corporate officers:*** The Group has taken out an insurance policy to cover the civil liability of its corporate officers. This policy covers the amount of any claim taken by third parties against the corporate officer(s) of the Group resulting from an (unintentional) act giving rise to their individual or joint and several civil liability.

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5.1 History and development of the Company

5.1.1 Legal and commercial name of the Company

CFAO

5.1.2 Registered office address

18, rue Troyon,
92316 Sèvres, France
Tel: +33 (0)1 46 23 56 56

5.1.3 Legal form, incorporation and applicable legislation

CFAO is a French joint-stock company with a Management Board and a Supervisory Board (*société anonyme à Directoire et à Conseil de surveillance*) incorporated under French law and governed by the provisions of Book II of the French Commercial Code (*Code de commerce*). For more information regarding the administrative, management and supervisory bodies and executive management, see Chapter 14: "Corporate Governance" of the present Registration Document

CFAO is registered in the Nanterre Trade and Companies Registry of under number B 552 056 152.The Company was incorporated on April 4, 1907. The statutory term of the Company will end on April 3, 2042, unless this term is extended or the Company is subject to early dissolution.

5.1.4 History of CFAO

For more information regarding the history of CFAO, please refer to Chapter 6: "Business Overview", section 6.1 "General Overview".

5.2 Investments

The investments outlined below relate to purchases and disposals of property, plant and equipment and intangible assets. Acquisitions of companies by the Group over the last three years are described in Chapter 7: "Organizational structure", section 7.2.4 "Acquisitions and disposals over the past three years".

5.2.1 Investments made since 2008

The Group's total gross operating investments from 2009 to 2013 amounted to €406.6 million.

These investments were made according to the following priorities:

- a program to modernize and expand the automobile dealership network in Sub-Saharan Africa, the Maghreb and the French overseas territories;
- a program to invest in production equipment for the beverages business to increase production capacity, which includes a tax incentive. An initial investment program was launched in 2002 and was completed in 2008; these investments doubled production capacity. A second program was launched in 2009, and a third one is in progress since January 2012;
- a program to provide the CFAO Automotive division with a dedicated information technology system specifically designed for the business;
- a program for the creation of vehicle leasing fleets, amounting to €9.0 million in 2010, €10.7 million in 2011, €14.8 million in 2012 and €12.3 million in 2013.

The table below shows gross operating investments by division from 2009 to 2013:

(in € millions)	CFAO Automotive	Eurapharma	CFAO Industries	CFAO Technologies	CFAO Industries, Equipment & Services	CFAO holding & other	Total
December 31, 2013							
Gross purchases of property, plant and equipment and intangible assets	24.0	14.5			57.2	4.0	**99.7**
Network modernization and expansion	15.4	9.5			2.1	3.8	**30.8**
Leasing fleets	-	-			12.3	-	**12.3**
Equipment and technical material	5.4	4.4			7.3	0.2	**17.3**
Information systems	2.8	0.8			0.7	-	**4.3**
Brasseries du Congo	-	-			34.7	-	**34.7**
Other	0.4	(0.2)			0.1	-	**0.3**
December 31, 2012							
Gross purchases of property, plant and equipment and intangible assets	35.0	11.4			45.7	2.2	**94.3**
Network modernization and expansion	22.3	6.1			2.0	1.6	**32**
Leasing fleets	-	-			14.8		**14.8**
Equipment and technical material	8.9	4.6			7.7	0.2	**21.4**
Information systems	3.1	0.8			0.3	0.4	**4.6**
Brasseries du Congo	-	-			20.9		**20.9**
Other	0.5	-				-	**0.5**
December 31, 2011							
Gross purchases of property, plant and equipment and intangible assets	21.8	6.8			44.9	0.5	**74.1**
Network modernization and expansion	10.4	2.9			4.6		**17.9**
Leasing fleets	-	-			10.7		**10.7**
Equipment and technical material	5.2	3.1			4.0	0.1	**12.4**
Information systems	4.7	0.8			0.6	0.3	**6.4**
Brasseries du Congo	-	-			25.0		**25.0**
Other	1.5	-				0.1	**1.6**
December 31, 2010							
Gross purchases of property, plant and equipment and intangible assets	31.6	7.4	28.8	0.9		0.6	**69.3**
Network modernization and expansion	14.1						**14.1**
Leasing fleets	9.0						**9.0**
Equipment and technical material	3.5						**3.5**
Information systems	5.1	1.1	0.4	0.2		0.4	**7.2**
Brasseries du Congo			24.8				**24.8**
Other	(0.1)	6.3	3.6	0.7		0.2	**10.7**
December 31, 2009							
Gross purchases of property, plant and equipment and intangible assets	29.9	6.1	32.4	0.7		0.2	**69.3**
Network modernization and expansion	14.1						**14.1**
Equipment and technical material	6.7						**6.7**
Information systems	5.0	1.2	0.4	0.1		0.1	**6.8**
Brasseries du Congo			29.9				**29.9**
Other	4.1	4.9	2.1	0.6		0.1	**11.8**

In 2013, proceeds from disposals of property, plant and equipment amounted to €11.2 million.

5.2.2 Main investments in progress

The Group's main investments in progress are as follows:

- expansion and modernization of the CFAO Automotive dealership network;
- additional investments in production equipment for the beverages business in the Congo;
- expansion of the distribution capacity of the Eurapharma network;
- continuation of the information systems investment program for subsidiaries;
- ramp-up of the leasing fleet investment program;
- ramp-up of the CFAO Equipment investment program.

5.2.3 Main investments to be undertaken

As of the filing date of this Registration Document, no firm commitments had been made to third parties concerning material financial investments.

The Group estimates that its net operating investments in 2014 will mainly consist of:

- on the one hand, the continuation of:
  - investments to modernize and expand the CFAO Automotive and Eurapharma networks amounting to approximately €25 million each, i.e., a combined amount of €50 million;
  - investments of CFAO Retail (construction of shopping centers) in Ivory Coast, Nigeria and Cameroon amounting approximately €40 million;
- on the other hand, the continuation of:
  - investment programs to expand production and distribution capacity at Brasseries du Congo and to modernize plastics plants for an amount of approximately €25 million; and
  - investments in connection with the ramp-up of the equipment distribution and rental services businesses amounting to approximately €25 million;

together equaling a total of roughly €140 million. These investments will be partly financed by the cash flow generated by the activities. They could also require specific or dedicated financing.

BUSINESS OVERVIEW

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6.1 Introduction to the Group

6.1.1 Introduction to the Group's business

Equipment. Healthcare. Consumer Goods.

CFAO draws on each of its areas of expertise to meet the basic needs of the African continent, where the Group's experience spans over more than 125 years and where it operates as a market leader in automotive and pharmaceutical distribution (excluding South Africa). Ever growing and developing, it also operates in the distribution of equipment and consumer goods as well as in new technologies and telecommunications.

CFAO operates in four main regions: French-speaking Sub-Saharan Africa, English and Portuguese-speaking Sub-Saharan Africa (excluding South Africa), the Maghreb and the French overseas territories. The Group boasts a presence in 33 African countries (including Mauritius) and seven French overseas territories. It also operates in Vietnam, and more recently in Cambodia, in the automotive distribution sector. The Group also has an indirect presence in Denmark and India, where the two warehouse and shipping platforms of Missionpharma (a company purchased by Eurapharma in 2012) are located. Most of CFAO's operations in mainland France concern direct export sales.

As a major global brand distributor, CFAO stands out from its competitors for its before and after sales services which meet the highest international standards, its constant emphasis on operational improvements (as illustrated by its showrooms, stores, warehouses, workshops, equipment, IT systems, etc.), and a supply chain that is able to swiftly serve markets that are located far from its production centers.

The year 2013 saw the launch of a shopping mall development project in Africa and the creation of a new CFAO Retail Department. CFAO will strive to successfully complete this project, in particular through a partnership established with the Carrefour group for the food distribution. This new venture, with the ten-year target of €1 billion in revenue, will strengthen the *Consumer Goods* division, which already includes the production and distribution of beverages and plastic products.

CFAO is active in numerous market segments. Since 2013, these segments have been grouped into three operating divisions, as described below.

- ***CFAO Automotive***

  CFAO Automotive is one of the main importers and distributors of private and utility vehicles in Africa (excluding South Africa) and the French overseas territories. It purchases, stores, imports and distributes vehicles manufactured by more than 30 international automakers. The Group has over 90 years of experience in this business. CFAO Automotive has dealerships in 32 countries spanning the Maghreb (Algeria, Morocco) and Sub-Saharan Africa (including Mauritius), four French overseas territories and Vietnam. In addition to selling a full range of new light and utility vehicles, trucks and motorcycles, CFAO Automotive offers a diverse range of services including after sales services and the sale of spare parts and tires. CFAO Automotive generated 56.5% of the Group's total consolidated revenue in 2013.

- ***Eurapharma***

  The Group, through its Eurapharma division, is one of the leading importers and distributors of pharmaceutical products in Africa (excluding South Africa), the French overseas territories and Madagascar. Eurapharma stands out through the range of services it offers to both upstream (laboratories) and downstream (pharmacists) customers. Its customers include the largest international laboratories. With over 60 years of experience, Eurapharma enjoys leading positions in its core historical markets, French-speaking Sub-Saharan Africa, where Eurapharma has operations in 14 countries, and the French overseas territories. Eurapharma also has significant positions in markets that it entered more recently, namely in English- and Portuguese-speaking Sub-Saharan Africa, including Nigeria where it gained a foothold in 2012 through the acquisition of Assene, now renamed Assene Laborex, as well as in Algeria. In July 2012, Eurapharma acquired a majority stake in Missionpharma, the world leader in medical kits and one of the main suppliers of African public healthcare operators. This division generated 30.4% of the Group's total consolidated revenue in 2013.

- ***CFAO Industries, Equipment and Services***

  At the end of 2013, this division grouped together the Industries, Equipment, Rental services and Technologies businesses:

  - **CFAO Industries** is comprised mainly of the beverage business in the Republic of the Congo, where the Group owns and operates two bottling facilities in Pointe-Noire and Brazzaville, through a partnership with Heineken, and believes that it is by far the leading distributor of bottled beverages (in particular of the Coca-Cola brand) in this country. This division also encompasses the production of plastic products (such as BIC® razors and pens), with four plants in Sub-Saharan African producing products distributed in fifteen countries across the region.
  - **CFAO Equipment** is a business-to-business network, which is devoted to the sale and maintenance of equipment and consumer goods and also has a rental offering. The division offers an extended range of construction and handling machinery, agricultural equipment, generating units and, thanks to its partnership with Otis, elevators. Launched by CFAO in 2011, the business has partnered with major international brands in the sector: JCB, LiuGong, Massey Ferguson, New Holland, FG Wilson, Hyster, Silla, Otis and Avis. CFAO Equipment is established in eight African countries: Cameroon, Congo, Gabon, Ghana, Nigeria, Senegal, Ivory Coast and DRC. The division also benefits from the Group's strong presence in Africa,

which has already enabled it to operate in 21 countries on the continent. In 2013, this new network finalized the organization of its operating units and teams to respond efficiently to the equipment needs of both local enterprises and major international companies that operate in Africa, notably in the construction, agricultural, mining, power, logistics and transport industries.

– **Rental services**
CFAO has 3,100 vehicles available for short and long-term rentals in seven countries – Cameroon, Congo, Ivory Coast, the Democratic Republic of the Congo, Gabon, Madagascar and Senegal. To better serve the needs of companies present on the African continent, the Group decided to expand its offering in 2011. In addition to the short and long-term rental of passenger vehicles, pickup trucks and off-road vehicles, it now also offers equipment rentals: construction machinery, materials handling equipment and generators. All these offerings are combined under a single brand name: **Loxéa**. These services effectively round out the short-term vehicle rental franchises that the Group operates for Avis, Budget and Hertz.

– **CFAO Technologies:**
Created in 2002, the CFAO Technologies division refocused its activities in 2012. The division is now focused on providing high value-added computer products and solutions, networks and telecommunications, notably managed services for work stations, bank ATMs and the radio communications industry.

The CFAO Industries, Equipment & Services division generated 13.1% of the Group's total consolidated revenue in 2013.

In 2013, the Group decided to create a new **CFAO Retail** business, as mentioned above, in addition to developing a new mass retail distribution business (**FMCG**, Fast Moving Consumer Goods) in Nigeria, based on a pre-existing distribution network. The Group now aims to strengthen this network in the country and to expand its range of products distributed, in particular through new agreements signed in 2013 with Pernod Ricard and Ferrero. The CFAO Retail business had no revenue in 2013 and the FMCG business generated revenue of €2.5 million.

In early 2014, a new structure was defined and implemented for the Group's businesses. On the one hand, it aims at strengthening synergies between the **Equipment and Rental** services businesses, and on the other hand, achieving a more coherent grouping of three major strategic sectors: Equipment, Healthcare and Consumer Goods. Accordingly, the **Equipment and Rental** services businesses will be grouped within the **Automotive** division in 2014, which has been renamed the **Automotive, Equipment and Rental** Services division. Furthermore, these divisions in Nigeria and Ghana are now included in the French-speaking region of Sub-Saharan Africa, renamed West Africa, with the English- and Portuguese-speaking region of Sub-Saharan African becoming East Africa.

The Group's consolidated revenue in 2013 amounted to €3,628.1 million.

CHANGE IN THE BREAKDOWN OF REVENUE BY DIVISION AND BY GEOGRAPHIC AREA IN 2010, 2011, 2012 AND 2013

	2013		2012		2011		2010 (1)		2010 (2)	
	(in € millions)	(as a % of revenue)	(in € millions)	(as a % of revenue)	(in € millions)	(as a % of revenue)	(in € millions)	(as a % of revenue)	(in € millions)	(as a % of revenue)
CFAO Automotive	2,049	56.5%	2,188.2	61.0%	1,891.7	60.5%	1,527.4	57.1%	1,537.6	57.5%
Eurapharma	1,103.4	30.4%	969.2	27.0%	864.5	27.7%	809.6	30.2%	809.6	30.2%
CFAO Industries									221.1	8.3%
CFAO Technologies									107.8	4.0%
CFAO Industries, Equipment & Services	475.5	13.1%	427.6	12.0%	367.4	11.8%	339.1	12.7%		
TOTAL	**3,628.1**	**100%**	**3,585.2**	**100%**	**3,123.7**	**100%**	**2,676.2**	**100%**	**2,676.2**	**100%**
French-speaking Sub-Saharan Africa	1,446.7	39.9%	1,357.9	37.9%	1,239.9	39.7%	1,128.2	42.2%	1,128.2	42.2%
French Overseas Territories and Other	743	20.5.%	717.2	20.0%	729.6	23.3%	568.9	21.3%	568.9	21.3%
Maghreb	694	19.1%	809.3	22.6%	599.6	19.2%	509.2	19.0%	509.2	19.0%
English and Portuguese-speaking Sub-Saharan Africa	498.4	13.7%	505.6	14.1%	392.8	12.6%	331.7	12.4%	331.7	12.4%
Other Europe (3)	245.9	6.8%	195.1	5.4%	161.8	5.2%	138.2	5.1%	138.2	5.1%
TOTAL	**3,628.1**	**100%**	**3,585.2**	**100%**	**3,123.7**	**100%**	**2,676.2**	**100%**	**2,676.2**	**100%**

(1) Pro forma based on 2011 divisional structure.
(2) Based on 2010 divisional structure.
(3) France (export) and Denmark (Missionpharma).

The table below lists the Group's largest markets by revenue in 2013. The recurring operating income of each Group division is provided below in the descriptions of the business divisions.

	% of 2013 revenue
1. Algeria	14.8%
2. Congo	8.5%
3. Reunion	6.7%
4. Cameroon	6.4%
5. French Antilles	6.2%
6. Côte d'Ivoire	5.4%
7. France Export [(1)]	4.8%
8. Morocco	4.3%
9. Nigeria	4.1%
10. New Caledonia	4.0%
11. Kenya	3.5%
12. Senegal	3.5%
13. Gabon	3.4%
14. DRC	2.5%
15. Mali	2.4%
16. Burkina Faso	2.3%
17. Denmark [(2)]	2.0%

(1) France Export revenue represents the revenue generated by export sales carried out by the Group's central purchasing offices.
(2) The Denmark figure represents revenue generated by the Danish company Missionpharma.

6.1.2 History

The Group has a history with Africa that spans more than 160 years. It traces its origins to the creation of the Etablissements Verminck in Marseille in 1852, which were renamed CFAO in 1887. Throughout the second half of the nineteenth century, the Group conducted its business in the principal markets of Western Africa, including Senegal, Guinea, Gambia, Ivory Coast, Nigeria and Sierra Leone. At the time, it was principally involved in the trading of consumer products and foods, including nuts, cocoa, soaps, oils, rubber, coffee, ginger, leather, tobacco, watches, alcohol and wax. It began distributing automobiles in Africa in 1913.

In the 1920s and 1930s, the Group expanded its businesses to Cameroon, Gabon, Togo and the Democratic Republic of Congo. By 1939, it had grown to 11,000 employees, including 1,000 expatriates, and by 1948 it had over 360 sales locations in 19 countries. In the three decades that followed, the Group significantly grew its automobile distribution business and expanded into other industries, such as the manufacturing of plastics, becoming a multinational service and trading company. In the late 1950s, the Group moved its headquarters from Marseille, its historical base, to Paris. During this period, the Group pursued a strategy of diversification, in particular by launching supermarkets in Africa and France. In the 1970s, the Group was therefore operating on three continents (Africa, Europe, and the United States), with a diversified portfolio of activities and annual revenue that reached nearly 4 billion French francs (i.e., approximately €610 million).

In 1990, the Group was acquired by the Pinault group, which later became Pinault Printemps Redoute then PPR and then Kering), after which it became a branch of Pinault SA and refocused on its African business. The Group then began to reorganize its businesses in the context of a generally difficult economic climate.

In 1994, the Group weathered the crisis of the CFA franc (which lost 50% of its value against the French franc in January 1994). This crisis disrupted the economies of the CFA-member countries and caused serious difficulties for many local players. After overcoming this crisis, the Group resumed its strategy in reinforcing its positions in its key business lines and regions. In 1996, the Group purchased SCOA, one of its historical competitors, assuming and successfully integrating the pharmaceutical distribution business of its subsidiary, Eurapharma.

Since the end of the 1990s, the Group has expanded its business, both organically and through acquisitions in new geographic areas, leveraging its strong positions in its traditional businesses and geographic areas. In the automobile sector, it created or acquired businesses in new regions including certain English- and Portuguese-speaking Sub-Saharan African countries (such as Kenya and Nigeria), the Maghreb and, most recently, Vietnam. CFAO Automotive has also strengthened its presence in French-speaking Sub-Saharan Africa and in the French overseas territories. The Group invested substantially in human resources (through training and recruiting efforts) and infrastructure to expand and modernize its existing distribution and manufacturing facilities. In the Group's pharmaceutical division, Eurapharma entered new regions, such as Algeria and Kenya, and developed new business lines, including its pre-wholesale business (in 2001) and distribution agent business (in 2000). In 2011, Eurapharma entered the pharmaceutical manufacturing segment for the first time by buying a 49% stake in an Algerian entity, Propharmal. The Group also developed new business lines, including in new technology with **CFAO Technologies** in 2002, and in equipment distribution with **CFAO Equipment**, which was driven by the expected growth in the infrastructure, construction and agricultural markets.

2009 marked the start of a new Chapter for CFAO, with the launch of its initial public offering on December 3 at an offer price of €26 per share, following the sale by PPR of 57.94% of the Group's share capital and voting rights. 2012 brought about a change in CFAO's primary shareholder following the sale of PPR's 42% interest in CFAO and the tender offer launched by the Japanese Sogo shosha (general trading company) Toyota Tsusho Corporation (TTC), at the close of which TTC held 97.8% of CFAO's capital and voting rights. This interest amounted to 97.5% in December 31, 2013.

The year 2013 was marked by the launch of the project to create several dozens of shopping malls in Africa, in partnership with the Carrefour group for the Food Distribution division. A new **CFAO Retail** business responsible for this development was created in 2013.

At the end of 2013, Richard Bielle was made Chairman of the Management Board once again (in replacement of Alain Viry).

6.2 Business divisions

6.2.1 CFAO Automotive

The Group is one of the leading importers and distributors of passenger and commercial vehicles in the African countries and the French overseas territories in which it operates. It has dealership networks in the Maghreb and Sub-Saharan Africa, the French overseas territories and Vietnam. It has over 90 years' experience selling automobiles in Africa, and believes that its long history and established presence give it greater insight into local markets and enhance its reputation among customers.

The Group offers a comprehensive range of new passenger and commercial vehicles, trucks and motorcycles, and also provides a full range of services encompassing after-sales services and the sale of spare parts and tires. The Group also assembles motorcycles and mopeds in Morocco. In this business, it has partnered with Peugeot for more than 40 years and assembles more than 10,000 Peugeot mopeds per year at its Moroccan production facility.

The Group also assembles trucks in Morocco and Kenya. The Group has numerous dealerships and after sales service units, a large majority of which it owns directly, as the agent network is concentrated in the Maghreb and Nigeria. **CFAO Automotive** is primarily active in business-to-business markets (private and public companies, NGOs and governments) in Sub-Saharan Africa and larger consumer markets in the French overseas territories and the Maghreb.

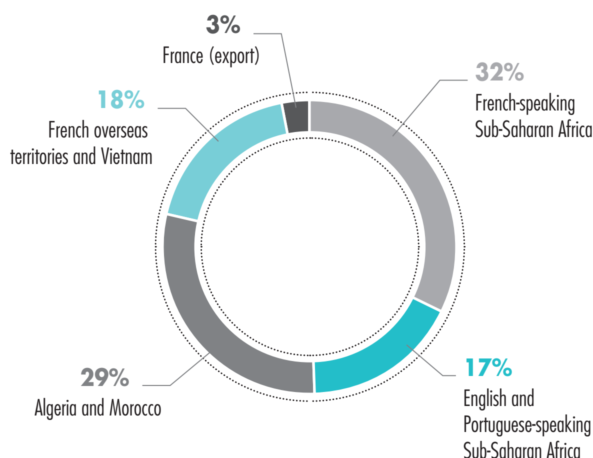
CFAO Automotive sold 78,237 new automobiles in 2013 (versus 95,063 in 2012 and 82,095 in 2011), including 12,338 utility and heavy vehicles. In 2013, CFAO Automotive generated revenue of €2,049 million (representing 56.5% of the Group's total consolidated revenue) and recurring operating income of €129.7 million (representing 48.2% of the Group's total recurring operating income).

6.2.1.1 Geographic footprint

The Group sells motor vehicles in 32 countries spanning the Maghreb, French-, English- and Portuguese-speaking Sub-Saharan Africa, four French overseas territories (French Guiana, New Caledonia, -Reunion and Tahiti), Vietnam and recently Cambodia. The Group's principal historical market is French-speaking Sub-Saharan Africa, where it operates in 19 countries (in particular Cameroon, Congo, Ivory Coast and Senegal) and sold its first vehicles in 1913. The Group has also long maintained a presence in English- and Portuguese-speaking Sub-Saharan Africa in countries such as Nigeria and Ghana. Since 2000, the Group has significantly expanded its geographic footprint, launching operations in 19 new countries. The most recent locations are in regions the Group believes have strong growth potential – especially the Maghreb – and have been a major revenue growth driver. Thus, its businesses in Algeria and Morocco represent the Group's largest market in terms of number of vehicles sold, with 38,172 vehicles sold in 2013 in these two countries (a sharp decline versus 2012, which saw record sales of 52,807 vehicles), accounting for 48.8% of the total number of vehicles sold by the Group over the year. These markets mainly consist of a consumer clientele and, thanks to the growing middle class, enjoy significantly more sales than business-to-business markets.

The Group believes that its presence in a broad range of countries throughout Africa offers it a strategic platform from which to benefit from growth opportunities in the African market, while at the same time reducing the potential impact on its overall results of adverse political, economic and market developments in individual countries. It also believes the geographic scope of its businesses makes it an attractive distribution partner for automakers, offering them a single point of access to important regions composed of multiple markets that taken individually would be too small and remote to be worth accessing.

CFAO Automotive's 2013 revenue can be broken down as follows by geographic area.



6.2.1.2 Products and services

The following table summarizes the revenue generated by CFAO Automotive's main products and services in 2013, together with the percentage of total revenue.

	2013	
	(in € millions)	(%)
Light vehicles	1,271.9	62.1%
Used vehicles	50.7	2.5%
Heavy trucks and industrial equipment	413.3	20.2%
Services, spare parts and tires	268.1	13.1%
Motorcycles and other	44.9	2.1%
TOTAL	**2,049**	**100%**

CFAO Automotive's main products and services are:

- *light vehicles:* The Group sells light vehicles in all of its markets. Light vehicles are vehicles under 3.5 metric tons, including passenger and commercial vehicles. Most of the Group's light vehicle sales are generated from sales of new vehicles. The Group sold 65,899 new light vehicles in 2013, generating revenue of €1,271.9 million (62.1% of total revenue for **CFAO Automotive**);
- *used vehicles:* The only used vehicles sold by the Group are those purchased by the Group (principally by its subsidiary in Reunion) in connection with the sale of new vehicles. The resale of these used vehicles represents a very small percentage of **CFAO Automotive**'s revenue (2.5% in 2013);
- *heavy vehicles:* Heavy motor vehicles are those that weigh more than 3.5 metric tons. All of the Group's revenue from the sale of heavy vehicles is generated from the sale of new vehicles. The Group sold 12,338 heavy vehicles in 2013. The heavy vehicles business generated revenue of €413.3 million in 2013 (20.2% of total revenue for **CFAO Automotive**);
- *services and spare parts:* The Group sells spare parts and vehicle repair and maintenance services for the light and heavy vehicle brands it sells, as well as spare parts and tires (Bridgestone, mainly). These activities generated €268.1 million in revenue in 2013, representing 13.1% of total revenue for **CFAO Automotive**;
- *motorcycles and other:* The Group imports and distributes Yamaha and Suzuki motorcycles and marine engines (and various other products and services including a small number of technology services in the countries in which **CFAO Technologies** has no subsidiary) in around 20 countries in Sub-Saharan Africa. These activities generated €44.9 million in revenue in 2013, representing 2.1% of total revenue for **CFAO Automotive**.

6.2.1.3 Long-term partnerships with automakers

CFAO buys, stocks, imports and distributes vehicles manufactured by more than 30 automakers. Chevrolet, Toyota and Nissan were the three main brands working with the Group in terms of vehicles sold up to 2013 (Refer to section 4.2.2 of Chapter 4 "Risk factors".).The Group believes, nevertheless, that having relationships with several automakers allows it to offer a full range of vehicles in each region, and to mitigate risks and supply constraints, as well as any problems related to difficulties faced by specific automakers.

Although its agreements with automakers rarely contain contractual exclusivity clauses, in practice the Group is the only distributor of each brand it sells in all of the countries in which it operates, with the exception of Nigeria (Mitsubishi) and Mauritius (Isuzu).

The Group's largest selling brands in 2013 by region are Chevrolet in the Maghreb, Toyota in French-speaking Sub-Saharan Africa, and Nissan in English- and Portuguese-speaking Africa. In the French overseas territories and Mauritius, its biggest selling brands are Toyota and Peugeot.

6.2.1.4 Overall brand strategy

The Group offers a large range of vehicles in each region, including passenger and commercial vehicles, which are its core business, in addition to trucks in the 3.5-15 metric ton and over 15 metric ton ranges and luxury and low-cost options. CFAO Automotive is adjusting its portfolio of brands and expanding the geographic footprint of its strategic partners, aiming to eventually cover all market segments. The Group is also actively seeking to expand its low-cost offering, which it believes will help position it to benefit from expected growth in vehicle ownership in its markets in Sub-Saharan Africa, which currently has very low automobile ownership rates.

6.2.1.5 Distribution networks

With the exception of some direct sales conducted by the Group's central purchasing offices, all of the Group's vehicle sales are conducted locally. **CFAO Automotive**'s network consists of sales professionals distributed among its local subsidiaries who promote and sell the Group's products in the various markets in which it operates and whose compensation mainly depends on the number of vehicles sold and sales terms obtained. The Group owns or leases under long-term leases the sales office locations of the CFAO Automotive network (see Chapter 8 "Property, plant and equipment" of this Registration Document) and considers this to be an important competitive advantage particularly in terms of longevity, control and maintaining the quality of the network. In certain of its more recent and larger markets, such as Algeria, Morocco and Nigeria, the Group also has a network of sales agents that cover the majority of its territories.

The Group believes that it benefits significantly from the positive brand image generated by its investment in modern showrooms in most of its markets. The Group considers that the renovation efforts in the **CFAO Automotive** network contributed to set the Group apart in the market of a growing African middle class concerned about finding suppliers with standards equivalent to those seen on developed markets.

The Group is committed to continually improving its customer service. Its quality assurance standards have for many years allowed CFAO to implement standard procedures and documentation for its sales and maintenance activities. 2011 was spent optimizing logistics for the spare parts activity with the aim of reducing vehicle repair times to less than 15 days. That led to a central spare parts warehouse being established.

6.2.2 Eurapharma

In terms of revenue, **Eurapharma** is the leading importer and distributor of pharmaceutical products and services in Africa and the French overseas territories. Backed by more than 60 years' experience, Eurapharma has strong and profitable positions in its historical segments, and a significant presence in markets that it has entered more recently. Eurapharma currently operates in 20 African countries, including Madagascar, as well as in seven French overseas territories (Guadeloupe, French Guiana, Martinique, New Caledonia, French Polynesia, Reunion and Saint Martin). Eurapharma is the partner of reference for local authorities and pharmacists in its core markets where it is recognized for ensuring a fast, efficient and reliable supply of drugs to pharmacies and other healthcare providers.

In 2013, Eurapharma generated revenue of €1,103.4 million (representing 30.4% of CFAO's total consolidated revenue) and recurring operating income of €93.8 million (representing 34.9% of the Group's recurring operating income).

6.2.2.1 Main businesses

Eurapharma has three main businesses:

- **Import-wholesale-retail business**

  Eurapharma's principal and core historical business is the import-wholesale-resale of pharmaceutical products to pharmacists in French-speaking Sub-Saharan Africa and the French overseas territories. The Group is a wholesaler to approximately 5,000 pharmacists and is supplied by approximately 450 pharmaceutical companies.

  Purchasing for the Group's import-wholesale-resale business is centralized through its purchasing subsidiary, Continental Pharmaceutique. Continental Pharmaceutique stocks pharmaceutical products in its 5,500 sq. m pharmaceutical facility in Rouen, France, and exports them to Eurapharma's network of wholesalers in Africa and the French overseas territories.

  The role of Continental Pharmaceutique in relation to French-speaking Sub-Saharan African countries differs slightly from its role in relation to the French overseas territories. In French-speaking Sub-Saharan African countries, Continental Pharmaceutique acts as a broker by shipping pharmaceutical products to local wholesalers/resellers who become the owners of these products and record them as inventory until they are sold to the end user (pharmacists).

  In relation to the French overseas territories, Continental Pharmaceutique centralizes orders, provides administrative coordination and ships orders placed by local wholesale/resale subsidiaries with pharmaceutical companies. Continental Pharmaceutique acts on a commission-only basis but does not become the owner of the products, as the pharmaceutical companies bill the local wholesale/resale subsidiaries who own the inventory that is sold to pharmacists. Orders received by Continental Pharmaceutique are forwarded to pharmaceutical companies within 24 hours of receipt. In each local market, the Group has at least one warehouse from which all deliveries to pharmacists are coordinated.

Pre-wholesav business

Eurapharma's pre-wholesale business, launched in 2000, provides comprehensive logistics services to over 50 pharmaceutical companies, allowing them to outsource the process of handling orders for pharmaceutical products from wholesalers primarily in French-speaking Africa, Algeria, as well as other countries, in addition to delivering and billing said products and collecting payment. The Group acts as a pharmaceutical supply chain specialist for companies and is responsible for all parts of the export process for pharmaceutical companies, ranging from shipping, handling and storing to distributing products to local wholesalers.

The Group conducts this business through its subsidiaries E.P. DIS France and E.P. DIS Algeria. E.P. DIS France provides a service offering through E.P. DIS. com, a tailored and secure website that allows pharmaceutical companies to monitor daily product export statistics, including sales and inventory figures (for most of their business, E.P. DIS Algeria and E.P. DIS France own their inventory). From its logistics hub - a pharmaceutical facility covering 7,000 sq. m and complying with European Good Distribution Practice (GDP) - located near Rouen, France, E.P. DIS France exports products to wholesalers and various other end-users mainly located in Africa, but also in other countries throughout the world. E.P. DIS Algeria works with around ten pharmaceutical companies, whose products it imports and sells on to wholesalers and Algerian hospitals.

Distribution agent business

As an agent, the Group is responsible for marketing pharmaceutical and medical products on behalf of major pharmaceutical companies on either an exclusive or non-exclusive basis. Its distribution agent business sells and delivers products on behalf of pharmaceutical companies to local pharmacists, hospitals, non-profit organizations, institutions, doctors and local wholesalers. In this business, the Group owns its inventory of products.

The Group operates a distribution agent business in English- and Portuguese-speaking Sub-Saharan Africa, namely Kenya, Tanzania, Uganda, Ghana and Angola. It also gained a foothold in Nigeria in 2012, through the acquisition of Assene, now renamed Assene Laborex Ltd. Nigeria has a population of 160 million, and is one of the biggest pharmaceutical markets on the continent. This market is considered to be very buoyant, with an estimated value of over USD 900 million. Annual growth is 15%, driven by positive demographics and the emergence of a genuine middle class. Eurapharma hopes to establish itself as a multi-brand distributor with nationwide operations. It already counts market leaders such as Novartis, Sanofi and Astra Zeneca among its partners, and its outsourced logistics network covers fifteen Nigerian cities. Within the scope of its drive to consolidate its positioning, Eurapharma also acquired Stockpharma, a Portuguese export wholesaler of pharmaceuticals to Portuguese-speaking Africa, allowing it to secure supplies to Angola and improve its knowledge of markets such as Mozambique and Cape Verde.

Through its distribution agent business, Eurapharma allows pharmaceutical companies to outsource the import, marketing and distribution of their products in the countries it serves. The Group developed this business in 2000 to leverage its strong relationships with pharmaceutical companies in its historic French-speaking Sub-Saharan African markets by assisting them in selling their products in the English- and Portuguese-speaking markets in Africa. The distribution agent business has grown substantially since its launch and the Group expects this growth to continue in the coming years.

Other activities

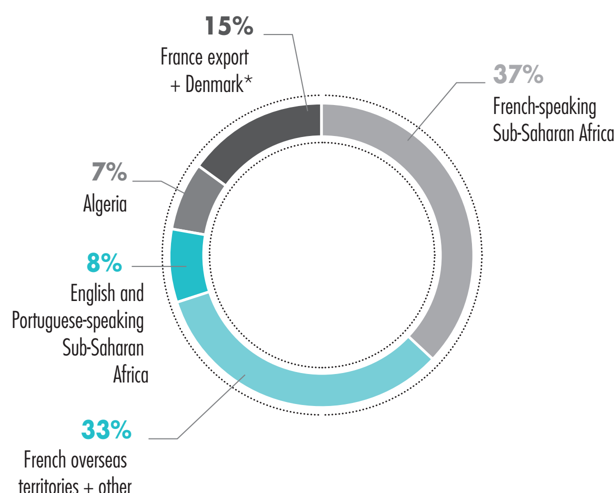
Europharma underwent two major developments in 2011. The first relates to the stake acquired in a pharmaceutical production unit, Propharmal (Algerian pharmaceuticals), in Algeria. The Company operates in two segments: manufacturing pharmaceutical specialties under license and preparing pharmaceutical products for market (by bottling or inserting them into blister packs) on behalf of Algerian or foreign pharmaceutical companies. The second development concerns the launch of EHS (Eurapharma Healthcare Services), a company specialized in the international distribution of medical and paramedical kits and materials. The target customers are public and semi-public institutions, international organizations and foundations, and non-governmental organizations. With a view to spurring growth in the public and institutional healthcare market, Eurapharma acquired in 2012 a 75% interest in Missionpharma, the world leader in medical kits and one of the main suppliers of African public healthcare operators. Eurapharma will now be able to leverage Missionpharma's expertise in the distribution of low-cost, high-quality generics (INN – International Nonproprietary Names), sundry medical equipment and hospital supplies.

Eurapharma owns a minority interest in a pharmaceutical promotion company that specializes in the marketing of pharmaceutical products to doctors in French-speaking Sub-Saharan Africa, the Maghreb and the French overseas territories through in-office visits.

Through its EP. DEP, subsidiaries the Group also recently started a depository business for pharmaceutical companies, consisting primarily of handling the storage of medications for the pharmaceutical companies and ensuring their delivery to pharmacies.

6.2.2.2 Breakdown by geographic area

The chart below shows the distribution of Eurapharma's revenue by geographic area in 2013.



** Revenue for France (export) mainly reflects non-Group revenue relating to the subsidiary EPDIS France (pre-wholesale business). Revenue generated by Missionpharma was also included in 2013.*

Eurapharma benefits from an efficient logistics platform and a fully integrated supply chain, managed by Continental Pharmaceutique, for the Group's import-wholesale-resale business and E.P. DIS for its pre-wholesale business intended for Africa.

The Group's principal markets in Africa (especially in French-speaking Africa) and the French overseas territories are characterized by high entry barriers. In these geographic areas, regulatory requirements for the storage and delivery of drugs require significant investment, expertise and specific authorizations issued by the relevant authorities.

6.2.3 CFAO Industries, Equipment & Services

The Industries, Equipment & Services division encompasses the following four businesses: Industries, Technologies, Equipment and Rental services. In 2013, the division generated revenue of €475.5 million (representing 13.1% of the Group's total consolidated revenue) and recurring operating income of €80.5 million (representing 29.9% of the Group's total recurring operating income).

In 2013, the Group also decided to develop a retail distribution activity (FMCG, Fast Moving Consumer Goods) in Nigeria. Building on a pre-existing company and with two new group agreements with Pernod Ricard and Ferrero, the Group intends to strengthen its network in the country and to gradually expand its range of products distributed.

6.2.3.1 CFAO Industries

CFAO Industries consists of the Group's beverages businesses in the Republic of the Congo, This division also includes a variety of smaller manufacturing and distribution businesses specializing in plastic products.

The Group operates the two breweries and bottling companies in the Republic of the Congo through a 50-50 joint venture with Heineken International that has been in place since 1994 (prior to this date, the Group already operated one of the two breweries and bottling companies in the Republic of the Congo). At its two production sites, located in Pointe Noire and Brazzaville, the Group manufactures and bottles more than a dozen types of beverages, including beers under the local brands Primus, Ngok, Turbo King and Mutzig and international brand beers such as Heineken and Amstel, as well as non-alcoholic Coca-Cola brand beverages. The Group has made significant investments in recent years to modernize and expand the production capacity of its Pointe Noire and Brazzaville plants.

The Group produces and distributes pens and razors as well as a wide range of plastic packaging products for the food and petroleum industries. It also manufactures BIC® writing and shaving products and imports BIC® lighters in Nigeria, Ghana, Ivory Coast and Cameroon under an arrangement with BIC® that has existed for over 45 years. The Group distributes these products in 16 African countries, generally on an exclusive basis.

In 2013, CFAO Industries generated €265.1 million in revenue (representing 7.3% of the total consolidated revenue of CFAO and 55.7% of revenue for the CFAO Industries, Equipment & Services division).

The following table presents revenue figures for CFAO Industries by business in 2013.

		2013	
		(in € millions)	(%)
Beverages	Congo	214.3	80.8%
Plastic products	Nigeria, Ghana, Ivory Coast, Cameroon	50.8	19.2%
TOTAL		**265.1**	**100%**

6.2.3.2 CFAO Equipment

In 2012, the CFAO Equipment network continued to structure its operating units and develop a portfolio of products and solutions to match its customers' needs. Local contractors and multinationals make up the core customer segment. At the end of 2013, CFAO Equipment operated in eight African countries: Cameroon, Congo, Gabon, Ghana, Nigeria, Senegal, Ivory Coast and DRC. Thanks to the Group's extensive presence on the continent, CFAO Equipment is now ready to get up and running in 21 African countries.

CFAO Equipment's offering spans two areas of expertise:

- installing and maintaining elevators as part of a long-running partnership with Otis, the global leader in this market. In 2013, orders for new equipment increased by 40% with strong historical markets and better coverage in all its regions of operation. CFAO Equipment's expertise in this area guarantees the successful development of new business lines, such as water treatment and the distribution of Culligan products;
- selling and maintaining high-performance equipment produced by the market leaders in their respective segments: construction and handling machinery, agricultural equipment and generators.

CFAO Equipment's machinery offering is built around strong partnerships with market leading brands, for example JCB, the premium benchmark in its field, and Chinese firm LiuGong, the world's leading manufacturer of wheel loaders. CFAO Equipment also distributes the FG Wilson, Hyster, Bomag, XCMG, Doosan, Bobcat and Silla brands. In 2013, CFAO Equipment strengthened its partnerships, sharply increased its market share, in particular with JCB, and continued its geographic expansion by establishing itself in Morocco. It renewed its alliance with JCB and extended it to new products in order to increase this premium brand's offering. A range dedicated to emerging markets, JCB Vibromax compactors and generators have been rolled out in some CFAO Equipment markets alongside JCB's top sellers such as backhoe loaders and telehandlers. CFAO Equipment has also formed a partnership with the South Korean company Doosan, in order to extend its offering to Heavy Machinery in Nigeria, including diggers, loaders and articulated trucks. With its partners in agricultural machinery, Massey Fergusson and New Holland, CFAO offers a product range of global market leaders adapted to African businesses of all sizes.

In 2013, CFAO Equipment generated revenue of €90.7 million, representing 19.1% of revenue for the CFAO Industries, Equipment & Services division. This revenue represents an increase of 20.8% compared to 2012.

6.2.3.3 Rental services

A growing number of major operators in Africa are choosing to outsource their vehicles and automotive equipment in order to focus on their core businesses. These customers have particularly high expectations of quality, responsiveness and customized service. In 2013, to improve its response to this need for business mobility, CFAO continued to expand its pool of rental passenger vehicles, pickup trucks, off-road vehicles and automotive equipment (construction machinery, materials handling equipment and generators). CFAO's Loxéa network now offers a wide range of brands and products to rent for various lengths of time. These offerings further enrich the partnerships that the Group has enjoyed over the last twenty years with market leaders Avis, Budget and Hertz for short-term car rentals. Revenue from vehicle rental services increased by 6.7% to €31.7 million in 2013, thus highlighting the potential this business holds, particularly for long-term rental. In 2013, the Group had 3,100 vehicles available for short and long-term rentals in seven countries – Cameroon, Congo, Ivory Coast, the Democratic Republic of the Congo, Gabon, Madagascar and Senegal.

In 2013, Rental services generated revenue of €31.7 million, representing 6.7% of the CFAO Industries, Equipment & Services division.

6.2.3.4 CFAO Technologies

CFAO Technologies provides an integrated service offering and innovative solutions with high value added in information and communication technologies, using a business-to-business approach. The division operates in 19 countries in Africa through seven subsidiaries (Cameroon, Ivory Coast, Algeria, Senegal, Burkina Faso, Gabon, and Mali) and four expertise centers based in Algeria, Cameroon, Ivory Coast and Senegal. It draws on the expertise of 160 engineers certified by its business partners to offer its customers a high level of expertise.

In 2013, CFAO Technologies finalized the reorganization of its portfolio of expertise and its customer offering is now divided into three segments:

- IT systems integration, including delivery, installation and maintenance of its customers' systems and network infrastructure;
- managed services, which involves the management of all or part of a customer's information systems: this offer is available for user support, ATMs and high-security professional voice and data digital radio transmission networks;
- audit and consultancy services for infrastructure, with a focus on performance.

Customers

CFAO Technologies' broad service range allows it to provide maintenance advice to customers, including on installation and implementation. CFAO Technologies also maintains a high level of expertise by regularly training its technical and sales employees and having its engineers certified by its partners.

CFAO Technologies' customers include international and pan-African companies and other local market participants. They mainly consist of companies and other public sector entities and telecommunications or banking companies in the private sector.

Some of CFAO Technologies' sales are obtained through bids, mainly with public sector entities in the countries in which CFAO Technologies operates.

Partnerships

CFAO Technologies is a commercial partner to various renowned global brands in Africa, including IBM, Microsoft, Cisco, Sharp, Lexmark, Motorola, Siemens, Oracle and Lenovo. To support the development of its new offerings, in 2011 and 2012 CFAO Technologies entered into new partnerships with major global brands such as Acer, HP, Dell, Oracle Hardware, ORSYP and Network Instruments.

In 2013, CFAO Technologies generated revenue of €85.7 million (representing 2.4% of CFAO's total consolidated revenue and 18.0% of revenue for the CFAO Industries, Equipment & Services division).

6.3 Competitive strengths

6.3.1 Leadership positions in Africa and in the French overseas territories

Thanks to its historical positioning, the Group has a unique experience in the specialized distribution market in Africa (excluding South Africa) and the French overseas territories. As a result, the Group has very strong market shares in its various businesses:

- *In its CFAO Automotive division*, the Group believes that it:
  - is the market leader in French-speaking Sub-Saharan Africa, its historical market, where it has operations in 19 countries and estimates that it had a market share of around 38% in 2013, based on the number of new vehicles sold by the Group over the year in these 19 countries (17,796 units),
  - has a market share of approximately 20% in 2013 in the French overseas territories in which it operates (namely Reunion, French Guiana and New Caledonia, Mauritius, Vietnam, as well as Tahiti since the first half of 2009) based on the number of new vehicles sold by the Group in this region over the year (10,122 units),
  - has a market share of approximately 6% in the two Maghreb countries (Algeria and Morocco) in which it operates, based on the number of new vehicles sold by the Group in 2013 in these two countries (38,172 units),
  - has an average market share of approximately 15% (excluding Angola and Uganda, where sales are non-material) in the nine other countries of English- and Portuguese-speaking Sub-Saharan Africa in which it operates, based on the number of new vehicles sold by the Group in 2013 in these countries (12,090 units);
- *In its Eurapharma division*, the Group believes that it:
  - is the leader in the wholesale pharmaceutical distribution market in French-speaking Sub-Saharan Africa and in the French overseas territories. The Group estimates that Eurapharma has a market share of 41% in the 14 French-speaking Sub-Saharan African countries in which it operates (Eurapharma estimate at end-November 2013) and approximately 53% in the seven French overseas territories in which it operates (Eurapharma estimate at end-December 2013),
  - has a market share of approximately 10% in each of the five countries of English- and Portuguese-speaking Sub-Saharan Africa in which Eurapharma operates. Note that there are no IMS or GERS-type data available for this region;
- *In its Industries business*, the Group owns:
  - through a partnership with Heineken, two bottling facilities in the Congo and believes that it is by far the leading distributor of bottled beverages in this country. A plan was developed for a competing brewery in 2013 and production was launched in mid-December, challenging Brasseries du Congo's dominant position on the beer market in the Congo. It is still too soon to assess the business impact of this new brewery on Brasseries du Congo, which has been preparing for this new competitive context over several months by developing several new products and a more aggressive trade policy. As regards its BIC® business (writing and shaving products), CFAO Industries believes it is the market leader in Ghana, Ivory Coast and Cameroon and in neighboring export countries such as Burkina Faso, Mali, Togo, Benin, Congo and Gabon. In Nigeria, the business is a major player on the writing and shaving products market. Through its subsidiary Icrafon, CFAO Industries considers itself the leader in Cameroon on the market for plastic containers (e.g., bottle racks);
- *In its new equipment distribution business*, CFAO is positioning itself:
  - as a challenger in all its markets, except the elevator installation market where, thanks to its partnership with Otis, it has long been a major player in each of the countries in which it operates (Cameroon, Ivory Coast, Nigeria, Senegal, Burkina Faso, Gabon, Ghana and Mali). In the other segments CFAO Equipment can draw on the Group's renowned distribution expertise in Africa, the roll-out of new offerings and previous success in certain territories, such as Nigeria and Gabon, where the business already existed prior to the establishment of a dedicated network. Given that this business has only been recently set up, it is not yet possible to provide market share indications;

- *In its new technologies business*, the Group believes:
  - it is a major player in the area of computer solutions, networks and telecommunications in French-speaking Sub-Saharan Africa, including Cameroon, Ivory Coast, Gabon, Senegal, Burkina Faso and Mali. For example, the Group estimates that it holds roughly a 50% share of the solutions integration market in Cameroon and Ivory Coast.

The Group believes that its large market shares in its various business sectors reflect its high standards in terms of the quality and reliability of the services it provides and the fact that the "CFAO" networks (in the automobile and new technology sectors) and "Eurapharma" (in the pharmaceutical sector) now benefit from a strong brand image in the eyes of its manufacturing partners and customers.

6.3.2 Unique competitive positioning in key markets

6.3.2.1 Unrivaled coverage of Africa

In Africa, there is no other player truly comparable to the Group in terms of geographic coverage, range of products and services, and market share in its core businesses of automobile and pharmaceutical importation and distribution:

- the Group's competitors in the African countries in which it operates are mostly small and medium-sized local or regional players that are unable to match the Group's geographic scope, range of products, services, and market share. The difficulty of achieving critical mass in the markets in which CFAO operates reflects the entry barriers resulting from the need to forge privileged relationships with the main international suppliers, comply with local legislative and regulatory restrictions, have a solid and substantial financial base and develop often highly complex logistical networks;
- some significant pan-African or international players operate in certain segments of the specialized distribution market in Africa in which the Group operates. However, these players are, in general, less diversified and present in fewer African countries than CFAO is in its core businesses. This is also the case for the company formed from the merger of Optorg-Tractafric and SDA-Demimpex;
- an additional analysis of the Group's competitive environment can be found in section 6.4.2.1 "Few major players operating in the Group's core markets".

6.3.2.2 A recognized ability to enter and succeed in new markets

In the past 15 years, the Group has invested in 20 new territories, expanding its geographical footprint from 21 to 41 territories. This expansion was achieved through targeted acquisitions and start-ups.

In some of its new territories – particularly the Sub-Saharan African countries – the Group was the first truly international player to enter the markets, which were often emerging. Some of these territories have become among the main generators of growth and contributors to the Group's revenue (in particular Algeria and Morocco, where the Group started operations in 2000 and which represented 14.8% and 8.5%, respectively, of the Group's consolidated revenue in 2013).

The Group now has strong expertise in identifying promising territories to enter and the conditions needed to manage these operations. This has enabled it to accompany its principal manufacturing partners in their geographic expansion and to develop relationships with new partners.

6.3.2.3 Substantial geographic and business diversification resulting in more effective risk management

The following table breaks down the Group's revenue in 2013 by division and by geographic area:

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Total
French-speaking Sub-Saharan Africa	18.3%	11.3%	10.3%	39.9%
French Overseas Territories and Vietnam	10.3%	10.0%	-	20.5%
Maghreb	16.3%	2.1%	0.6%	19.1%
English and Portuguese-speaking Sub-Saharan Africa	9.6%	2.3%	1.8%	13.7%
France (export) *	1.9%	4.6%	0.2%	6.8%
TOTAL	**56.5%**	**30.4%**	**13.1%**	**100%**

* *Direct export from France to Africa and Missionpharma.*

The Group's presence in several large geographic areas and in many countries allows it to better manage its country specific risk profile, thus limiting its exposure to fluctuations in local economic cycles and political events.

Moreover, the Group's two main businesses – automobile and pharmaceutical distribution – have relatively complementary features. That is also the case for the grouping together of the businesses aimed at meeting more general equipment

requirements on the one hand, and those meeting *Healthcare* and *Consumer Goods* requirements on the other:

- the distribution of vehicles, equipment and IT systems in pre-emerging and emerging markets has rapid growth potential, but is also a cyclical business that may be affected by local economic conditions and the equipment requirements of populations, companies, governments, NGOs, and more;
- pharmaceutical distribution in developing countries has grown steadily over the past several years. This is due to the fact that pharmaceutical products are often essential goods, developing countries are growing significantly at a fairly consistent rate both demographically and economically, and more and more local populations have access to these products thanks to employee benefits programs offered by some private companies, social security measures implemented in certain countries, and aid from developed countries, multilateral organizations and NGOs. This business is not very cyclical, similar to the Industries businesses and will most likely be similar to the businesses of CFAO Retail and retail distribution.

Lastly, the Group has a diverse customer base with no single customer accounting for more than 1% of the Group's revenue in 2013. The Group's customer base includes individuals and local, regional and international corporations and businesses as well as governments, public sector entities and non-governmental organizations.

6.3.2.4 Skill set and internal organization: a key competitive advantage

In its key businesses, the Group offers an integrated set of products and services covering the entire import and distribution value chain, enabling it to capture a significant share of the value added and the corresponding margin. The Group has significant expertise in managing local market constraints and optimizing the flow of products throughout the supply chain. Suppliers therefore have access to cost-effective and innovative solutions, enabling them both to outsource an important part of the distribution process and reach markets that are difficult to access.

In order to remain a leader in its businesses, the Group has both diversified its business and maintained a very high level of expertise in each of its divisions. The Group's internal organization is also a foundation of its strategic success and its operating performance in its various divisions:

- at the management level, the Group's internal organization is structured around a clear division of responsibilities between headquarters and local subsidiaries. Strategic decisions such as hiring key personnel, setting financial policy, approving capital expenditures and choosing suppliers and logistical services for the Group's distribution networks are made at the headquarters in order to ensure consistency in policy across the Group and flexibility to adapt and innovate;
- at the operational level, the Group is organized into several businesses (CFAO Automotive, Eurapharma, CFAO Industries, CFAO Equipment, Rental services and CFAO Technologies), allowing it to develop its specific areas of expertise. Moreover, within each of these businesses and divisions, the Group has implemented a "flat" (i.e., non-hierarchical) organizational structure, thus favoring rapid information flow and decision making and fostering a real entrepreneurial approach;
- with respect specifically to logistics, CFAO Automotive and Eurapharma have been able, as a result of the Group's strategic decisions relating to internal organization matters, to develop efficient systems for centralizing orders with their suppliers.

6.3.2.5 A recognized and experienced leadership team and local teams with strong execution skills

The success of the Group's strategy and its growth depends above all on the experience and strong reputation of the Group's leadership team and the ability of the Group's local teams to implement management's strategic choices. The Group's managers have extensive experience in the distribution sector. Several of the Group's top managers have been with the Group for over ten years. The Group's management team also has privileged relationships with international and local partners who operate within its geographic areas. In addition the management team has a unique understanding of the Group's markets.

6.3.2.6 A privileged partner for major international manufacturers seeking access to promising African markets

The Group believes that it is a privileged partner for major international manufacturers seeking to access or further develop business opportunities in the Group's regions:

- the Group's broad geographic coverage gives manufacturers access to the majority of African countries through a single partner offering uniform service quality standards that meet the highest international standards;
- the main markets in which the Group operates, particularly the African markets and the French overseas territories, are often located far from the centers of production of major international suppliers and have a specific risk profile, particularly in terms of operating and political risks, that may be high;
- the Group has a policy of continuous improvement at its distribution and logistical networks as well as its production sites:

- the Group has carried out substantial investment in recent years to update and expand CFAO Automotive's distribution network, which is now one of the most modern distribution networks in the markets in which it operates. Eurapharma has developed its own integrated logistics network, thus securing a unique competitive position in its market. In the Group's industrial businesses, considerable capital expenditure is regularly made at sites such as those relating to the beverage business to substantially increase production capacity in response to market demand,
- the Group's strong financial base gives it greater capacity to invest, innovate and develop its expertise than most of its competitors, providing unique opportunities to further develop its business with major international brands,
- in addition, the Group's distribution networks are staffed with professional and recognized personnel due to the Group's training programs and corporate culture which guarantee high standards in terms of customer satisfaction,
- the Group believes that its distribution networks have a genuine brand image *vis-à-vis* its suppliers and customers, resulting not only from the solid reputation of its supplier partners but also from the high quality services provided by the distribution networks over the long term.

6.3.2.7 Consistent and profitable growth

The Group's revenue increased from €678 million in 1996 (excluding Eurapharma's revenue, as it was first consolidated in 1996) to €3,628.1 million in 2013, representing an increase of €2,950.1 million. This revenue increase represents an average annual growth rate of 10.4%.

This growth reflects the strengthening of CFAO's business portfolio through the addition of two new businesses: the pharmaceutical business (with the acquisition and consolidation of Eurapharma in 1996) and CFAO Technologies. It also reflects the geographic expansion of pre-existing divisions since 1996 (principally the CFAO Automotive division) into new markets.

Between 1996 and 2013, the Group's growth remained steady except for a slight drop in revenue in 1999 and a sharper decline in 2009 due to the global economic crisis, followed by slower growth in 2013 with the strong decline in Automotive sales in Algeria. Over this same period, CFAO was also very profitable, as it recorded a recurring operating profit margin of between 7.4% and 9.8%.

The Group's financial performance is based on its strategy of improving operating margins by leveraging the position of each of its businesses throughout the value chain as well as its size and structure, which allow it to optimize its purchasing and its transportation network.

6.4 Market description

CFAO sells goods in geographic areas – principally in Africa (its core market) and the French overseas territories – that are located far away from the main global manufacturing centers.

6.4.1 The Group's two geographic areas (Africa and the French overseas territories) are growth markets

6.4.1.1 Two core regions

The Group's specialized distribution business is concentrated in two main geographic areas:

- ***the African continent*** offers a favorable economic environment for specialized distribution.

  The Group has operations in:

  - ***French-speaking Sub-Saharan Africa*** (40% of the Group's total revenue in 2013), focusing on Cameroon and the Republic of the Congo, the two largest countries in the region by revenue,
  - the ***Maghreb*** (19% of the Group's total revenue in 2013), specifically Algeria and Morocco, the two countries in the region where the Group has operations. Algeria, which is a large producer of oil and gas, represents a market of some 35 million inhabitants. Morocco represents a market of 31.4 million inhabitants,
  - ***English-and Portuguese-speaking Sub-Saharan Africa*** (14% of the Group's total revenue in 2013), and Nigeria in particular, the most significant country in the region in terms of revenue. Nigeria, a major producer of oil and gas, is the most populous country in Africa and represents a market of more than 150 million inhabitants. Nigeria is the second largest economy in Africa in terms of GDP after South Africa;
- the ***French overseas territories***, (20% of the Group's total revenue in 2013, including Vietnam). The Group operates in French overseas departments (Guadeloupe, Martinique,

French Guiana and Reunion), overseas collectivities (French Polynesia, Saint Martin) and in New Caledonia. Approximately 2.1 million inhabitants reside in these European style overseas territories.

See section 6.2 "Business divisions" for a fuller analysis of the Group's operating establishments and businesses run from its bases.

6.4.1.2 Though complex, economic conditions in Africa are considered buoyant

The Group does not know of any quantitative analysis that provides an overview of the specialized distribution market in Africa. However, it estimates that, on the whole, this market will continue to grow over the medium to long term, in line with the economic development of the continent.

This growth trend will likely be influenced by a combination of structural factors, including:

- ***demographic growth*** in Africa, which is significantly higher than the level observed for the more mature economies.

  The population of Africa surpassed the 1 billion mark in 2009. The Group has operations in 33 African countries that represent approximately 70% of Africa's total population, a market consisting of approximately 700 million people. Most economic research into the economic development of the continent indicates that its demographic structure is now having a positive impact, noting the leveling-out of the ratio of the young dependent population versus the working-age population and the rapid expansion of the young adult population, which provides a significant boost to potential growth in demand and to labor resources;

	Annual average demographic growth rate (%)	
Region	**2010-2015**	**2015-2020**
World	**1.204**	**1.190**
Africa *	**2.477**	**2.573**
North America	0.856	0.791
Latin America and the Caribbean	1.182	1.136
Asia	1.108	1.053
Europe	0.050	-0.045
Oceania	1.499	1.407

* *The Group's main geographic area.*
Source: UN, "World Population Prospects: The 2010 Revision".

- ***economic development*** throughout Africa, which has been strengthened by globalization as well as African countries' strategies to encourage international trade, continued efforts to modernize public and private sectors and infrastructure, align commercial policies with international standards, and in certain countries, increase the price of raw materials. Economic development in Africa has also been fostered by the reduction of public debt in several African countries through international initiatives such as the HIPC plan (Heavily Indebted Poor Countries), which around 30 African countries have implemented to date. In terms of foreign direct investment, research published by Ernst & Young in 2012 indicates that the number of foreign investment projects in Africa has grown 20% per year since 2007. Ernst & Young also points out that intra African investments have risen 42% over the same period, emphasizing the growing confidence of Africans themselves in the development of their continent. Investment is now moving beyond mainly oil and gas projects, into other business areas, such as banking, retail, transport and telecommunications. The demand for investments continues to be very strong in 2014 in most countries;
- ***broad stabilization in macroeconomic conditions*** in most African countries and prospects for strong economic growth are likely to underpin a gradual improvement in inhabitants' living standards, fostering the emergence of a middle class.

  The specialized distribution market should benefit from these nascent middle classes whose increased demand for services and products similar to those available in Western economies should allow the Group to continue expanding its businesses, in particular the new CFAO Retail and FMCG businesses. The consultancy firm McKinsey's report "The rise of the African consumer", which surveyed 13,000 urban consumers in ten countries, showcases Africa as the new frontier for global economic growth. By 2020, McKinsey forecasts growth of over $410 billion in Africa's services and consumer sectors;
- ***ongoing weaknesses:*** Aside from the fragility of the global economic context, which could allow the downside risks to prevail, a number of other identified weaknesses could hold the Sub-Saharan economies back. These include the need for foreign capital (in the form of foreign direct investment, or bilateral or multilateral support) to finance development and a significant dependence on basic commodities that represent a substantial share (and, in some cases, nearly all) of the production and exports of several countries, leaving African economies particularly vulnerable to fluctuations in the prices of certain raw materials. Similarly, the weak integration of the African economies in the global financial system, their relatively underdeveloped banking structures, the need for public sector and judicial reform, inadequate budgetary resources to finance the modernization of infrastructure

and expenditure on education and healthcare, and, finally, persistent failings observed in the respect for the rule of law in certain African countries could all be perceived as obstacles to the acceleration of growth across the continent. Another frequently cited problem is the lack of training and skills necessary to meet companies' needs.

In its report on **the regional economic outlook in Sub-Saharan Africa,** the International Monetary Fund noted the following in October 2013: "Sub-Saharan Africa's growth is expected to pick up in 2014, despite the global headwinds that have moderately lowered the region's performance in 2013. Strong investment demand continues to support growth in most of the region, while output is projected to expand by 5 percent in 2013 and 6 percent in 2014."

6.4.1.3 Economic environment in French overseas territories may deliver greater market growth than mainland France

The French overseas territories combine a legal and sales environment that meets French and European standards with economic and demographic growth that is historically higher than that of mainland France.

- *historically high economic and demographic growth:* the economies of the French overseas departments are less developed than in mainland France. Over the last decade, however, the overseas territories enjoyed faster economic growth than in mainland France: between 1999 and 2009, the average economic growth of the French overseas departments was 2.7% compared with 1.4% in mainland France. The population in the French overseas territories consists primarily of a middle class with consumer preferences that are identical to those of mainland France, particularly in the areas of motor vehicles and pharmaceuticals, the two main types of products distributed in these regions by the Group. The pharmaceutical markets in the French overseas departments reflected the poor growth seen in mainland France, with the pharmaceutical products segment sluggish at best;
- *close ties with mainland France:* the French overseas territories have few economic relationships with their direct neighbors, which are generally emerging or developing countries. Their economies are therefore highly dependent on imports coming from mainland France. Between 50% and 60% of trade in the French overseas territories is conducted with mainland France, while the rest of Europe represents 10% to 15% of trade (source: French Senate report on bill for economic development of overseas departments and territories, February 19, 2009). French producers and suppliers tend to have significant market shares in the French overseas territories and tend to be partners of reference for independent distributors, such as CFAO, who wish to enter or expand their presence in the local specialized distribution market;
- *a legal and sales environment that meets French and European standards:* French and European Regulations apply throughout most of the French overseas territories, their markets are strictly regulated, especially in the pharmaceutical distribution market, where compliance with regulatory requirements is essential for success (see section 6.4.3.2 "The Pharmaceutical Distribution division in Africa and in the French overseas territories").

6.4.2 Prime positions enjoyed by major players in the Group's key geographic areas

6.4.2.1 Few major players operating in the Group's core markets

Within the Group's core business divisions (Automobile and Pharmaceutical Distribution), the specialized distribution market in Africa and in the French overseas territories is characterized by the presence of a large number of players, the majority of which are local and small or medium-sized (subsidiaries of manufacturers, local dealers and local independent distributors). Unlike CFAO, they lack the capacity to operate in multiple markets due to their smaller size or inadequate financial resources:

- **automobile distribution**: in Africa, unlike more developed economies, automakers generally have little direct involvement in the distribution of their vehicles because they usually lack familiarity with the characteristics of local markets. Small or medium sized independent companies, specialized in their local market, handle distribution, and usually work exclusively for a small number of automakers. In regions such as Sub-Saharan Africa, many companies, with no particular ties to car firms, specialize in the sale of used vehicles. Only a few groups, such as Jameel and the subsidiaries of French manufacturers (in the Maghreb), Optorg Tractafric (in French-speaking Sub-Saharan Africa), which merged with SDA – Deminpex in 2010, and Toyota Tsusho (in English- and Portuguese-speaking Sub-Saharan Africa), CFAO's new primary shareholder, have regional or international branches;
- **pharmaceutical distribution**: in Africa (excluding South Africa), with the exception of Eurapharma and a few regional and international firms (in particular, Ubipharm and CERP Bretagne Nord), small local companies distribute pharmaceutical products. Likewise, in the French overseas territories, most distributors operate in one or two such territories at most, even when they are regional or international firms. The main European and North American distributors are not established in African countries and in the French overseas territories where Eurapharma operates.

The following table shows CFAO's main competitors by geographic area with regard to automobile and pharmaceutical distribution.

The Group's main countries/regions in terms of revenue	Principal and types of Group competitors	
	CFAO Automotive	Eurapharma *
French Overseas Territories and Other	GBH (regional), Caillé group (local) and Jeandot group (local)	Ubipharm (international), CERP Bretagne Nord (regional), other local firms
Maghreb	Renault (international), Peugeot (international), Jameel group (regional), ONA Sopriam (local), other local firms	Local firms
French-speaking Sub-Saharan Africa	Optorg group (regional), other local firms	Ubipharm (international), CERP Bretagne Nord (regional), other local firms
English and Portuguese-speaking Sub-Saharan Africa	Toyota Tsusho group (international), other local firms	Local firms

* *The competitors presented in this table distribute the same products as Eurapharma.*
Source: CFAO.

6.4.2.2 Markets with significant entry barriers

It is essential to have critical mass in terms of geographic coverage, scope of services, market share and organization in order to generate adequate margins in CFAO's core markets. However, the markets in which the Group operates have high entry barriers, which accounts for the low number of major players in each one. These hurdles include:

- **the need to establish strong relationships with global manufacturers:** establishing privileged relationships with the various players in the specialized distribution market, in particular with automakers and pharmaceutical companies, represents a significant entry barrier. Potential competitors are often international groups that are not directly established in local markets and are seeking partners that already have extended distribution networks in one large region of Africa. In the Eurapharma division, in addition to the technical requirements imposed by applicable regulations, pharmaceutical companies also impose specific distribution standards that must be adhered to in order to develop contractual relationships with them. Local and regional firms do not always possess the necessary expertise to comply with these requirements;
- **a strict legal and regulatory framework in certain countries and within certain market divisions:** the pharmaceutical distribution market in the French overseas territories is highly regulated. The complex and significant regulatory restrictions that apply to the pharmaceutical distribution business require considerable expertise, which is a significant entry barrier for new competitors;
- **the need for significant and solid financing:** significant resources are needed to finance the business development initiatives and investments required to meet the standards of international suppliers and respond to competition, as well as to provide commercial partners, suppliers and customers with adequate financial or commercial guarantees;
- **the need for developing complex logistics networks:** in light of the often significant distances between production and distribution sites, efficient organizational methods and techniques are required to optimize a distributor's position on the value chain in terms of margins and geographic coverage in order to achieve economies of scale. Developing and implementing these techniques requires specific expertise.

6.4.3 Structural growth factors in the Group's core markets

The deep-seated factors that have helped steady the African economy and the low rates of penetration of consumer goods among people groups are likely to foster medium and long-term growth in the African markets in which the Group operates:

6.4.3.1 Automobile distribution

- The **distribution market for new vehicles in Africa is** significantly smaller than in other geographic regions:
  - ***the African market:*** compared with other regions, the automobile market in Africa is still embryonic. According to the latest available statistics, in 2012 it represented 1,464 million new vehicles (of which 1,064 million passenger vehicles), which implies 5.3% growth compared with the previous year, but still accounts for less than 2% of the world market. The rate of vehicle ownership is also very low in Africa. South Africa, where the Group is not present, is the most significant automobile market in Africa, with a level of infrastructure and development close to that of developed countries,

	New vehicle registrations (in thousands)	
	2011	**2012**
Europe	19,730	18,654
United States	13,041	14,786
South America	5,933	6,108
Asia-Oceania	35,305	38,034
Africa	**1,390**	**1,464**
World	**77,958**	**81,793**

Source: French Automobile Manufacturers' Committee.

- ***the Maghreb***'s automobile distribution market has grown significantly in recent years. The two Maghreb markets in which the Group has operations are Algeria and Morocco. Both are highly competitive and dominated by sales of entry level light vehicles. The market for heavy trucks and buses has grown steadily over the past several years. Until 2012, Algeria was the third largest market in Africa after South Africa and Egypt, with an automobile fleet of three million vehicles, 80% of which were at least ten years old. The market developed rapidly in 2011 and 2012, growing 50% with approximately 500,000 new vehicles sold. Growth in the new vehicle market was fostered by the Algerian government's decision in 2005 to ban imports of vehicles over three years old, and more recently by ad hoc measures aimed at increasing the populations' purchasing power, which dried up in 2013, with the Algerian market declining over the year. Competition with French brands intensified and CFAO's sales in Algeria declined substantially in 2013,
- ***Sub-Saharan Africa*** is a nascent market compared with South Africa and the Maghreb. With the exception of a few countries such as Gabon, the rate of vehicle ownership is very low. The Group believes that in Sub-Saharan Africa, the Vehicle division is dominated by sales to private sector companies (approximately 70% of the market). Because numerous countries in the region are still developing, sales to individuals account for only a small portion of the market (approximately 10% of the market according to CFAO's estimates), whereas sales of used vehicles dominate the market. Despite their smaller size, used-vehicle distributors compete with specialized distributors that sell new vehicles.

Factors likely to strengthen the medium/long-term development of the African automobile distribution market:

- despite the effects of the global economic and financial crisis, structural growth factors within the African continent should have a positive impact on the local automobile market. In Sub-Saharan Africa, the Group believes that the very low rate of vehicle ownership in the region will in due course lead to increased demand for vehicles, in line with the area's economic development. The gradual emergence of a genuine middle class in the region could result in the decline of the used vehicle market in favor of the new vehicle market, which is a better fit for the aspirations of the middle classes,
- the African automobile market is also undergoing significant changes, creating a more favorable environment for automobile distribution. On the legal and regulatory level, restrictions on the import of used automobiles are becoming increasingly strict, as is the case in Senegal and Algeria. On the demand front, the market is being driven by growth in sales of low-end vehicles. Africa has also seen an increasing number of manufacturers seeking growth opportunities on the continent, as evidenced by the recent entry of Chinese manufacturers and the aggressive growth strategy of Japanese and Korean manufacturers. Furthermore, segmentation on the vehicle market is shifting, as SUVs are beginning to substitute traditional sedans. The development of consumer credit could also favor the development of this market,
- with respect to the Maghreb, the Group believes that the Algerian and Moroccan markets present significant growth potential.

A European style market in the French overseas territories

- the automobile distribution market in the French overseas territories is similar to that of Europe – very competitive with high rates of vehicle ownership, a preference for new vehicles and the presence of subsidiaries of large international manufacturers. The light vehicle market consists mainly of passenger cars (approximately 80% of the market of light vehicles) and commercial vehicles (approximately 20% of the market [1]. It differs from the mainland market in terms of the larger share of entry level vehicles sold. French manufacturers (Peugeot, Renault and Citroën) dominate the market.

(1) *Source: French Automobile Manufacturers' Committee.*

Region	New passenger vehicles 2011	2012	2013
Guadeloupe	13,695	13,158	12,427
French Guiana	4,719	4,357	4,256
Martinique	12,976	11,527	11,091
Reunion	21,121	19,794	19,405
TOTAL FOR FRENCH OVERSEAS DEPARTMENTS (EXCLUDING MAYOTTE)	**52,501**	**48,837**	**47,179**

* *To CFAO's knowledge, no similar data exist for the entirety of the French overseas territories other than that noted in the above table.*

6.4.3.2 The Pharmaceutical Distribution division in Africa and in the French overseas territories

- **Africa and the French overseas territories, the principal markets for the Group's pharmaceutical distribution business, are two niche markets with growth potential:**
  - the African market: in Africa, Eurapharma operates mainly in French-speaking Sub-Saharan Africa (including countries such as Senegal, Cameroon and Ivory Coast). It also operates in English- and Portuguese-speaking Sub-Saharan Africa as well as in Algeria. The African market is, by far, the smallest pharmaceutical market in the world, representing only 1% of the worldwide pharmaceutical market, or approximately $880 billion in 2011, according to analysis carried out by IMS Health, despite the fact that Africa is the second most populous continent in the world,
  - the French overseas territories represent approximately 3% of the French market, which is in turn the second largest European market, accounting for 4.6% of the global market [(1)]. Eurapharma operates mainly in Guadeloupe, Martinique and Reunion. The pharmaceutical distribution market in the French overseas territories is dominated by direct individual expenses and is highly regulated.

Two markets with attractive growth potential

- **The pharmaceutical distribution market has a strong growth potential in Africa due to:**
  - significant demographic growth and economic growth supported by favorable macroeconomic trends throughout Africa. As indicated previously in this report, the gradual emergence of a middle class should favor consumer spending, particularly on health,
  - the amount of spending on pharmaceutical products per inhabitant, which is currently very low. Average pharmaceutical expenses per inhabitant amount to €4 a year in Africa compared to €196 in Europe and €422 in North America [(2)], and
  - the development of ambitious programs in certain countries and companies within Africa aimed at improving access to medical care and health insurance for local populations as well as the assistance provided by developed countries, multilateral organizations and NGOs.
- **Higher growth potential in the French overseas territories than in mainland France:** although the French overseas territories have experienced more significant economic and demographic growth than mainland France in the last decade, pharmaceutical expenditure per inhabitant is lower than in France as a whole, i.e. €225 on average in 2008 in the French overseas territories (excluding Guadeloupe), compared to €274 on average in mainland France (estimated figures provided by Eurapharma). In contrast, Eurapharma estimates that the average level of pharmaceutical expenditure per inhabitant in Europe in 2008 was €196.

6.4.3.3 The Consumer Goods production segment in Africa

A high demand for Consumer Goods in Africa

With the exception of the more developed regions such as South Africa, the need for consumer goods and services remains very high in Africa, particularly in Sub-Saharan Africa. Growth in the consumer goods market is likely to directly benefit from the sustained demographic growth in Africa as well as the gradual improvement of its inhabitants' standard of living (see section 6.4.1.2 "Though complex, economic conditions in Africa are considered buoyant" above). An increase in purchasing power, including among Africa's poorest populations, should continue to favor the growth of the consumer goods and services market, such as the beverages or plastic products markets, but will also help develop the creation of new shopping malls (CFAO Retail) and of distribution centers for staple consumer goods in Nigeria (FMCG). At the same time, the development of the middle classes and their growing demand for services and products similar to those available in Western economies should lead to an increased demand for less common consumer products and services (e.g., furniture, motorcycles, etc.), as well as a more diverse range of products and services similar to what has been seen in other emerging markets.

(1) Source: Eurapharma and IMS Health, 2010.

(2) Source: Global Insight 2006.

Limited local production with significant development potential

With the exception of South Africa and, to a lesser degree, certain countries in the Maghreb and Egypt, most African countries have limited or non-existent local industrial production. Most of the significant investments in the countries on the continent relate to the raw materials sector, which creates potential demand for local industrial production facilities to meet increasingly high demands for consumer goods that are otherwise imported from abroad. Due to the distance between the African market and the principal manufacturing production centers, the cost and price conditions under which these products are imported from abroad and sold in Africa should create opportunities for genuinely competitive local production of consumer goods. The continued modernization of infrastructure in Africa, the private sector and local regulations will also be decisive factors in the growth of local production.

6.4.3.4 The New Technologies Distribution division in Africa

A budding market on the global scale

The development of the IT services market in Africa is directly dependent on the overall development of new technologies (Internet, mobile telephones, etc.) as a whole. Financing issues, the inadequacy of regulations and the insufficiency of infrastructure networks in Africa have slowed the growth of this market. According to estimates, approximately only 8% of Africa's inhabitants have Internet access.

The Group is not aware of any detailed quantitative analysis that provides an overview of IT services in Africa.

However, it believes that:

- Algeria, where CFAO Technologies has operations, as well as Morocco and Tunisia (where the Group is not present) are countries in which the IT services market has huge potential;
- Ivory Coast and Senegal (where the Group has operations) are the most dynamic markets in French-speaking Sub-Saharan Africa.

Within this market, the Group's main customers and the other market players are telecommunication companies, public companies, governmental authorities, banks and insurance companies and companies connected to the oil industry.

A market with growth potential

Growth should benefit from efforts by African countries, occasionally with the assistance of international organizations, in the area of new technologies. Certain national governments (Algeria, Gabon) have implemented ambitious policies over recent years to develop the new technologies sector, by modernizing their network infrastructures, intensifying public expenditure in this sector, encouraging the development of the private sector and by changing their regulations. Countries such as Algeria, where the Group is extremely active, have made becoming regional centers for new technologies an official target.

6.5 Strategy

The demand in Africa is based on three strong needs, each representing promising markets: Equipment, Healthcare and Consumer Goods. CFAO's strategy endeavors to meet these basic needs to the best of its ability, thereby supporting the development of consumer goods and infrastructures in Africa.

In order to reinforce its leadership position in certain markets and to reach that position in other markets, the Group plans to employ a development strategy that leverages its strengths and targets strong organic growth coupled with a high return on capital employed. Additionally, the Group intends to continue with its policy of selective and targeted acquisitions and developing into new business segments, in particular those related to retail.

Even in development terms, most African markets are still new compared with the major emerging markets. To be profitable, the historical business model employed by distributors like CFAO is made up, with just a few exceptions, of the various steps of the so-called supply chain, import, wholesale and retail activities. In these emerging markets, due to the volumes involved, they are as yet unable to specialize and, in order to protect profitability, the Group needs to build up its expertise and ensure that it remains as strongly positioned as possible in every segment of the value chain.

Since the Japanese trading company Toyota Tsusho Corporation acquired control of CFAO, TTC declared that it had no intention of challenging CFAO's autonomy and expressed its desire to support the development strategy of CFAO's main businesses with the goal of continuing to consolidate the Company's positions in its core markets. In particular, TTC declared its intention:

- to consolidate and develop CFAO Automotive's presence in its existing markets and support its geographic development by pursuing a multi-brand distribution strategy; and to ensure, if necessary, that there are appropriate internal management and

governance procedures to preserve the conditions required for the continued development of this multi-brand strategy in order to maintain relations with automakers;

- to support the organic growth of Eurapharma and its development strategy in Africa and the French overseas territories;
- to support the development of new businesses within CFAO Industries, Equipment & Services as illustrated by the recent development of the Equipment unit and of Loxéa.

Within the scope of a new alliance, the two groups are currently devising a common strategy aimed at cementing CFAO's leadership in Africa and paving the way for its expansion into new geographic areas and sectors. Because the acquisition only happened recently, the current ongoing reassessments have not yet resulted in any major shifts in the Group's strategy as it may have been described in past years. By giving the green light to develop shopping malls in Africa - a project CFAO had been working on for several years - TTC demonstrated its strong support for the Group's retail development strategy, in keeping with CFAO's vision prior to the acquisition.

The two groups complement each other in terms of their geographic footprints and respective growth strategies and CFAO's future cooperation with TTC could potentially unlock synergies.

The Group is therefore continuing to pursue a strategy based around a number of key focuses.

6.5.1 Maintaining a high level of organic growth in existing businesses

The Group believes that its existing markets will experience robust growth over the medium and long term, as projected by the International Monetary Fund, thanks to a combination of overall favorable structural factors, such as strong population growth and the anticipated development of the African middle class.

Additionally, the Group will draw upon its expertise and market position in its business segments to pursue specific and pertinent strategies to promote organic growth in each of its divisions that are consistent with the Group's overall growth strategy:

- In its CFAO Automotive division, the Group is implementing an ambitious strategy to expand and adapt its portfolio of partner brands, particularly in markets such as the Maghreb and English-speaking Sub-Saharan Africa. The Group also intends to adapt its supply and distribution network on an ongoing basis in response to changes in demand in the markets in which it operates. Such adaptations may include, for example, increasing its portfolio of small or low-cost passenger vehicles to respond to the emergence of a middle class in Sub-Saharan Africa, responding to an expected increase in demand for mid-range and luxury or high-end vehicles, and increasing demand from private sector businesses as local economies grow. The Group is also focusing on heavy trucks for B2B customers. Sales areas, maintenance areas and workshops have been set up in every country in which the division operates. To maintain skills at the highest possible level, CFAO Automotive has teamed up with partner manufacturers to hold training programs. Overall, the Group seeks to cover selectively all segments (low-cost, luxury, trucks, motorcycles and tires) within its markets. Lastly, the Group is looking to progressively strengthen the quality and performance of the after sales services provided to customers across its network and to develop tailored financing solutions for retail and B2B customers.
- In its Eurapharma division, the Group intends to continue to implement Eurapharma's multi-channel growth model to consolidate its position throughout its supply chain – as it did in 2011 with the stake acquired in the pharmaceutical manufacturing company Propharmal in Algeria, and in 2012 with the acquisition of the Danish company, Missionpharma – to target private clinic, hospital and NGO customers with a new range of products (medical equipment, hospital consumer goods, emergency kits and generic products). Thanks to its efficient operational structure, it should be able to capture the anticipated rise in demand for pharmaceutical products in Sub-Saharan Africa. The Group also believes that the continued growth of its most recent distribution agent activities (marked by the launch of Nigerian operations in 2012) and pre-wholesale activities illustrates the pertinence of this development model.
- In its CFAO Industries business, the Group is keen to expand its beverages business into other countries should suitable opportunities arise. Over the past several years, it has made substantial investments to increase production capacity and to keep up with demand. In its plastic products manufacturing activities, the Group is trying to accelerate the development of products aimed more specifically at agri-business and the oil industries and to seize, where possible, opportunities to expand its geographical presence.
- In its equipment distribution and rental businesses, the Group plans to take part in the development of the construction, power and long-term rental sectors, which are projected to enjoy substantial growth over the next ten to fifteen years. Foreign investment, large scale urbanization, infrastructure projects and mining potential are equally favorable factors. In the countries in which it has set up dedicated networks, the Group plans to grow its market share by developing new services and innovative, made-to-measure offerings that respond to the specific needs expressed by its customers. To do this, it can draw on its existing logistical know-how, market knowledge and strong reputation. In order to build a solid equipment business line spanning the whole of Africa, the Group is planning to follow an organic growth strategy, although acquisitions cannot be excluded if the right opportunities arise.

- Finally, in its CFAO Technologies business, the Group plans to continue the strategy initiated in 2011, i.e., to refocus its efforts on developing a range of solutions for the integration of new high value added technologies in order to benefit from the expected strong growth of the information services market in Africa. To this end, and while trying to expand its circle of partners, the Group will pay special attention to developing relationships with major players in the industry, to its capacity for innovation and to the recruitment, training and retention of highly qualified local professionals.

6.5.2 Optimizing productivity and operating profitability

Historically, the Group has focused on optimizing the profitability of its businesses, with three objectives: to improve the underlying profitability of its portfolio of businesses over the long term, to increase its operating flexibility in order to allow it to anticipate and limit the impact on its margins of a downturn in one or more of the markets in which it operates (such as, for example, adverse exchange rate trends), and to maximize the return on capital employed.

The Group's approach to these issues is centered on three main principles: continuing its strategy of covering the entire distribution value chain, implementing plans for continuous improvement in the operating performance of its various business divisions, and ongoing strategic reassessment of the composition and optimal distribution of its portfolio of businesses.

The Group is aware of the fact that the interest Africa represents for a growing number of international players, as well as the anticipated emergence of an African middle class and a large consumer market, will probably lead to a less favorable competitive environment in the coming years compared with the present day, and indirectly to downward pressure on margins.

6.5.3 Continuing the geographic expansion of its various divisions

The Group's continued geographic expansion will naturally focus on Africa and may also include targeted entries into high growth areas.

Although the Group prioritizes growth in Africa, it is also open to other areas of growth, in particular countries with qualities that match its business model. For example, CFAO has a Vietnamese automobile distribution business and expanded into Cambodia in 2013.

6.5.4 Applying its know-how to the development of new businesses principally in Africa

As a leading player in each of its current businesses, the Group will continue to explore opportunities to use its expertise, knowledge of Africa and reputation throughout the African continent to develop new businesses.

CFAO will focus on business projects that respond to several of the following criteria:

- strong growth and development potential;
- opportunities to develop business in several markets in Africa in a manner similar to the Group's current businesses;
- opportunities to operate an integrated business with a presence along the entire value chain, in a manner similar to the Group's current businesses;
- opportunities to leverage the Group's expertise;
- fit with the Group's existing businesses.

With a view to harnessing the potential represented by the gradual emergence of new consumers in Africa, the Group launched a new CFAO Retail business aimed at developing several dozens of shopping malls in Sub-Saharan Africa. This new venture, with the ten-year target of €1 billion in revenue, will strengthen the *Consumer Goods* division, which already includes the production and distribution of beverages and plastic products.

6.5.5 Pursuing a policy of targeted external growth

The Group will consider opportunities to pursue targeted acquisitions that respond to its acquisition criteria and growth strategy in order to reinforce its position in its existing businesses and potentially to enter new markets (see the section above). CFAO has a successful acquisition track record that has contributed to its growth and increased market shares.

The Group is studying acquisition opportunities that will enable it to both strengthen its existing business lines and allow it to build up positions in new businesses related to specialized distribution.

6.6 Regulations

The Group's business – specialized in automobile distribution in Africa and the French overseas territories, as well as the manufacture of industrial products and the provision of services related to new technologies – is not in and of itself subject to specific regulation. However, the manufacture and/or distribution of certain products, in particular pharmaceutical products, is subject to specific regulations (see sections 6.6.1 "Pharmaceutical operations" and 6.6.5 below).

In the countries in which the Group operates, an import license is generally required for the importation of goods (as is the case for Algeria and Angola).

Furthermore, the Group's strong international profile means its operations are subject to various regulations that significantly affect its business. These include regulations concerning:

- pharmaceutical operations (see section 6.6.1 below);
- exchange controls (see section 6.6.2 below);
- the flow of goods (see section 6.6.3 below);
- foreign direct investment (see section 6.6.4 below);
- product liability (see section 6.6.5 below); and
- environmental compliance (see section 6.7 below).

6.6.1 Pharmaceutical operations

Through Eurapharma, the Group currently distributes pharmaceutical products in 19 African countries and in Madagascar, in seven French overseas territories, as well as in Portugal and Denmark.

Within these markets, the sale of pharmaceutical products is subject to complex legal and regulatory requirements established by various government authorities in France (with respect to the French overseas territories) and in the African countries in which the Group operates. In the event of non-compliance with regulations, the regulatory authorities may impose fines, take disciplinary action against the pharmacists held responsible, order the closure of the relevant pharmaceutical establishments, seize or withdraw products from the market, or partly or totally suspend production and distribution. Regulations applicable to the marketing of pharmaceutical products principally relate to entities with "pharmaceutical establishment" status (a designation that applies to the Group's subsidiaries which operate in import-wholesale-resale activities), marketing authorizations for pharmaceutical products sold, public service obligations and pricing.

Pharmaceutical establishments

The Group is subject to a certain number of ongoing requirements set by national authorities that regulate pharmaceutical establishments. In the French overseas territories, in most countries of French-speaking Sub-Saharan Africa and in Europe (Portugal, Denmark and mainland France) in which the Group operates, the Eurapharma division's subsidiaries have pharmaceutical establishment status, which entails notably a verification that their business and sites comply with applicable standards.

Under French law, prior approval is required in order to conduct any pharmaceutical business, whether related to the importation, deposit or to the wholesale distribution of pharmaceutical products intended for human or veterinarian use. This authorization is issued by the Director General of the *Agence nationale de sécurité du médicament* (ANSM), the French agency for drug safety or the *Agence nationale du médicament vétérinaire* (ANMV), the agency for veterinarian drugs, a sub-department of the *Agence nationale de sécurité sanitaire de l'alimentation, de l'environnement et du travail* (ANSES), the national food, environment and work safety agency. Renewals are not required. There are three steps to the administrative and technical process: determination of the admissibility of the case, technical evaluation and authorization. With due notice, the authorization may be suspended or withdrawn in the event of an infringement of the French Public Health Code (*Code de la santé publique*). Continental Pharmaceutique has held an authorization to operate as an export wholesale distributor at its new premises since September 5, 2005. Epdis France has held an authorization to operate as a depository and export wholesale distributor at its new premises since March 23, 2005. At both its Trignac premises in western France and at its sites in the French overseas territories, Actidis is authorized to act as a depositary and central pharmaceutical purchasing body. The Eurapharma companies located in the French overseas territories likewise are authorized to operate as depositories and/or wholesalers.

In the 14 countries of French-speaking Sub-Saharan Africa in which the Group operates, the law generally provides that the import and distribution of pharmaceutical products is subject to approval. In this case, the evaluation of the authorization request and the granting of the approval are typically entrusted to an agency or department of the Ministry of Health of the host country. An approval is also required in Algeria and most countries of English- and Portuguese-speaking Sub-Saharan Africa in which the Group operates, including Kenya.

Marketing authorization

In the French overseas territories and the other countries in which the Group operates, access to the pharmaceuticals market is regulated by national authorities. The sale of pharmaceutical products requires compliance with a regulatory authorization procedure (the marketing authorization – *autorisation de mise sur le marché* ("AMM") – or visa), which aims to verify the quality,

safety and effectiveness of products and must be renewed at least every five years. The preparation of the marketing authorization or visa requests and their examination by the competent authority are costly and may take several years. In almost all cases, pharmaceutical companies are responsible for the entire process. However, as an agent, Eurapharma may at times contribute to the process at the local level, through its subsidiaries.

Public service obligations

In mainland France and the French overseas territories, only wholesalers may distribute pharmaceutical products to pharmacists and their operations are regulated. In connection with this pharmaceutical monopoly, the Group is subject to certain obligations. Such obligations include placing its pharmaceutical wholesalers under the supervision of a pharmacist, declaring to the Director General of the ANSM the territory in which each of its establishments distributes products and stocking in its distribution territory a wide range of pharmaceutical products, including at least nine-tenths of the pharmaceutical specialties effectively sold in France, as defined below.

In addition, in keeping with its public service obligations, each pharmaceutical establishment is required to maintain at least a two-week supply of pharmaceutical products corresponding to its average customer demand and to deliver any effectively marketed specialties (other than pharmaceutical products reserved for hospital use, medicinal plants and homeopathic remedies) within 24 hours when the order is received before 2pm on a Saturday. Establishments must also deliver to any requesting pharmacy any medication and – when distributed in accordance with the French Public Health Code – any other product, item or article and any medicinal product distributed under the French Public Health Code and used in France, and to remain on call as necessary.

In the 14 French-speaking Sub-Saharan African countries in which the Group operates its import-wholesale-resale activities, the regulations in force are based on the existing French regulations governing the public service obligations of pharmaceutical establishments. All of the countries concerned require that pharmaceutical establishments include a senior pharmacist within their management team.

Regulated prices and product reimbursement

In the French overseas territories, the pricing of pharmaceutical products marketed by the Group is subject to control by the government, which either fixes prices or sets social security reimbursement at a flat rate for pharmaceutical products with a registered generic equivalent. This has the indirect result of aligning product pricing with that rate. The wholesale prices of prescription pharmaceutical products covered by the reimbursement system are thus equal to the manufacturer's prices multiplied by a regulated ratio. Retail sale prices are equal to the retail prices in effect in mainland France multiplied by a regulated ratio. Regulations governing pharmaceutical pricing in the French overseas territories may be amended in the near future.

In the 14 countries of French-speaking Sub-Saharan Africa in which the Group operates, the pricing structure of pharmaceutical products is generally regulated, but there is no social security reimbursement of pharmaceutical products. In practice, the relevant regulator fixes margins at various points throughout the distribution process. In some countries, such as Senegal, Cameroon and Ivory Coast, price regulation applies to all pharmaceutical products. In other countries, such as Mali, only "essential pharmaceutical products" are subject to fixed pricing, the prices of other pharmaceuticals being determined by the market. In Algeria, margins on pharmaceutical sales are determined on a regulatory basis.

With the exception of Angola, the countries in English- and Portuguese-speaking Sub-Saharan Africa in which the Group operates do not practice pharmaceutical price regulation.

Regulation of advertisements

The Group must comply with strict regulations in terms of the labeling, advertising, promotion and marketing of pharmaceuticals. Any infringement of such regulations may result in notices, injunctions, seizure of products or legal proceedings, possibly of a criminal nature in certain jurisdictions like France or the French overseas departments.

Product traceability

As of January 1, 2011, wholesalers must ensure the traceability of all the pharmaceutical products they distribute, in compliance with the French Public Health Code.

The information required includes: 1) purchase date, 2) product name, 3) batch number and expiration date per batch and 4) the name and address of the supplier (laboratory) and recipient (pharmacist).

This information must be kept on record for five years as of the date the pharmaceutical products are received. As such, upon request from laboratory suppliers, reminders and requests can be sent for the removal of expiring batches from pharmacies.

As a result of this traceability requirement, information systems and operations had to be aligned so that data on all flows of goods to French overseas territories could be stored intelligently.

Regulations on pharmaceutical production in Algeria

Algerian regulations require facilities manufacturing pharmaceutical specialties to obtain administrative authorization from the Health Minister, subject to approval by a central commission and the national order of pharmacists.

These regulations define the manufacturing of pharmaceutical specialties as either full or partial production, such as formulation or simple preparation, of pharmaceutical products.

Authorization is delivered based on the manufacturer's application, which includes: 1) a description of the production facilities and their compliance with applicable regulations, 2) the industrial equipment used in manufacturing the pharmaceutical products, 3) a list of the products manufactured at the facility and the planned production processes, 4) a presentation of the staff participating in the production process and their qualifications and, more generally, 5) any information that guarantees that production meets the required quality and control standards.

The manufacturing facility's technical department must be overseen by a Technical Director who guarantees compliance with all technical and administrative rules laid down in the interest of public health. The Technical Director must hold a degree in industrial pharmacy and have at least two years of professional experience at an industrial facility. The responsibilities of this supervising pharmacist entail approving product registration applications and organizing and inspecting supply and all manufacturing stages, including the release of finished products onto the market. The pharmacist is personally liable for all pharmaceutical work carried out at the manufacturing facility.

Product release onto the market requires authorization from the Health Minister, subject to approval by the national directory commission, to register pharmaceutical products in the national directory. In France, this marketing authorization is called *autorisation de mise sur le marché* or AMM.

Marketing authorizations are delivered upon review of the scientific and technical application submitted by the manufacturer or owner of the intellectual and/or industrial property rights, as applicable. They must be renewed every five years.

The manufacturer must ensure that all pharmaceutical specialties produced have obtained this authorization.

6.6.2 Exchange controls

The Group is subject to the exchange controls in force in the foreign countries in which it operates. These controls have several aims: they seek to prevent excessive currency purchases conducive to the depreciation of the national currency and to the deterioration of the balance of payments, to control imports of products likely to compete with national industries, to reserve purchases of foreign currency for the payment of imports deemed most useful, and to prevent capital flight and tax evasion. The Group is subject to this legislation in the following major countries: the countries belonging to the CFA franc zone, Algeria, Nigeria and Morocco.

- The CFA franc zone: The CFA franc zone consists of the West African Economic and Monetary Union (UEMOA), which includes eight West African States (Benin, Burkina Faso, Ivory Coast, Guinea Bissau, Mali, Niger, Senegal and Togo), and of the Central African Economic and Monetary Community (CEMAC), which includes six Central African States (Cameroon, Central African Republic, the Congo, Gabon, Equatorial Guinea and Chad).

  The CFA franc zone is a monetary cooperation system between France and UEMOA and CEMAC member countries. It is founded on the following principles: use of the CFA franc as a common currency, convertibility guaranteed by the French Treasury, fixed parity, free transferability and the centralization of foreign exchange reserves. Since January 1, 2002, the euro has replaced the French franc at a fixed parity of one euro to 655.957 CFA francs.

  The main exchange controls in the CFA franc zone are as follows:

  - the Ministries of Finance are responsible for managing exchange controls. They may delegate their powers in full or in part to the Central Bank of West African States (BCEAO) for UEMOA member countries, to the Bank of Central African States (BEAC) for CEMAC member countries, to approved banks or to the postal administration. All exchange transactions with foreign countries must be carried out through approved intermediaries,
  - all imports must be declared and transactions involving imports from foreign countries must be domiciled with an approved intermediary when goods are not considered to be in transit. The minimum declaration or domiciliation thresholds vary depending on the country,
  - for the purpose of transfers to foreign countries, supporting documents must be presented to the intermediary responsible for payment. When supporting documents evidence that the transfer relates to a routine transaction (importation of goods, freight and insurance, salaries, wages, fees, patent and license fees and royalties, interest, dividends, etc.), the approved intermediary is free to carry out the transfer, under its responsibility. Otherwise (such as in the case of foreign investments or loans, except for transfers involving members of the CFA franc zone), the prior approval of the relevant Finance Minister is required. Provisions concerning foreign direct investment and foreign loans vary depending on the country.

  Generally speaking, the Group believes that such regulations do not have a material adverse impact on its operations in the CFA franc zone countries in which it operates. The Group has implemented administrative procedures to achieve compliance with the exchange controls described above and no significant infringement of rules has been brought to light by the inspections carried out in several regional countries.

- Algeria: The currency of Algeria is the dinar. Routine currency conversion is subject to strict exchange controls, particularly in the case of capital transfers. The Bank of Algeria, as the country's central bank, is responsible for foreign exchange policy and, therefore, has sole control over the management of the country's foreign currency resources.

  The real effective exchange rate is determined monthly by the Bank of Algeria and depends on price indices in Algeria and trading partners, the structure of external trade and the

nominal US dollar exchange rate. In the past, in order to slow consumption and reduce the country's import bill, the Bank of Algeria has allowed the dinar to depreciate against major world currencies.

In accordance with Article VIII of the IMF's Articles of Agreement, the exchange regime in Algeria offers a degree of flexibility as regards convertibility for routine transactions, including payments for the importation of goods. In the case of the foreign investment flows discussed under Article 2 of the 2001 ordinance on the development of investment, the Bank of Algeria reviews transfers of profit, dividends and the proceeds of asset disposals carried out by foreign subsidiaries located in Algeria after the transaction has taken place. In the case of routine commercial transactions, the procedures, which are now handled by the bank dealing with the transaction, are considerably shorter, although the authorities have sought to reinforce control over these operations through the various measures introduced by the 2009 supplementary finance law (tax on banking domiciliation, limitation of proxy, obligation to settle imports through CREDOC). Finally, this same finance law stipulates that financing needed for the purpose of foreign investment, except in the case of capital accumulation, should be sought locally. This led the Bank of Algeria to send a letter, dated December 9, 2010, to all Algerian companies, requesting that companies receiving cash advances from foreign parent companies should capitalize these advances by December 31, 2010 at the latest. For transactions involving a significant amount, the opinion of the Bank of Algeria may be sought at the discretion of the credit institution concerned.

CFAO cannot guarantee that the regulations will not significantly affect the capacity of its local subsidiaries to transfer dividends to the parent company.

- Nigeria: The currency of Nigeria is the naira.

  The Nigerian exchange market was deregulated in 1995, when an autonomous exchange market was created to permit purchases of foreign currency by the public from the Central Bank of Nigeria, at the market price and via approved intermediaries. Further deregulation of the exchange market followed in October 1999, when the interbank foreign exchange market was created. Capital movements to and from Nigeria can now be effected freely. Nevertheless, the Central Bank of Nigeria may at times adopt an interventionist policy, as reflected in its February 2009 decision to confine its sales of US dollars to companies able to demonstrate proof of a commercial transaction. This measure has not had a material impact on the Group's earnings.

- Morocco: The currency of Morocco is the dirham. The Foreign Exchange Office, under the supervision of the Ministry of Economy and Finance, is responsible for regulating exchange transactions by authorizing transfers abroad, in general or specifically.

  As part of its mission, the Foreign Exchange Office has undertaken a deregulation process in recent years to allow banks to perform most transfers abroad freely. Consequently, banks are now authorized to make payments freely in connection with transactions concerning imports, exports, international transport, insurance and reinsurance, foreign technical assistance, travel, education, medical care, savings on income and all other transactions considered to be routine.

  In accordance with Article VIII of the IMF's Articles of Agreement governing currency convertibility for routine transactions, Morocco has extended the convertibility of the dirham to numerous capital transactions, including foreign investment in Morocco, external financing raised by Moroccan companies, investments by Moroccan legal entities abroad, the implementation of an export credit system and the use of hedging instruments against financial risks.

  To date, Moroccan exchange controls have not prevented the Group from converting income from its operations and transferring it abroad.

- Other countries: Exchange controls are applied to fund inflows and outflows in certain other countries in which the Group operates, such as Malawi. However, in the past three years, exchange control regulations have not prevented the conversion and transfer of significant amounts generated from operations in any of the countries concerned. Convertibility and transfer issues in certain countries tend to result more from occasional problems with the levels of central banks' foreign currency reserves than from prevailing regulations.

6.6.3 Regulations concerning the flow of goods

The Group's business is subject to regulations concerning the flow of goods in effect in the countries in which it operates. These regulations are implemented by the customs administration, which is in charge of applying and collecting customs duties with respect to products imported or exported, in accordance with applicable laws and regulations. The customs administration also ensures the safety and quality of goods flows, fraud prevention, and public health and safety protection.

Customs regulations may take forms other than the imposition of duties. They may, for example, require an import license, as is the case in Algeria and Angola. They may also impose import restrictions on certain specific products (as was the case in Algeria in 2005, when the government imposed a restriction on vehicles three years or older) or set vehicle related approval requirements that can cause delays or slow down development (as is the case in Morocco concerning Chinese vehicles).

Certain tax regulations may have an adverse impact on the flow of goods. In Algeria, a number of tax regulations implemented in 2008 and 2009, some of which were introduced by the Finance law, have adversely affected the Group's activities and earnings in that country (see section 4.1 "Risks relating to the business and regulatory environment" and in particular the sub-section on the "Unstable legal and regulatory environment" of this Registration Document):

- a new tax on light vehicles with a capacity below 2,500 cm^3 and on the profits of car dealers, introduced in August 2008;
- a new regulatory tax on vehicles with a capacity exceeding 2,500 cm^3 and heavy trucks, introduced in August 2009;
- a new import duty of 5%, on the net earnings generated by importers and wholesale distributors on pharmaceutical products imported for resale in the country, introduced in December 2009 (supplementary finance law for 2010).

Regulations affecting the financing of automobile purchases may also have such an impact. Algeria, for example, introduced regulations in 2009 to prohibit the use of consumer credit to finance automobile purchases in some cases, with a view to reducing the volume of vehicle imports. The Group believes that the measures have a negative impact on its activities and earnings in the country, given that, according to its estimates, 30% of its automotive revenue in Algeria was generated by sales of vehicles partly or completely financed in this manner.

6.6.4 Regulations concerning foreign direct investment

The Group is subject to regulations on foreign investment in the countries in which it operates. Such regulations may take the form of preferential treatment intended to encourage the entry of foreign capital, such as the implementation of tax incentives to attract foreign investors. The nature and scope of incentives vary across countries and generally depend on the amounts invested and the economic sectors concerned. For instance, the regulatory environment in the Republic of the Congo includes a favorable tax system, from which the Group has benefited since 2006, and which was extended in 2012 for a further five years, with regard to investments in its beverage business. The regulations in the Republic of the Congo essentially provide for total exemption from corporate income tax for a five-year period from January 1, 2012, subject to a certain level of investment in the two main production facilities in Brazzaville and Pointe Noire. Pursuant to an agreement with a five year term entered into on January 30, 2012 with the Republic of the Congo, Brasseries du Congo has committed to an investment program, to the maintaining of a stable workforce and to the creation of permanent jobs. Brasseries du Congo has also undertaken to give priority to Congolese companies for the provision of supplies and services in connection with the maintenance and operation of its production facilities, and to Congolese workers and executives under its recruitment policy. In return, the Republic of the Congo has granted to the Group, for the same period, a certain number of legal, financial, economic and administrative guarantees, together with tax and customs benefits. Pursuant to the 2013 Congolese finance law, a national commission was tasked with renegotiating agreements with a term exceeding one year and providing for tax and custom duty exemptions. This commission was granted an initial six-month timeframe to renegotiate these agreements. After this period, any tax or custom duty exemptions exceeding the authorized limit shall be deemed null and void. On the filing date of this Registration Document, the members of the commission had been appointed, but no meeting had yet been held with Brasseries du Congo. The term of this agreement and the advantages granted thereunder may, however, be reconsidered by the government.

Regulations on foreign investment may also take the form of protection plans or requirements imposed on foreign investors in favor of local businesses. In Algeria, Executive Decree no. 09–181 of May 12, 2009 requires that at least one-third of the capital of certain multinational companies' local subsidiaries be held by shareholders of Algerian nationality by December 31, 2009. This requirement does not apply to companies registered prior to its date of entry into force. In any event, Diamal, the Group's main Algerian subsidiary, already complies with this decree. However, the supplementary finance law for 2009, which amended the ordinance of August 20, 2001 on the development of investment, stipulates that new foreign investments realized in the economic activities of the production of goods and services should, prior to their realization, be the subject of a declaration of investment, and can only be realized within the framework of a partnership within which the resident national shareholding must represent at least 51% of the share capital, except in the case of foreign trade activities where the threshold is set at 30%. New regulations effective from January 1, 2014 push this threshold to 51% for foreign trade activities. The 2009 finance law also introduced a preemptive right for the Algerian state and state entities on any transfer of a stake in an Algerian company by foreign shareholders or for the benefit of foreign shareholders. Various finance laws have been passed to specify how this law can be applied to foreign investments made before the supplementary finance law for 2009 went into effect. As yet, the Group has not had to change any terms or investments to meet the above mentioned requirements; Eurapharma's subsidiaries in Algeria fulfill these legal obligations.

The Group cannot guarantee that these regulations will not significantly affect its capacity to develop new projects in Algeria.

Furthermore, a parliamentary bill currently under consideration in Ghana is aimed at controlling foreign investment in the country and allocating the Ghanaian state an interest in the share capital of foreign companies. If this project should succeed, it could have repercussions on the shareholder structure of the subsidiaries in the country.

6.6.5 Product liability

Imports

The Group imports products from manufacturers (primarily automakers and pharmaceutical companies) for the purpose of resale. In connection with this activity, the Group may be required to provide a legal or contractual warranty to its customers, but such warranty is in turn generally covered by an equivalent manufacturer's warranty. Therefore, except in the event of *a* default on its part, the manufacturer ultimately assumes the legal or contractual warranties related to product liability.

Manufacturing

CFAO's divisions are involved in manufacturing activities within the Group.

The CFAO Industries, Equipment & Services division includes the Group's beverage business and various light industrial activities, such as the production of plastic products. The Automotive division includes the assembly of motorcycles and mopeds.

Eurapharma is a shareholder in a company that owns a pharmaceutical manufacturing facility in Algeria and an India based manufacturing/assembly unit for medical kits (groupings of different items, including medicines and medical supplies and equipment designed for treatment or first-aid) for international organizations.

The Group's manufacturing activities comply with all local rules and standards of assembly and manufacturing, as well as with the rules and standards imposed by its partners and the local regulatory framework. Were the Group to be held liable in relation to its manufacturing activities, the related risks would be covered by the general civil liability insurance policies held by CFAO for operational risks and risks after delivery or the provision of services. The policies cover damage to third parties arising from the business of any of its subsidiaries (see the section 4.6 "Insurance" of Chapter 4 "Risk factors" of this Registration Document).

Regulations governing the manufacture of plastic products are principally structured around several obligations:

- because of the nature of the activity itself, the Group may be required to obtain an environmental compliance certificate in certain countries, such as Cameroon and Nigeria, or a business permit, as in The Congo;
- in certain countries, imports of raw materials considered to be pollutants may require the authorization of governmental bodies (such as Ghana's Environmental Protection Agency);
- the product must comply with a certain number of standards in some countries, such as Nigeria;
- in Ivory Coast, for example, the elimination of production waste must be managed by duly approved parties.

Regulations governing the manufacture of pharmaceutical products are outlined in section 6.6.1 above.

ORGANIZATION OF THE GROUP

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7.1 Simplified operational organization chart as of December 31, 2013

The table below shows the Group's main subsidiaries classified by business division, identified according to the criteria set out in section 7.2 below (the description of these companies is given in the same section):

Central purchasing offices
SFCE (France)
Capstone Corporation (Mauritius)
CFAO Automotive
CAMI (Cameroon)
Capstone International (Mauritius)
CFAO Motors Côte d'Ivoire
CFAO Motors Maroc
CFAO Motors RDC (Democratic Republic of the Congo)
CMM (Reunion Island)
CP Holding (New Caledonia)
Diamal (Algeria)
DTDobie Kenya (Kenya)
CFAO Industries, Equipment & Services
Brasseries du Congo
Eurapharma
Continental Pharmaceutique (France)
Copharmed (Ivory Coast)
EDPIS (France)
EDPIS Algérie
Eurapharma (France)
Laborex Cameroun
Laborex Congo
Laborex Mali
Laborex Sénégal
Mission Pharma A/S
Pharma Gabon
Sopharma Antilles
Soredip (Reunion Island)

7.2 Parent company, subsidiaries and equity interests

7.2.1 Overview

7.2.1.1 Parent company

CFAO, a French joint-stock company (*société anonyme*) is the parent company of the Group. It is also the company under which the Group's subsidiaries which are subject to French company tax, have consolidated their income for French tax purposes (*intégration fiscale*). The list of main consolidated subsidiaries is described in Note 37 to the Group's consolidated financial statements.

CFAO is a holding company which is not engaged in any operational activities outside the Group. The business of the holding company consists wholly or mainly in holding shares in subsidiaries and providing technical assistance services to its subsidiaries. The Company holds direct and indirect interests in nearly 180 subsidiaries operating mainly in French-speaking Sub-Saharan Africa, English- and Portuguese-speaking Sub-Saharan Africa, the Maghreb, the French overseas territories, Mauritius, Vietnam and in mainland France. The simplified operational organization chart in section 7.1 "Simplified operational organization chart as of December 31, 2013" does not include all of its equity interests, but includes the main subsidiaries as set forth below. The subsidiaries are classified by business division based on their primary business activity, although some of them may have additional business activities related to another Group business division. For more information regarding the business activities and results of each business division, refer to Chapter 6 "Business Overview" and Chapter 9 "Operating and Financial Review" of the present Registration Document.

The list of main consolidated subsidiaries is described in Note 37 to the consolidated financial statements ("List of consolidated subsidiaries as of December 31, 2013") of Chapter 20 "Financial information concerning the assets and liabilities, financial position and profits and losses of CFAO" of the present Registration Document. CFAO does not hold any direct or indirect interests in any listed companies except for the one it has in CFAO Motors Côte d'Ivoire.

The list of the Group's main subsidiaries selected based on their contribution to the Group's net income is given in Chapter 25 "Information on equity interests".

The Group's subsidiaries that are described below have been selected based on the following criteria:

- each of the subsidiaries of the **CFAO Automotive** division described below generated at least 2% of the Group's total consolidated revenue in 2013, with the exception of Capstone International, which was included because it represented 5.1% of the Group's total consolidated assets in 2013;
- each of the subsidiaries of the **Eurapharma** and **CFAO Industries, Equipment & Services** divisions described below generated at least 1% of the Group's total consolidated revenue in 2013, with the exception of Eurapharma and Continental Pharmaceutique, which were included because they represented 2.1% and 6.2%, respectively, of the Group's consolidated assets in 2013.

7.2.1.2 Main cash flows within the Group

The principal intragroup cash flows relate to dividends paid to CFAO by subsidiaries, cash flows between operational subsidiaries and central purchasing offices, which pay suppliers and bill subsidiaries, as well as investment and cash financing agreements as described below.

CFAO has implemented a system of centralization of the treasury by entering into bilateral cash financing agreements with its central purchasing offices (SFCE, Capstone Corporation and Capstone International) as well as with some of its subsidiaries in France and in the French overseas territories. Eurapharma has also signed cash financing agreements with some of its subsidiaries.

The centralization of the Group's cash management aims to encourage better management of both credit and cash surpluses within the Group. Pursuant to the above mentioned agreements, these subsidiaries transfer to CFAO any cash surplus which they do not use to finance their operations and capital expenditures, in exchange of this transfer, CFAO finances when necessary their working capital needs and capital expenditures. Reimbursements of the deposit may be done upon the first request and/or upon maturity, as mutually agreed by the parties.

Implementing a centralized cash management system with the other subsidiaries the Group's is generally prohibited by the local regulations, in particular by those related to exchange control requirements. In this case, financing is secured through loans from the local financial institutions for these subsidiaries.

CFAO also provides services to certain central purchasing offices and most of the subsidiaries of its **CFAO Automotive** and **CFAO Industries, Equipment & Services business** divisions. The technical assistance agreement is generally signed for a period of one year and is automatically renewed at its term. The purpose of this agreement is to share the expertise available at CFAO with the contracting parties (its subsidiaries), in particular in the following areas: legal matters, human resources, tax matters, information technology and trade-related and development issues assistance. The services are invoiced on the annual basis taking into account the services provided. If the contracting subsidiary is no longer part of the CFAO Group and/or CFAO has no longer its legal ownership or its economic control, CFAO may terminate the agreement at any time without any prior notice.

The entering into technical assistance agreements with certain of the Group's subsidiaries of CFAO Automotive and/or CFAO Industries, Equipment & Services business divisions was in practice impossible because of the, local regulations such as exchange control restrictions.

Within the Eurapharma vusiness division, Continental Pharmaceutique has signed a similar technical assistance agreement, as well as supply agreements, with some if its sister companies of this business division.

7.2.2 Wholly-owned or almost wholly-owned subsidiaries (share capital and voting rights)

This list provides the main consolidated subsidiaries of the CFAO Group. Percentages mentioned below are calculated on the basis of the consolidated ownership by the CFAO Group.

7.2.2.1 Sub-holding company

- **Eurapharma** is a French joint-stock company (*société anonyme*) with the share capital of €2,799,750, having its registered office located at ZAC du Grand Launay, 8 avenue Paul Delorme, 76120 Grand Quevilly, France, and registered with the Trade and Companies Registry of Rouen under the number 307 718 577. CFAO holds 99.68% of Eurapharma's share capital and voting rights. Eurapharma directly and indirectly holds all of the Group's equity interests relating to its pharmaceutical business.

7.2.2.2 Central purchasing offices

- **Société Française de Commerce Européen (SFCE)** is a French joint-stock company (*société anonyme)* with the share capital of €12,114,240, having its registered office located at 18, rue Troyon, 92310 Sèvres, France, and registered with the Trade and Companies Registry of Nanterre under the number B 333 520 591. CFAO holds 100%of SFCE's share capital and voting rights. SFCE acts mainly as a central purchasing office, in the capacity of an undisclosed agent (*commissionnaire*), or trader, with automakers, or with suppliers of the CFAO Industries, Equipment & Services business division on behalf of the Group's companies developing their automobile distribution business or other activities in French-speaking Sub-Saharan Africa and the French overseas territories.
- **Capstone Corporation Ltd. (Capstone)** is a Mauritian private company with the share capital of €15,000,000, having its registered office located at c/o Globefin Management Services Ltd, 1st Floor, Anglo-Mauritius House, Intendance Street, Port Louis, Mauritius, having its offices located at Harbour Front Building, President John F. Kennedy Street, Port Louis, Mauritius, registered with the Trade and Companies Registry of Mauritius under the number 20798/4602. CFAO holds 100%of Capstone's share capital and voting rights. Capstone acts mainly as the Group's central purchasing office for orders placed with certain automakers in the CFAO Automotive division for English- and Portuguese-speaking Sub-Saharan Africa, certain subsidiaries of the French overseas territories and the Maghreb, as well as with the suppliers of the CFAO Industries, Equipment & Services division.

7.2.2.3 Export-wholesale business

E.P. DIS is a French joint-stock company (*société anonyme)* with the share capital of €6,477,000, having its registered office located at ZAC du Grand Launay, 8 avenue Paul Delorme, 76120 Grand Quevilly, France, and registered with the Trade and Companies Registry of Rouen under the number B 412 543 449. Eurapharma holds 99.68% of E.P. DIS's share capital and voting rights. E.P. DIS is one of the Group's subsidiaries specialized in the pre-wholesale business.

7.2.2.4 Distribution subsidiaries

CFAO Automotive

- **CFAO Motors Côte d'Ivoire** is an Ivorian joint-stock company (*société anonyme*) with the share capital of 9,068,595,000 CFA francs having its registered office located at 117 bld de Marseille – Abidjan, R CI, and registered with the Trade and Companies Registry of Abidjan under the number *B 11362*. CFAO holds 95.80% of CFAO Motors Côte d'Ivoire's share capital and voting rights. CFAO Motors Côte d'Ivoire's primary business is automotive distribution in Ivory Coast. CFAO Motors Côte d'Ivoire is listed on the Regional Securities Exchange in in Abidjan (*Bourse Régionale des Valeurs Mobilières*).
- **CFAO Motors Maroc** is a Moroccan joint-stock company (*société anonyme)* with the share capital of 284,468,000 Moroccan dirhams, having its registered office located at 15, rue Omar Slaoui, Casablanca, Morocco, and registered with the Trade and Companies Registry of Casablanca under the number 104 285. CFAO holds 100% of CFAO Motors Maroc's share capital and voting rights. CFAO Motors Maroc's primary business is automotive distribution in Morocco. Its by-laws require the prior approval of any third party share transfers.
- **CFAO Motors RDC** is a Congolese private limited company with the share capital of 106,207,478 Congolese francs, having its registered office located at 17, avenue des Poids Lourds, BP2200, Kinshasa, Democratic Republic of the Congo, and registered with the Trade and Companies Registry of Kinshasa under the number 44 560 KIN. CFAO holds 100% of CFAO Motors RDC's share capital and voting rights. CFAO Motors RDC's primary business is automotive distribution in the Democratic Republic of the Congo. Its by-laws require the prior approval of any third party share transfers.
- **Compagnie Marseillaise de Madagascar (CMM)** is a French joint-stock company (*société anonyme)* with the share capital of €2,630,625, having its registered office located at 4, chemin du Grand Canal, BP 106, 97492 Sainte Clotilde Cedex, Reunion Island, and registered with the Trade and Companies Registry of Saint-Denis, Reunion Island, under the number B 572 073 914. CFAO holds 98.28% of CMM's share capital and voting rights. CMM's primary business is automotive distribution in Reunion Island.
- **D. T Dobie Kenya** is a Kenyan private limited company with the share capital of KSH 35,000,000, having its registered office located at Lusaka road – PO Box 30160 - 00200 Nairobi, Kenya, and registered with the Trade and Companies Registry of under the number 6115. CFAO holds 100% of D. T Dobie Kenya's share capital and voting rights. D. T Dobie Kenya's primary business is automotive distribution in Kenya.

7.2.3 Other than wholly-owned subsidiaries (in which the Group does not hold all of the share capital and voting rights)

7.2.3.1 Minority third party interest in non wholly-owned subsidiaries

The Group has numerous minority third party interest in non wholly-owned subsidiaries of the Group, principally in Eurapharma business division and in the subsidiaries of Automotive business division. Equity attributable to non-controlling interests represented €191.3 million at December 31, 2011,€213 million at December 31, 2012 and €194 million at December 31, 2013. Net income attributable to non-controlling interests amounted to €49.5 million (or 29% of consolidated net income) in 2011,€57.2 million (or 33.4% of consolidated net income) in 2012 and €44.0 million (or 30.5% of consolidated net income) in 2013. Dividends paid to minority shareholders in the Group's consolidated subsidiaries amounted to €21.6 million in 2011,€38.8 million in 2012, and €47.8 million in 2013 representing respectively 12.6%, 22.7% and 33.1% of consolidated net income in 2011 2012 and 2013.

The existence of minority shareholders within certain Group companies or the Group's non-controlling interest in certain companies is mainly due to the following framework:

- as for Eurapharma business division companies, this structure is given by the Group's growth model. The Group carries out a part of its pharmaceutical business activities using local subsidiaries in which local pharmacists hold minority interests so that to promote the development of the Group's business activities by sharing the revenues of the these subsidiaries with its minority shareholders. Certain subsidiaries of Eurapharma or companies in which Eurapharma has shareholdings, hold 40% of the capital and voting rights of Continental Pharmaceutique, the Group's centralized purchasing platform for its pharmaceutical import-wholesale-resale business;
- as soon as the other Group's business divisions are concerned (i.e., CFAO Automotive, CFAO Industries, Equipment & Services), the Group's market entry method (for example, by acquisition of interests in existing companies) or, in certain cases, local regulatory restrictions that may require the division to form a partnership with a local partner before it can establish a business within a given territory (see Chapter 4, section 4.1 "Risks relating to the business and regulatory environment", and sub-section 4.1.5 and 4.1.6 of this Registration Document).

The agreements between the Group and its partners generally include preemptive and approval provisions, as well as commitments regarding representation on the governance bodies of the relevant companies. Liquidity of these shares is therefore relatively limited.

The pharmacist stakeholders have no specific governance rights attached to their ownership interests. Generally speaking, the shares are only freely transferable between shareholders (shareholders' approval and preemptive rights). The main provisions of this type are set forth below.

Over the past three years, Eurapharma has, at times, guaranteed the liquidity of its subsidiaries by repurchasing shares held by minority shareholders.

7.2.3.2 Central purchasing offices

- **Capstone International Ltd** is a Mauritian private company with the share capital of €100, having its registered office located at c/o Globefin Management Services Ltd, 1st Floor, Anglo-Mauritius House, Intendance Street, Port Louis, Mauritius, having its offices located at Harbour Front Building, President John F. Kennedy Street, Port Louis, Mauritius, and registered with the Trade and Companies Registry of Mauritius under the number 59812 C1/GBL. CFAO holds 60% of the share capital and voting rights of Capstone International, with the remainder held by one of the Group's partners. Capstone International Ltd's primary business in Mauritius is the same as that conducted in the Maghreb.
- **Continental Pharmaceutique** is a French limited partnership company (*société en commandite simple)* with the share capital of €450,000, having its registered office located at ZAC du Grand Launay, 8 avenue Paul Delorme, 76120 Grand Quevilly, France, and registered with the Trade and Companies Registry of Rouen under the number B 582 113 031. Continental Pharmaceutique is the Group's centralized purchasing platform for its pharmaceutical import-wholesale-resale business. The Group holds directly and indirectly 83.24% of Continental Pharmaceutique's share capital and voting rights (as a shareholder and as a partner). Certain subsidiaries or companies in which Eurapharma is a stakeholder hold a percentage of Continental Pharmaceutique's capital and voting rights, as is the case for Laborex Sénégal, Copharmed Côte d'Ivoire, Laborex Cameroun, Pharma Gabon, Laborex Congo, Laborex Guinée, Promo-Pharma Bénin, Laborex Mali, Laborex Burkina, Sopharma Antilles, Soredip and Société Pharmaceutique de Guyane. The agreements entered into with import-wholesale-resale subsidiaries that are shareholders of Continental Pharmaceutique provide that their interest is to be reappraised every five years, and if necessary, adjusted based on purchases from Continental Pharmaceutique, provided that their aggregate interest does not exceed 40%. These agreements also restrict the ability of these subsidiaries to transfer their interests to third parties and include an obligation to transfer their interest to Continental Pharmaceutique in the event of a termination of their supply agreements with the latter or a change of control in the majority of their share capital.

7.2.3.3 Import-wholesale business

- **Eurapharma Distribution Spa (E.P.DIS Algérie)** is an Algerian joint-stock company (*société anonyme)* with the share capital of 292,000,000 Algerian dinars, having its registered office located at Zone Industrielle de Réghaia, BP 68-5, Algiers, Algeria, and registered with the Trade and Companies Registry of Algiers under the number 05B0971754. E.P. DIS Algérie is another of the Group's subsidiaries specialized in

the pre-wholesale business. The Group holds 69.78% of E.P. DIS Algérie's share capital and voting rights, the remainder of the capital and voting rights being held by a local partner and its representatives. Pursuant to the agreement entered into between the Group and this local partner, Eurapharma may appoint three of the five members of the Board of Directors, and each of the parties has a preemptive right in the event of a transfer of E.P. DIS Algérie's shares to a third party.

7.2.3.4 Distribution subsidiaries

CFAO Automotive

- **Distribution Automobile et de Matériel en Algérie (Diamal)** is an Algerian joint stock company (*société par actions)* with the share capital of 1,440,000,000 Algerian dinars, having its registered office located at C. W no. 31 Les Annassers, Bir Mourad Raïs, Algiers, Algeria, and registered with the Trade and Companies Registry of Algiers under the number 00 B 00 12 430. CFAO holds 60% of Diamal's share capital and voting rights. A local partner holds the remaining 40%. Diamal's primary business is the automotive distribution in Algeria. The agreements entered into between the Group and its local partner provide that the Group will hold 60% of Diamal's capital and voting rights (the remaining 40% must be held by the partner) and may appoint three of the five members of Diamal's Board of Directors as well as the Chairman of the Board. These agreements also include a mutual preemptive right for the Group and its partner in the event that Diamal shares are transferred by either party. Finally, the agreements address several aspects of Diamal's operations. The by-laws provide that a prior approval is required for any transfer of shares in accordance with the Algerian Commercial Code.

- **Cameroon Motors Industries (CAMI)** is a Cameroonian joint stock company (*société anonyme*) with the share capital of 5,441,700,000 CFA francs, having its registered office located at Douala, Bonabéri, BP 1217, Republic of Cameroon, and registered with the Trade and Companies Registry (RCCM) of Douala under the number 4060. CFAO holds 67.41% of the share capital and voting rights of CAMI. The remaining 32.59% is held by a group of local partners (individuals and legal entities), each of which individually holds less than 10% of the company's capital and voting rights. CAMI's primary business is automotive distribution in Cameroon. The by-laws provide that any transfer of shares to third parties is subject to the prior approval of the Board of Directors.

- **CP Holding** is a French simplified joint stock company (*société par actions simplifiée*) with the share capital of 5,824,080,000 CFP francs, having its registered office located at 216 rue Roger Gervolino Complexe Edouard Pentecost, PK 5 Magenta, 98800 Nouméa, New Caledonia, and registered with the Trade and Companies Registry of Nouméa under the number 2010 B 1042 712. CFAO holds 74% of CP Holding. The remaining 26% is held by New Caledonian group Pentecost. CP Holding owns the entire share capital of operating companies Ménard, Almameto, Prestige Motors, Intermotors, NC Motors and Sapas. These companies' primary businesses are automotive distribution and civil engineering and mining equipment.

- Relations between CFAO and Pentecost, shareholders of CP Holding, are governed by a shareholders' agreement which provides that the Chairman, who is in charge of operations, is appointed by the company's Board of Directors which is composed of eight members (five proposed by CFAO and three by its partner). Under the shareholders' agreement, the unanimous approval of the directors present or represented is required for the Board of Directors to make any decisions on the following main issues concerning the Company or any of its subsidiaries: (i) investments, loans, guarantees, sales of securities, creations, acquisitions or sales of businesses or companies that may be decided or granted by the new holding company, (ii) important contracts and (iii) the entry into or termination of automotive distribution agreements. A Management Committee composed of three members (two appointed by CFAO and one by the partner) will meet on a monthly basis to monitor the group's business. The agreement also includes a preemptive right in the event that one of the partners decides to terminate the agreement. CFAO and its partner have also provided the possibility for CFAO to acquire in the medium term the partner's minority interest in CP Holding, through purchase and sale options.

Eurapharma

- **Société Réunionnaise de Distribution Pharmaceutique (Soredip)** is a French joint stock company (*société anonyme*) with the share capital of €2,342,250, having its registered office located at ZIC 2, Pointe des galets, 97822 Le Port Cedex, Reunion, and registered with the Trade and Companies Registry of Saint-Denis, Reunion, under the number B 314 888 546. The Group holds 67.36% of Soredip's share capital and voting rights. Various local partner pharmacists hold the remaining share capital and voting rights. Soredip's primary business is the distribution of pharmaceutical products in Reunion. Its by-laws require the approval of the Board of Directors for any third party share transfers.

- **Laborex Sénégal** is a Senegalese joint stock company (*société anonyme*) with a Board of Directors with the share capital of 1,048,320,000 CFA francs, having its registered office located at Agence Centrale Corniche des HLM, Face Cité HLM 1, Dakar, Senegal, and registered with the Trade and Companies Registry (RCCM) of Dakar under the number SN-DK-1975-B-7882. CFAO holds 60.72% of Laborex Sénégal's share capital and voting rights on a consolidated basis. Various local partner pharmacists hold the remaining share capital and voting rights. Laborex Sénégal is a subsidiary being specialized in distribution of pharmaceutical products in Senegal. Its by-laws require the approval of the Board of Directors for any third party share transfers.

- **Laborex Cameroun** is a Cameroonian joint stock company (*société anonyme*) with a Board of Directors with the share capital of 3,383,424,000 CFA francs, having its registered office located at 1394, rue du Pasteur Lotin Same, Quartier Akwa BP 483, Douala, Cameroon, and registered with the Trade and Companies Registry (RCCM) of Douala under the number 708. The Group holds 65.31% of Laborex Cameroun's share capital and voting rights. Various local partner pharmacists hold the remaining share capital and voting rights. Laborex Cameroun is a subsidiary being specialized

in distribution of pharmaceutical products in Cameroon. Its by-laws require the approval of the Board of Directors for any third party share transfers.

- **Laborex Congo** is a Congolese joint stock company (*société anonyme*) with a Board of Directors with the share capital of 753,942,000 FCFA francs, having its registered office located at ZI du M'PILA BP 904 Brazzaville, Congo, and registered with the Trade and Companies Registry (RCCM) of Brazzaville under the number CG/BZ/09B1485. The Group holds 76.08% of Laborex Congo's share capital and voting rights. Various local partner pharmacists hold the remaining share capital and voting rights. Laborex Congo is a subsidiary being specialized in distribution of pharmaceutical products in Congo. Its by-laws require the approval of the Board of Directors for any third party share transfers
- **Compagnie Pharmaceutique et Médicale (Copharmed)** is an Ivorian joint stock company (*société anonyme*) with a Board of Directors with the share capital of 1,726,620,000 CFA francs, having its registered office located at Boulevard de Vridi, 15-BP 954, Abidjan 15, Côte d'Ivoire, and registered with the Trade and Companies Registry (RCCM) of Abidjan under the number CI-ABJ-1995B 186 364. The Group holds 59.62% of Copharmed's share capital and voting rights. Various local partner pharmacists hold the remaining share capital and voting rights. Copharmed is a subsidiary being specialized in distribution of pharmaceutical products in Ivory Coast. Its by-laws require the prior approval of any third party share transfers.
- **Laborex Mali** is a Malian joint stock company (*société anonyme*) with a Board of Directors with the share capital of 1,430,000,000 CFA francs, having its registered office located at Quartier ACI 2000, Hamdallaye, BP 1696 Bamako, Republic of Mali, and registered with the Trade and Companies Registry of Bamako under the number Ma. Bko.2004.B.640. The Group holds 55.76% of Laborex Mali's share capital and voting rights. Various local partner pharmacists hold the remaining share capital and voting rights. Laborex Mali is a subsidiary being specialized in distribution of pharmaceutical products in Mali. Its by-laws require that any share transfer to unrelated third parties is subject to the prior approval of the Board of Directors.
- **Société Pharmaceutique Gabonaise (Pharma Gabon)** is a Gabonese joint stock company (*société anonyme*) with a Board of Directors with the share capital of 892,080,000 CFA francs, having its registered office located at ZI d'Oloumi, BP 2224 Libreville, Gabon, and registered with the Trade and Companies Registry (RCCM) of Libreville under the number 2000B00067. The Group holds 51.20% of Pharma Gabon's share capital and voting rights. Various local partner pharmacists hold the remaining share capital and voting rights. Pharma Gabon is a subsidiary being specialized in the distribution of pharmaceutical products in Gabon. Its by-laws require the approval of the Board of Directors for any third party share transfers.
- **Société Pharmaceutique Antillaise (Sopharma Antilles)** is a French joint stock company (*société anonyme*) with the share capital of €6,188,757 having its registered office located at Pointe des Sables, 97200 Fort de France, French Antilles, and registered with the Trade and Companies Registry of Fort de France under the number B 572 061 281. The Group holds 47.86% of Sopharma Antilles' share capital and 51.58% of voting rights. Various local partner pharmacists hold the remaining share capital and voting rights. Sopharma Antilles is a subsidiary being specialized in distribution of pharmaceutical products in the French Antilles. Its by-laws require that any share transfer to non-shareholder third parties is subject to the prior approval of the Board of Directors.
- **Mission Pharma A/S** is a Danish joint stock company (*société anonyme)* with a Board of Directors with the share capital of 1,000,000 couronnes danoises, having its registered office located at Vassingerodvej 9 3540 Lynge, Denmark, and registered with the Trade and Companies Registry (RCCM) of under the number CVR-NR 26902398. The Group holds 74.76% of Mission Pharma's share capital and voting rights. A local partner holds the remaining share capital and voting rights. Mission Pharma is a subsidiary being specialized in distribution of generic pharmaceuticals and medical devices and medical kits containing pharmaceuticals and medical devices to the public sector in development countries. Put and call options were granted by Eurapharma to the minority shareholder for the 25% remaining securities, property of the minority shareholder. Such options could be exercised on the second and the fourth anniversary date of the signing. In addition, both shareholders were granted tag along and drag along rights in case the other party decided to sell part or all of its securities in Missionpharma.

CFAO Industries

- **Brasseries du Congo** is a Congolese joint stock company (*société anonyme*) with the share capital of 24,135,748,200 CFA francs, having its registered office located at Avenue Edith Lucie Bongo – Ondimba – BP 105, Brazzaville, Republic of the Congo, and registered with the Trade and Companies Registry (RCCM) of Brazzaville under the number 07B790. CFAO holds 50% of Brasseries du Congo's share capital and voting rights, and the remaining 50% is held by the Heineken group. Brasseries du Congo operates the only two bottling companies in the Congo in partnership with the Heineken group (For more information regarding the activities of Brasseries du Congo, please refer to Chapter 6 "Business Overview", section 6.3 "Competitive strengths", sub-section 6.3.1 "Leadership positions in Africa and in the French overseas territories" of the present Registration Document).

To guarantee an equal distribution of the capital and voting rights of Brasseries du Congo between the Group and the Heineken group the agreement signed between CFAO and the Heineken group require, the following corporate governance structure for the Brasseries du Congo (i) a Chairman of the Board of Directors (chosen among the representatives of Heineken group) in charge of auditing the management duties delegated to the Chief Executive Officer, and (ii) a Chief Executive Officer (chosen among the representatives of the Group) who has the broadest powers within the limits of the corporate purpose. The Group and the Heineken

group have a mutual preemptive right in the event of a transfer of Brasseries du Congo shares to a non-shareholder third party or a significant change in the ownership structure of one of the parties (i.e., if the control of any party is transferred to a third party and the other party is able to prove (i) that such third party is one of its competitors, or (ii) that it has resulted in a change to its industrial or commercial approach in the short- or medium-term). In such an event the price of the shares to be transferred will be determined by the parties at the time of the transfer.

7.2.4 Acquisitions and disposals during the past three years

The table below shows the total amount of the Group's net investments in financial assets (acquisitions less disposals) over the past three years:

	As of December 31		
(in € millions)	2011	2012	2013
Net investments in financial assets	13.1	48.7	5.7

CFAO Automotive

Foucque Automobile – In January 2011, CFAO completed the takeover of the Reunion-based Citroën automobile import and distribution business of Foucque Automobile. CFAO already had a presence in Reunion through its subsidiary CMM Automobiles, which represents the Toyota, Ford, Lexus and Volvo brands. Through this transaction, CFAO intends to round out its product range and bolster its presence in this French overseas department The distribution business of Foucque Automobile represented full-year revenue of about €43 million in 2011.

French Guiana – On March 24, 2011, the CFAO Group acquired a Ford automobile distribution business in French Guiana.

Zambia – On April 1, 2011, the CFAO Group acquired the entire share capital of VCZ, a Zambian company distributing Ford automobiles in Zambia.

Madagascar – On December 5, 2011, the Group acquired 51% of the Reunion-based Caillé group's shares in three Malgasy companies and one French company, of which CFAO already owned 49%. These companies included automobile distribution companies in Madagascar (Peugeot, Mitsubishi, Hyundai, BMW, Suzuki, Honda, Dong Feng and Yamaha).

Tanzania – In 2012, the Group incorporated a new company Alliance Auto LTD Tanzania to distribute in Tanzania Volkswagen vehicles.

Zimbabwe – In 2012, the Group acquired 75% of the capital of the company Automotive Distributor Incorporated (ADI) company distributing Hyundai vehicles.

Eurapharma

Propharmal – Following the Group's acquisition in the pharmaceutical industry in Algeria in July 2011, it now holds 49% of Algeria-based Propharmal. In view of this acquisition, Eurapharma can offer international laboratories complete solutions for the management of imports and/or local production under license in Algeria.

French overseas territories – In February 2012, Eurapharma incorporated a company (Actidis) which acquired some assets of a group of companies named Actidom which was under receivership.

Portugual – On June 19, 2012, Eurapharma acquired 13.04% of the capital of the Portuguese company Stockpharma and was party to an increase of capital of this company to own today 80% of its capital, a company exporting and distributing pharmaceutical products in two African territories.

Nigeria – In July 2012, Eurapharma acquired 60% of the capital of the Nigerian company Assene-Laborex, a company importing and distributing pharmaceutical products in Nigeria and providing promotion services.

Denmark – In July 2012, Eurapharma acquired 75% of the capital of the Danish company Missionpharma which is a leader in the distribution of health kits and generic pharmaceuticals to the public sector in development countries.

Nigeria – In 2013, Eurapharma acquired 20% of the capital of the Nigerian company Assene-Laborex, a company importing and distributing pharmaceutical products in Nigeria and providing promotion services bringing its shareholding to 80%.

In 2013, CFAO invested in various equity funds intended to invest in small companies with high growth potential and with business activities similar to those of the Group.

For further information on the changes in the scope of consolidation that occured in 2013, refer to Note 3 "Scope of consolidation" to the consolidated financial statements, in Chapter 20 of this Registration Document.

PROPERTY, PLANT AND EQUIPMENT

8

8.1 Significant existing or planned property, plant and equipment

Pursuant to Appendix I, point 8 of the European Commission Regulation no. 809/2004 of April 29, 2004 and recommendation 146 of the European Securities and Markets Authority (ESMA), information is provided hereunder on the property, plant and equipment held or leased by the Group:

- administrative buildings (in particular, the registered offices of holding and sub-holding companies);

  In France, CFAO and its subsidiaries SFCE and E.P. DIS have entered into a subleases with Discodis (a wholly-owned subsidiary of PPR) relating to their registered offices or offices at 18, rue Troyon, Sèvres. The majority of these subleases will expire on December 31, 2014. Discodis in turn entered into a sale-leaseback agreement for these premises (see section 19.1 "Transactions with the Kering group (formerly PPR group)" of Chapter 19 "Related-party transactions" of this Registration Document;

- premises in which Eurapharma's depositary, export wholesale and central purchasing offices are located;

  The Grand Quevilly transport platform in the suburbs of Rouen, is operated under a sale-leaseback agreement with EPDIS, which covers the entire property (land and buildings). This platform, comprising a total surface area of 12,500 sq. m, includes two warehouses approved by the French Agency for the Safety of Health Products (Agence Nationale de Sécurité du Médicament). The first one managed by the business division Continental Pharmaceutique (Continental Pharmaceutique), is a 5,500 sq. m facility used for product storage, and the other one managed by the business division E.P. DIS, is a 7,000 sq. m facility used for the preparation of products for export. EPDIS has a purchase option on these premises for an amount of €3,955,000 (before tax) as from April 1, 2017. A project of site expansion was planned consisting of building a 1,500 sq. m facility for Continental Pharmaceutique and a 3,000 sq.m facility for E.P. DIS in order to meet the needs generated by increases in business activity. This project was financed through a sale-leaseback agreement and was completed in late 2013;

- car dealership sites belonging to the Group's network in Africa and in the French overseas territories, which are generally owned by the Group or leased under emphyteutic or regular leases;
- operating sites for the Group's wholesale-resale business (storage warehouses and offices) in Africa and in the French overseas territories, which are generally owned by the Group or leased under emphyteutic or regular leases; and
- production facilities for Industries and Eurapharma, business divisions of CFAO.

Within the scope of its activities in the Republic of the Congo in particular, the Group owns two breweries and bottling plants in Brazzaville and Pointe-Noire. In Algeria, the Group also owns a manufacturing plant specialized in dry and liquid pharmaceutical products (see Chapter 6 of the present Registration Document for an overview of the Group's businesses).

The Group believes that its percentage of use of its property, plant and equipment is consistent with its level of operations, projected growth and its investments that are planned or in progress.

As of the date the present Registration Document, the Group's planned real estate investments correspond to the investments in progress or to be undertaken described in Chapter 5 of this Registration Document, section 5.2.2 "Main investments in progress" and section 5.2.3 "Main investments to be undertaken" (including the investment of **Retail** business activity).

8.2 Environment and sustainable development

The Group's goal is to conduct a long-term profitable growth policy consistent with economic, social and environmental responsibility. All environmental issues are examined in Chapter 17 of this Registration Document: "Employees (Social and sustainable development report)".

OPERATING AND FINANCIAL REVIEW

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The following information concerning the Group's financial position and results of operations should be read in conjunction with the Group's consolidated financial statements for the years ended December 31, 2012 and 2013 and the Notes thereto, all of which are included in Chapter 20 of this Registration Document.

The Group's consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union. The Statutory Auditors have audited the consolidated financial statements for the years ended December 31, 2012 and 2013, and their reports certifying these consolidated financial statements are included in Chapter 20 of this Registration Document, "Financial information concerning the assets and liabilities, financial position and profits and losses of the issuer".

9.1 Overview

9.1.1 Introduction

The Group believes it is the leading specialized distributor in its core businesses of automotive and pharmaceutical product distribution in Africa (excluding South Africa) and the French overseas territories. Since 2011, the Group is organized with three operating divisions (CFAO Automotive, Eurapharma and CFAO Industries, Equipment & Services) and a Holding segment, and has operations in five geographic areas.

In 2013, the Group's revenue and recurring operating income totaled €3,628.1 million and €269 million, respectively.

The following table summarizes the Group's revenue by division and geographic area in 2013:

	Year ended December 31, 2013			
(in € millions)	CFAO Automotive	Eurapharma	CFAO Industries, Equipment & Services	Total
French-speaking Sub-Saharan Africa	664.4	409.3	373.0	1,446.7
French Overseas Territories and Vietnam	372.6	364.4	6.0	743.0
Maghreb	591.5	80.1	22.4	694.0
English and Portuguese-speaking Sub-Saharan Africa	350.0	83.2	65.0	498.4
Other Europe *	70.5	166.4	9.0	245.9
TOTAL	**2,049.0**	**1,103.4**	**475.5**	**3,628.1**

* *Other Europe includes revenue for France (export) which corresponds to revenue generated by export sales invoiced by the Group's central purchasing offices located in mainland France and Mauritius, as well as the activities of Missionpharma (acquired in 2012) in Denmark.*

The following table summarizes the Group's recurring operating income by division for 2012 and 2013:

	2012		2013	
	(in € millions)	as a % of revenue	(in € millions)	as a % of revenue
Recurring operating income				
CFAO Automotive	161.3	7.4%	129.8	6.3%
Eurapharma	84.0	8.7%	93.8	8.5%
CFAO Industries, Equipment & Services	78.3	18.3%	79.5	16.7%
CFAO Holding	(33.3)	-	(34.1)	-
TOTAL	**290.3**	**8.1%**	**269.0**	**7.4%**

In accordance with IFRS 8, the Group presents segment information in its consolidated financial statements on the basis of its operating divisions (see Note 4, "Operating segments" to the consolidated financial statements included in Chapter 20 of this Registration Document). The segments identified in 2013 were:

- **CFAO Automotive.** This division includes the Group's automotive operations, including the purchase, storage, import and distribution of vehicles (light vehicles, heavy trucks and motorcycles), related services (particularly after-sales services), and the sale of spare parts and tires;
- **Eurapharma.** This division includes all of the Group's pharmaceutical product distribution businesses: the import-wholesale-resale business in French-speaking Sub-Saharan Africa and the French overseas territories; the pre-wholesale business in France that exports products to French-speaking Sub-Saharan Africa and the Maghreb (Algeria); the distribution agent business in English- and Portuguese-speaking Sub-Saharan Africa; the sale of medical kits to clinics and hospitals; and the manufacturing of pharmaceutical products in Algeria. The most important regions for Eurapharma in terms of revenue are French Overseas Territories and French-speaking Sub-Saharan Africa;
- **CFAO Industries, Equipment & Services.** This division encompasses four businesses:
  - **CFAO Industries**, based in French- and English-speaking Sub-Saharan Africa, is mainly involved in the manufacture and bottling of beverages in the Congo and the production and sale of plastic products,
  - **CFAO Technologies**, which includes the design and implementation of solutions for IT infrastructure and systems, networks and telecommunications for private and public companies,
  - **CFAO Equipment**, which includes the construction machinery distribution business created in 2011 along with elevator installation and maintenance operations,
  - **Rental services**, encompassing both short- and long-term vehicle rentals,
  - a new business unit dedicated to the distribution of **FMCG (Fast Moving Consumer Goods)** has been launched in 2013, notably with a new distribution agreement with Pernod Ricard in Nigeria and with Ferreo in Nigeria and in Ghana;
- **CFAO Holding.** The Group's Holding segment includes centralized support services, such as the Group's Human Resources, IT, Communication, Audit and Financial, Accounting, Legal and Tax Departments. This segment does not generate any revenue.

The new organization put in place in at the beginning of 2014 is described in the paragraph 6.1 "Introduction to the Group" of this present Registration Document. It will impact the structure of the Group reporting from the next 2014 first-quarter sales report.

The analysis below covers revenue and recurring operating income for each of the Group's divisions. The analysis of the other line items (except revenue) that make up recurring operating income is carried out at the consolidated Group level, with explanations that refer to the Group's divisions. The remaining income statement items are discussed at the level of the consolidated Group.

The analysis below also includes quantitative data and qualitative explanations relating to the geographic areas in which the Group operates, i.e., French-speaking Sub-Saharan Africa, English- and Portuguese-speaking Sub-Saharan Africa, French Overseas Territories and Other, the Maghreb and Other Europe. Revenue generated in the Other Europe region includes sales in the France (export) region which corresponds to revenue from export sales invoiced by the Group's central purchasing offices in mainland France and Mauritius, as well as sales by Missionpharma in Denmark.

9.1.2 Factors affecting the Group's results of operations

9.1.2.1 General economic conditions in the countries in which the Group operates

Economic conditions in the regions and countries in which the Group operates can have a significant positive or negative influence on demand for the Group's products and services. This is particularly true for the CFAO Automotive and CFAO Industries, Equipment & Services divisions. Eurapharma is not as directly affected by economic trends, given the nature of its products and the regulatory pricing framework applicable in the principal countries in which the Group operates.

Generally speaking, the economies of the African countries in which the Group operates continue to be highly dependent on the level of foreign direct investment and financial aid received from other countries or international organizations, as well as on the prices of raw materials. The export of raw materials accounts for a large portion of gross domestic product (GDP) for many countries and contributes significantly to the amount of foreign currency entering these countries. Some countries in which the Group operates have several principal raw materials, whereas others have a single primary raw material (see section 6.4 of this Registration Document, "Market description").

Economic conditions in the countries in which the Group operates are also affected by political and social conditions. Political stability creates a more favorable climate for business growth and economic growth in general. Political instability, as can be manifested through political or social upheaval, conflicts or war, has the opposite effect. Certain African countries in which the Group operates have experienced periods of political instability and, in some cases, crises, conflicts or war.

9.1.2.2 Exchange rate fluctuations

Exchange rate fluctuations can have a significant impact on the Group's results of operations. The Group prepares its consolidated financial statements in euros. In 2013, 23.9% of the Group's sales were transacted in euros, 36.0% in CFA francs and

40.1% in other local currencies. The Group's purchases in 2013 were made in yen (29%), US dollars (24%) and euros (47%). Eurapharma, CFAO Industries and CFAO Technologies make purchases primarily in euros. Conversely, CFAO Automotive's purchases in 2013 were primarily made in yen (40%), US dollars (33%) and euros (27%).

These differences expose the Group to several currency-related risks:

- the value of the euro could depreciate between the date on which the Group places an order with a supplier in Japanese yen, US dollars, or any other currency, and the payment date for such order, resulting in an increase in the euro equivalent of such payment. To limit this risk, the Group enters into forward purchase contracts to convert these amounts into euros at the time it places an order with a supplier in yen, US dollars or other currencies. This policy allows CFAO Automotive to anticipate the potential impact on the cost of vehicles sold resulting from the high cost of purchasing currencies as from the time orders are made, and to adjust its pricing policy where applicable to reduce the impact of exchange rates on gross profit. Any price increase in a local currency may lead to a decline in sales;
- the local currencies in which the Group's sales are conducted could depreciate against the currencies in which purchases are conducted or against the euro, requiring a higher amount of local currency to cover the purchase price. If the Group is not able to increase its prices in the local currency to cover such increases, its profit margins will be affected. Any price increase in a local currency may lead to a decline in sales;
- any depreciation in the euro against other currencies in which the Group has contracted debt would result in an increase in the euro-equivalent value of its debt and have a negative impact on the Group's earnings.

Conversely, a reversal of the trends described above would have a positive impact.

Whenever possible, the Group therefore seeks to hedge its exposure to exchange rate fluctuations. However, the Group is not able to contract long-term hedges to cover these risks in certain countries and geographic areas such as Algeria, all of English-speaking Sub-Saharan Africa (with the exception of Kenya and Nigeria since December 2010), the Democratic Republic of the Congo, Gambia, Guinea and Vietnam. Because the Group is unable to fully eliminate its currency exposure, its revenue, gross profit margin and income are vulnerable to exchange rate fluctuations, particularly with respect to the yen/euro and dollar/euro exchange rates, as well as the dollar, euro and yen exchange rates against other currencies in which the Group's sales are conducted.

Generally, an appreciation of the yen or dollar against the euro or a local currency would increase the Group's cost of sales and reduce its gross profit if it is unable, for competitive or other reasons, to raise its prices to cover the full increase in cost. Depreciation in the yen or dollar would have the opposite effect. The pressure on margins is greater in businesses or countries in which there is strong competition.

The table below sets forth the average euro to yen and euro to dollar exchange rates for 2011, 2012 and 2013:

	2011				2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japanese yen to one euro	112.6	117.4	109.8	104.2	104.0	102.6	98.3	105.1	121.8	129.1	131.0	136.5
US dollar to one euro	1.37	1.44	1.41	1.35	1.31	1.28	1.25	1.30	1.32	1.31	1.32	1.36

Source: European Central Bank.

The evolution in the yen and US dollar since 2009 has impacted CFAO Automotive's procurement costs. Due to the downward pressure on prices exerted by the highly competitive market in which CFAO Automotive operates, the division has not always been able to entirely pass on this increased cost through higher prices. In 2013, the trend reversed and the euro increased strongly against yen and to a lesser extent against US dollar. In 2013, the annual euro/yen exchange rate amounted to 129.66 compared to 102.49 in 2012. The euro appreciated by 26.5% against the yen and by 3.4% against the US dollar in 2013 (annual average was 1.3281 in 2013 versus 1.2848 in 2012).

9.1.2.3 Changes in scope of consolidation and business

The Group's results of operations are also affected by the creation of new subsidiaries, for example to launch a new brand or business activity in a given country, or by new sales locations opened in a given country. They are also affected by the performance of companies acquired by CFAO to strengthen its businesses.

9.1.2.4 Distribution methods and the mix of products sold

The Group's results of operations are affected by the portion of revenue and gross profit generated by each division and country, and within each division, by the contribution attributable to each product and method of distribution. Certain distribution methods and products generate higher gross profit margins than others (see section 9.1.3.1 "Revenue", and section 9.1.3.2 "Gross profit and gross profit margin").

9.1.2.5 Country specific risks and customer credit risk

Provisions also affect the Group's results of operations. The Group operates in countries with a high risk of political instability and default by customers and other debtors. Accordingly, the Group sets aside provisions for such risks using an approach that reflects its experience and specific risk assessments.

9.1.2.6 Regulatory environment

The Group's activities and results of operations may also be negatively impacted by regulatory changes in the countries in which it operates, in relation to import restrictions, direct foreign investments, internal regulations which could have a side effect on the level of consumption, or administrative authorizations necessary for the continuance of the Group's operations. The Group's activities require a great number of approvals, permits and licenses from national, regional and local government authorities as well as regulatory authorities. The Group's existing activities, results and future development thus depend on obtaining or maintaining these authorizations. Some countries may also decide to limit imports, by implementing new quotas, conditions for obtaining quotas, customs duties or other import barriers or by modifying those that exist already, which could durably hamper the Group's ability to import its products into some countries and negatively affect the Group's activities. For example, restrictions on imports of vehicles over three years old imposed by the Algerian government in 2005 led to a rise in Group sales of new vehicles in Algeria. In contrast, the introduction in the country of a new tax on light vehicles and dealership network revenue, effective as of summer 2008, put a brake on new vehicle sales. Regulations prohibiting the use of consumer credit to finance automobile purchases and imposing new taxes on vehicle sales as from August 2009 also had a material adverse effect on the Group's business and results of operations in Algeria as from the second half of 2009.

Eurapharma's sales may also be affected by changes in regulations, particularly in certain French overseas territories, where the wholesale price of pharmaceutical products is regulated under French law. New measures aimed at reducing healthcare spending could have an impact on the Group's results of operations. At the end of 2011, new regulations were adopted aimed at reducing compensation for wholesaler-resellers in mainland France. Although no official decision has yet been taken in this respect, a similar measure could be introduced in the French overseas territories in 2013.

In order to meet regulatory requirements for renewing its import quotas in Algeria, the Group has invested in a local drug manufacturing plant through the stake acquired in Propharmal. Propharmal should develop and enhance Eurapharma's supply capabilities in Algeria.

9.1.3 Principal income statement items

9.1.3.1 Revenue

The Group derives its revenue from sales of products and services by its three operating divisions.

9.1.3.1.1 CFAO Automotive revenue

The CFAO Automotive division generates its revenue primarily through sales of new light vehicles, used vehicles, heavy trucks, industrial equipment, motorcycles, services, spare parts and tires. The revenue of the CFAO Automotive division depends primarily on sales volumes and average sales prices.

The degree to which sales volumes are affected by local economic conditions differs depending on the type of customer, (individuals, businesses or public entities). The automotive industry is largely cyclical in nature, with periods of market growth or contraction and changes in the range of products offered by automotive manufacturers (depending on how quickly new models are introduced). CFAO Automotive benefits from the diversification of operating in numerous countries and maintaining supplier relationships with several large international car manufacturers, which helps mitigate its exposure to the cyclical nature of sales in the automotive market.

Volumes of sales to retail customers principally depend on the financial resources of potential customers and the effectiveness of sales efforts (advertising). The ability of potential customers to finance the purchase of a vehicle (either through cash on hand or by borrowing) is the principal macroeconomic factor affecting sales. Consequently, a deterioration in the general economic environment or the implementation of certain legislative or regulatory measures can have a significant impact on the Group's sales if they limit the ability of potential customers to take out financing to purchase vehicles on favorable terms.

Sales levels are also affected by the ability of dealers to reach customers in every catchment area, welcome them at prime sales locations that adequately promote the product offerings and provide quality after-sales services, and offer them a full range of vehicles adapted to their needs. Investments in the distribution network and expansion of the Group's range of products and services can therefore significantly affect sales levels.

Sales to companies and to public entities are influenced primarily by the macroeconomic conditions encountered by the Group's divisions. The price of oil, in particular, has a strong impact on Group sales to oil companies and to their subcontractors, as well as to public entities operating in countries that generate oil-related revenue. Automotive regulations in a given country can also have a significant positive or negative impact on sales.

The average price of vehicles primarily depends on the mix of vehicles sold, the degree of competition in a given country and the exchange rate between the currency in which the sales are made and the euro.

9.1.3.1.2 Eurapharma revenue

The Eurapharma division includes all of the Group's pharmaceutical product distribution businesses: the import-wholesale-resale business in French-speaking Sub-Saharan Africa and the French overseas territories; the pre-wholesale business – outsourcing the export function of pharmaceutical companies and selling directly to wholesalers – in France that exports products chiefly to French-speaking Sub-Saharan Africa and the Maghreb (Algeria); and the distribution agent business in English - and Portuguese - speaking Sub-Saharan Africa. Generally speaking, sales volumes in this division depend to a large extent on the level of overall healthcare spending in a given country.

The degree to which sales are affected by local economic conditions depends on the type of market. In the French overseas territories, healthcare spending is steadily rising due to the aging population, while the government is constantly looking at ways of cutting healthcare costs. In Africa, increases in healthcare spending are driven to a greater extent by an increasing number of individuals with access to healthcare. The growth rate is understandably lower in the French overseas territories.

Revenue is therefore also significantly affected by the regulatory environment, which has a major impact on the prices of pharmaceutical products distributed by the Group and determines, in the French overseas territories, the categories of products that will be reimbursed as well as the amount of such reimbursements. Revenue also depends on the quality of existing healthcare within a given country. Apart from France, the French overseas territories and Algeria, none of the countries in which the Group operates currently has a well-developed medical reimbursement system. Macroeconomic trends have a much lower impact on demand in Eurapharma than in the Group's other divisions, because purchases of pharmaceutical products are less discretionary in nature.

Import-wholesale-resale. The import-wholesale-resale business is by far the biggest revenue generator for Eurapharma. The Group generates revenue in this business mainly by reselling pharmaceutical products purchased from pharmaceutical companies to pharmacies. Demand in this business depends on the volume of orders placed by pharmacists, which in turn is affected by the number of pharmacies served by the Group and healthcare spending levels.

Eurapharma's revenue also reflects the growth of the more recently launched pre-wholesale and distribution agent businesses, which have higher growth rates than the historical import-wholesale-resale business.

Pre-wholesale. In its pre-wholesale business, the Group usually buys products from pharmaceutical companies and resells them to wholesalers. In certain limited cases, the Group does not purchase products for resale, but instead acts solely as a custodian and generates revenue based on the commissions that it receives in this capacity. While Eurapharma generates lower revenue from commissions under this arrangement than if it were to sell its own inventory, the profit margin is higher.

Distribution agent. In its distribution agent business, Eurapharma generates revenue by purchasing products from pharmaceutical companies and reselling them to its customers. The revenue from this business is dependent on sales volumes and average sales prices, which in turn depend on the margins negotiated with pharmaceutical companies and the cost of the underlying products distributed.

Manufacturer of pharmaceutical products. The Algerian company Propharmal, acquired as a partnership in 2011, is developing activities in the manufacture of pharmaceutical products and the distribution of imported pharmaceutical products. It carries out its manufacturing activity under licenses granted by major international pharmaceutical groups.

Propharmal's revenue is primarily generated by sales in Algeria.

Sale of medical kits to clinics and hospitals. This activity is carried out by Missionpharma, the Danish-based company acquired in 2012.

9.1.3.1.3 CFAO Industries, Equipment & Services revenue

In the CFAO Industries, Equipment & Services division, revenue is driven primarily by the performance of the Group's two breweries and bottling plants (in particular for Coca-Cola), based in the Congo, which generate a significant portion of the division's revenue. The revenue generated by the beverages business depends primarily on sales volumes and average sales prices. Volume is driven chiefly by demand, which in turn is affected by general economic conditions in the Congo, the performance of third party sales networks and production capacity. Average sales prices depend in part on applicable regulations (beer prices are regulated in the Congo), but also reflect the mix of beverages sold and the level of competition.

CFAO Industries, Equipment & Services also derives a considerable portion of its revenue from its other industrial business (manufacture of plastic products).

CFAO Equipment is involved in the installation and maintenance of elevators and the distribution of machinery for the construction, mining and agricultural industries. The elevator business is recurring in nature and generates revenue from the installation or renovation of elevators and from the related maintenance contracts. These maintenance contracts generate recurring revenue throughout the lifespan of the elevator and enhance the Group's competitive position when an elevator needs to be renovated.

In its solutions business, CFAO Technologies primarily designs and implements information technology solutions. Sales in this business are made primarily on a request-for-proposal basis

and are associated with long sales cycles. The Group's solutions contracts may span several years, in which case revenue is generated based on services provided throughout the relevant contract term. As a result, the revenue generated during a given year is often a reflection of the sales efforts in a prior period.

The rental services business in French-speaking Sub-Saharan Africa derives revenue from its short and long-term vehicle rental services. The Group's rental services now operate under the Loxéa brand, which was created in 2011 to give new impetus to the business.

Lastly, the new business unit FMCG (Fast Moving Consumer Goods) dedicated to the distribution of consumer goods has been launched in 2013, notably with an exclusive distribution agreement with Pernod Ricard in Nigeria and Ferrero in Nigeria and Ghana. The business will progressively get momentum with the objective to enlarge the network and the range of distributed brands.

9.1.3.2 Gross profit and gross profit margin

Gross profit is equal to revenue minus the cost of sales. Gross profit margin is gross profit expressed as a percentage of revenue.

Cost of sales includes the cost of goods sold measured at the net price charged by the supplier, plus all costs incurred to ensure that the products are made available in their end markets (freight, transit, customs duties and other import taxes, fees payable to agents and self-employed vendors, etc.). Cost of sales also includes net additions to inventory allowances and other valuation adjustments (inventory unable to be sold, theft, breakage, currency gains and losses affecting the related invoice, transportation insurance). Inventory is measured on a first-in-first-out (FIFO) basis or at weighted average cost depending on the Group activity.

The cost of purchases of goods from manufacturers is the most important component of the cost of sales. Related fees are the second most important component of the cost of sales. The cost of goods sold for CFAO Automotive, Eurapharma and CFAO Technologies consists essentially of the cost of goods purchased from suppliers for resale. For the industrial businesses of the CFAO Industries, Equipment & Services division, the cost of sales includes the cost of the raw materials used in the production of beverages and plastic products.

Gross profit and gross profit margin at the consolidated level are affected by the relative contributions of the Group's divisions, as certain divisions have a higher gross profit margin than others, and by the relative contribution within each division of the various business lines and geographic areas (each region has a different gross profit margin, depending on the competitive environment and the degree of maturity of the business and the market). Trends within the Group's divisions in 2013 are described below:

- the *CFAO Industries, Equipment & Services* division generates the highest gross profit margin of all of the Group's divisions, due to the industrial nature of much of its business, as the other divisions are more focused on distribution businesses. In industrial businesses, gross profit margin depends on the cost of materials, such as the raw materials used in the production of beverages and plastic products. Certain costs of production of the industrial businesses are accounted for according to their nature, and are not therefore recorded in the "cost of sales" line item but in "payroll expenses" and "other recurring operating income and expenses". This accounting treatment adds to the gross profit margin of these businesses. In the capital goods trading businesses, the gross profit margin depends primarily on the price of the goods purchased from suppliers. *CFAO Technologies*, a business that incorporates the gross profit margin on provisions of services and sales of materials, also has a higher-than-average gross profit margin;
- the *CFAO Automotive division* has the second highest gross profit margin of the Group's divisions. Within this division, the gross profit margin levels vary depending on the business. With respect to the sale of vehicles, the gross profit margin is higher when the Group purchases directly from the manufacturer and delivers the vehicle to the end-customer through its own sales offices, which is the case in most of the areas, and particularly in French-speaking Sub-Saharan Africa. The gross profit margin is lowest in countries in which the Group distributes vehicles through agents (primarily in Algeria, Morocco and Nigeria). The geographic areas generating the lowest gross profit margins in the division are also its largest markets, notably the Maghreb and the French Overseas Territories. The mix of products and services can have a significant impact on the gross profit margin, as is the case for certain businesses such as services, spare parts and tires, which generate higher gross profit margins;
- *Eurapharma* has the lowest gross profit margin of the Group's divisions. Eurapharma's gross profit margin is highly sensitive to changes in regulations, in particular those designed to reduce healthcare costs for consumers and reimbursement entities. Prices in this division's principal markets are limited or set by regulations. The expansion of the distribution agent business, whose gross profit margin generally exceeds that of Eurapharma's traditional import-wholesale-resale business, has had a positive effect on the division's overall gross profit margin because of more flexible price regulations and a higher level of value-added services provided.

As indicated in this section and in section 9.1.2.2 "Exchange rate fluctuations", movements in exchange rates have a significant and direct impact on the gross profit margins of the various divisions, particularly CFAO Automotive. The exchange rates for purchasing currencies in the periods in which orders were made can have an adverse impact on the gross profit margin despite the price increases implemented to counter this.

At a geographical level, gross profit margins are lowest in areas with larger markets. In the Maghreb and French Overseas Territories and Other regions, gross profit margins are lower than

in other geographic areas. French-speaking Sub-Saharan Africa, which is characterized by its smaller markets, generally has a higher gross profit margin than other geographic areas.

9.1.3.3 Payroll expenses

Payroll expenses include all employee-related expenses (fixed and variable compensation, social security charges, provisions and retirement expenses, employee profit-sharing and other incentives) and expenses relating to external employees.

Variable payroll expenses are linked mainly to business volumes and the Company's financial performance. Variable components include commissions paid to sales teams based on revenue and the payroll expenses of the Industries business, which generally increase in line with production. As a percentage of revenue, payroll expenses vary among the divisions, the percentage being generally higher in CFAO Industries, Equipment & Services than in the other two divisions.

9.1.3.4 Other recurring operating income and expenses

Other recurring operating income and expenses comprise all of the Group's general expenses and include cash expenses paid and depreciation/amortization expenses. These cover:

- base costs, such as real estate, information technology, fees and insurance;
- variable costs such as advertising expenses, business travel, banking services, telecommunications, consumable goods and other expenses incurred in connection with production (water, electricity, etc.); and
- expenses relating to customer default risks: net charges to provisions for trade receivables, losses on trade receivables.

9.1.3.5 Recurring operating income

Recurring operating income is an intermediate line item intended to facilitate an understanding of the entity's operating performance. It comprises revenue minus the cost of sales, payroll expenses and other recurring operating income and expenses.

9.1.3.6 Other non-recurring operating income and expenses

Other non-recurring operating income and expenses that are excluded from recurring operating income correspond to items that are exceptional in light of their frequency, nature or amount, and may include proceeds from sales of property, plant and equipment and intangible assets, capital assets or investments (capital gains, impairment of goodwill and other intangible assets), restructuring costs and costs relating to employee retraining measures and litigation settlements.

9.1.3.7 Net finance costs

Net finance costs chiefly include fees and interests paid in connection with medium- and long-term financing transactions; fees and interests relating to bank debt and other current borrowings; capital gains or losses on sales of assets; and other fees for certain financial management transactions. They also reflect interest and other income received on loans, debt or equity securities or other financial instruments held by the Group, costs relating to tax planning transactions in the French overseas territories, and gains or losses associated with commercial transactions carried out in foreign currencies.

The Group has two main types of finance cost: costs relating to borrowings in currencies other than the euro and those relating to its businesses in the eurozone.

In general, net finance costs evolve in line with the financial position of the Group's subsidiaries and local financing terms. Debt financed in euros (the largest portion of debt) is mostly short-term. Ancillary finance costs depend on the market's short-term interest rates. For debt financed in local currency, finance costs depend on local interest rates as well as the average financial debt contracted in local currency.

9.1.3.8 Income tax

Income tax includes taxes calculated on the basis of earnings and excludes other taxes or duties paid by the Group, such as land taxes, which are recorded in recurring income and expenses. Income tax also includes deferred taxes recognized according to prudent accounting principles. The effective tax rate is defined as income tax divided by pre-tax income. The Group's effective tax rate depends on the levels of taxation in the countries in which it generates income and the relative contribution to Group income from countries with higher or lower tax rates.

Prior to December 31, 2009, none of the Group's subsidiaries had been consolidated for tax purposes at the level of CFAO. Some of the Group's French subsidiaries were previously consolidated for tax purposes by PPR (now Kering) up to this date. As from January 1, 2010, these companies are included in the tax consolidation group created by CFAO.

Some Group subsidiaries are subject to exceptional tax treatment under specific provisions.

9.2 Comparison of the Group's results of operations for the years ended December 31, 2012 and 2013 and financial position

9.2.1 Comparison of the Group's results of operations for the years ended December 31, 2012 and 2013

The table below shows the Group's consolidated income statements for the years ended December 31, 2012 and December 31, 2013, in millions of euros and as a percentage of consolidated revenue for the periods presented.

	2012		2013		
	(in € millions)	as a % of revenue	(in € millions)	as a % of revenue	Change
Revenue	**3,585.2**	**100.0%**	**3,628.1**	**100.0%**	**100.0%**
Cost of sales	(2,792.4)	-77.89%	(2,814.9)	-77.6%	+0.8%
Gross profit	**792.8**	**22.1%**	**813.1**	**22.4%**	**+2.6%**
Payroll expenses	(255.2)	-7.1%	(267.9)	-7.4%	+5.0%
Other recurring operating income and expenses	(247.3)	-6.9%	(276.2)	-7.6%	+11.7%
Recurring operating income	**290.3**	**8.1%**	**269.0**	**7.4%**	**-7.3%**
Other non-recurring operating income and expenses	(9.5)	-0.3%	(1.9)	-	-
Operating income	**280.8**	**7.8%**	**267.1**	**7.4%**	**-4.9%**
Finance costs, net	(37.8)	-1.0%	(41.2)	-1.1%	+9.1%
Income before tax	**243.1**	**6.8%**	**225.9**	**6.3%**	**-7.1%**
Income tax	(74.2)	-2.1%	(83.2)	-2.3%	+12.1%
Overall effective tax rate	*30.5%*		*36.8%*		*+6.3pts*
Share in earnings of associates	2.3	0.1%	1.6	-	-
Net income of consolidated companies	**171.2**	**4.8%**	**144.4**	**4.0%**	**-15.7%**
Non-controlling interests	57.2	1.6%	44.0	1.2%	-23.0%
Net income attributable to owners of the parent	**114.0**	**3.2%**	**100.4**	**2.8%**	**-12.0%**

9.2.1.1 Revenue

Revenue generated by the Group in 2013 moved up +1.2% year on year, to €3,628.1 million versus €3,585.2 million one year earlier. Like-for-like, revenue rose by +0.8%.

Changes in the scope of consolidation had an impact on changes in revenue between 2012 and 2013, and mainly concerned Missionpharmain Denmark (+€48.4 million) and Assene Laborex in Nigeria (+€15.9 million). These changes had a positive +€72.9 million impact on revenue for the year.

Fluctuations in the exchange rates used to translate annual revenue into euros resulted in a negative -€58.8 million impact in 2013.

The table below provides a breakdown of revenue for 2012 and 2013 by division and geographic area:

	2012		2013		Change on a reported basis	Change on a like-for-like basis
	(in € millions)	as a % of revenue	(in € millions)	as a % of revenue		
CFAO Automotive	2,188.2	61.0%	2,049.0	56.5%	-6.4%	-4.4%
Eurapharma	969.2	27.0%	1,103.4	30.4%	+13.8%	+7.1%
CFAO Industries, Equipment & Services	427.6	12.0%	475.5	13.1%	+11.2%	+11.5%
TOTAL	**3,585.2**	**100.0%**	**3,628.1**	**100.0%**	**+1.2%**	**+0.8%**
French-speaking Sub-Saharan Africa	1,357.9	37.9%	1,446.7	39.9%	+6.5%	+6.9%
French Overseas Territories and Other	717.2	20.0%	743.0	20.5%	+3.6%	+3.3%
Maghreb	809.3	22.6%	694.0	19.1%	-14.3%	-12.0%
English and Portuguese-speaking Sub-Saharan Africa	505.6	14.1%	498.4	13.7%	-1.4%	+0.7%
Other Europe	195.1	5.4%	245.9	6.8%	+26.0%	+1.0%
TOTAL	**3,585.2**	**100.0%**	**3,628.1**	**100.0%**	**+1.2%**	**+0.8%**

The Group's revenue increased by €42.9 million, or +1.2%, in 2013, driven by the growth performance reported by the Group's two divisions Eurapharma and CFAO Industries, Equipment & Services. CFAO Automotive revenue declined by 6.4% driven mainly by the under-performance of the division in the Maghreb zone.

Revenue growth Eurapharma led to an increase in the division's contribution to total revenue, from 27% in 2012 to more than 30% in 2013. Automotive's contribution edged down to 56.5% in the year from 61.0% in 2012.

Like-for-like (constant scope of consolidation and exchange rates), sales growth came in at +0.8% with a decline of Automotive and a strong increase in the other businesses.

On a geographical standpoint, the growth remains high in the French-speaking Sub-Saharan Africa and to a lesser extent in the French Overseas Territories. Maghreb revenue is down due to Algerian market conditions in 2013 and in the English-speaking Sub-Saharan Africa where Automotive revenue in Nigeria was down. (see paragraph 9.3.1 "CFAO Automotive").

9.2.1.2 Gross profit

Gross profit came in at €813.1 million, or 22.4% of consolidated revenue, compared with 22.1% in 2012.

This +0.3 percentage point improvement is mainly due to the increase in CFAO Eurapharma's gross profit margin and to Automotive's gross profit margin, itself attributable to a geographical mix with the decline posted in the Maghreb where the gross margin rate is historically lower than the average.

9.2.1.3 Payroll expenses

Payroll expenses climbed +5.0% year on year, to €267.9 million versus €255.2 million one year earlier. This rise mainly reflects the first-time consolidation of several companies, in particular within the Eurapharma division. On a comparable perimeter basis, the rise was +1.2% for CFAO Automotive and +4.7% for Eurapharma.

The payroll expenses include the cost in the year of the stock option and the performance share plans. The total expense recognized in 2013 in respect of stock option and performance share plans was €3.8 million (€4.8 million in 2012).

In 2013, payroll expenses represented 7.4% of revenue.

9.2.1.4 Other recurring operating income and expenses

Other recurring operating income and expenses moved up +11.7% to €276.2 million in 2013 from 247.3 million in 2012.

This caption represented 7.6% of revenue in 2013, versus 6.9% in 2012.

9.2.1.5 Consolidated recurring operating income

The Group's recurring operating income was down -7.3% year on year at €269.0 million compared to €290.3 million one year earlier. The recurring operating profit margin, i.e., recurring operating income divided by revenue, came to 7.4% in 2013 to be compared with 8.1% in 2012.

The table below provides a breakdown of recurring operating income by division:

	2012		2013	
	(in € millions)	as a % of revenue	(in € millions)	as a % of revenue
Recurring operating income				
CFAO Automotive	161.3	7.4%	129.8	6.3%
Eurapharma	84.0	8.7%	93.8	8.5%
CFAO Industries, Equipment & Services	78.3	18.3%	79.5	16.7%
CFAO Holding	(33.3)	-	(34.1)	
TOTAL	**290.3**	**8.1%**	**269.0**	**7.4%**

The trend for each of the three CFAO divisions is commented in the 9.3.1, 9.3.2 and 9.3.3 paragraphs of the present Chapter.

CFAO Holding generated a net expense of €34.1 million, up +2.4% to 2012.

9.2.1.6 Other non-recurring operating income and expenses

The net balance of this caption is an aggregate of net proceeds from the disposal of operating/financial assets and restructuring costs. It represented in 2013 an expense of €1.9 million versus €9.5 million in 2012 when this expense was mainly attributable to costs in the amount of €11.4 million related to the acquisition by TTC of a controlling interest in CFAO.

9.2.1.7 Operating income

The Group's operating income amounted €267.1 million versus €280.8 million one year earlier. Operating income represented 7.4% of revenue in 2013 versus 7.8% of revenue in 2012.

9.2.1.8 Net finance costs

The table below provides a breakdown of the Group's net finance costs in 2012 and 2013:

(in € millions)	2012	2013	% change
Cost of net debt	(36.5)	(39.4)	+8.0%
Other financial income and expenses	(1.2)	(1.9)	-
Net finance costs	**(37.8)**	**(41.2)**	**+9.1%**

Average gross debt outstanding stood at €615.0 million at end-2013 versus €576.3 million at end-2012. This increase, particularly in relation to local subsidiaries, is due to an increase in working capital requirement and explains the increase of the cost of net debt in 2013.

Other financial income and expenses increased slightly in 2013 to €1.9 million and include the impact of discounting assets and liabilities.

9.2.1.9 Income tax

Income tax includes taxes paid or for which provisions are made in a given period, as well as tax adjustments paid or provisioned during the period. The Group recognized income tax expense of €83.2 million in 2013 versus €74.2 million in 2012. The overall effective tax rate rose to 36.8% in 2013 from 30.5% last year. This increase is due to tax loss carry-forwards that were not be recognized as deferred tax assets.

For more information on the calculation of income tax, see Note 12 "Income tax" to the consolidated financial statements included in Chapter 20 of this Registration Document.

9.2.1.10 Share in earnings of associates

The Group's share in earnings of associates totaled €1.6 million in 2013, versus €2.3 million in 2012.

In the statement of financial position, investments in associates represented assets of €12.2 million at December 31, 2013 and €13.0 million at end-2012.

9.2.1.11 Non-controlling interests

Net income attributable to non-controlling interests was down to €44.0 million in 2013 (30.5% of consolidated net income), versus €57.2 million in 2012 (33.4% of consolidated net income). This slight decrease is notably explained by the lower net income reported by Diamal in Algeria.

9.2.1.12 Net income

As a result of the above, net income attributable to owners of the parent fell 12% to €100.4 million in 2013 from €114.0 million in 2012.

9.2.2 Financial position and changes during the period

Consolidated statement of cash flows (condensed) (in € millions)	2012	2013
Cash flow from operating activities before tax, dividends and interest	339.6	334.5
As a % of revenue	*9.5%*	*9.2%*
Change in working capital requirement	(164.7)	(33.0)
Income tax paid	(74.7)	(87.3)
Operating capital expenditure, net	(89.6)	(88.6)
Free operating cash flow	**10.5**	**125.6**

Free operating cash flow generated in 2013 is higher than last year with a strong cash flow from operating activities and lower increase in working capital requirement.

In 2013 as in 2012, net operating capital expenditure chiefly concerned the expansion of production capacity at *Brasseries du Congo* and the plastic product manufacturing business for €38.0 million in 2013 and €26.0 million in 2012 and the ongoing program to modernize and extend the CFAO Automotive network for €17.4 million in 2013 and €32.1 million in 2012 (see Chapters 5 and 10 of the Registration Document for more comprehensive information on the Group's capital expenditure).

Consolidated statement of financial position (condensed) (in € millions)	31.12.2012	31.12.2013
Intangible assets	231.4	229.3
Property, plant and equipment	365.9	392.9
Working capital requirement	572.1	604.7
Other assets and liabilities	26.5	30.5
Capital employed	**1,195.9**	**1,257.4**
Equity (including equity attributable to non-controlling interests)	818.9	853.9
Net debt	377.0	403.5

As of December 31, 2013, net debt totaled €403.5 million, up €26.5 million on end-2012. The gearing ratio is virtually stable at 0.47 at year-end compared with 0.46 at the end of 2012.

CFAO signed on December 17, 2013 with a group of 12 banks a new 5-year €400 million revolving credit facility refinancing the existing €300 million revolving credit facility dated December 7, 2009 and extending the maturity of the main committed facility of the Group for an increased amount (see Chapter 10 of the Registration Document for more comprehensive information on the Group's net debt).

9.3 Analysis of revenue, gross profit and recurring operating income by division for 2012 and 2013

9.3.1 Comparison of the results of CFAO Automotive in 2012 and 2013

The following table shows key income statement figures for the CFAO Automotive division in 2012 and 2013:

	Year ended December 31		
(in € millions)	2012	2013	Change
Revenue	**2,188.2**	**2,049.0**	**-6.4%**
Recurring operating income	**161.3**	**129.8**	**-19.5%**
As a % of division revenue	*7.4%*	*6.3%*	*-1.1pt*

9.3.1.1 CFAO Automotive revenue

Revenue reported by CFAO Automotive amounted €2,049.0 million in 2013 from €2,188.2 million in 2012, down -6.4%. Like-for-like (constant scope and exchange rates), revenue was down -4.4% versus 2012.

Exchange rate fluctuations related to the translation of subsidiaries' revenue into euros had a negative impact of around €48 million on 2013 revenue, mainly due to Algeria, Kenya, Nigeria and Malawi local currencies.

The following table provides a breakdown of CFAO Automotive revenue by category of product or service:

	2012		2013		
	(in € millions)	%	(in € millions)	%	Change
Light vehicles	1,455.1	66.5%	1,271.9	62.1%	-12.6%
Used vehicles	48.6	2.2%	50.7	2.5%	+4.3%
Heavy trucks and industrial equipment	384.7	17.6%	405.6	19.8%	+5.4%
Services, spare parts and tires	256.5	11.7%	262.4	12.8%	+2.3%
Motorcycles and other	43.3	2.0%	58.3	2.8%	+34.6%
TOTAL	**2,188.2**	**100.0%**	**2,049.0**	**100.0%**	**-6.4%**

Revenue derived from sales of new light vehicles decreased by 12.6%, while revenue from sales of heavy trucks and industrial equipment and services, spare parts and tires moved up. Heavy truck sales have been very dynamic driving the percentage share of the total division revenue close to 20% vs. 17.6% in 2012.

A total of 78,237 new vehicles were sold in 2013, down 17.7% on 2012. The decrease was particularly strong in Maghreb, representing now less than 49% of total volume compared with 56% in 2012.

The following table provides a breakdown of CFAO Automotive revenue by geographic area:

	2012 (in € millions)	2013 (in € millions)	Change on a reported basis	Change on a like-for-like basis
Revenue				
French-speaking Sub-Saharan Africa	641.9	664.4	+3.5%	+4.1%
Maghreb	723.9	591.5	-18.3%	-16.2%
French Overseas Territories and Other	374.0	372.6	-0.4%	0.0%
English- and Portuguese-speaking Sub-Saharan Africa	380.6	350.0	-8.0%	-2.3%
France (export)	67.9	70.5	+3.8%	+3.8%
TOTAL	**2,188.2**	**2,049.0**	**-6.4%**	**-4.4%**

Sales progressed in West Africa and particularly in Senegal, Cameroon and Sahel countries

In Maghreb, volumes of vehicles sold were down by -28% with a weaker and more competitive Algerian market (CFAO volumes were down -32% in Algeria). Due to a favorable product mix, with strong trucks sales, the drop in sales in Algeria is limited to -21.6%.

In a large number of English-speaking Sub-Saharan countries, revenue was impacted by forex translation. In Nigeria, sales were down due to the non-renewal of Nissan Renault distribution agreement.

In the French Overseas Collectivities, sales were down on the previous year in New Caledonia and La Réunion.

Revenue for the France export region (mainly exports to major pan-African accounts) increased by 3.8% on 2012.

9.3.1.2 CFAO Automotive gross profit

The gross profit margin reported by the CFAO Automotive division is slightly up in 2013 compared to 2012, with a geographic mix due to weaker sales in the Maghreb where the gross profit margin remains below the average for the division as a whole. Due to the time lag between the hedging of the orders to carmakers and the delivery to customers (see above paragraph 9.1.2.2), and the high level of inventories at the end of 2012, the decrease of the yen against euro in 2013 had only a limited impact on the gross profit margin in 2013.

9.3.1.3 CFAO Automotive recurring operating income

Recurring operating income reported by CFAO Automotive amounted €129.8 million down -19.5% to 2012. The recurring operating profit margin slipped -1.1 point year on year, to 6.3%. This is largely due to the underperformance of the Maghreb zone.

9.3.2 Comparison of the results of Eurapharma in 2012 and 2013

The following table shows key income statement figures for Eurapharma in 2012 and 2013:

	Year ended December 31		
(in € millions)	2012	2013	Change
Revenue	**969.2**	**1,103.4**	**+13.8%**
Recurring operating income	**84.0**	**93.8**	**+11.6%**
As a % of division revenue	*8.7%*	*8.5%*	*-0.2 pt*

9.3.2.1 Eurapharma revenue

Revenue generated by Eurapharma in 2013 moved up +13.8% year on year, to €1,103.4 million versus €969.2 million in 2012. Like-for-like, the division's revenue advanced +7.1%. Changes in the scope of consolidation had a +€67.8 million impact on the division's revenue in 2013 and mainly concerned Missionpharma and Assene Laborex. The following table provides a breakdown of Eurapharma revenue by geographic area:

	2012 (in € millions)	2013 (in € millions)	Change on a reported basis	Change on a like-for-like basis
Revenue				
French Overseas Territories and Other	336.7	364.4	+8.2%	+7.2%
French-speaking Sub-Saharan Africa	378.3	409.3	+8.2%	+8.4%
Maghreb	71.5	80.1	+12.0%	+15.5%
English and Portuguese-speaking Sub-Saharan Africa	64.8	83.2	+28.5%	+8.1%
Other Europe *	117.9	166.4	+41.1%	+0.1%
TOTAL	**969.2**	**1,103.4**	**+13.8%**	**+7.1%**

* *Other Europe includes revenue generated in the France (export) region, which chiefly reflects non-Group revenue relating to the subsidiary EPDIS France (pre-wholesale business), as well as revenue generated by Missionpharma in Denmark.*

The division's sales in French-speaking Sub-Saharan Africa climbed +8.2% in 2013, with strong growth in the Congo, Gabon, Mali and Cameroon, and stable in Senegal. Revenue in English-speaking Africa, where Eurapharma operates its distribution agent business enjoyed vigorous growth, with +8.1% like-for-like growth and the contribution of AsseneLaborex sales in Nigeria. Lastly, and to be particularly mentioned in 2013, the division's sales in the Overseas Territories strongly progressed in 2013 with a good performance in all the territories partly due to the disappearance of direct sales from metropolitan wholesalers.

In Algeria, the growth posted in 2013 is due to the strong growth recorded in the pre-wholesale business.

9.3.2.2 Eurapharma gross profit

Again in 2013, Eurapharma's gross profit margin edged up very slightly.

9.3.2.3 Eurapharma recurring operating income

Recurring operating income reported by Eurapharma moved up +€9.8 million, or +11.6%, to €93.8 million in 2013. This reflects strong sales growth, a slight improvement in gross profit margin and a tight rein on base costs.

The recurring operating margin remained high in 2013 at 8.5% versus 8.7% in 2012.

9.3.3 Comparison of the results of CFAO Industries, Equipment & Services in 2012 and 2013

9.3.3.1 CFAO Industries, Equipment & Services revenue

The following table shows key income statement figures for CFAO Industries, Equipment & Services in 2012 and 2013:

	Year ended December 31		
(in € millions)	2012	2013	Change
Revenue	**427.6**	**475.5**	**+11.2%**
Recurring operating income	**78.3**	**79.5**	**+1.5%**
As a % of division revenue	*18.3%*	*16.7%*	-

The following table provides a breakdown of revenue by business line:

	2012		2013		
	(in € millions)	%	(in € millions)	%	Change
Industries	249.0	58.2%	265.1	55.8%	+6.5%
Equipment	75.0	17.5%	90.7	19.1%	+20.9%
Technologies	74.0	17.3%	85.7	18.0%	+15.8%
Rental services	29.7	6.9%	31.7	6.7%	+6.7%
FMCG	-	-	2.5	0.5%	-
TOTAL	**427.6**	**100.0%**	**475.5**	**100.0%**	**+11.2%**

Revenue reported by CFAO Industries, Equipment & Services was up +11.2% year on year, to €475.5 million in 2013 from €427.6 million in 2012. Like-for-like, the division's revenue advanced +11.5%.

- Revenue generated by CFAO Industries (beverages and plastic products) made further strong gains in 2013.Brasseries du Congo produced 2.9 million hectoliters of beer and soft drinks in 2013, up from 2.8 million hectoliters in 2012 and 2.6 in 2011, thanks to extended production lines in the Congo. With a stronger growth in soft drinks than in beers, production in 2013 breaks down as follows: 70% beer and 30% soft drinks. Sales of plastic products rose by +10.5% with 222 million pens, 117 million razors and 2.4 million beverages crates sold in 2013.
- After a strong fourth-quarter, CFAO Technologies posted a +15.8% growth in 2013 revenue with an excellent performance in Algeria.
- Both Rental services and Equipment (Machinery and elevators) continued to expand in 2013.

9.3.3.2 CFAO Industries, Equipment & Services gross profit

The division's gross profit margin decreased slightly in 2013. It is mainly due to the lower growth in sales of *Brasseries du Congo* generating higher gross profit margin than the other businesses.

9.3.3.3 CFAO Industries, Equipment & Services recurring operating income

Recurring operating income reported by CFAO Industries, Equipment & Services came in slightly higher, up from €78.3 million in 2012 to €79.5 million in 2013. The recurring operating profit margin decreased in 2013 at 16.7% to be compared with 18.3% in 2012.

9.4 Significant accounting policies under IFRS

The preparation of consolidated financial statements requires the use of estimates and assumptions by Group management that can affect the carrying amounts of certain assets and liabilities, income and expenses, and the information disclosed in the accompanying Notes. Group management reviews these estimates and assumptions on a regular basis to ensure their pertinence with respect to past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions. The impact of changes in accounting estimates is recognized during the period in which the change occurs and all affected future periods.

The main estimates made by management in the preparation of the financial statements concern the value and useful lives of operating assets, property, plant and equipment, intangible assets and goodwill; the amount of contingency provisions and other provisions relating to operations; and assumptions underlying the calculation of obligations relating to employee benefits, deferred tax balances and derivatives. In particular, the Group uses discount rate assumptions based on market data to estimate the value of long-term assets and liabilities.

Accordingly, the consolidated financial statements for 2013 have been prepared taking into account the prevailing economic and financial crisis and based on the financial market inputs available at the end of the reporting period. The immediate impacts of the crisis are reflected in the measurement of assets such as inventories and trade receivables, and liabilities. The value of these assets is determined each year based on the long-term economic outlook and management's best assessment of future cash flows in a context of limited visibility.

The sections below set out the accounting policies applied by the Group to prepare its financial statements which require the use of estimates and assumptions (see Note 2.1.2, "Use of estimates and judgment" to the consolidated financial statements included in Chapter 20 of this Registration Document).

9.4.1 Other provisions

Under IAS 37 – "Provisions, Contingent Liabilities and Contingent Assets", provisions for litigation, disputes, and various contingencies and losses are recognized as soon as a present obligation arises from past events, is likely to result in an outflow of resources embodying economic benefits, and the amount of the obligation can be reliably estimated. Provisions maturing in more than one year are valued at the discounted amount representing the best estimate of the expense necessary to extinguish the present obligation at the end of the reporting period. The discount rate used reflects current assessments of the time value of money and specific risks related to the liability.

The analysis of risks in determining the probability of an outflow of resources and the estimates made to calculate the amounts concerned require the use of assumptions and judgment, which depend on the nature of the risk and the provisions involved and may ultimately prove inaccurate. For example, to determine provisions for litigation and disputes, the Group must estimate the probability of an unfavorable decision and estimate the amounts that may be involved. Determining the probable outcome of litigation and the amounts involved is inherently uncertain and subject to error. This uncertainty is particularly pronounced in the emerging and developing markets in which the Group operates. The amount of such provisions can have a material impact on the Group's results. For more information on the amount of provisions and the impact on the Group's results, see Note 27 "Provisions", to the consolidated financial statements included in Chapter 20, "Financial information concerning the assets and liabilities, financial position and profits and losses of CFAO" of this Registration Document.

9.4.2 Post-employment benefits and other long-term employee benefits

Based on the laws and practices of each country, Group companies set up various types of employee benefit plans, including post-employment benefits and other long-term employee benefits.

In accordance with IAS 19 – "Employee Benefits", the Group recognizes a liability when an employee has provided service in exchange for employee benefits to be paid in the future, and recognizes an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits. To measure post-employment benefits and other long-term employee benefits, the Group must formulate a series of assumptions regarding matters subject to significant uncertainties, in particular future salaries, the probable length-of-service of employees, life expectancy and employee turnover. The Group calls on independent actuaries to help it establish these assumptions. Other important assumptions include the discount rate used to calculate the present value of the benefit obligation to be paid in the future, long-term returns on pension plan assets, and the average rate of increase in payouts to plan participants. The amounts estimated can vary significantly depending on the assumptions used. The actual benefits paid by the Group may differ significantly from the amounts shown in the Group's financial statements. Expenses relating to this type of plan are recognized in recurring operating income (service cost) and net finance costs (interest cost, expected return on plan assets). Curtailments, settlements and past service costs are recognized in recurring operating income or net finance costs according to their nature. The provision recognized in the statement of financial position corresponds to the present value of the obligations

calculated as described above, less the fair value of plan assets and non-amortized past service costs. For more information on the amounts recognized in the consolidated financial statements, see Note 26 "Employee benefits" to the consolidated financial statements included in Chapter 20 of this Registration Document.

9.4.3 Goodwill and asset impairment

Goodwill represents the excess of the cost of a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities on the acquisition date. Goodwill is allocated as of the acquisition date to cash-generating units (CGUs) or groups of CGUs defined by the Group based on the characteristics of the business. The CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment during the second half of each fiscal year or whenever events or circumstances indicate that an impairment loss is likely. These circumstances include material adverse changes of a permanent nature affecting either the economic environment or the assumptions and objectives defined on the acquisition date. At December 31, 2013, goodwill amounted to €199.5 million, or 7.7% of total assets (€200.1 million, or 7.6% of total assets at December 31, 2012). Goodwill related mainly to CFAO Automotive (€98.6 million), Eurapharma (€82.6 million) and the Industries, Equipment & Services division (€18.3 million).

Impairment tests seek to determine whether the recoverable amount of an asset, a CGU or a group of CGUs is less than its net carrying amount. The recoverable amount of an asset, a CGU or a group of CGUs is the higher of its fair value less costs to sell and its value in use. The value in use is determined with respect to future cash flow projections, taking into account the time value of money and the specific risks attributable to the asset, CGU or group of CGUs. Future cash flow projections are based on medium-term budgets and plans spanning a period of four years. To calculate value in use, a terminal value equal to the perpetual capitalization of the final year of the medium-term plan is added to the estimated future cash flows. Fair value less costs to sell is the amount obtainable from the sale of an asset or group of assets in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. When the recoverable value of an asset, CGU or group of CGUs is less than its carrying amount, an impairment loss is recognized in respect of the asset or group of assets.

Cash flow projections used for the purposes of calculating the value in use and the medium-term budgets and plans involve the formulation of assumptions on matters which are highly uncertain, concerning in particular the discount rate, growth rate, sales price trends and variable costs projected for the period concerned. The nature of the developing and emerging markets in which the Group operates makes these calculations even more difficult. The assumptions used can have a very significant impact on the values in use calculated for the purpose of performing asset impairment tests. For a CGU or group of CGUs, impairment is charged first to goodwill where appropriate, and recognized under "Other non-current operating income and expenses" in the income statement. No impairment losses were recognized in 2012 or 2013.

9.4.4 Income taxes

In accordance with IAS 12 – "Income Taxes", the Group recognizes the deferred effects of tax losses carried forward as well as the effects of temporary differences in its consolidated financial statements. A valuation allowance is recognized when it is considered very likely that the tax assets will not be recoverable in the future. The measurement of deferred tax balances depends on the way in which the Group intends to recover or settle the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

In preparing its consolidated financial statements, the Group measures income taxes based on tax regulations in the various jurisdictions where it conducts business. This requires an estimate of actual current tax exposure and an assessment of temporary differences that result from different treatment adopted for accounting and tax purposes. These differences result in deferred tax assets and liabilities, which are recognized in the Group's statement of financial position. A deferred tax asset is recognized on deductible temporary differences and for tax loss carry-forwards and tax credits to the extent that their future offset appears probable. The Group assesses the probability that future profits will be available against which deferred tax assets can be utilized. If the Group finds that future profits are not likely to be available, a valuation allowance is recognized. When an allowance is booked, or when the existing allowance is increased during the same accounting period, the Group records a tax expense in the income statement. Conversely, when the Group reduces the allowance, a tax benefit is recognized in the income statement.

Determining provisions concerning (i) income taxes, (ii) deferred tax assets and liabilities and (iii) any valuation allowance to be recognized against deferred tax assets requires management to use its own judgment and to make significant estimates and assumptions about matters that are highly uncertain. For each tax asset, the Group must assess the probability that some or all of the assets will be recovered. The amount of the allowance set aside in relation to accumulated tax losses carried forward depends on the Group's assessment of the probability that future taxable profits will be generated within the legal entity in which the related deferred tax asset is recorded. The estimates and assumptions used may have a significant impact on the amounts reported in the Group's financial statements. Tax losses and tax credits not recognized as deferred tax assets increased in 2013 and amounted to €100.7 million at December 31, 2013 (€86.8 million at December 31, 2012). For more information, see Note 12.3 "Unrecognized deferred tax" to the consolidated financial statements included in Chapter 20, "Financial information concerning the assets and liabilities, financial position and profits and losses of CFAO" of this Registration Document.

9.4.5 Derivatives

The Group uses forward purchase and forward sale option contracts to reduce its exposure to foreign exchange risk. These instruments are generally listed on organized markets. In accordance with IAS 39 – "Financial Instruments: Recognition and Measurement", the Group recognizes all of its derivative instruments on the statement of financial position within other current assets and liabilities depending on their maturity and their accounting designation. Derivatives are measured at fair market value at the transaction date. Changes in the fair value of derivative instruments except cash flow and net investment hedges are always recognized in income.

The Group uses calculation methods commonly used by other market participants to calculate the fair value of financial instruments. To compute fair value, the Group relies on estimates and assumptions related to present values, taking into account where applicable: (i) specific market characteristics, (ii) projected interest rates, (iii) exchange rates, and (iv) forward market prices, as well as their respective volatility. The Group also considers the risk that its counterparties will fail to meet their obligations. The credit risk related to financial institutions is assessed using a credit risk assessment method that considers factors such as published ratings provided by rating agencies and other management estimates. All estimates and assumptions used to determine the fair value of financial instruments may have a material impact on the amounts reported in the Group's financial statements.

9.5 Changes in accounting methods

In 2009, the Group applied for the first time the recent amendments to IAS 16 – "Property, Plant and Equipment" regarding sales of assets previously held for rental, as well as the corresponding amendments to IAS 7 – "Statement of Cash Flows". Under these new standards, proceeds from sales of vehicles previously held for rental, which the Group had previously accounted for as a deduction from cost of sales, will now be classified as revenue. All cash flows relating to such transactions are now treated as cash flows from operating activities, whereas they were previously classified under "Proceeds from disposals of property, plant and equipment and intangible assets". For more information, see Note 2 to the consolidated financial statements "Accounting policies and methods" in the present Registration Document.

THE GROUP'S CASHFLOW AND CAPITAL RESOURCES

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10.1 Overview

The Group's principal financing requirements include its working capital requirement, operating investments, dividend payments to its shareholders and debt repayments. The Group meets these requirements mainly with cash flow from operating activities and bank financing in local currencies in the countries in which it operates as well as in France through a syndicated credit facility. On December 17, 2013 the Group signed a new five-year revolving credit facility for €400 million with its main banks in order to provide a reasonable margin of liquidity to safeguard the future management of the Group's financing requirements which have been identified to date. This confirmed line is enabling the Group to refinance the existing syndicated credit facility of €300 million dated December 7, 2009, and to extend the maturity of its main credit line from December 2014 to December 2018 and to increase its amount.

The Group estimates that its main financing requirements in 2014 (other than working capital requirement) will concern the repayment of drawdowns on the syndicated credit facility (amounting to €65.0 million at December 31, 2013), gross operating investments (amounting to €99.7 million for 2013, and an estimated €140 million for 2014), dividend payments to shareholders in respect of 2013, as well as dividends paid by the Group's subsidiaries to non-controlling interests.

The Group intends to meet these requirements mainly by using cash flow from operating activities and borrowings.

Further information on equity is provided in Note 25 to the consolidated financial statements in Chapter 20 of this Registration Document.

10.2 Financial resources

10.2.1 Sources

The Group has principally used the following sources of financing:

- *cash and cash equivalents*, which represents one of the Group's sources of financing. Cash and cash equivalents at December 31, 2012 and 2013 totaled €199.3 million and €211.5 million, respectively. For further information on cash and cash equivalents, see Note 28 to the consolidated financial statements;
- *operating activities*, which generated cash flow before tax, dividends and interest of €339.6 million and €334.5 million in 2012 and 2013, respectively. Cash flow from operating activities before tax, dividends and interest is calculated by adding together net income from continuing operations, net recurring charges to depreciation, amortization and provisions on non-current operating assets, other non-cash income and expenses, interest paid/received, dividends received, and net income tax payable;
- debt, including a medium term portion in euros through a syndicated loan facility with a five-year maturity and another short or long term portion historically contracted with the financial institutions in the countries where the Group operates. The Group is careful to ensure that recourse to leverage is reasonable. The table below provides the breakdown of the Group's net debt at December 31, 2012 and 2013. For more information on changes in net debt, see section 10.4.5 "Change in net debt" of this Registration Document. For a more detailed description of the Group's net debt, see section 10.2.2 "Borrowings" below.

(in € millions)	31.12.2013	31.12.2012
Gross borrowings	(615.0)	(576.3)
Cash	211.5	199.3
Net debt	**(403.5)**	**(377.0)**

10.2.2 Borrowings

Borrowings at December 31, 2013

The Group's gross debt totaled €576.3 million and €615.0 million at December 31, 2012 and 2013, respectively. The table below reflects the breakdown of the Group's gross debt as of these dates. The increase in gross debt in 2013 chiefly reflects a bigger drawdown on subsidiaries' short-term financing lines (recorded on "Bank overdrafts") as described below. For further information regarding changes in net debt, see section 10.4.5 "Change in net debt" in 2012 and 2013.

(in € millions)	31.12.2013	31.12.2012
Confirmed lines of credit	79.4	104.4
Other bank borrowings	48.1	43.4
Obligations under finance-leases		
Employee profit-sharing	1.7	2.3
Bank overdrafts	452.8	393.9
Other borrowings	32.9	32.4
TOTAL	**615.00**	**576.3**

The Group's main categories of debt are as follows:

- *confirmed lines of credit.* The Group has a syndicated credit facility, including a drawdown of €65 million on December 31, 2013 (€335.00 million undrawn) with a pool of leading banks;
- *other borrowings with credit institutions.* This caption covers medium-term loans financing investments by the Group's subsidiaries mainly in real estate;
- *bank overdrafts.* The Group uses overdrafts taken out with credit institutions. These facilities are generally put in place by the Group's local subsidiaries in their respective countries and are denominated in local currency. They are generally short-term (less than one year) and are contractually renewed periodically depending upon the local subsidiaries' activities and the terms offered by the lending institutions. Amounts outstanding under bank overdrafts at December 31, 2012 and December 31, 2013 totaled €393.9 million and €452.8 million, respectively. The Group was authorized to draw up to €836 million and €936 million, respectively, at December 31, 2012 and December 31, 2013, under its unconfirmed bank overdraft lines (including drawdowns as of those dates);
- *employee profit-sharing (€2.3 million as of December 31, 2012; €1.7 million as of December 31, 2013).* Employee profit-sharing is also classified within borrowings;
- *other borrowings (€32.4 million as of December 31, 2012; €32.9 million as of December 31, 2013). These other debts mainly comprise the minority puts granted by the CFAO of €24.7 million as of December 31, 2013 (see Note 29.3 in Chapter 20).*

The principal borrowings with maturities of less than one year mainly include bank overdrafts, amounting to €452.8 million at December 31, 2013. Bank overdrafts have maturities of less than one year because these financing lines are unconfirmed short-term facilities with no fixed maturity date or firm ongoing lending commitment from the lending institutions. The syndicated credit facility drawdown totaling €65.0 million at December 31, 2013, is a revolving facility with no fixed maturity date but an initial maturity of five years. For more information on the repayment schedule for the Group's borrowings see paragraph 29.1 of Chapter 20 of this Registration Document.

Description of the syndicated credit facility and related financial covenants

On December 17, 2013, CFAO entered into a revolving multicurrency syndicated credit facility agreement, for a total of €400 million ("the Credit Facility Agreement"). The term of this Credit Facility Agreement is five years.

Drawdowns on this credit facility bear interest at a rate equal to the sum of (i) a fixed basic rate indexed to Euribor for drawdowns in euros, and to Libor for drawdowns made in other currencies; and (ii) a margin determined on a half-yearly basis depending on the Group's gearing ratio (as set out below).

The Credit Facility Agreement has the standard clauses for this type of contract:

- *financial covenant:* At each assessment date (June 30 and December 31 each year), the Company undertakes to:

(i) maintain the gearing ratio equal to or less than three, it being specified that this ratio corresponds to consolidated net debt (i.e., the Group's gross borrowings less cash on hand) divided by EBITDA i.e., the Group's recurring operating income plus depreciation, amortization and provisions for non-current operating assets recognized in recurring operating income (see Chapter 3 "Selected financial information" of this Registration Document), and

(ii) at December 31, 2013, the Group complied with the financial covenant shown above;

- *other restricted undertakings:* These are clauses which in certain circumstances restrict the company's and its subsidiaries' *capacity to*: (i) grant or maintain guarantees or securities over their assets (ii) sell, transfer or grant a lease over their assets; (iii) participate in mergers or restructuring operations (excluding intragroup operations) or (iv) significantly modify the nature of the activities;
- *early repayment of borrowings if change of control*: The Credit Facility Agreement stipulates that each lender can demand the early repayment of the sums owed to it and cancel its credit lines if the majority shareholder ceases to control the company (within the meaning of Article L. 233-10 I and II of the French Commercial Code);
- *demand for early repayment*: Under the terms of the Credit Facility Agreement, the lenders can demand the total or partial repayment of current drawdowns in certain cases, and notably: (i) the non-respect of financial covenants or other restricted undertakings described above; (ii) default or non-payment of other debts by the Company and/or the subsidiaries in which it controls at least two thirds of the capital or voting rights (from fixed thresholds); or (iii) other events likely to have a materially adverse effect on the Company's or Group's overall financial position or activities and the capacity to satisfy its obligations under the Credit Facility Agreement.

Financial covenants and ratios linked to other borrowings (excluding the syndicated credit facility described above)

The financing confirmed concluded by the Group's subsidiaries in local currencies (basically medium-term loans totaling €48.1 million at December 31, 2013) contain commitments corresponding to those generally found in similar loans and generally do not include significant restrictions on the subsidiaries transferring funds to the company in the form of dividends, loans, advances or otherwise (refer to section 4.3 "Group Risks'" for a description of the risks connected to the possibility for the Group's subsidiaries to make payments to the Company as well as section 6.6.2 "Foreign exchange control" of this Registration Document). Similarly, as bank overdrafts are not committed financing, they are not subject to any particular restrictions or covenants.

Further information on covenants is provided in Note 30.5 "Liquidity risk" (maturity schedule for non-derivative financial instruments) and Note 29.1 "Breakdown of borrowings by maturity" to the consolidated financial statements.

10.3 Presentation and analysis of the main categories of use of the Group's cash

10.3.1 Investments

The Group's gross investments amounted to €94.3 million in 2012 and €99.7 million in 2013. These amounts chiefly concern acquisitions of property, plant and equipment (€79.5 million and €87.4 million in 2012 and 2013, respectively) with the aim of renovating CFAO Automotive's points of sale, renovating the Eurapharma division's logistic installations, and increasing production capacity in the Congo beverages business and plastic products production. Further information regarding investments made during this period, and current and planned investments, is provided in section 5.2 "Investments" and section 10.4.2.1 "Gross operating investments" of this Registration Document.

10.3.2 Dividends

Historically, the Group has made two types of dividend payments:

- *dividends paid in 2013 by the parent company.* Dividends paid by CFAO amounted to €52.9 million in 2012 and €55.4 million in 2013. The 2013 dividend represents 48.6% of 2012 net income attributable to owners of the parent;
- *dividends paid to non-controlling interests of consolidated subsidiaries.* These dividends, which totaled €38.8 million in 2012 and €47.7 million in 2013, primarily include amounts paid to non-controlling interests in Eurapharma and CFAO Automotive subsidiaries, as well as to Brasseries du Congo, a subsidiary of CFAO Industries, Equipment & Services.

10.3.3 Financing of working capital requirements

The Group's working capital requirement (see Note 23 to the consolidated financial statements) at December 31, 2012 and December 31, 2013 amounted to €572.1 million and €604.7 million, respectively. The Group finances its working capital requirement mainly through cash flow from operating activities and, where appropriate, bank overdrafts and drawdowns on confirmed credit facilities. The Group manages its working capital requirement principally through the centralized process for placing orders with suppliers via the central purchasing offices. This process allows the Group to manage inventory levels according to the forecast demand for its products, and to carefully monitor payments to manufacturers and the collection of accounts receivable (see the breakdown below in section 10.4.1.2 "Change in working capital requirement").

In line with its approach to managing working capital requirement, the Group manages inventory levels through its centralized process for placing orders with suppliers. In the CFAO Automotive and Eurapharma divisions, the Group stocks some of the products it distributes in permanent or temporary storage facilities intended for this purpose. In the CFAO Automotive division, the Group seeks to maintain a minimum level of inventory that takes into account the forecast demand for vehicles. Given delivery lead times in this business, there can be time lags between the moment a decision is made to reduce vehicle inventory levels and the point at which inventory levels are actually reduced. In the Eurapharma division, the Group's inventory levels are determined in part by regulatory requirements in terms of minimum inventories (see section 6.6.1 "Pharmaceutical operations" of this Registration Document). In the CFAO Industries business, the Group manages its inventory levels based on the forecast demand for its products. In the CFAO Technologies business, the Group principally works on the basis of customer orders.

10.3.4 Financing of non-current assets

Non-current assets are comprised of (i) goodwill (€200.1 million at December 31, 2012 and €199.5 million at December 31, 2013) mainly relating to CFAO Automotive and Eurapharma; and (ii) other intangible assets (€31.3 million at December 31, 2012 and €29.8 million at December 31, 2013), mainly relating to trademarks, leasehold rights, concessions, licenses and software. Non-current assets also include property, plant and equipment representing €365.9 million at December 31, 2012 and €392.9 million at December 31, 2013. At end-2013, this item included land, buildings, fixtures and fittings for €198.1 million, and technical equipment, IT equipment and other property, plant and equipment and assets in progress for €194.8 million. Investments in equity accounted companies (€12.2 million at end-2012) and non-current financial assets (€64.8 million at end-2012) are also included in non-current assets. Non-current financial assets include non-consolidated investments that are not of strategic importance to the Group's core activities.

10.3.5 Contractual obligations

The table below reflects the Group's contractual commitments and obligations at December 31, 2013, excluding commitments related to employee benefits and short-term loans, which are described in Note 26 "Employee benefits" and Note 29 "Borrowings" to the consolidated financial statements in Chapter 20 "Financial information concerning the assets and liabilities, financial position and profits and losses of the issuer" of this Registration Document.

	Payments due by period				
(in € millions)	Less than one year	From 1 to 5 years	More than 5 years	2013	2012
Non-current borrowings	0.0	104.8	4.2	109.0	149.8
Operating lease agreements	33.5	43.7	17.5	94.7	78.6
Binding purchase commitments	139.8	0.0	0.0	139.8	157.7
TOTAL COMMITMENTS GIVEN	**173.3**	**148.4**	**21.7**	**343.4**	**386.1**

Apart from the long-term borrowings and debt described above, the Group's contractual obligations include:

- *binding purchase commitments.* This category principally includes non-cancelable purchase commitments made to suppliers by the Group's central purchasing offices;
- *operating lease commitments.* The contractual obligations shown under "Operating leases agreements" represent minimum future lease payments under operating leases during the period that cannot be canceled by the lessee. These mainly include non-cancelable rental payments in respect of stores, head offices and administrative offices. The rental charge amounted to €33.5 million in 2013. Commitments relating to non-cancelable rental payments totaled €94.7 million at December 31, 2013.

10.3.6 Other commitments given

The following table summarizes the other main commitments given by the Group for the periods indicated (for more information, see Note 34.2.4 "Other commitments" to the consolidated financial statements in Chapter 20 "Financial information concerning the assets and liabilities, financial position and profits and losses of the issuer" of this Registration Document).

(in € millions)	Payments due by period			31.12.2013	31.12.2012
	Less than 1 year	From 1 to 5 years	More than 5 years		
Bank guarantees	62.9		0.0	62.9	55.6
Rent guarantees, property guarantees	10.1	0.0	0.0	10.2	10.3
Tax guarantees	0.0			0.0	0.2
Customs securities	68.1	3.4	0.2	71.7	64.7
Other commitments	456.8	29.6	2.7	489.1	614.2
TOTAL COMMITMENTS GIVEN	**598.1**	**32.9**	**2.9**	**633.9**	**745.0**

Commitments given do not include commitments related to intragroup debts.

"Other commitments" mainly relate to guarantees given by the Group to banks in the context of bank guarantees provided to suppliers for the payment of orders and invoices. Payment terms granted to the Group's central purchasing offices by suppliers are sometimes covered by bank guarantees in favor of suppliers on behalf of the Group's central purchasing offices. This practice involves a number of the Group's divisions and in particular CFAO Automotive.

"Bank guarantees" relate to exceptional guarantees covering periods of less than one year given by CFAO to banks that have provided credit facilities for its subsidiaries.

The main guarantees given by the Group in the context of previous asset sales are summarized in Note 34 "Contingent liabilities, contractual commitments not recognized and other contingencies" to the consolidated financial statements included in Chapter 20 of this Registration Document.

To the best of the Group's knowledge, there are no other commitments given or contingent liabilities, other than those described in Note 34 to the consolidated financial statements and in section 10.3 of this Registration Document.

10.4 Analysis of cash flows

The following table sets out the Group's cash flows for the periods indicated.

(in € millions)	31.12.2013	31.12.2012
Net cash from operating activities	**214.2**	**100.1**
Net cash used in investing activities	**(105.0)**	**(137.7)**
Net cash used in financing activities	**(160.5)**	**(99.3)**
Impact of exchange rate variations	2.5	(0.3)
Impact of treasury shares	1.0	2.7
Other movements	0.3	(2.0)
Net increase (decrease) in cash and cash equivalents	**(47.5)**	**(136.6)**

10.4.1 Net cash from operating activities

Net cash from operating activities can be broken down as follows for the periods indicated.

(in € millions)	31.12.2013	31.12.2012
Net income	**144.4**	**171.2**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	59.4	54.9
Proceeds on disposal of leasing fleets (amendment to IAS 16)	3.4	3.3
Other non-cash income and expenses	7.0	(6.7)
Cash flow from operating activities	**214.2**	**222.6**
Interest paid/received	43.1	40.3
Dividends received	(1.4)	(2.2)
Net income tax payable	78.6	78.9
Cash flow from operating activities before tax, dividends and interest	**334.5**	**339.6**
Change in working capital requirement	(33.0)	(164.7)
Income tax paid	(87.3)	(74.7)
Net cash from operating activities	**214.2**	**100.1**

Net cash from operating activities amounted to €214.2 million in 2013 compared to €100.1 million in 2012. The €114.1 million increase in this caption is explained by a reduction in working capital requirement.

10.4.1.1 Cash flow from operating activities before tax, dividends and interest

Cash flow from operating activities before tax, dividends and interest totaled €334.5 million in 2013 compared to €339.6 million in 2012.

10.4.1.2 Change in working capital requirement

The Group seeks to optimize working capital by managing its inventory through its central purchasing offices, which carefully monitor orders with suppliers. As a percentage of revenue, working capital increased from 16% in 2012 to 16.6% in 2013. Inventories as a percentage of revenue fell from 28.9% at December 31, 2012 to 24.8% at December 31, 2013 with a net drop at the end of the period. Trade payables as a percentage of revenue trended downwards from 19.4% at December 31, 2012 to 17.1% at December 31, 2013. Trade receivables as a percentage of revenue rose from 13.6% in 2012 to 15.3% in 2013. Overall and as a percentage of revenue, working capital requirement deteriorated slightly over the last months of the year due to the ageing of trade receivables.

10.4.2 Net cash used in investing activities

Net cash used in investing activities includes (i) purchases and disposals of property, plant and equipment (net operating investments); (ii) acquisitions and disposals of subsidiaries, net of cash acquired or transferred; (iii) purchases and disposals of other financial assets; and (iv) interest and dividends received (net financial investments). Investing activities resulted in net cash outflows of €137.7 million and €105.0 million in 2012 and 2013, respectively (see Note 33 to the financial statements, in Chapter 20 of this Registration Document).

(in € millions)	31.12.2013	31.12.2012
Purchases of leasing fleets (amendment to IAS 16)	(12.3)	(14.8)
Other purchases of property, plant and equipment and intangible assets	(87.4)	(79.5)
Proceeds from disposals of property, plant and equipment and intangible assets	11.2	4.7
Acquisitions of subsidiaries, net of cash acquired	(3.9)	(47.7)
Proceeds from disposals of subsidiaries, net of cash transferred	(2.5)	6.4
Purchases of other financial assets	(22.6)	(17.0)
Proceeds from sales of other financial assets	10.1	7.7
Change in consolidation method (full consolidation to equity accounted)		
Interest and dividends received	2.3	2.6
Net cash used in investing activities	**(105.0)**	**(137.7)**

10.4.2.1 Gross operating investments

Gross operating investments amounted to €99.7 million in 2013. Taking into account disposals in the amount of €11.2 million in 2013, mainly of non-strategic assets, net operating investments amounted to €88.6 million.

Operational investments in 2013 mainly involved increasing production capacity at Brasseries du Congo, modernizing and extending the CFAO Automotive network, ramping up the vehicle rental fleet and modernizing Eurapharma's logistic installations.

The distribution of gross operating investments from 2008 to 2013 is summarized in Chapter 5.2 "Investments" of this Registration Document.

10.4.2.2 Net financial investments

Net financial investments can be broken down as follows for the fiscal years indicated.

(in € millions)	31.12.2013	31.12.2012
Acquisitions of subsidiaries, net of cash acquired	(3.9)	(47.7)
Proceeds from disposals of subsidiaries, net of cash transferred	(2.5)	6.4
Purchases of other financial assets	(22.6)	(17.0)
Proceeds from sales of other financial assets	10.1	7.7
Change in consolidation method (full consolidation to equity accounted)		
Interest and dividends received	2.3	2.6
Net financial investments	**(16.5)**	**(48.1)**

Net financial investments, i.e., acquisitions of subsidiaries (net of cash acquired), net of proceeds from disposals of subsidiaries (net of cash transferred), plus purchases of other financial assets net of proceeds from disposals of other financial assets, plus interest and dividends received, resulted in net cash outflows of €16.5 million in 2013 and €48.1 million in 2012.

10.4.3 Net cash used in financing activities

Net cash used in financing activities can be broken down as follows for the years indicated.

(in € millions)	31.12.2013	31.12.2012
Share capital increase/decrease	1.6	0.9
Dividends paid to owners of the parent company	(55.4)	(52.9)
Dividends paid to non-controlling interests	(47.7)	(38.8)
Issuance of debt	24.6	56.0
Repayment of debt	(39.5)	(24.1)
Increase/decrease in other borrowings		
Interest paid and equivalent	(44.1)	(40.4)
Net cash used in financing activities	**(160.5)**	**(99.2)**

Financing activities as shown above resulted in net cash outflows of €160.5 million in 2013 and €99.2 million in 2012. The main uses of cash for financing activities in 2013 were:

- the payment of dividends by the parent company, for €55.4 million;
- interest paid and equivalent, totaling €44.1 million;
- the payment of dividends to non-controlling interests in consolidated subsidiaries, for a total amount of €47.7 million;
- the repayment of loans and other borrowings, for €39.5 million.

10.4.4 Free operating cash flow

The following table sets out changes in free operating cash flow for the fiscal years indicated. Free operating cash flow is equal to cash flow from operating activities less net operating investments.

(in € millions)	31.12.2013	31.12.2012
Net income	**144.4**	**171.2**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	59.4	54.9
Proceeds on disposal of leasing fleets (amendment to IAS 16)	3.4	3.3
Other non-cash income and expenses	7.0	(6.7)
Cash flow from operating activities	**214.2**	**222.6**
Interest paid/received	43.1	40.3
Dividends received	(1.4)	(2.2)
Net income tax payable	78.6	78.9
Cash flow from operating activities before tax, dividends and interest	**334.5**	**339.6**
Change in working capital requirement	(33.0)	(164.7)
Income tax paid	(87.3)	(74.7)
Net cash from operating activities	**214.2**	**100.1**
Purchases of leasing fleets (amendment to IAS 16)	(12.3)	(14.8)
Other purchases of property, plant and equipment and intangible assets	(87.4)	(79.5)
Proceeds from disposals of property, plant and equipment and intangible assets	11.2	4.7
Free operating cash flow	**125.6**	**10.5**

Free operating cash flow amounted to €10.5 million in 2012 and €125.6 million in 2013. In 2013, cash flow from operating activities before tax, dividends and interest remained stable with a working capital requirement which slowed down sharply resulting in high cash flow at the end of 2013 (see sections 10.4.1 "Net cash from operating activities" and 10.4.2.1 "Gross Operational investments.

10.4.5 Change in net debt

The change in net debt between December 31, 2012 and December 31, 2013 can be analyzed as follows:

(in € millions)	31.12.2013	31.12.2012
Net debt at January 1	**(377.0)**	**(192.0)**
Free operating cash flow [1]	125.6	10.5
Interest paid net of dividends received	(41.7)	(37.9)
Acquisitions and disposals of subsidiaries, net of cash acquired or transferred	(6.3)	(41.3)
Purchases and disposals of other financial assets (net)	(12.5)	(9.3)
Dividends paid	(103.1)	(91.6)
Other [2]	11.6	(15.4)
Net debt at December 31	**(403.5)**	**(377.0)**

(1) Further information on the calculation of free operating cash flow is provided above in section 10.4.4 "Free operating cash flow".
(2) Corresponds to the sum of share capital increases and decreases, the impact of exchange rate fluctuations on net debt and other movements in net debt.

The slight increase in net debt as of December 31, 2013 compared to December 31 2012 is explained by the increase in working capital requirement, an increase in tax paid and an increase in dividends.

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RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11

Due to the nature of its business, the Group does not conduct any significant research and development activities. In addition, the Group holds few patents and licenses.

The Group owns the CFAO trademark as well as several other trademarks developed within the scope of the business activities of its divisions, such as CFAO Technologies and, for its rental services business, LOXEA, which are registered with the OAPI (African Intellectual Property Organization). In the CFAO Industries, Equipment & Services division, Brasseries du Congo, the Group's beverage subsidiary, benefits from several licensing agreements related to the beverage brands that it markets, which are either:

- directly owned by the Group, such as the Ngok and Primus beer brand names, which are owned by Capstone Corporation and which are the subject of a promise to sell, relating to 50% of the brands, granted to the Heineken group; or
- owned by the Group's partners, such as certain beer brand names of the Heineken group (Maltina, Turbo King) and certain beverage brand names of other groups. For these brand names, licensing agreements may either be signed directly by Brasseries du Congo, or by one of the Group's central purchasing offices, before being sub-licensed to Brasseries du Congo.

The Group also owns the Laborex brand name, which is used by Eurapharma's wholesale-resale subsidiaries in Africa and was first registered with the OAPI on May 2, 1991.

In general, the Group's policy is to protect the brands and trademarks it holds in the countries in which it has operations and where this is required to carry on its business activities.

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TREND INFORMATION AND OBJECTIVES

12

12.1 Trends and recent developments

The International Monetary Fund's growth forecasts for Africa remains upbeat for 2014 with a +6.0% GDP growth expected in the Sub-Saharan Africa. Demand for vehicles, pharmaceutical products and consumer goods should hold firm on most of the African markets in which the Group does business. A moderate GDP growth is expected in the French Overseas Territories.

From 2014 onward, CFAO organization is based on the 3 markets addressed in Africa and overseas: Equipment and Services, Healthcare and Consumer Goods. Equipment and Rental Services, in CFAO Industries, Equipment & Services in 2013, are now part of CFAO Automotive, Equipment and Services (see Chapter 6.1 "Introduction to the Group" for more information).

CFAO Automotive, Equipment and Services should benefit from a new organization and continue to develop its business in 2014. The upcoming termination certain distribution agreements is a new challenge. (For further information, see Chapter 4 "Risk factors", section 4.2.2).

Eurapharma is expected to continue its steady growth in Africa in 2014.

The businesses of **CFAO Industries & Distribution FMCG** should also enjoy continued growth in 2014.

CFAO Retail will accelerate the ramp up of the first projects preparation.

The Group does not wish to make any projections nor give any objective regarding revenue, recurring operating margin or free operating cash flow in 2014.

12.2 Medium-term outlook

The Group confirms the strong growth potential of its current businesses. It reaffirms the need to maintain geographic and business diversity, and confirms the place of specialized distribution as its core business. The Group's three-pronged strategy is based on Equipment and Services, Healthcare, and Consumer Goods. These three pillars represent the essential needs of people in Africa and the French overseas territories, CFAO's current markets, and today span all of the Group's businesses.

On completion of a tender offer in 2012, Japanese trading company TTC acquired a 97.8% controlling interest in CFAO. Within the scope of a new alliance, the two groups are currently devising a common strategy aimed at cementing CFAO's leadership in Africa and paving the way for its expansion into new geographic areas and sectors.

The Group set itself several medium-term objectives at the time of its IPO in December 2009. These objectives regarded the performance of CFAO in 2010, 2011, 2012 and 2013.

The objectives were:

1) annual average revenue growth of around 10% during the period 2010 to 2013;

2) a recurring operating margin in line with the levels observed over the last ten years and at a level that will rely heavily on that of the Automotive division, which remains itself highly dependent on the exchange rates of purchasing currencies;

3) operating investments that could return to a level of between 1.0% and 1.3% of revenue in 2012 (excluding specific investment programs);

4) continued optimization of working capital requirements;

5) an annual dividend payout ratio of around 40% to 60% of its net attributable income for the year.

Based on 2010 to 2013 Group's results:

1) the annual average revenue growth achieved since 2009 was +8.8%. It has been negatively impacted by a lower growth in 2013 due to the strong decrease of Automotive sales in Algeria;

2) during the 2010-2013 period, the recurring operating margin stayed in a 7.4%-8.3% range;

3) since 2011, certain specific investment programs have been launched that were not planned at the listing date. These concern the equipment and rental businesses as well as the renovation and extension of Eurapharma's facilities. These investments brought the level of annual operating investments during the 2010-2013 period as percentage of annual revenue to a 2.2%-2.5% range;

4) during the 2010-2013 period, CFAO maintained its efforts aiming at improving its working capital management;

5) during the 2010-2013 period, the pay-out ratio stayed in a 43.7%-50.0% range.

CFAO is not presenting in the present Registration Document any additional new medium-term objectives.

The indications set out above do not constitute forecasts or estimates of the Group's future profits, but relate to its strategic orientation and business plan. They are based on data, assumptions, and estimates that the Group considers reasonable. These data, assumptions and estimates may change as a result of uncertainties related to, among other things, the economic, financial, competitive and regulatory environment.

In addition, the occurrence of one or more of the risks described in Chapter 4 "Risk factors" and particularly section 4.1 "Risks relating to the business and regulatory environment", could negatively affect the Group's business, results, financial position or prospects, and hence undermine its ability to develop in the future. The Group can give no assurance or provide any guarantee that the indications and trend provided in this chapter will occur.

PROFIT FORECASTS OR ESTIMATES

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CFAO has decided not to include any profit forecasts or estimates in this Registration Document.

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CORPORATE GOVERNANCE

14

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CFAO is governed by a Management Board and a Supervisory Board. The Company was a French joint-stock company (société anonyme) with a Board of Directors until the Shareholders' Meeting held on October 5, 2009 during which a new corporate governance structure was adopted: the Board of Directors was replaced by a Management Board and a Supervisory Board. Before the initial public offerings, it was deemed appropriate to modify the Company's management and supervisory structures by separating the executive and supervisory functions and creating a Management Board, which is a collegial managerial body responsible for strategic and operational management, and a Supervisory Board, responsible for oversight and control of the management by the Management Board. This separation is especially effective in addressing the concern for a balance of power between the executive and oversight functions, as reflected in the principles of good corporate governance. The main provisions of the Company's by-laws and the Internal Rules relating to the Company's Management and Supervisory bodies and the specialized committees of the Supervisory Board – including their powers, responsibilities, and missions–are described in Chapter 16: "Role and activities of the management and supervisory bodies" and in Chapter 21 "Operations relating to the company's stock", section 2: "Memorandum of association and by-laws".

14.1 Corporate Governance Structure

14.1.1 Group's Executive bodies

The Management Board is responsible for executive leadership and financial management. It helps to define and implement the Group's strategic vision, developed in accordance with the objectives set and approved by the Supervisory Board. The Management Board is a decision-making body which defines Group policies and allocates resources. The Management Board is supported in its role by the Group General Management Committee ("GMC") and the Executive Committee.

At the date of filing of this Registration Document, the General Management Committee was composed of ten members, the members of the Management Board, the Managing Directors of activities and the Human Resources Vice-President.

The Executive Committee is composed of 23 members in total: the Members of the Management Board, the other members of the GMC, the Directors of business lines and geographical areas and Directors of functions. The three bodies meet on a monthly basis to discuss ongoing business, major projects and any new issues to be addressed, the members of these bodies also meet any time it is necessary outside of planned meetings.

14.1.2 Management Board

14.1.2.1 Information about the members of the Management Board

The Management Board members are appointed by the Supervisory Board for three-year terms. They may be removed from office by the Supervisory Board pursuant to the Company's by-laws or by the shareholders during the Shareholders' Meeting, in accordance with the French company law.

Article 10 of the Company's by-laws provides that the members of the Management Board are each required to hold at least 150 shares of CFAO stock during their term of office. The Company's registered office is the business address of the members of the Management Board.

The composition of the Management Board as well as, to the Company's best knowledge, the shareholdings of its members in the Company's registered capital, as of December 31, 2013 are as follows:

Name	Position at CFAO	Age	First appointment date	Renewal date	Office expiry date	Number of shares held
Richard Bielle	Chairman	51	December 16, 2013 (1)		October 5, 2015	9,213
Ichiro Kashitani	Vice-Chairman	54	December 26, 2012	-	October 5, 2015	150
Olivier Marzloff	Member	55	October 5, 2009	October 5, 2012	October 5, 2015	4,466
Alain Pécheur	Member	45	March 19, 2012	October 5, 2012	October 5, 2015	1,900

(1) As a reminder, for Mr. Bielle's first mandate as Chairman of the Management Board, he was appointed on October 5, 2009, and his office expiry was on September 4, 2012. He left the Company in September 2012.

Following the acquisition of control of CFAO by TTC (For more information regarding these changes, please refer to Chapter 18: "Principal shareholders", section 18.1 "Shareholder base" of the present Registration Document), Mr. Bielle has decided to leave the Group. Mr. Alain Viry was appointed on September 5, 2012 to replace him during a transitional period. On December 16, 2013 Mr. Richard Bielle was reappointed Chairman of the Management Board in replacement of Mr. Alain Viry.

14.1.2.2 Offices and positions – Management experience of the members of the Management Board

This section contains the biographies and information about the members of the Management Board and their positions and offices as of December 31, 2013.

RICHARD BIELLE

51 years old

Chairman of the Management Board since December 16, 2013

POSITIONS AND OFFICES HELD AT DECEMBER 31, 2013

CURRENT POSITIONS [1]

Within the CFAO Group companies:

None.

Outside the CFAO Group companies:

- Chairman of Afriteam SAS

OTHER POSITIONS AND OFFICES HELD DURING THE PAST FIVE YEARS [2]

- Member of the Board of Directors of Monoprix SA

MANAGEMENT EXPERIENCE

- Mr. Bielle began his career in the financial sector. In 1988, he joined Renault Trucks where he held various financial management positions. In 1997, he joined ING Barings as Senior Manager in charge of project financing.
- Mr. Bielle joined CFAO in 1999 as Development Director for the Automotive division's operations. He became CFAO's Head of finance in 2002 and then Chief Operating Officer of CFAO Automotive in 2005.
- He was appointed Chairman of the Management Board on October 5, 2009, and his office was terminated on September 4, 2012. He was replaced in this office by Alain Viry, the former Chairman of the Supervisory Board. On December 16, 2013 Richard Bielle joined CFAO as Chairman of the Management.
- Mr. Bielle is a graduate from the Ecole Supérieure de Commerce de Paris (ESCP).

(1) For companies not domiciled in France and those whose company name does not indicate the country of domicile, this information is indicated in brackets.
(2) Other than the positions held in a subsidiary of CFAO.

ICHIRO KASHITANI

54 years old

Vice-Chairman of the Management Board,
Corporate Planning and Alliance Development since December 26, 2012

POSITIONS AND OFFICES HELD AT DECEMBER 31, 2013

CURRENT POSITIONS [1]

Within the CFAO Group companies:

None.

Outside the CFAO Group companies:

- *Executive Officer* of Toyota Tsusho Corporation, Japan

OTHER POSITIONS AND OFFICES HELD DURING THE PAST FIVE YEARS [2]

None.

BIOGRAPHY

- Before joining the Japanese company Toyota Tsusho Corporation ("TTC"), where he spent 29 years, with missions in various industrial divisions such as Machinery, Automotive, Foodstuffs, as well as in the Administrative Division. He was also assigned overseas for a total of 9 years, in France, Morocco and the UK.
- Mr. Kashitani joined the CFAO teams in France on December 26, 2012 as Vice-Chairman of the Management Board, Corporate Planning and Alliance Development.
- He holds a Degree in Economics from the University of Doshisha in Kyoto, Japan.

(1) For companies not domiciled in France and those whose company name does not indicate the country of domicile, this information is indicated in brackets.
(2) Other than the positions held in a subsidiary of CFAO.

OLIVIER MARZLOFF

55 years old

Member of the Management Board since October 5, 2009
Executive Vice-President and Corporate Secretary

POSITIONS AND OFFICES HELD AT DECEMBER 31, 2013

CURRENT POSITIONS (1)

Within the CFAO Group companies:

- Chairman and CEO of SFCE
- Permanent representative of Domafi on the Board of Directors of Alios Finance
- Permanent representative of HDS on the Board of Directors of SFCE
- Statutory manager (*gérant*) of CFAO Technologies, Cotafi, Domafi, Gerefi, Sevragim, Holdinter and HDS
- Permanent representative of:
  - SECA on the Board of Directors of Eurapharma;
  - Holdinter as Statutory manager (gérant) of Holdinter et Cie;
  - Cotafi as Statutory manager (gérant) of SEI;
  - Domafi on the Board of Directors of SEP.

Outside the CFAO Group companies:

None.

OTHER POSITIONS AND OFFICES HELD DURING THE PAST FIVE YEARS (2)

- Director of:
  - United Retail Group Inc.;
  - Redcats USA Management Service;
  - Redcats USA LP.
- Director, Treasurer and Secretary of:
  - Avenue Giftcards, Inc.;
  - The Sportsman's Guide, Inc.;
  - Avenue, Inc.;
  - B.N.Y Service Corp.;
  - Cloudwalkers, Inc.;
  - Guide.
  - Outdoors.com, Inc.;
  - TGW Management Services, Inc.;
  - The Golf Warehouse, Inc.;
  - The Sportsman's Guide Outlet;
  - TSG Management Services, Inc.;
  - United Distribution Services;
  - United Retail Holding Corp.;
  - United Retail Logistics Operat;
  - United Retail, Inc.;
  - VLP Corporation;
  - Jessica London, Inc.;
  - Redcats USA, Inc.
- Director Board Redcats (USA) LLC Trustee Administration BL Finance Company

BIOGRAPHY

- He began his career as a Manager in the audit practice of Pricewaterhouse Coopers.
- In 1994, he joined PPR (now Kering) as Head of the group's internal auditing department and then joined Pinault Distribution as Chief Financial Officer.
- In 1998, he was appointed Corporate Secretary of Pinault Bois et Matériaux (PBM), and continued to hold this position after the acquisition of PBM' by the British group, Wolseley, in 2003.
- In May 2004, he returned to PPR as Executive Vice President and Chief Financial Officer of Redcats USA in New York.
- On June 30, 2008, he joined CFAO as Corporate Secretary (*Secrétaire général*). On October 5, 2009 he was appointed as member to the Management Board.
- He is currently in charge of the following departments: legal, tax and insurance, information systems, internal audits, communication and investor relations, and developments and acquisitions.
- Olivier Marzloff graduated from ISG with a degree in finance and accounting (DESCF).

(1) For companies not domiciled in France and those whose company name does not indicate the country of domicile, this information is indicated in brackets.
(2) Other than the positions held in a subsidiary of CFAO.

ALAIN PECHEUR

45 years old

Member of the Management Board since March 19, 2012
Chief Financial Officer

POSITIONS AND OFFICES HELD AT DECEMBER 31, 2013

CURRENT POSITIONS (1)

Within the CFAO Group companies:

- Permanent representative of:
  - Holdinter on the board of CFAO Motors Maroc;
  - Gerefi on the boards of SFCE and CFAO Motors Mali;
  - Cotafi on the boards of CFAO Motors Mauritanie and Alios Finance.
- Director of:
  - Capstone Corporation Limited (Mauritius);
  - Capstone International Limited (Mauritius);
  - Eurafric Trading Company Limited (UK);
  - Massilia Holdings Ltd (UK).
- Statutory manager of:
  - Mercure Consult;
  - Serom.
- Permanent representative of Mercure Consult on the Board of Directors of Eurapharma (replacing Richard Bielle)

Outside the CFAO Group companies:

None.

OTHER POSITIONS AND OFFICES HELD DURING THE PAST FIVE YEARS (2)

None.

BIOGRAPHY

- He began his career at the Pinault group before joining CFAO in 1992 as an auditor and then as a financial controller. In 1998, he was appointed Internal Audit Manager and later he was appointed Corporate Secretary of the Purchasing offices.
- In 2002, he became the Head of Financial Services of CFAO and, in 2005, he joined CFAO Automotive as Chief Financial Officer.
- He has been occupying the position of Chief Financial Officer of CFAO since March 1, 2009. Mr. Pécheur was appointed as member of the Management Board on March 19, 2012.
- Mr. Pécheur is graduated from ESG Management School and also holds an Executive MBA from the HEC.

(1) For companies not domiciled in France and those whose company name does not indicate the country of domicile, this information is indicated in brackets.
(2) Other than the positions held in a subsidiary of CFAO.

ALAIN VIRY

65 years old

Chairman of the Management Board from Sept. 5, 2012 until Dec. 16, 2013

POSITIONS AND OFFICES HELD AT DECEMBER 31, 2013

CURRENT POSITIONS [1]

Within the CFAO Group companies:

- Chairman of the Board of Directors of:
  - Bavaria Motors Algérie Spa;
  - DIAMAL;
  - E.P.DIS France.
- Permanent representative of Serom in the Board of Directors of Eurapharma
- Director of DT Dobie Kenya

Alain Viry left the Company on December 16, 2013 and resigned from all the positions as of the date of filing of the present Registration Document.

Outside the CFAO Group:

- Director of CIAN (French Council of Investors in Africa)
- Vice Chairman of the Africa Committee of MEDEF International
- Chairman of the Sida-Entreprises Association

OTHER POSITIONS AND OFFICES HELD DURING THE PAST FIVE YEARS [2]

- Member of the Executive Committee of PPR (now Kering)
- Non-voting director (censeur) on the Board of Directors of PPR (now Kering)
- Statutory manager of Aliflosh
- Statutory manager of SCI Viry-Young and SCI Viry-Young Bolivar

BIOGRAPHY

- In 1974, he began his career as a financial analyst at the Banque de Suez et de l'Union des Mines (which later became Indosuez).
- In 1978, he joined Havas as Deputy to the Chief Financial Officer before joining CDME (*Compagnie de Distribution de Matériel Electrique*) as Chief Financial Officer and Director of business development in 1981.
- In 1991, he was appointed International Director (Europe and North America) of CDME (became Rexel in 1993). In April 1994, he was appointed Chairman of the US company, Rexel Inc.
- In May 1997, he was appointed Chairman and Chief Executive Officer of CFAO and then on October 5, 2009 he was appointed Chairman of the Supervisory Board.
- He resigned from this latest position to come back within the management team of CFAO in September 2012, when he was appointed Chairman of the Management Board. On that date, he resigned from his duties as member of the Supervisory Board. On December 16, 2013, Mr. Richard Bielle replaced him as Chairman and member of the Management Board.
- Mr. Viry is a graduate of the Institut d'Etudes Politiques (IEP) in Paris. He also holds a law degree and a diploma from the Institut de Haute Finance

(1) For companies not domiciled in France and those whose company name does not indicate the country of domicile, this information is indicated in brackets.
(2) Other than the positions held in a subsidiary of CFAO.

14.1.3 Supervisory Board

14.1.3.1 Information about the members of the Supervisory Board

Article 2.1 b) of the Internal Rules of the Supervisory Board provides that the members of the Supervisory Board are each required to hold at least 250 shares of CFAO stock during their term of office. The Company's registered office is the business address of the members of the Supervisory Board.

The composition of the Supervisory Board as well as, to the Company's best knowledge, the shareholdings of its members in the Company's registered capital, as of December 31, 2013 are as follows (see also further changes in Chapter 16, section 16.1 "Report of the Supervisory Board Chairman on Corporate Governance, Internal Control and Risk Management"):

Name	Appointment date	Office expiry date	Independent	Number of shares held
Chairman				
Jean-Charles Pauze	1st appointment date to the Board: February 8, 2011 Renewed on May 25, 2012	Date of the Annual General Meeting to be held in 2016	×	250
Vice-Chairman				
Pierre Guénant	1st appointment date to the Board: November 16, 2009 Renewed on May 20, 2011	Date of the Annual General Meeting to be held in 2015	×	250
Members				
Nathalie Delapalme	May 17, 2010	Date of the Annual General Meeting to be held in 2014	×	250
Sylvie Rucar	May 25, 2012	Date of the Annual General Meeting to be held in 2016	×	250
Yasuhiko Yokoi	August 2, 2012 *	Date of the Annual General Meeting to be held in 2017		250
Takashi Hattori	August 2, 2012 *	Date of the Annual General Meeting to be held in 2016		250
Kiyoshi Yamakawa	March 28, 2013 *	Date of the Annual General Meeting to be held in 2017		250

* *Appointment by cooptation which was submitted to the Annual Shareholders' Meeting for ratification on June 12, 2013.*

14.1.3.2 Offices and positions – Management experience of the members of the Supervisory Board

This section contains the biographies and information about the members of the Management Board and their positions and offices as of December 31, 2013.

JEAN-CHARLES PAUZE

66 years old

Member of the Supervisory Board (until September. 4, 2012)
Then, Chairman of the Supervisory Board (since September 5, 2012)
Chairman of the Compensation Committee *
Member of the Nomination Committee *

POSITIONS AND OFFICES HELD OUTSIDE THE CFAO GROUP AT DECEMBER 31, 2013 (1)

Positions and offices currently held:

- Chairman of the Board of Directors of Europcar (since February 13, 2012)
- Non-Executive Director of BUNZL plc (UK) (since January 1, 2013)

Other positions and offices held during the past five years:

- Director of Redcats (France)
- Chairman of the Management Board of Rexel (until February 2012)
- Director of Rexel France
- Chairman of Rexel North America, Inc.
- Manager (Geschäftsführer) of Rexel GmbH
- Director and Chairman of Rexel Holdings USA Corp.
- Director of Rexel Senate Limited
- Chairman of the Supervisory Board of Hagemeyer
- Manager of:
  - Rexel Deutschland Elektrofach grosshandel GmbH;
  - Galatea Einhundertvierzigste Vermögensverwaltungs GmbH;
  - Rexel Central Europe Holding GmbH.
- Director of Rexel, Inc., General Supply & Services, Inc., Rexel Belgium
- Chairman of Rexdir
- Chairman and CEO of Rexel Distribution
- Director of Discodis and CFP (France)

BIOGRAPHY

- He began his career with Total in 1971 before joining the Alfa Laval group in France in 1974 where he held several positions.
- He served as Chief Executive Officer of Alfa Laval Industrie from 1981 until 1984 when he was appointed Chief Executive Officer of the group's German subsidiary Bran & Luebbe.
- Two years later, he joined the Strafor Facom group as Chairman and Chief Executive Officer of Clestra-Hausermann. In 1991, he became Chairman and Chief Executive Officer of Steelcase Strafor.
- In 1998, Jean-Charles Pauze joined the PPR group (now Kering) and was appointed Chairman of the Management Board of Guilbert, the European leader in office furniture and stationery, and then of the Rexel Group.
- In February 2004, PPR sold its controlling stake in Rexel. Jean-Charles Pauze continues to hold his management position. Rexel is a global leader in the distribution of electrical equipment and is listed on Euronext Paris. He served as Chairman of the Management Board until February 2012.
- Mr. Pauze graduated from IDN-EC Lille with an engineering degree. He also holds an MBA from INSEAD.

(1) Other positions held by the members of the Supervisory Board (Art. L. 225-102-1 paragraph 4 of the French Commercial Code). The principal position held appears at the top of the list.
** See also further changes in Chapter 16, section 16.1 "Report of the Supervisory Board Chairman on Corporate Governance, Internal Control and Risk Management".*

PIERRE GUENANT

63 years old

Vice-Chairman of the Supervisory Board
Chairman of the Nomination Committee *
Member of the Audit Committee

POSITIONS AND OFFICES HELD OUTSIDE THE CFAO GROUP AT DECEMBER 31, 2013 (1)

Positions and offices currently held:

- Co-statutory Manager of PGA (Holding)
- Member of the Supervisory Board of Assystem, member of the Audit Commitee
- Member of the Supervisory Board of Advini, President of the Audit Commitee
- Director of Icare and Icare Assurance

Other positions and offices held during the past five years:

- Chairman of the Supervisory Board of PGA SA.

BIOGRAPHY

- Pierre Guénant founded the PGA group and expanded it across Europe, turning it from a French automotive dealership into the leader on the automotive distribution market in France, the Netherlands, Poland and Greece. As Chairman of PGA Holding, he is also involved the fields of public works equipment distribution, the hotel industry, the wine industry, and in investment funds.
- He began his career with the Jacobs/Jacques Vabre group before joining the Heuliez group as Head of sales and Director.
- Mr. Guénant is also a member of the Ernst & Young advisory board.
- Mr. Guénant is a graduate of Ecole Supérieure de Commerce de Paris (ESCP).

(1) Other positions held by the members of the Supervisory Board (Art. L. 225-102-1 paragraph 4 of the French Commercial Code). The principal position held appears at the top of the list.
** See also further changes in Chapter 16, section 16.1 "Report of the Supervisory Board Chairman on Corporate Governance, Internal Control and Risk Management".*

NATHALIE DELAPALME

57 years old

Member of the Supervisory Board
Chairman of the Sustainable Development Committee
Member of the Nomination Committee *

POSITIONS AND OFFICES HELD OUTSIDE THE CFAO GROUP AT DECEMBER 31, 2013 (1)

Positions and offices currently held:

- Board member and Executive Director of the Mo Ibrahim Foundation
- Director of:
  - Fondation Pierre Fabre;
  - Fondation Elle;
  - Agrisud;
  - Maurel & Prom;
  - MPI;
  - IFRI (French Institute of International Relations).

Other positions and offices held during the past five years

- *Inspecteur général des finances* (2007-2010)
- Africa Advisor of the Minister of Foreign Affairs (2002-2007)

BIOGRAPHY

- She began her career as a macroeconomic research analyst at the Fondation Nationale des Sciences Politiques (FNSP).
- She then served as administrator (administrateur) at the French Senate, first within the macroeconomics unit, and then on the Finance Committee (fiscal legislation and budgetary public policy monitoring) from 1984 to 1995 and from 1997 to 2002.
- She was deputy chief of staff of the French Minister for Cooperation from 1995 to 1997, and advisor on Africa to various French Ministers of Foreign Affairs from 2002 to 2007.
- She then served as *Inspecteur général des finances* at the French Ministry of Economy and Finance (2007-2010).
- Mrs. Delapalme is a graduate of the Institut d'Etudes Politiques de Paris (IEP Paris), she also holds a post-graduate diploma in applied economics (DEA).

(1) Other positions held by the members of the Supervisory Board (Art. L. 225-102-1 paragraph 4 of the French Commercial Code). The principal position held appears at the top of the list.
** See also further changes in Chapter 16, section 16.1 "Report of the Supervisory Board Chairman on Corporate Governance, Internal Control and Risk Management".*

SYLVIE RUCAR

57 years old

Member of the Supervisory Board
Chairman of the Audit Committee
Member of the Sustainable Development Committee

POSITIONS AND OFFICES HELD OUTSIDE THE CFAO GROUP AT DECEMBER 31, 2013 (1)

Positions and offices currently held:

- Senior advisor at Grant Thornton Corporate Finance and at Alix Partners
- Director of SOPROL and COOPERS Standard France (French companies)

Other positions and offices held during the past five years:

- COO of the Investment Services Division of Société Générale and Deputy CEO of Cogepa
- Deputy CEO of Cogepa

BIOGRAPHY

- She began her career within Citroën (PSA Group), and then joined PSA Group Finance Department (1987-2007), where she served as Group CFO and Chairman of Banque PSA Finance (after having been Group Treasurer and having worked in M&A, controlling and international finance). She was member of PSA Management Committee.
- At the beginning of 2008, she joined Société Générale where she was Deputy CFO and COO of Investors Services, and in mid-2009, she joined the Family Office Cogepa.
- Since the end of 2010, Mrs. Rucar has been an advisor in financial management, M&A and restructuring within her own firm, and in collaboration with two consulting firms, Grant-Thornton Corporate Finance (in 2011 and 2012) and Alix Partners, where she is a senior advisor.
- Mrs. Rucar is a graduate from Ecole Supérieure de Commerce de Paris, specialized in finance.

(1) Other positions held by the members of the Supervisory Board (Art. L. 225-102-1 paragraph 4 of the French Commercial Code). The principal position held appears at the top of the list.

YASUHIKO YOKOI

60 years old

Member of the Supervisory Board (from August 2, 2012),
Member of the Compensation Committee until March 28, 2013 (date of his replacement on this committee by Mr. Yamakawa) *
Member of the Nomination Committee from March 28, 2013 *

POSITIONS AND OFFICES HELD OUTSIDE THE CFAO GROUP AT DECEMBER 31, 2013 (1)

Positions and offices currently held (within the TTC Group):

- Executive Vice President of Toyota Tsusho Corporation ("TTC") (since June 2012)
- Auditor of Toyota Tsusho Electronics Corporation and Fukuske Corporation
- Director of:
  - Toyota TsushoAfricaPty. Ltd;
  - Toyota Tsusho India Pte Ltd;
  - Toyota Tsusho Asia Pacific Pte. Ltd;
  - UMW Toyota Motors Sdn. Bhd;
  - Toyota Tsusho (China) Co., Ltd.

Main positions and offices held during the past five years (within the TTC Group)

- 2009-2012 *Senior Managing Director*
- Positions at Toyota Motor Corporation ("TMC")
  - 2009-2010 Advisor;
  - 2006-2009 Managing Officer.
- Positions at TMC subsidiaries & regional headquarters
  - 2007-2009 Director of Toyota Motor Corporation Australia Ltd., of Toyota Motor Korea Co., Ltd, and of Toyota New Zealand Ltd;
  - 2008-2009 Director of Toyota Motor Asia Pacific Pte Ltd;
  - 2008-2009 Auditor of PT Toyota Astra Motor.

(all past positions in TTC subsidiaries are not listed)

BIOGRAPHY

- He began his career in sales & marketing for the Japanese domestic market at Toyota Motor Corporation ("TMC"). During his career at TMC, he was in charge of sales & marketing for the Asia & Oceania regions from 1987 to 1996, including as Representative of TMC in Australia from 1991 to 1993. Leaving his services for the Asia & Oceania regions, he became a Representative of Toyota Motor Marketing Europe from 1997 to 2000.
- After his return to Japan, he was appointed as *General Manager* at Lexus Japan Sales & Marketing Division where he achieved the successful launch of the Lexus brand in Japan. In 2006, he was further appointed as Managing Officer at TMC.
- After his resignation from TMC, he joined Toyota Tsusho Corporation ("TTC") as Senior Managing Director in 2009 and was further appointed as Chief Division Officer of TTC Automotive division in 2010 where he successfully developed numerous projects notably in emerging markets.
- In June 2012, he was promoted to Executive Vice President of TTC, managing and supervising overseas business strategies and operations.
- With his vast career, Mr. Yokoi has significant expertise and experience of global automotive businesses.
- Yasuhiko Yokoi graduated from Nagoya University, in Japan.

(1) Other positions held by the members of the Supervisory Board (Art. L. 225-102-1 paragraph 4 of the French Commercial Code). The principal position held appears at the top of the list.
** See also further changes in Chapter 16, section 16.1 "Report of the Supervisory Board Chairman on Corporate Governance, Internal Control and Risk Management".*

TAKASHI HATTORI

59 years old

Member of the Supervisory Board (from August 2, 2012)
Member of the Audit Committee
Member of the Sustainable Development Committee *

POSITIONS AND OFFICES HELD OUTSIDE THE CFAO GROUP AT DECEMBER 31, 2013 (1)

- *Managing Director* of Toyota Tsusho Corporation ("TTC") (since June 2012)

Positions and offices currently held (within the TTC Group):

- Director of:
  - Tas Corporation;
  - Targa Co., Ltd;
  - O-Rush International Co., Ltd;
  - Toyota Tsusho Africa Pty Ltd;
  - Toyota Tsusho East Africa Ltd;
  - L&T Corporation;
  - L&T Lexus Corporation;
  - Toyota Tsusho Automobile Holdings Ltd;
  - Toyota Tsusho Automobiles France S.A.S;
  - Toyotsu Auto Mart Kenya Limited.
- Chairman of:
  - Toyota De Angola S.A.R.L;
  - Toyota Zambia Ltd;
  - Toyota Kenya Limited.

Main positions and offices held during the past five years (within the TTC Group):

- 2011-2012 Managing Executive Officer
- 2006-2011 Executive Office

(all past positions within the TTC subsidiaries are not listed)

BIOGRAPHY

- He began his career with Toyota Tsusho Corporation ("TTC") in 1978. Since then, he has been involved in the Automotive businesses of TTC.
- During his career at TTC, he worked as Representative of Nairobi Office from 1984 to 1988, and as Chief Representative of Abidjan Office from 1993 to 1997. He steadily increased his presence in TTC's African automotive business, and became the President of Toyota Tsusho Africa Pty. Ltd. in 2000, in charge of all TTC's local operations in South East Africa, including automotive operations in that area.
- Leaving the presidency of Toyota Tsusho Africa Pty. Ltd. in 2006, Mr. Hattori was appointed as Executive Officer of TTC Automotive division responsible for Africa, Middle-East, and certain other regions.
- He was further appointed as Managing Director and Chief Division Officer of TTC Automotive division in June 2012.
- As reflected by his career, Mr. Hattori has great expertise and experience in the automotive business on the African continent.
- Mr. Hattori graduated from Nagoya Institute of Technology, in Japan.

(1) Other positions held by the members of the Supervisory Board (Art. L. 225-102-1 paragraph 4 of the French Commercial Code). The principal position held appears at the top of the list.
** See also further changes in Chapter 16, section 16.1 "Report of the Supervisory Board Chairman on Corporate Governance, Internal Control and Risk Management".*

KIYOSHI YAMAKAWA

54 years old

Member of the Supervisory Board
Member of the Compensation Committee (from March 28, 2013) *

POSITIONS AND OFFICES HELD OUTSIDE THE CFAO GROUP AT DECEMBER 31, 2013 [(1)]

Positions and offices currently held (within the TTC Group):

- President of TOYOTSU MATERIAL INCORPORATED (Japan) (since November 2013)

Main positions and offices held during the past five years (within the TTC Group)

- Executive Officer of Toyota Tsusho Corporation (TTC) (from June 2010 until October 2013)
- Executive Vice President of Toyota Tsusho Europe (since April 2010 until October 2013)
- Vice President of Toyota Tsusho U.K. LTD. (until October 2013)

BIOGRAPHY

- He began his career with Toyota Tsusho Corporation ("TTC") in 1982, right after his graduation. Since then, he has been involved in the Metal businesses of TTC.
- During his career at TTC, he worked also at Toyota Tsusho America from 1997 to 2003. He steadily increased his presence in TTC's Metal business and became the General Manager of Steel Raw Materials Department in Japan.
- In 2009, he became the branch manager of Toyota Tsusho Europe Czech, and in 2010, he was further appointed as Executive Vice President of Toyota Tsusho Europe, responsible for various automotive related supply chain management in Europe.
- Mr. Yamakawa was then appointed as Executive Officer of TTC.
- Given his career, Mr. Yamakawa has great expertise and experience of Metal and Logistics on the European continent. He was based in Brussels until the end of 2013. Now he works in Japan.
- Mr. Yamakawa graduated from Keio University in Japan.

(all past positions within the TTC subsidiaries are not listed)

(1) Other positions held by the members of the Supervisory Board (Art. L. 225-102-1 paragraph 4 of the French Commercial Code). The principal position held appears at the top of the list.
** See also further changes in Chapter 16, section 16.1 "Report of the Supervisory Board Chairman on Corporate Governance, Internal Control and Risk Management".*

In 2013, Mrs. Nathalie Delapalme, Sylvie Rucar and Mr. Pierre Guénant and Jean-Charles Pauze were considered as independent members within the meaning of the AFEP-MEDEF Corporate Governance Code (For more information regarding the composition of the Supervisory Board and its specialized committees, please refer to Chapter 16 "Role and activities of the management and supervisory bodies" of the present Registration Document). The Supervisory Board of CFAO considered them as independent when it performed its annual independence review in March 2014. Considering their respective career and experience as CEO and CFO of major companies (see the description given below), Mr. Pierre Guénant and Mrs. Sylvie Rucar, members of the Audit Committee, are both recognized for their financial and accounting expertise.

As previously mentioned in the 2012 annual report, Mr. Kiyoshi Yamakawa, an executive officer of TTC was appointed member of the Supervisory Board on March 28, 2013. Mr. Yamakawa's cooptation was submitted to ratification of the General Shareholders' Meeting on June 12, 2013. As from March 28, 2013, Mr. Yamakawa has replaced Mr. Yokoi as member of the Compensation Committee. At the same date, Mr. Yokoi was appointed member of the Nomination Committee. The Nomination Committee consists of 4 members since this date.

14.1.4 Statements relating to Corporate Governance

As of the date of this Registration Document and to the best of CFAO's knowledge:

- the members of the Supervisory Board and the members of the Management Board are not subject to potential conflicts of interest between their duties as members and their private interests;
- there are no family ties between the members of the Management Board and the Supervisory Board;
- none of the members of the Management Board or the Supervisory Board has been convicted of fraud over the past five years. None of these members has been involved in a bankruptcy, receivership or liquidation proceeding (in an executive capacity) over the past five years, and none has been incriminated and/or officially sanctioned by a statutory or regulatory authority (including professional organizations officially appointed). Over the past five years, none of them has been disqualified by a court from acting as member of the administrative, management or supervisory bodies of any issuer, or from participating in the management or conduct of the business of any issuer.

14.2 Conflicts of interest

As of the date of the present Registration Document and to the best of CFAO's knowledge, there are no potential conflicts of interest between the duties of the members of the Management Board or the Supervisory Board towards CFAO and their private interests and/or other duties, with the exception set forth herein below.

Mr. Yasuhiko Yokoi and Mr. Takashi Hattori, who have been members of CFAO's Supervisory Board since August 2, 2012, and Mr. Kiyoshi Yamakawa, who has been a member of CFAO's Supervisory Board since March 28, 2013, hold various positions within the management bodies of Toyota Tsusho Corporation ("TTC"), CFAO's majority shareholder, and within its main subsidiaries. Mr. Ichiro Kashitani has been a member of the Management Board of CFAO since December 26, 2012. He spent his career at TTC before being appointed to the Management Board of CFAO and he is still an Executive Officer of TTC. Certain operating agreements entered into under normal conditions have been entered into between TTC and CFAO in 2013.

As of the date of the present Registration Document, there is no service agreement entered into between the members of the Management or Supervisory Boards and CFAO or one of its subsidiaries resulting in a personal benefit for this member. Employment contracts between certain members of the Management Board and CFAO and other benefits granted to these members are described in Chapter 15 "Compensation and benefits" and Chapter 19 "Related-party transactions" of this Registration Document.

As of the date of the present Registration Document, no arrangement or agreement exists with the Company's main shareholders, customers, suppliers or any other parties which involve a member of the Supervisory Board under which the independent Supervisory Board members are appointed.

To the best of CFAO's knowledge, no loans or guarantees have been granted or set up in favor of members of the Management Board or the Supervisory Board, and the Company does not use any assets that belong either directly or indirectly to the members of the Management Board or the Supervisory Board or to members of their family.

The shares resulting from the exercise of options by the members of the Management Board as well as performance shares are subject to the retention requirements, as described in Chapter 15 "Compensation and benefits" of this Registration Document, beneath tables 8 and 10. As of the date of this Registration Document and to the best of CFAO's knowledge, this is the only existing restriction on the sale of some or all of the shares held by the members of the Management or Supervisory Boards within a given period of time.

COMPENSATION AND BENEFITS

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15.1 Compensation of corporate officers (*mandataires sociaux*)

In 2013 and until December 15, 2013, the Management Board comprised 4 members: Mr. Alain Viry (Chairman), Mr. Ichiro Kashitani (Vice-Chairman), Mr. Olivier Marzloff, Mr. Alain Pécheur (For more information regarding the members of the Management Board, see Chapter 14: "Corporate Governance" of the present Registration Document. Mr. Alain Viry was revoked from his mandate of the Chairman of the Management Board with effect on December 16, 2013 and was replaced by Mr. Richard Bielle. Therefore, beginning from this date, CFAO's Management Board comprises the 4 following members: Mr. Richard Bielle as Chairman, Mr. Ichiro Kashitanias Vice-Chairman, Mr. Olivier Marzloff and Mr. Alain Pécheur.

The principles and rules followed by CFAO's Supervisory Board when setting the compensation and benefits of all kinds granted to the corporate officers are described in the Report of the Chairman of the Supervisory Board to the Shareholders' Meeting set out in section 16.1: "Report of the Supervisory Board Chairman on Corporate Governance, Internal Control and Risk Management", sub-section II: "Principles and rules approved to determine the compensation of corporate officers" of the present Registration Document. Compensation and benefits granted to the corporate officers are presented in the tables of this Chapter in accordance with the (i) legal and regulatory framework (French Commercial Code and the European Commission Regulation "EC Regulation N° 809/2004 of April 29, 2004" (ii) AFEP-MEDEF Corporate Governance Code updated in June 2013, (iii) recommendations of the French financial markets authority (*Autorité des marchés financiers* – "AMF") published on December 22, 2008 and reiterated in the AMF Recommendation 2012-02 on the corporate governance and compensation of the corporate officers dated February 9, 2012(iv) as well as taking into consideration the recommendations given in the report of the AMF on the corporate governance and compensation of the corporate officers for 2013 taking into account its recommendations from 2008 to 2012.

Pursuant to the AFEP-MEDEF Code, the compensation package awarded to corporate officers as described below shall be submitted to an advisory vote by shareholders at the Annual General Meeting of Shareholders to be held on June 10, 2014.

15.1.1 Global compensation package of the executive corporate officers (*dirigeants mandataires sociaux*)

Summary of compensation, stock options and shares allocated to each executive corporate officer (*dirigeant mandataire social*) (Table 1 – AMF Recommendation)

The table below summarizes compensation payable to the Management Board members with respect to the last two fiscal years. It includes compensation and benefits of all kinds payable by (i) CFAO, (ii) the companies controlled, within the meaning of Article L. 233-16 of the French Commercial Code (*Code de commerce*), by CFAO.

Mr. Kashitani was appointed to the Management Board at the end of 2012 and did not receive any compensation from CFAO for 2012. As a result, there is no information below concerning 2012, only his compensation for 2013 is mentioned.

Accordingly, the following tables contain no information concerning him for 2012. Only the compensation paid to him in 2013 is mentioned.

(in euros)	2013	2012
Richard Bielle, Chairman of the Management Board (as from December 16, 2013)		
Compensation payable for the year (see details given in Table 2)	435,132	2,953,135
Value of multi-annual variable compensation granted during the year *	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	250,637
Ichiro Kashitani, Vice-Chairman of the Management Board		
Compensation payable for the year (see details given in Table 2)	381,475	N/A
Value of multi-annual variable compensation granted during the year *	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A
Olivier Marzloff, member of the Management Board		
Compensation payable for the year (see details given in Table 2)	336,608	437,663
Value of multi-annual variable compensation granted during the year *	119,679	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	106,291
Alain Pécheur, member of the Management Board (as from March 19, 2012)		
Compensation payable for the year (see details given in Table 2)	337,849	378,102
Value of multi-annual variable compensation granted during the year *	104,250	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	90,070
Jean-Yves Mazon, member of the Management Board (until Oct. 5, 2012)		
Compensation payable for the year (see details given in Table 2)	21,768	735,805
Value of multi-annual variable compensation granted during the year *	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	115,616
Alain Viry, Chairman of the Management Board (from Sept. 5, 2012 until Dec. 15, 2013)		
Compensation payable for the year (see details given in Table 2)	2,568,330	537,247
Value of multi-annual variable compensation granted during the year *	331,500	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A

* *For more information about the deferred compensation scheme seethe subsection "Differed compensation" given further in this section (it includes the description of the multi-annual compensations granted in 2013 (2013-2017 Long Term Incentive Plan) as well as the date of implementation of this plan, its global ceiling, performance conditions, reminder of the compensations payable for the previous fiscal years but which are still to be paid (if any), as well as description of any plan which has been implemented but not payable yet (if any). Regarding Mr. Viry, he is no more beneficiary of this Differed compensation Plan 2013-2017 as he has decided to waive his rights to this plan when he left the Group at the end of 2013.*

Summary of compensation payable and paid to each executive corporate officer (Table 2 – AMF Recommendation)

The table below presents a breakdown of compensation payable and compensation paid to each executive corporate officer for the last two years.

Gross compensation (in euros)	2013		2012	
	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Richard Bielle, Chairman of the Management Board (from December 16, 2013)				
Fixed compensation (2)	433,940	433,940	551,450	551,450
Annual variable compensation (3)	N/A	400,324	400,324	428,736
Multi-annual variable compensation (4)	N/A	N/A	N/A	N/A
Benefits in kind (5)	1,192	1,192	17,453	17,453
Departure indemnities (6)	0	688,681	1,836,681	1,148,000
Other compensation (6)		147,227	147,227	
TOTAL	**435,132**	**1,671,364**	**2,953,135**	**2,145,639**
Ichiro Kashitani, member of the Management Board (as from December 26, 2012)				
Fixed compensation	220,463	220,463	N/A	N/A
Annual variable compensation (3)	115,996	115,996	N/A	N/A
Multi-annual variable compensation (4)	N/A	N/A	N/A	N/A
Exceptional compensation (7)				
Benefits in kind (5)	45,016	45,016	N/A	N/A
TOTAL	**381,475**	**381,475**		
Olivier Marzloff, member of the Management Board				
Fixed compensation (1)	297,000	297,000	297,000	297,000
Annual variable compensation (3)	35,875	111,930	111,930	140,784
Multi-annual variable compensation (4)	N/A	N/A	N/A	N/A
Exceptional compensation (7)	N/A	25,000	25,000	N/A
Benefits in kind (5)	3,733	3,733	3,733	3,733
TOTAL	**336,608**	**437,663**	**437,663**	**441,517**
Alain Pécheur, member of the Management Board (from March 19, 2012)				
Fixed compensation (1)	260,000	260,000	257,833	257,833
Annual variable compensation (3)	37,500	97,500	97,500	56,285
Multi-annual variable compensation (4)	N/A	N/A		
Exceptional compensation (7)	37,500	20,000	20,000	N/A
Benefits in kind (5)	2,849	2,849	2,769	2,769
TOTAL	**337,849**	**380,349**	**378,102**	**316,887**
Alain Viry, Chairman of the Management Board (from September 5, 2012 until December 15, 2013)				
Fixed compensation (8)	650,000	650,000	323,750	323,750
Annual variable compensation (3)	255,667	407,334	151,667	N/A
Multi-annual variable compensation (4)	N/A	N/A		
Benefits in kind (5)	5,163	5,163	5,163	5,163
Attendance fees (9)	N/A	N/A	56,667	56,667
Departure indemnities (6)	1,657,500	1,657,500		
TOTAL	**2,568,330**	**2,719,997**	**537,247**	**385,580**

Gross compensation (in euros)	2013		2012	
	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Jean-Yves Mazon, member of the Management Board (until October 5, 2012)				
Fixed compensation [2]	21,392	21,392	304,889	304,889
Annual variable compensation [3]		172,961	172,849	184,242
Multi-annual variable compensation [4]	N/A	N/A	N/A	N/A
Attendance fees [9]	N/A	N/A	25,587	25,587
Benefits in kind [5]	376	376	4,523	4,523
Departure indemnities [6]	N/A	181,648	181,794	0
Other compensation [6]		46,163	46,163	N/A
TOTAL	**21,768**	**422,540**	**735,805**	**519,241**

(1) Fixed compensation includes compensation under the employment contract and compensation for duties as Management Board member amounting to €10,000 each for Mr. Olivier Marzloff and Mr. Alain Pécheur.

(2) Mr. Richard Bielle's fixed compensation for 2013 (payable and paid) includes: termination of the employment contract 2013, a non-compete undertaking restrictive to the Automotive importation/distribution sector compensation as a Chairman of the Management Board from December 16, 2013 to December 31, 2013.

(3) The amounts for the variable compensations are paid in year N for the year N-1. Therefore, the amounts payable for 2013 are not given in this table as only the amounts payable for the fiscal year 2012 are payable during the fiscal year 2013.
These amounts include compensation under the company's profit-sharing agreement. In 2013 and 2012, the members of the Board received just like other employees this type of compensation:

	2013	2012
Richard Bielle	N/A	N/A
Ichiro Kashitani	N/A	N/A
Olivier Marzloff	15,531	15,728
Jean-Yves Mazon	15,531	15,728
Alain Pécheur	15,531	15,728
Alain Viry	N/A	N/A

(4) The amounts for the multi-variable compensations will be payable in 2017 (first cash differed plan implemented by the Company in 2013. For more information about this Plan, please refer to the sub-section dedicated to "Differed compensation" given further in this section (C) Scheme of Long Term Incentive Plan and D) 2013-2017 Long Term Incentive Plan). Regarding Mr. Viry, he is no more beneficiary of this Differed compensation Plan as he has decided to waive his rights to this plan when he left the Group at the end of 2013 (the amount payable was €331,500).

(5) Company car for all the members of the Management Board (for Mr. Jean-Yves Mazon, the prorated amount for the month of January 2013), and for Mr. Richard Bielle: an executive unemployment insurance policy for 2012, and for Mr. Ichiro Kashitani: in 2013, an expatriate allowance, and he was reimbursed certain other charges and expenses, in line with TTC's practice regarding the compensation of expatriates.

(6) Mr. Richard Bielle's office as Chairman of the Management Board was terminated on September 4, 2012 and a departure indemnity was paid as a result (see below for further details).
Mr. Jean-Yves Mazon's term of office was not renewed in October 2012 and his employment with CFAO was terminated as a result. In addition to the departure indemnities mentioned in the table, Mr. Richard Bielle and Mr. Jean-Yves Mazon received upon termination of their employment contracts indemnities relating to paid vacation (respectively in the amount of €145,364 and €43,912 paid in 2012), which were paid in 2013. As for Mr. Viry, his office as Chairman of the Management Board was terminated on December 15, 2013 and indemnity was paid as a result (see below for further details) in 2013.

(7) Exceptional compensation is granted in fiscal year N for the fiscal year N-1. Therefore, the amounts payable in 2013 are the amounts payable for the fiscal year 2012 which are paid during the fiscal year 2013 as well as the amounts payable for the fiscal year 2013 to be paid in 2014.
For Mr. Olivier Marzloff and Mr. Alain Pécheur (for 2012): Exceptional compensation granted in consideration of the contribution of the concerned corporate officer in the tender offer process in 2012. For Mr. Alain Pécheur (for 2013): exceptional compensation of 37, 500 € granted in consideration of his exceptional contribution during the transition in the Governance.

(8) This amount comprises the prorated compensation as Chairman of the Supervisory Board until September 4, 2012 (€112,500) and the prorated compensation as Chairman of the Management Board as from September 5, 2012 (€211,250). The Supervisory Board has decided that the fixed annual compensation of the Chairman of the Management Board would amount to €650,000 in 2013. The Supervisory Board has also decided to grant a prorated guaranteed bonus for 2012 based on the target level (see below).

(9) For Mr. Alain Viry, these attendance fees correspond to his position as Chairman of the Supervisory Board until September 4, 2012. For Mr. Jean-Yves Mazon, these attendance fees were paid by the subsidiaries of the Group.

15.1.2 Variable compensation of executive corporate officers

Variable compensation for 2012

Variable compensation for 2012 paid in 2013 was calculated partly on the basis of financial criteria and partly on the basis of non-financial criteria. The variable portion of the compensation could amount, when objectives were exactly met, to 60% of the fixed portion for the Chairman of the Management Board, and to 45% of the fixed portion for the 3 other members of the Management Board (3 members in 2012).

The variable compensation of the Chairman was set exclusively on the basis of CFAO Group financial criteria. CFAO Group financial criteria were used up to two thirds of their variable compensation for Olivier Marzloff and Alain Pécheur and up to one third for Jean-Yves Mazon. Certain financial objectives specific to Eurapharma had been set for Jean-Yves Mazon (for one third of his variable compensation). Non financial objectives were set for Alain Pécheur, Olivier Marzloff and Jean-Yves Mazon to determine the rest of their variable compensation, in connection with their positions.

As for the previous years, the variable portion based on financial criteria was set based on the achievement of objectives relating to (i) recurring operating margin for 80% and (ii) free operating cash flow for 20%. Variable compensation was only payable if objectives were met by at least 90%. If objectives were exceeded, the variable compensation was capped at 150% of the amount due when the objectives were exactly met. As regards the financial objectives applicable at the Eurapharma division, variable compensation is calculated on a proportional basis according to the level of achievement of the objectives, and is capped at 200%.

For 2012, the recurring operating margin objective was exactly met, however the free operating cash flow objective was not. As a consequence, 20% of the 2012 variable compensation based on financial criteria has not been paid in 2013 to the members of the Management Board.

For confidentiality reasons, the level of objectives which must be achieved to meet each of the financial and non-financial performance conditions stated above cannot be disclosed to the public. However, the level of achievement of these performance conditions was reviewed in detail by the Supervisory Board.

Regarding Mr. Alain Viry, who in 2012 was newly appointed as Chairman of the Management Board as of September 5, the fixed compensation was set at €650,000 per year and the variable compensation could represent 70% of the fixed compensation when objectives are met, with a maximum of 100% when objectives are exceeded. For 2012, the fixed compensation was paid on a prorated basis and the prorated variable compensation was guaranteed (see the details given above under the Table 2).

In addition to the above, it should be noted that in 2012 it was decided to allow Mr. Richard Bielle and Mr. Jean-Yves Mazon, who left the CFAO Group, to keep the benefit of their performance shares and stock-options (respectively 82,500 and 37,500 stock options, and 18,190 and 8,614 performance shares).

Variable compensation for 2013

On April 25 and on July 24, 2013 the Supervisory Board, on the proposal of the Compensation Committee, approved the 2013 variable compensation for the members of the Management Board (thereby completing the fixed compensation approved by the Supervisory Board held on March 28, 2013).

Mr. Olivier Marzloff and Mr. Alain Pécheur

Variable compensation for 2013 to be paid in 2014 was calculated partly on the basis of four financial criteria (two thirds) and partly on the basis of non-financial criteria (one third). Variable compensation is payable if the objectives are met by at least 90%, if the objectives are exceeded, for three out of four financial criteria the variable compensation is capped at 200% and for the fourth criteria it is capped at 150% of the amount due when the objectives are exactly met. In application of these criteria, the variable portion of the compensation could amount 72.5% of the fixed portion.

Mr. Alain Viry (Chairman of the Management Board until December 15, 2013)

Variable compensation for 2013 to be paid in 2014 was calculated partly on the basis of two financial criteria (60%) and partly on the basis of non-financial criteria (40%). Variable compensation is payable if the objectives are met by at least 90%, if the objectives are exceeded, for two financial criteria the variable compensation is capped at 171%. In application of these criteria, the variable portion of the compensation could amount 100% of the fixed portion.

For confidentiality raisons, the level of objectives which must be achieved to meet each of the performance conditions stated above cannot be disclosed to the public.

Mr. Richard Bielle (Chairman of the Management Board from December 16, 2013)

Variable compensation for 2013 to be paid in 2014 is not applicable to Mr. Bielle as he was appointed as Chairman of the Management Board on December 16, 2013.

Mr. Ichiro Kashitani (Vice-Chairman of the Management Board from December 26, 2012)

On December 26, 2012 and on July 24, 2013 the Supervisory Board, on the proposal of the Compensation Committee, approved the 2013 variable compensation for Mr. Ichiro Kashitani, member of the Management Board.

In accordance with the compensation policy for the expatriate employees of Toyota Tsusho Corporation (TTC), majority shareholder of the Company, the variable compensation for 2013 to be paid in 2014 for Mr. Ichiro Kashitani was calculated only on the basis of non-financial criteria. This compensation has not yet been decided.

15.1.3 Differed compensation of executive Corporate Officers

A) Retention bonus

In 2013, the Supervisory Board, on the recommendation of the Compensation Committee, has decided to grant a retention bonus to Mr. Marzloff and Mr. Pécheur consisting in a sum which will be paid, provided that the beneficiaries are still in office at CFAO as of December 31, 2014 with the following gross amounts: €258,300 for Mr. Olivier Marzloff and €225,000 for Mr. Alain Pécheur. This bonus, which represents twice the variable compensation for 2012 when the objectives are met, is part of a larger scheme aimed at ensuring that the management remains stable following the acquisition of control by a new reference shareholder.

B) Stock-option Plan and Performance shares Plans

The Stock Option Plan and the Performance shares Plans implemented by the Company respectively in 2010, 2011 and 2012 have been replaced by a Long Term Incentive Plan scheme beginning from 2013 (see the sub-sections *C)* and *D)* here below).

For more information regarding these plans, please refer to the Table 8: "Stock options granted in the past" and Table 10: "History of grants of performance shares to the corporate officers" of the section 15.1.4 "History of the deferred compensation for the executive corporate officers" of the present Registration Document.

C) Scheme of Long Term Incentive Plan

For Mr. Richard Bielle as decided by the Supervisory Board held on December 2, 2013

As previously mentioned by the Company in its publication (pursuant to Articles L. 225-90-1, 3rd paragraph and R. 225-60-1, 1st paragraph of the French Commercial Code) dated as of December 6, 2013, Mr. Richard Bielle will be entitled to an individual allocation representing 40% of his latest target annual gross compensation, in long term incentive plans implemented by CFAO, the terms of which shall be defined yearly by the Supervisory Board, upon advice of the Compensation Committee.

For Mr. Olivier Marzloff and Mr. Alain Pécheur

Mr. Olivier Marzloff and Mr. Alain Pécheur will be entitled to individual allocations representing a percentage of theirs latest target annual gross compensation, in Long term incentive plans implemented by CFAO, the terms of which shall be defined yearly by the Supervisory Board, upon advice of the Compensation Committee.

As for Mr. Ichiro Kashitani, following compensation policy for the expatriate employees of TTC, Mr. Ichiro Kashitani will not be entitled to an individual allocation in Long term incentive plans implemented by CFAO.

D) 2013-2017 Long Term Incentive Plan

CFAO Supervisory Board held on July 24, 2013, decided, after consultation of the Compensation Committee, to approve the proposal of the Management Board giving the terms of the Long Term Incentive Plan covering the period from 2013 to 2017, taking into account the new composition of the company's share ownership. At the same meeting, it also approved the Plan for the executive corporate officers. The Management Board held on November 7, 2013 definitively set the list of the beneficiaries of the above-mentioned Plan.

The beneficiaries of the Plan are the members of the Management Board, employees of continental France having a role of managers, or being in charge of a particular area or activity, as well as employees who are General Managers or Administrative and Financial Managers or members of the Management committee of one of the subsidiaries, or key employees identified as high-potential ones. The total number of the employees for this cash granting was 631 (including Mr. Alain Viry who as previously mentioned is no more beneficiary of this Plan as he left the Group at the end of 2013).

The Plan implies having a system of deferred compensation remitted to the beneficiaries if the presence criteria as well as the performance criteria are met. This system is based on the current operating profit increase. The performance criterion defines the compensation as being payable if the objectives are met by at least at 80% and it is capped at 150% of the target.

The Supervisory Board has decided that the individual amount to be granted to the members of the Management Board will be 30% of the addition of 2013 fixed compensation and 2012 variable compensation paid in 2013.

For confidentiality raisons, the level of objectives which must be achieved to meet each of the performance conditions stated above cannot be disclosed to the public.

The amounts granted in 2013 to each member of the Management Board are mentioned in Table 1 – AMF Recommendation (maximum amounts). Regarding Mr. Viry, he is no more beneficiary of this Differed compensation Plan as he has decided to waive his rights to this plan when he left the Group at the end of 2013.

15.1.4 Compensation for 2014 of executive Corporate Officers

Based on the recommendation of the Compensation Committee held on March 27, 2014, the Supervisory Board which met on the same date set the amount of fixed compensation to be paid to the members of the Management Board for 2014.

Fixed compensation for the members of the Management Board in 2014 was set as follows: €600,000 for Mr. Richard Bielle, (Chairman of the Management Board since December 16, 2013), €292,740 for Mr. Olivier Marzloff and €292,000 for Mr. Alain Pécheur. Fixed compensation for Mr. Ichiro Kashitani will be determined at a later date, in accordance with TTC's compensation policy, and will be approved by the Supervisory Board.

Mr. Olivier Marzloff and Mr. Alain Pécheur, who both have an employment contract with CFAO, will each receive yearly compensation of €10,000 for their duties as members of the Management Board.

Benefits in kind are the same as those received by the Management Board members in 2013 (company car). In addition, Mr. Kashitani will receive a benefit in kind relating to housing.

In addition, the Compensation and Nomination Committee has decided on the variable compensation to be paid to the members of the Management Board for 2014 (except for Mr. Ichiro Kashitani).

The decisions made in this regard will be communicated to the market in accordance with the recommendations of the Afep-Medef Code.

15.1.5 Attendance fees paid to the Non-executive corporate officers, members of the Supervisory Board

Attendance fees and other compensation paid to the members of the Supervisory Board (Table 3 – AMF Recommendation)

The amounts paid during the year are the amounts payable for attendance during that same year, the attendance fees being paid at the end of the calendar year.

Non-executive corporate officers	Amounts [1] paid during 2013 (in euros)	Amounts [1] paid during 2012 (in euros)
Alain Viry		
Attendance fees	N/A	56,667
Other compensation	N/A	112,500
Benefits in kind (company car)	N/A	5,163
Jean-Charles Pauze		
Attendance fees	115,000	82,500
Pierre Guénant		
Attendance fees	69,000	73,278
Nathalie Delapalme		
Attendance fees	55,000	72,500
Sylvie Rucar		
Attendance fees	55,000	67,500
Takashi Hattori		
Attendance fees	0	0
Yasuhiko Yokoi		
Attendance fees	0	0
Kiyoshi Yamakawa		
Attendance fees	0	0
François-Henri Pinault [2]	N/A	
Attendance fees		13,889
Jean-François Palus [2		
Attendance fees	N/A	35,000

(1) The above amounts are gross amounts, i.e., net of social contributions and net of withholding tax for any Board members who are not resident for tax purposes in France. The social contributions to be paid by the company amount to 20% of these gross amounts, i.e. € 80,267 for 2012 and € 58,800 for 2013.
(2) Mr. François-Henri Pinault resigned from his functions of the Chairman of the Supervisory Board on July 25, 2012. Mr. Jean-François Palus resigned from his functions of a member of the Supervisory Board on the same date.

It is stressed that Mr. Takashi Hattori, Mr. Yasuhiko Yokoi and Mr. Kiyoshi Yamakawa have not received attendance fees for 2013, due to the general compensation policy at TTC.

Since the Company's IPO in 2009, the overall amount of regular attendance fees has remained the same: €390,000. Exceptional attendance fees were granted in 2012 to the 4 independent members of the Supervisory Board (€ 20,000 per member of the Board) in consideration of their particular involvement in the context of the public offer made by TTC on CFAO. This amount was adjusted, like the rest of the attendance fees, according to the effective attendance of the members. There is however no plan to change this envelope in 2014.

This amount is allocated to the members of the Supervisory Board based on the following rules: there is a fixed amount set for the attendance fees allocated to each member of the Supervisory Board, and the Supervisory Board may decide to reduce these amounts based on effective meeting attendance. The annual amounts were in 2012: €60,000 for Alain Viry, Chairman, and € 40,000 for each of the other members of the Supervisory Board for their respective duties, plus €10,000 for the chairmanship of each committee and €5,000 for membership on each of the Board's specialized committees. As of September 5, 2012 (the date of change of the Chairman), it was decided that the amounts allocated to the Chairman and to the Vice-Chairman would be respectively of €100,000 and €50,000 (this rule has been applied beginning from the 2013 attendance fees).

Regular attendance fees actually paid for 2013 and 2012 amounted to €294,000 and €325,778 respectively. Exceptional attendance fees in 2012 amounted to €75,556. They were calculated for each member of the Supervisory Board by applying the attendance rate to the fixed amounts described above, the attendance rate being calculated on a mathematical basis taking into account the ratio of meetings attended to the total number of meetings held, including meetings scheduled in advance and meetings called on an exceptional basis.

15.1.6 History of the deferred compensation of executive corporate officers

A) Stock Options Plan

Stock subscription or purchase options granted by CFAO to its executive corporate officers (Table 4 – AMF Recommendation)

No stock subscription or purchase options were granted by CFAO to its executive corporate officers in 2013.

Stock options exercised during the year by each executive corporate officer (Table 5 – AMF Recommendation)

The Company's first stock option plan was set up on January 4, 2010. Since this date, the options are to be exercised from January 4, 2014 until January 4, 2018. At the date of the filing of the present Registration Document to the AMF, the Executives corporate officers have already exercised their options and sold a part of or the total amount of the shares thus obtained. The information related to these transactions will be declared to the AMF and then will be included in the 2014 Registration Document (section "Securities transactions carried out by the Company's corporate officers").

As a reminder, TTC has offered a liquidity mechanism on the shares to be subscribed under the stock option plan, as described under Table 10: "History of grants of performance shares to the corporate officers". The liquidity has been offered to all stock option holders including the executive corporate officers under similar terms and conditions, except that the shares acquired with stock options granted to corporate officers are subject to a specific holding period for a portion of the shares acquired to comply with the restriction of sale of all shares pursuant to the Art. 225-185 of the French Commercial Code until termination of the corporate officer's duties.

Stock options granted in the past (Table 8 – AMF Recommendation)

INFORMATION ON STOCK SUBSCRIPTION OR PURCHASE OPTIONS

Date of General Meeting	November 16, 2009
Date of Management Board meeting	January 4, 2010
Total number of shares which may be subscribed or purchased (initial grant before taking into account performance conditions)	1,350,000
o/w the number of shares which may be subscribed or purchased by corporate officers:	315,000
• Richard Bielle [1]	110,000
• Olivier Marzloff	50,000
• Jean-Yves Mazon [1]	50,000
• Alain Viry [1]	75,000
• Alain Pécheur [1]	30,000
Total number of beneficiaries	239
First exercise date	January 4, 2014
Expiration date	January 4, 2018
Subscription or purchase price per option	€26 [2]
Terms and conditions for exercising options	Right to vest one quarter of granted options at each anniversary date on the condition that the performance criteria outlined below are met [3].
Number of shares subscribed at Dec. 31, 2013	6,000
Number of beneficiaries as of Dec. 31, 2013	211
Cumulative number of cancelled or void stock subscription or purchase options [4]	423,942
Stock subscription options outstanding as of Dec. 31, 2013	926,058

(1) For Mr. Jean-Yves Mazon: for his duties as Chairman of the Board of Directors of E.P. DIS France. For Mr. Alain Pécheur: at the moment of award of the stock-options, Mr. Alain Pécheur was not executive corporate officer, therefore the shares resulting from these options will not be subject to the retention requirement until the end of his office. For this Plan this requirement is no more applicable to Mr. Richard Bielle, Mr. Alain Viry and Mr. Jean-Yves Mazon either. For more details, please refer to the description of this requirement given further in this section.

(2) The subscription price includes a discount corresponding to the Company's IPO price in 2009, and the IPO documents stated that the stock options would be granted at this price. For more information related to this exception to the AFEP-MEDEF Code, please refer to sub-section "Stock options and performance shares (exceptions to the Art. 23.2.4 of the AFEP-MEDEF Code), section "Principles and rules approved to determine the compensation of corporate officers", Chapter 16: "Role and activities of the Management and Supervisory bodies" of the present Registration Document.

(3) 75% of the stock options are subject to performance conditions related to the achievement of certain levels of the CFAO Group's recurring operating profit margin and free operating cash flow.

(4) Certain subscription options became null and void due to the non-achievement of a performance condition stipulated at the time the stock options were granted (25% of the options initially awarded), or were canceled due to the employee leaving the Group.

As a fraction of share capital, the amount granted to each of the Management Board members in the event that they exercise all subscription options granted was 0.06% for Mr. Jean-Yves Mazon and Mr. Olivier Marzloff, 0.04% for Mr. Alain Pécheur and 0.13% for Mr. Richard Bielle (due to the fact that 25% of the options initially awarded were cancelled as one of the performance conditions was not met, the number of options which were granted to them was reduced by 25%).

Each member of the Management Board is obliged, until the end of his corporate term of office, to hold a number of shares corresponding to at least 20% of the net exercise option gain. This obligation no longer is applicable to Mr. Richard Bielle, Mr. Jean-Yves Mazon and Mr. Alain Viry for whom the offices were terminated. As a reminder, the Supervisory Board decided to maintain their rights to stock-options when they were leaving the Group, but it applies to Mr. Olivier Marzloff, current member of the Management Board. As for Mr. Alain Pécheur who is also current member of the Management Board, as previously mentioned in the (1) under the Table 8 of the AMF, this retention obligation is not applicable. As for Mr. Richard Bielle who was awarded the stock options during his previous mandate as Chairman of the Management Board and kept his rights to these stock-options following the decision taken by the Supervisory Board after having left the Group, this obligation applies only for the stock-options plans to come (if any). (For more details, please refer to Chapter 16: "Corporate Governance", section II "Principles and rules approved to determine the compensation of corporate officers", of the present Registration Document.

All the beneficiaries of stock options were subject to the same performance conditions. Thus, three-quarters of the stock options granted to each beneficiary were subject to performance conditions relating to the CFAO Group's recurring operating profit margin and free operating cash flow. Consequently, performance conditions had been set, below which the options may not be exercised and above which they may be exercised in whole or in part. The level of objectives that must be achieved to meet the performance conditions had been precisely calculated, but for confidentiality reasons cannot be disclosed to the public. The exercise of the remaining quarter of the options granted is not subject to performance conditions, but to a condition of presence within the Group, which was contradictory to the AFEP-MEDEF Code. For more information related to this exception to the AFEP-MEDEF Code, please refer to sub-section "Stock options and performance shares" (exceptions to the Art. 23.2.4 of the AFEP-MEDEF Code), section "Principles and rules approved to determine the compensation of corporate officers", Chapter 16: "Role and activities of the Management and Supervisory bodies" of the present Registration Document.

The potential dilution in the event that all outstanding stock-options as of the date of this Registration Document were to be exercised is approximately 1.53% of the share capital (not taking into account dilution due to performance shares).

It should be pointed out that the CFAO Group's internal rules require that beneficiaries of stock options, who are considered as permanent insiders of CFAO within the meaning of French stock market regulations, do not exercise options and sell shares thus obtained ("exercise-sale") during so called "closed periods" before publication of CFAO's periodic financial information. These periods vary between three and six weeks according to the dates of publication. The members of the Management Board are subject to this rule.

Taken into consideration the liquidity agreement described further in the section "C" Liquidity offer by TTC on the shares underlying stock options and performance share plans" signed with TTC and all the beneficiaries of this Plan as well as the above mentioned obligation of the permanent insiders, a detailed time-line has been put in place by the Company to be sure to be in line with the said obligation.

Stock options granted during the year to the ten largest grantees among the Company's Non-corporate officers (Table 9 – AMF Recommendation)

No stock options were granted during 2013.

B) Performance shares Plans

Performance shares granted to each executive corporate officer (Table 6 – AMF Recommendation)

No free shares were granted by CFAO to its executive corporate officers in 2013.

Performance shares which became available in 2013 (Table 7 – AMF Recommendation)

Performance shares granted to each executive corporate officer (i) in 2011 will become available on July 18, 2015 and (ii) those granted in 2012 will become available on July 6, 2016 following the expiration of the lock-up period (two years from the acquisition date).

Performance shares granted to corporate officers in the past (Table 10 - Recommendation made by the AMF)

HISTORY OF GRANTS OF PERFORMANCE SHARES TO THE CORPORATE OFFICERS (TABLE 10 – AMF RECOMMENDATION)

INFORMATION ABOUT THE FREE SHARES GRANTED

	Plan 2011	Plan 2012
Date of the Shareholders' Meeting	November 16, 2009	May 25, 2012
Date of the Management Board	July 18, 2011	July 6, 2012
Total number of performance shares granted	172,203	174,601
A) Granted to the executive corporate officers (1) *(composition at the date of the Plans as published in the 2011 and 2012 Registration Documents)*	18,002	20,151
B) Granted to the executive corporate officers (1) *(composition as of December 31, 3013)*	13,529	16,010
Mr. Richard Bielle	9,213	8,977
Mr. Olivier Marzloff	4,316	3,807
Mr. Alain Pécheur (1)	1,750	3,226
Mr. Jean Yves Mazon (1)	**4,473**	**4,141**
Acquisition date (2)	July 18, 2013	July 6, 2014
Expiration date of the mandatory holding period/vesting date	July 18, 2015	July 6, 2016
Number of shares subscribed as of December 31, 2013	N/A	N/A
Cumulative number of canceled or void shares	N/A	N/A
Performance shares outstanding as of December 31, 2013	N/A	N/A

(1) The composition of the Management Board has been modified since 2011. To take into account these modifications, the total amount of performance shares granted in 2011 and 2012 to the executive corporate officers is given in A) based on the former Management Board composition and in B) based on the actual Management Board composition. In other words, for the 2011 Plan, the adjusted amount of shares excluded the performance shares granted to Mr. Jean-Yves Mazon and those granted to Mr. Alain Pécheur (as at the moment of the grant he was not Corporate Executive Officer, the performance shares granted to him is given for information), for the 2012 Plan, the adjusted amount of shares exclude those granted to Mr. Jean-Yves Mazon.

(2) Performance conditions are described further in this section (please refer to sub-section "2012 Performance shares plan" and "2011 Performance shares plan").

Previous performance share plans and performance shares policy

2012 Performance shares plan

The performance condition provided for in respect of the performance share plan of July 6, 2012 was based on the CFAO share price compared with the SBF 120 price, subject to modifications described below.

If the CFAO share performance is equal to or greater than the SBF 120 performance at the end of the two-year vesting period, 100% of the shares granted will vest. If the CFAO share performance is lower than the SBF 120 performance the number of vested shares will be reduced accordingly. This performance condition is the same for all beneficiaries of the performance share plan. There are 604 beneficiaries in total, including the 4 executive corporate officers, and an overall amount of 174,601 shares have been granted. As a fraction of share capital, the amount granted to each corporate officer is 0.015% for Mr. Richard Bielle, 0.007% for Mr. Jean-Yves Mazon (who left the Company at the end of 2012), 0.006% for Mr. Olivier Marzloff and 0.005% for Mr. Alain Pécheur.

2011 Performance share plans

The performance condition provided was based on the CFAO share price compared with the SBF 120 price.

If the CFAO share price is equal to or greater than the SBF 120 price at the end of the two-year vesting period, 100% of the shares granted will vest. If the CFAO share price is lower than the SBF 120 price the number of shares acquired will be reduced accordingly. This performance condition is the same for all beneficiaries of the performance share plan. There are 606 beneficiaries in total, including the three executive corporate officers, and an overall amount of 172,203 shares have been granted. As a fraction of share capital, the amount granted to each corporate officer was 0.007% for Mr. Jean-Yves Mazon and Mr. Olivier Marzloff and 0.015% for Mr. Richard Bielle. As for Mr. Alain Pécheur, he was also beneficiary of this Plan but not as a member of the Management Board.

2010 Performance share plans

An initial performance share plan was implemented in December 2010, involving 97,400 shares granted to 592 beneficiaries. None of the corporate officers benefited from this plan. This was an extraordinary plan in the sense that it aimed to reward the Group's key employees who had not received stock options immediately following the IPO. This initial plan is subject to the same performance condition as described above.

The second performance share plan implemented in July 2011 falls within the scope of a more long-term profit-sharing policy aimed at rewarding and retaining key employees of the CFAO Group.

Amendment to 2011 and 2012 performance share plan

Existing shares and shares to be issued to serve the plans

It was initially decided that the shares granted under CFAO performance share plans would be existing shares and would therefore not trigger any dilution of the share capital.

With respect to the 2011 performance share plan, the awards vested on July 18, 2013 and 172,203 existing shares held by CFAO were delivered to 606 beneficiaries on that date. These shares are subject to a mandatory holding period of 2 years as from their delivery date, and can be sold by the beneficiaries only afterwards.

Due to the change in the CFAO share market at the beginning of 2013, the Management Board decided pursuant to the authorization of the Supervisory Board given on February 14, 2013 to change the modalities for delivering the shares under the performance share plans. This decision was however be subject to the grant of a specific authorization by the general meeting of shareholders held on June 12, 2013 for the 2011 share plan.

The modalities for delivering the shares were the following: (i) the shares which were already purchased by CFAO with the objective of being remitted to the beneficiaries of the performance shares were used for that objective (CFAO held 23,820 shares for that purpose as of the date of the delivering of the shares), (ii) and the remainder of the shares was newly issued shares. On July 18, 2013, CFAO the Management Board has fixed the final list of the beneficiaries (539 beneficiaries) and the number of shares to be delivered (158,443 shares). Therefore, the Company issued 134,623 new shares for the purpose of this Plan.

C) Liquidity offer by TTC on the shares underlying stock options and performance share plans

In April 2013, TTC held 97.8% of the share capital of CFAO. As a result, TTC and CFAO agreed to consider that CFAO share market became illiquid and that it shall still be qualified as such as long as TTC directly or indirectly holds, alone or in concert, at least 85% of CFAO shares. TTC and CFAO therefore decided to enter into an agreement, which was proposed to each of the beneficiaries of stock options and/or performance shares, according to which (i) performance conditions would be modified to adapt to the new situation and (ii) TTC would purchase the shares from the beneficiaries, once the shares are available for sale, i.e. with respect to stock options, after the exercise of the options as from January 4, 2014, and with respect to the performance shares after the respective 2 year mandatory holding periods following the delivery of the shares at vesting.

TTC and CFAO also agreed that the new performance conditions set forth for the 2011 and 2012 performance share plans would now depend on a level of consolidated net profit after income tax of CFAO. If CFAO shares are no longer admitted to trading on a regulated market, no performance condition will be required, and 100% of the performance shares would vest, subject to the relevant other conditions of the performance share plans.

The agreement proposed by TTC to the beneficiaries is to buy the shares which could become available for sale under the 3 performance share plans (2010, 2011 and 2012), in the case where the CFAO share market is still illiquid at that time. The beneficiaries would have a 60-day period from the availability date to request from TTC to buy their shares and at the end of this first 60-day period, TTC would have another 60-day period to request from the beneficiaries to sell their shares to TTC. The agreement should be approved individually by each beneficiary in order to be valid.

Under the above mentioned agreement, the shares would be purchased by TTC at a price calculated on the basis of the tender offer price (€37.5) as adjusted by the annual growth rate of the consolidated recurring EBIT of CFAO compared with the level of recurring EBIT in 2011.

For confidentiality reasons, the level of net profit after income tax and the expected EBIT growth rate which are stated above cannot be disclosed to the public.

The liquidity mechanism has been offered to all performance share holders including the corporate officers under similar terms and conditions, except that the shares acquired with performance shares granted to corporate officers will be subject to a specific holding period for a portion of the shares acquired at vesting of the performance shares to comply with the restriction of sale of all shares pursuant to the French Commercial Code until termination of the corporate officer's duties.

As the first CFAO performance shares were granted in 2010, shares vested in 2012 but cannot be sold prior to December 3, 2014.

15.1.7 Employment contracts and indemnities of the executive corporate officers

Employment contracts and indemnities (Table 11 – AMF Recommendation)

	Employment contract		Supplementary pension plan		Indemnities or benefits as a result of the termination or change of position (3)		Indemnities related to a non-competition clause	
	Yes	No (1)	Yes (2)	No	Yes (4)	No	Yes	No
Richard Bielle, Chairman of the Management Board as of Dec. 16, 2013		✓		✓	✓		✓	
Alain Viry, Chairman of the Management Board until Dec. 15, 2013		✓		✓	✓			✓
Olivier Marzloff, member of the Management Board	✓		✓			✓		✓
Jean-Yves Mazon, member of the Management Board	✓		✓			✓	✓	
Alain Pécheur, member of the Management Board	✓		✓			✓		✓
Ichiro Kashitani, member of the Management Board		✓		✓		✓		✓

(1) Mr. Richard Bielle terminated his employment contract on January 15, 2013(contract suspended during of his corporate office as Chairman of the Management Board). Mr. Jean-Yves Mazon terminated his employment contract on January 15, 2013.
(2) Based on their employment contracts with the Company, Mr. Olivier Marzloff and Mr. Alain Pécheur benefited in 2013 from a defined contribution pension plan for which the contributions at the rate of approximately 4% are entirely covered by the Company, as is the case for the members of the Group's Executive Committee. Section 15.2 below sets out the expense recognized in connection with the pension plans for the 3 members of the Management Board.
(3) Excluding any severance payments payable in the event of termination of the employment contract pursuant to legal provisions or the relevant collective bargaining agreement.
(4) Termination indemnities are described below.

15.1.8 Termination indemnities of the executive corporate officers

A) Termination indemnities of Mr. Richard Bielle for his office of the Chairman of the Management Board ended on September 5, 2012

From his appointment as Chairman of the Management Board in October 2009 and until September 1, 2010, Richard Bielle has continued to hold his previous employment duties within the CFAO Automotive division. However, based on the plans for the CFAO Group's development, a decision was made that Richard Bielle should henceforth dedicate his work time first and foremost to his role as corporate officer. As such, the Supervisory Board decided to suspend his employment contract for the length of his term of office as Chairman.

As Richard Bielle's employment contract was suspended and given his age and the fact that he was not entitled to retirement benefits in the near future, the Company's Supervisory Board, which met on August 30, 2010, decided to grant him the right to termination indemnities, within the scope of his corporate office, should he be forced to leave his position as a result of a change in control of the Company or a change in strategy.

Mr. Bielle's office was terminated on September 4, 2012 and the Supervisory Board reviewed and decided that the conditions for eligibility to 100% of his indemnity were satisfied and authorized the application of the terms of this indemnity, i.e. twice his target annual gross compensation as Chairman of the Management Board as of the date of his departure from the company.

As a reminder, this termination indemnity depended on the following three performance conditions:

- growth in consolidated revenue, excluding the acquisition of new lines of business or the sale of existing lines of business, exceeding on average 5% per year between 2010 and the fiscal year preceding the year of departure (all dates inclusive);
- a ratio of net operating income to capital employed exceeding the consolidated weighted average cost of capital (WACC) over the entire period between January 1, 2010 and the end of the fiscal year preceding the year of departure (all dates inclusive);
- CFAO share performance exceeding 85% of the performance of the SBF 120 over the entire period between the day the shares were first listed and the end of the fiscal year preceding the year of departure (all dates inclusive).

Richard Bielle had the right to receive (i) 100% of his termination indemnity if all the performance criteria described above were exactly met, (ii) 66% of his termination indemnity if two of the performance criteria described above were met, and (iii) 33% of his termination indemnity if only one of the performance criteria described above was met.

As a reminder, the Supervisory Board also authorized in 2010 the Company to subscribe, in the name and on behalf of Richard Bielle, to an executive unemployment insurance policy with *Garantie Sociale des Chefs et Dirigeants d'Entreprise*.

In addition, the Supervisory Board authorized on October 29, 2012 the signature of a non-competition agreement with Richard Bielle restricted to the automotive activity in Sub-Sahara. This non-competition agreement was limited to one year following the effective termination date of his employment contract (his employment contract was no longer suspended after the termination of his office as Chairman of the Management Board). In exchange for this undertaking, Mr. Richard Bielle has received a gross compensation of €35,000 per month, during that period. This compensation has been paid in addition to his termination indemnities mentioned under Table 2.

The total amount of his termination indemnities paid in 2012 as corporate officer and as employee are mentioned here above in Table 2.

B) Termination indemnities of Mr. Richard Bielle as decided by the Supervisory Board of December 2, 2013.

During a meeting held on December 2, 2013, the Supervisory Board decided to appoint Mr. Richard Bielle in capacity as member and Chairman of the Management Board for a term effective on December 16, 2013 in replacement of Mr. Alain Viry.

The Supervisory Board also decided to grant to Mr. Richard Bielle the right to an indemnity in the event of revocation from his office as Chairman of the Management Board following December 31, 2016. This indemnity shall be contingent upon the satisfaction of performance conditions that shall be defined in due time by the Supervisory Board in accordance with the French Corporate Governance Code (usually referred to in France as "AFEP-MEDEF Code").

The amount of this indemnity is capped at 1.5 times the latest target annual gross compensation of Mr. Richard Bielle as Chairman of the Management Board, as of the date of his departure from the company, in accordance with the recommendation of the AFEP-MEDEF Code.

In case of termination of his functions, Mr. Bielle will also be entitled to an indemnity equal to 50% of its last fixed compensation during a one-year period following the end of his offices as Chairman of the Management Board in consideration of a non-compete undertaking restrictive to the Automotive importation/distribution sector.

C) Termination indemnities of Alain Viry

The Supervisory Board decided on October 29, 2012 to grant Alain Viry the right to an indemnity in case of revocation. This indemnity was contingent upon the satisfaction of certain performance conditions. The performance criteria were based on EBITDA levels. Except in case of serious or gross misconduct, Mr. Alain Viry shall only be entitled to receive his indemnity if the performance criteria are met. For confidentiality reasons, the levels of performance which must be achieved cannot be disclosed to the public.

The amount of this indemnity was capped at 1.5 times the latest target annual gross compensation of Alain Viry as Chairman of the Management Board, as of the date of his departure from the company,

Mr. Alain Viry's office was terminated on December 15, 2013 and the Supervisory Board reviewed and decided that the conditions for eligibility to 100% of his indemnity were satisfied and authorized the application of the terms of this indemnity, i.e. 1.5 times the latest target annual gross compensation as Chairman of the Management Board as of the date of his departure from the company which is in compliance with the recommendation of the AFEP-MEDEF Code requiring that such indemnity does not exceed twice the annual compensation.

The total amount of his termination indemnities paid in 2013 as corporate officer are mentioned here above in Table 2.

15.2 Total amounts set aside or recognized for retirement or similar benefits

The Company has not set aside any provisions for the payment of pension, retirement or other similar benefits for its corporate officers. In 2013, it recognized an expense of €22,034 in connection with the defined contribution pension plans for Mr. Richard Bielle (for early 2013) and Mr. Olivier Marzloff and Mr. Alain Pécheur.

15.3 Securities transactions carried out by the Company's corporate officers

In application of Article L. 621-18-2 of the French Monetary and Financial Code as well as Article 223-26 of the General Regulation of the AMF, the shareholders must be informed of all acquisitions, sales, subscriptions and exchanges of the securities of CFAO. Therefore, to CFAO's best knowledge, the table below shows the transactions in CFAO's securities during 2013 by the members of the Management Board or the Supervisory Board of the Company.

Date and market	Corporate officer	Type of transaction	Unit price	Gross amount
03.12.13 – OTC	Ichiro Kashitani	Loan of 150 CFAO shares by TTC	n/a	n/a
11.06.13 – OTC	Kiyoshi Yamakawa	Loan of 250 CFAO shares by TTC	n/a	n/a

ROLE AND ACTIVITIES OF THE MANAGEMENT AND SUPERVISORY BODIES

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16.1 Report of the Supervisory Board Chairman on Corporate Governance, Internal Control and Risk Management

Pursuant to the provision of Article L. 225-68 of the French Commercial Code, he purpose of this document is to report on the composition of the Board and the application of the principle of balances representation of women and men within it, the composition, the conditions of preparation and organization of the Supervisory Board's work, and the internal control and risk management procedures implemented by CFAO ("CFAO" or "the Company") and its subsidiaries ("the Group").

This report has been established by Mr. Jean-Charles Pauze, pursuant to Article L. 225-68 of the French Commercial Code (*Code de commerce*) and the recommendations made by the French financial markets authority (*Autorité des marchés financiers* – AMF).

The Chairman of the Supervisory Board asked the Corporate Finance (internal audit, accounting, controlling) and Legal departments to prepare this report. It was then reviewed by the Audit Committee on February 17, 2014 and Nomination and Compensation Committee and the Sustainable Development Committee on March 27, 2014. Then it was approved by the Company's Supervisory Board during its meetings of February 17, 2014 and March 27, 2014.

To have more details on the composition of the Supervisory Board as well as the Management Board, see Chapter 14: "Corporate Governance" of the present Registration Document.

Compliance with the AFEP-MEDEF Corporate Governance Code

With regard to its corporate governance structure, CFAO, a company listed on Euronext Paris since December 3, 2009, adheres to the AFEP-MEDEF Corporate Governance Code of listed corporations (the "AFEP-MEDEF Code": AFEP(*Association Française des Entreprises Privées* – French association of private companies) and MEDEF(*Mouvement des Entreprises de France* – French Business Confederation). At the date of the Initial Public Offering ("the IPO")of the Company, the above-mentioned Code dated as of October 2008, then it was amended in April, 2010 (on the presence of women on boards) and in June 2013 (on the "Comply or explain" and "Say on Pay" principles in particular). The present Code is available on the MEDEF's website (www.medef.fr). The provisions of the AFEP-MEDEF Code that are not applied by CFAO will be specified and explained in this Report for every type of compensation and benefits For any further information on those exceptions, see Part II. "Principles and rules approved to determine the compensation of corporate officers" of the Report.

The Company's management and supervisory bodies have delegated to the Company's management the task of implementing internal control procedures in order to ensure a true and fair presentation of the accounts and obtain reasonable assurance of the representation of the assets, liabilities and possible risks of any kind that may prevent the Company from achieving its objectives. As a basis, CFAO used the Reference Framework for risk management and internal control systems (the "Reference Framework") proposed by the AMF on July 22, 2010, to describe such systems within the Company.

I. Supervisory Board and its committees

A) Supervisory Board

Composition

The Supervisory Board (hereinafter in this section "the Board") comprised seven members in 2013: Mr. Jean-Charles Pauze (Chairman), Mr. Pierre Guénant (Vice-Chairman), Mrs. Nathalie Delapalme, Mrs. Sylvie Rucar (four independent members) and Mr. YasuhikoYokoi , Mr. Takashi Hattori, Mr. Kiyoshi Yamakawa (members representing Toyota Tsusho Corporation ("TTC").

Since May 2012, the number of independent members has remained stable at four, who thus represent more than half of the members of the Board. The independence of these members is reviewed each year by the Nomination Committee, followed by the Supervisory Board which acts on the recommendations of the latter, before the annual report is published. This review of independence criteria for the year ended on December 31, 2013 took place during the meeting of the Nomination and Compensation Committee on March 27, 2014 (for more information about the merger of these two specialized committees, see the sub-section "E. Nomination and Compensation Committee" of the present section "Supervisory Board and its committees".

The term of office of the members of the Supervisory Board is four years. The terms of office are staggered in accordance with the recommendations of the AFEP-MEDEF Code so that the terms of office do not all expire at the same time (Art. 14 of the AFEP-MEDEF Code).

With regards to the balanced representation of men and women on the Supervisory Board, at the date of the first amendment of the AFEP-MEDEF Code (April 2010) and since this date, CFAO has been compliant with its recommendations related to this subject (Art. 6.4 of the present Code): each Board shall reach and maintain a percentage of at least 20% of women within a period of three years from the Shareholders' Meeting of 2010 (by the Annual Shareholders' Meeting held in 2013 for the 2012 financial year). As for CFAO, a first woman joined the Board in May 2010, a second woman joined the Board in May 2012 bringing the percentage of women board members to 29%.

Pursuant to the Article L. 225-18-1 of the French Commercial Code (issued from the provisions of the French law dated January 27, 2011 on the balanced representation of women and men on boards), CFAO will have to be compliant with the principles set forth herein by January 1, 2017: the percentage of the members of the Supervisory Board of each gender should be at least 40%. Therefore, CFAO will continue to adapt the composition of the Supervisory Board in the future to comply with the applicable law within the required time frame.

Pursuant to the Article L. 225-79-2 of the French Commercial Code (issued from the provisions of the French law on the security of employment of June 14, 2013 and definitely entered into force on June 16, 2013) the companies which during two successive financial closings meet the three criteria defined by the present law will have to designate or elect one or two (if the number of the members of the Supervisory Board is more than 12 members) employees representatives to the Board. As for CFAO, the Company will not have to be compliant with the principles set forth herein by December 31, 2014 as all of the three above-mentioned criteria have not been met: CFAO (i) is a French joint-stock company (*société anonyme*), (ii) is a company having more than 50 employees and therefore, it has to establish a Works Council, but CFAO does not(iii) employ more than 10,000 employees worldwide under permanent employment contract (the ultimate holding company and its majority-owned, greater than 50% subsidiaries). To have more details on the composition of the Supervisory Board, see Chapter 14: "Corporate Governance" of the present Registration Document.

Form of operation

The Supervisory Board's operation rules are set out in the Internal Rules ("the Rules") adopted on October 5, 2009 and adjusted in March 2014. Based on these Rules, the Board puts in place continuous controls over the management of the Company by the Management Board, in accordance with the applicable legal provisions, the Company's by-laws and the internal regulations of the Board and of its specialized committees. Throughout the year, the Board carries out controls and verifications as it deems appropriate and may ask to receive any documents that it may need to complete its work.

In particular, at the end of each half year, the Supervisory Board verifies and controls the interim and annual statutory and consolidated financial statements prepared by the Management Board. Each year at the Shareholders' Meeting, the Supervisory Board presents a report with its observations on the management report drawn by the Management Board as well as the statutory and consolidated financial statements for the last fiscal year.

The Management Board provides the Supervisory Board with information on a regular basis about the Group's management objectives and the results of these objectives, as well as policies regarding capital expenditure, controlling risk exposure and human resources management, and how these policies have been implemented within the Group. The Supervisory Board is called on, as needed, by the Management Board for any extraordinary situations.

The Supervisory Board's Internal Rules also set out the obligations of the Board members as described in section 20 "Ethical Rules for Directors" of the AFEP-MEDEF Code. In particular, the Internal Rules provide that the members of the Supervisory Board are each required to hold at least 250 shares of CFAO stock during their term of office. The Rules also stipulate that its members may ask to receive special training related to the Company's business activities, that they may obtain information as needed or call on the members of the Management Board or the CFAO Group's key senior managers. Finally, the members of the Board may generally obtain information on a continuous regular basis on the Company's results, activities and developments.

The Board's internal Rules set out the procedures for the Board meetings. Thus, the Supervisory Board is convened – by any means, even verbally – by the Chairman, or if the Chairman is unable to do so, by the Vice Chairman. However, the Chairman must convene the Supervisory Board when at least one member of the Management Board or at least one-third of the members of the Supervisory Board gives him a written request to do so, and such a meeting must be convened within fifteen days of receipt of this request. If no such a meeting is convened, those requesting the meeting may convene the meeting themselves, indicating the agenda for the meeting.

The Supervisory Board meets at least once every three months, in particular to review the quarterly business review that must be presented by the Management Board after it is review by the Audit Committee, as well as to verify and control the documents and information provided by the Management Board, and at any other time based on the interest of the Company. The length and frequency of meetings must be such that they allow for in-depth review and discussion of the topics within the purview of the Supervisory Board.

Board meetings are chaired by the Chairman or, in his/her absence, by the Vice Chairman. In the absence of both the Chairman and the Vice Chairman, meetings are chaired by a member appointed by the Board. Members are deemed present at Board meetings when they participate in meetings by video conference or other means of telecommunications that allow them to be identified and that ensure actual participation, in accordance with the applicable laws and regulations.

The Supervisory Board's Internal Rules set out the procedures for assessing the operation of the Supervisory Board. Thus, once a year, the Supervisory Board must, after reviewing the Nomination Committee's report, devote one point on its agenda to assessing its operating procedures, verifying that the important issues are properly prepared and discussed by the Supervisory Board, and assessing the actual contribution of each member to the Supervisory Board's work with regard to his expertise and his involvement.

Based on the Nomination Committee's report, a formal assessment must be conducted by the Board every three years. This may be carried out under the direction of an independent Supervisory Board member, and if necessary, with the assistance of an independent consultant. Under the same conditions and based on the same frequency, the Supervisory Board assesses the operating procedures of the permanent committees established within the Board. The annual report informs shareholders of the assessments carried out and any possible follow-up that is necessary.

In October 2012, the Supervisory Board carried out a formal assessment of the Board's, as recommended by the AFEP-MEDEF Code at the end of each three-year period. A questionnaire was sent to each Board member and the answers were then analyzed at the Board's meeting in October 2012. The same questionnaire was used for the purpose of the annual assessment of the Board in October 2013. This analysis showed that the Board's current seven members should be, to the extent of possible, reinforced by at least one new member with healthcare expertise. It was decided that the Board's operations were satisfactory, but that to make the operation of the Board more efficient, it has been proposed to the Supervisory Board: (i) merge the Nomination Committee and Compensation Committee into one Committee entitled "Nomination and Compensation Committee", (ii) to create a Strategy Committee with a view to optimizing discussion on strategic issues.

In 2013, the Board met six times with an average participation rate of 90%. In particular, the Board reviewed the annual and

interim financial statements, as well as the annual management report and the interim report. It reviewed the content of the quarterly financial information, as well as the compensation and performance shares granted to the corporate officers.

The Board was assisted in the exercise of its duties in 2013 by four specialized committees: the Audit Committee, the Compensation Committee, the Nomination Committee and the Sustainable Development Committee. As previously mentioned since February 17, 2014, the Board has changed the organization of its specialized Committees (for more details, see the description provided in sections E) and G) below).

B) Audit Committee

Composition

The members of the Audit Committee in 2013 were: Mrs. Rucar (Chairman of the Committee) and Mr. Pierre Guénant (independent Board members) and Mr. Takashi Hattori (TTC's representative).Therefore, two-thirds of the members of the Audit Committee were still independent members. Mr. Pierre Guénant brings rich and extensive business management experience, while Mrs. Sylvie Rucar brings experience as a Chief Financial Officer of a large company and significant expertise in financial and accounting matters to the Company.

Form of operation

The Audit Committee ensures the follow-up of questions relating to the preparation and auditing of accounting and financial information in order to facilitate the Supervisory Board's control and review thereof. To this end, the Audit Committee is primarily responsible for monitoring:

(i) the preparation process for financial information;

(ii) the effectiveness of internal control, internal audit and risk management systems related to financial and accounting information;

(iii) the audit by the Statutory Auditors of the social and consolidated financial statements; and

(iv) the works and the independence of the Statutory Auditors.

The Audit Committee's Internal Rules stipulate that it has the means that it deems necessary at its disposal to carry out its responsibilities. In particular, the Audit Committee can call on, even without the presence of the Company's management, the expertise of the Internal Audit Director or the Chief Financial Officer, as well as the Statutory Auditors, and if necessary, audit firms or other experts of its choice. The Committee may also contact the members of the Management Board after having informed the Chairman of the Supervisory Board. The Committee receives important documents that fall within its purview (documents from financial analysts, summaries of audit work performed and any additional research needed).

The Audit Committee's review of the annual and interim financial statements includes a report drawn by the management on the main points of the results and the accounting options used, a report by the Statutory Auditors on the conclusions of their work, as well as a report by the Finance Department to the Committee on the Group's risk exposure and material off-balance sheet commitments (off-balance sheet commitments for 2013 are described in Note 34 "Contingent liabilities, contractual commitments not recognized and other contingencies" to the consolidated financial statements). The Company also strives, as far as possible, to comply with the two-day deadline for reviewing the financial statements before they are reviewed by the Board, and does its utmost to submit the documents to be reviewed to the Committee members well in advance so that they can perform their analysis under the best possible conditions.

In 2013, the Audit Committee met five times with an average participation rate of 100%. It met in particular to review the annual and interim financial statements, the related reports, the quarterly business review from the Management Board to the Supervisory Board and the documents relating to financial information.

C) Compensation Committee

Composition

A Compensation Committee was created at the time of the initial public offering of the Company in October 2009. The composition of this Committee has been modified since this date following the change of the majority shareholder. In 2013, and until the merger of this Committee with the Nomination Committee (until February 17, 2014), its members were: Mr. Jean-Charles Pauze (Chairman) and Mr. Pierre Guénant (independent members of the Board) and Yasuhiko Yokoi (TTC's representative). Mr. Yasuhiko Yokoi left the Committee, and was replaced by Mr. Kiyoshi Yamakawa on March 28, 2013. As a result, two-thirds of the members of the Compensation Committee were still independent members.

Form of operation

The Compensation Committee primarily assists the Supervisory Board in establishing and periodically assessing the compensation and benefits of the executive corporate officers, including any deferred benefits and/or severance pay for voluntary or compulsory departures. To this end, the Compensation Committee is primarily responsible for:

(i) reviewing and proposing to the Supervisory Board all of the various components of and conditions for the compensation of members of the Management Board, and reviewing the compensation of the key senior managers of the CFAO Group; and

(ii) examining and proposing to the Supervisory Board the method for allocating the directors' fees.

In 2013, the Compensation Committee met five times with an average participation rate of 89%. In particular, it assessed the variable compensation of the members of the Management Board for 2012, based on set criteria. It also assessed the fixed and variable compensation of the members of Management Board for 2013.

D) Nomination Committee

Composition

A Nomination Committee was set up in October 2009. The composition of this Committee has been modified since this date following the change of the majority shareholder. In 2013,

and until the merger of this Committee with the Compensation Committee (until February 17, 2014) its members were: Mr. Pierre Guénant (Chairman), Mr. Jean-Charles Pauze, Mrs. Nathalie Delapalme (independent members of the Board) and Mr. Yasuhiko Yokoi, a new member appointed on March 28, 2013, TTC's representative. As a result, the Nomination Committee was no longer composed entirely of the independent members.

Form of operation

The Nomination Committee assists the Supervisory Board in appointing individuals to the Company's Management and Supervisory bodies. To this end, the Nomination Committee is primarily responsible for:

(i) proposing appointments to the Supervisory Board and its committees and the Management Board; and

(ii) assessing the independence of the members of the Supervisory Board each year. This Committee is also responsible for governance, as it produces an annual report for the Supervisory Board on the activities of the Board and its Committees.

In 2013, the Nomination Committee met three times with an average participation rate of 100%. It met in particular at the beginning of 2013 to review and confirm the independence of the members of the Supervisory Board who are deemed independent. It also reviewed the appointment and succession plans within the Management and the Supervisory bodies, as well as within the Group's Executive Committee. Finally, the Nomination Committee assessed how the Board and its Committees operate and issued opinions on possible areas of improvement to the Board members in October 2013 (see section A) "Supervisory Board" above).

E) Nomination and Compensation Committee

Composition

As previously mentioned, a Nomination and Compensation Committee was set up in February 2014 by merging the two existing Committees (Nomination Committee and Compensation Committee) into one Committee. This merger has been put in place following the decision taken by the Supervisory Board held in February 2014. The members of the Committee are: Mr. Jean-Charles Pauze (Chairman) and Mrs. Nathalie Delapalme, who are independent members of the Board and Mr. Yasuhiko Yokoi and Mr. Kiyoshi Yamakawa, TTC's representative. Therefore, the percentage of independent members is 50% which is less than recommended by the AFEP-MEDEF Code (Art. 17 and Art. 18 of the Code recommends having a majority of independent members). This composition is explained by:

(i) the shareholders structure of the Company: CFAO's majority shareholder is TTC (it owns 97.59% of the Company's stock at the date the present Registration Document is published) as well as by

(ii) the rules applicable to the composition of the Board which are set out in Art. 1.1 of the Rules of the Supervisory Board (updated in March 2014 to take into consideration the modifications of the specialized committees of the Board) which states: at least half of the members of this committee shall, to the extent possible, represent independent members.

Form of operation

The Nomination and Compensation Committee assists the Supervisory Board in:

1) ***appointing individuals to the Company's Management and Supervisory bodies.***

To this end, the Committee is primarily responsible for:

(i) proposing appointments to the Supervisory Board and its committees and the Management Board; and

(ii) assessing the independence of the members of the Supervisory Board each year.

This Committee is also responsible for governance, as it produces an annual report for the Supervisory Board on the activities of the Board and its Committees.

2) ***establishing and periodically assessing the compensation and benefits of the*** *executive corporate officers and senior executives of the Company, including any deferred benefits and/or severance pay for voluntary or compulsory departures.*

To this end, the Compensation Committee is primarily responsible for:

(i) reviewing and proposing to the Supervisory Board all of the various components of and conditions for the compensation of members of the Management Board; and

(ii) examining and proposing to the Supervisory Board the method for allocating the directors' fees.

F) Sustainable Development Committee

Composition

In 2013, until the Supervisory Board held on February 17, 2014 during which the decision to modify the composition of the specialized committees has been taken, the members of the Sustainable Development Committee were: Mrs. Nathalie Delapalme(Chairman) and Sylvie Rucar who are independent members and Mr. Takashi Hattori, TTC's representatives. At that date, Mr. Takashi Hattori left the Committee and was replaced by Mr. Kiyoshi Yamakawa. Thus, in accordance with its internal regulations, in 2013 and in early 2014 the Committee was still made up of three members, including at least two independent members.

Form of operation

The Sustainable Development Committee assists the Company in designing, implementing and ensuring proper corporate governance in light of its inherent obligations of disclosure and transparency, as well as its ethical goals and the CFAO Group's principles and practices as regards corporate social responsibility.

In 2013, the Sustainable Development Committee met three times with an average participation rate of 100%. It met in particular to review the corporate governance report, employee information and environmental information included in the Company's annual report.

G) Strategy Committee

Composition

A Strategy Committee was set up on February 17, 2014 following the decision taken by the Supervisory Board held on the same date. The members of this Committee are: Mr. Pierre Guénant (Chairman) and Mr. Jean-Charles Pauze, who are independent members of the Board and Mr. Yasuhiko Yokoi and Mr. Takashi Hattori (TTC's representatives).

Form of operation

The Internal Rules of the Strategy Committee were approved on March 27, 2014.

The Strategy Committee is a specialized committee of the Supervisory Board. It is primarily tasked with helping the Supervisory Board to make strategic decisions for the Company, in addition to helping the Management Board build a long-term vision.

As part of its general role of analyzing the Group's major strategic directions, the Strategy Committee is preparing the deliberations of the Supervisory Board. It issues proposals, opinions and recommendations regarding:

a) the Group's strategic and medium-term plan;

b) operations likely to have a material impact on the Group's strategy, its financial structure or its scope of activity;

c) plans to acquire new activities, whether through asset acquisitions or shareholding interests in companies;

d) plans to sell assets, companies or investments belonging to the Group;

e) plans to form joint companies with partners.

The Strategy Committee shall be provided with all the means it deems necessary to fulfill its duties. In particular, it can hear Group employees, external auditors and all other external or internal experts, including the other members of the Supervisory Board, for all questions related to investments, risks and the impacts on the financing of the Group of the proposals which are submitted to it.

II. Principles and rules approved to determine the compensation of corporate officers

The Group's compensation policy is designed to attract and retain qualified and experienced employees in order to help make the Company successful and enable it to achieve, first and foremost, its commercial objectives. As regards the compensation policy for its corporate officers (*mandataires sociaux*), the Company adheres to the AFEP-MEDEF Corporate Governance Guidelines. The exceptions to the above mentioned Code are explained here below according to the "Comply or Explain" rule of the present Code, Art. 25.1: "Implementation of the recommendations"):

A) Compensation

The annual compensation of each member of the Management Board includes a fixed portion and a variable portion. In 2013, the Supervisory Board decided that the variable portion of the 2013 compensation, to be paid in 2014 would be based on the achievement of financial objectives linked to the levels of the Group recurring operating income and the Group free operating cash flow for the two members of the Management Board (Mr. Olivier Marzloff and Mr. Alain Pécheur), non-financial objectives for the above-mentioned members of the Management Board, together with the Chairman of the Management Board in 2013, namely Mr. Alain Viry.

The variable portions for 2013 and the criteria for determining the variable portion for 2014 are presented in Chapter 15: "Compensation and Benefits of the present Registration Document being a part of the Company's management report. In 2013, the above-mentionned members of the Management Board received profit-sharing in respect of their employment contract. The members of the Management Board also receive customary benefits in kind as presented in Chapter 15 of the present Registration Document.

The members of the Supervisory Board receive attendance fees. There is a fixed amount set for the attendance fees allocated to each member of the Supervisory Board, and the Supervisory Board may decide to reduce these amounts for the whole year based on effective meeting attendance. For 2013, the theoretical amounts are €100,000 for the Chairman of the Supervisory Board, €50,000 for the Vice Chairman of the Supervisory Board and €40,000 for each of the other members of the Supervisory Board for their duties, plus €10,000 for the chairmanship of each committee and €5,000 for the membership on each of the Board's specialized committees. The amounts of attendance fees paid in 2013 are provided in Chapter 15: "Compensation and Benefits".

Termination indemnities for the Chairman of the Management Board

In 2012, the Supervisory Board had decided to grant Mr. Viry an indemnity in the event of his removal from office, not only in the cases accepted by the AFEP-MEDEF Code, but also when removal is not the result of a change in control or strategy. The termination indemnities were granted in accordance with the recommendations of the AFEP-MEDEF Code regarding severance pay with respect to the amount of the indemnities, its cap and its condition of performance. They are detailed in Chapter 15 of this Registration Document forming part of the Company's management report. They were paid at the end of 2013 as Mr. Alain Viry left the company on December 15, 2013.

B) Benefits for termination of a position of a corporate officer (exceptions to the Art. 23.2.5 of the AFEP-MEDEF Code)

As mentionned above, it should be noted that Mr. Alain Viry left the Group at the end of 2013 following the decision of the Supervisory Board to revoke him from the mandate of the Chairman of the Management Board. During a meeting held on December 2, 2013, the Supervisory Board acknowledged that, in connection with the termination of Mr. Alain Viry's office as Chairman of the Management Board, the performance conditions required for the payment of a termination indemnity were satisfied and authorized the payment of the full amount of the indemnity i.e., 1.5 times his target annual gross compensation as Chairman of the Management Board as of the date of his departure from the company. This indemnity was applicable in the case of removal from office that was not linked to a change in control or strategy which was contradictory to Art. 23.2.5 of the AFEP-MEDEF Code) (paragraph 3: these performance requirements set by the Board must be demanding and may not allow for the indemnification of an Executive Director, unless his or her departure is forced, regardless of the form of this departure, and linked to a change in control or strategy).

Another exception related to the rule given in the paragraph 4 of the same article of the said Code, has been made on Mr. Alain Viry's revocation as the payment of any termination benefits to an Executive Director must be excluded if the said Executive Director is able to benefit in the near future from pension rights. As for Mr. Alain Viry, at the moment of his revocation had already accrued pension rights. This termination indemnity is detailed in Chapter 15 of the present Registration Document.

For the two above-mentioned exceptions, the Company considered that under these particular circumstances (15 years of career within the Company: CEO, Chairman of the Supervisory Board and Chairman of the Management Board further to the entry of TTC to ensure a smooth transition), it was agreed that the specificity of his indemnity rights would be a fair contractual basis.

Mr. Alain Viry was replaced as Chairman of the Management Board by Mr. Richard Bielle. After his appointment, the Supervisory Board during its meeting on December 2, 2013 decided to grant to Mr. Richard Bielle the right to an indemnity in the event of revocation from his office as Chairman of the Management Board after December 31, 2016. The amount of this indemnity is capped at 1,5 times the latest target annual gross compensation of Richard Bielle as Chairman of the Management Board in compliance with the recommendation of the AFEP-MEDEF code. This indemnity is conditional on the satisfaction of certain performance conditions; however, it is applicable in the case of removal from office that is not linked to a change in control or strategy. Therefore, this rule is contrary to the AFEP-MEDEF Code recommendation (Art. 23.2.5 of the AFEP-MEDEF Code). The Company considers that due to knowledge of the Company of Mr. Bielle (who was a former Chairman of the Management Board) and of its Automotive business which faces some non-renewal of distribution agreement with its important supplier, it has been agreed that the specificity of his indemnity rights would be a fair contractual basis. This termination indemnity is also detailed in Chapter 15 of the present Registration Document.

Supplementary defined contribution pension plan

It should be noted that Mr. Olivier Marzloff and Mr. Alain Pécheur who are members of the Company's Management Board, benefit, based on their employment contracts, from a funded pension plan for which contributions are entirely covered by the Company, as it is the case for the other members of the Group's Executive Committee.

Stock options and performance shares

The extraordinary stock option plan put in place in January 2010 relates specifically to the reorganization plan and the Company's initial public offering ("IPO").

The three performance share plans implemented in 2010, 2011 and 2012 are subject to performance conditions. The 2011 and 2012 plans included the members of the Management Board as beneficiaries. These plans are described in Chapter 15: "Compensation and benefits" of the present Registration Document being a part of the Company's management report (see section 15.1, below the table 6). As a reminder, TTC offered a liquidity mechanism to the beneficiaries of stock options and performance shares, which is also described in details in Chapter 15.

The Internal Rules of the Company's Compensation Committee also stipulate that the members of the Management Board must refrain from hedging the risks related to their stock options or performance shares.

C) Stock options and performance shares (exceptions to the Art. 23.2.4 of the AFEP-MEDEF Code)

Price

The stock option plan launched in 2010 provides a 4.2% discount (Decision of the Management Board held on January 4, 2010). In this respect, as previously mentioned, the 2010 Stock options Plan was specifically related to the Company's reorganization and the Company's IPO, according to the AFEP-MEDEF Code, no discount should be applied upon the award of stock-options and in particular for stock options awarded to executive corporate officers. The Company believed that the price of the shares being fixed as the one used for the IPO was fair in light of the beneficiaries' efforts in connection with the above mentioned reorganization plan And did not contradict the objectives of the Code, i.e., the protection of the Company's and shareholders' interests.

Exercise of stock option plans

The stock option plan launched in 2010 provided that the granting to the corporate officers of all the options and the acquisition of the shares were subject to performance conditions but only on three quarters of the options granted the 25% remaining were subject to a presence conditions which was contradictory to the AFEP-MEDEF Code. The company believed that due to the fact that a large number of employees were beneficiaries of this stock options plan, the Company believed that it would not contradict the objectives of the Code.

Award of stock option plans and performance shares

Although the AFEP-MEDEF Code recommends that the performance shares awarded to the corporate officers are conditional upon the acquisition of a defined quantity of shares once the awarded shares are available, the Supervisory Board considered such a mechanism equivalent to the obligation for the corporate officers to keep a part of their performance shares after the mandatory holding period imposed by the law and until termination of their corporate officer functions (Article L. 225-185 of the French Commercial Code). Therefore, the Company considered that it was not necessary to create an additional acquisition obligation.

The members of the Management Board who have been awarded, stock option, plans and performance shares are thus obliged, until the end of their office, to keep a number of shares corresponding to a percentage of the net vesting gain, which amounts to 5% for 2010 stock options and 20% for other plans.

Nevertheless, this obligation no longer is applicable to Mr. Richard Bielle, Mr. Jean-Yves Mazon and Mr. Alain Viry for whom the offices were terminated. The Supervisory Board decided to maintain their rights to stock-options when they were leaving the Group, but it applies to Mr. Olivier Marzloff, current member of the Management Board.

As for Mr. Richard Bielle who was awarded the stock options during his previous mandate as Chairman of the Management Board and kept his rights to these stock-options, following the decision taken by the Supervisory Board after having left the Group, this obligation applies only for the stock-options plans to come (if any). The Supervisory Board held on December 2, 2013 decided to reappoint him as Chairman of the Management Board. His reappointment does not have an effect of reviving the retention requirement that applied to him prior to the termination of his previous mandate.

At the grant of the 2010 stock-options and 2011 performance shares to Mr. Alain Pécheur, he was not executive corporate officer, therefore, Mr. Pécheur is not bound with this requirement for these plans as the legal obligation is applied to certain Executive Corporate Office holders specifically identified in the law but not to corporate officers. Since these requirements are fixed at the date of a grant, in the case in which an employee is granted options of performance shares and then subsequently becomes an executive corporate officer, becoming an executive corporate officer will not have the effect of subjecting prior grants to the obligation to hold shares.

As far as Olivier Marzloff is concerned, the Supervisory Board decided on March 27, 2014 to lower the percentage previously set by the Supervisory Board (from 20% to 5%) applied to the obligation of share retention for the shares obtained from the exercise of stock-options. For more information, see Chapter 15 "Compensation and Benefits" of this Registration Document.

III. Limitations imposed on the powers of the Management Board

CFAO's by-laws stipulate that, in addition to the transactions that require the Supervisory Board's prior authorization under applicable legislation and regulations, the following decisions of the Management Board also require such an approval (Art. 11 of the by-laws):

i. transactions likely to have a substantial impact on the strategy, the financial structure or the scope of activity of the Group;

ii. issuances of securities, whatever their nature, likely to result in a modification of the share capital of the Company;

iii. the following transactions, wherever they exceed a certain amount set by the Supervisory Board:

   - any investment in any company formed or to be formed, any investment in the formation of any company, group or organization, any subscription to any issuance of shares, securities or bonds;
   - any exchanges, with or without set-off, involving assets, shares or securities, any acquisitions of buildings or other property, any acquisition or transfer, by any means, of any receivables.

The Supervisory Board's internal rules stipulate that it must ensure that sufficient information is provided in order for the Supervisory Board to approve any strategic transaction or any significant transaction that is not within the strategy announced by the Group.

The Supervisory Board of the Company set a €20 million threshold above which the transactions described in point (iii) above must receive prior authorization. This amount is set as an annual ceiling per transaction.

The Supervisory Board set a ceiling of €20 million above which the Management Board must obtain a prior authorization from the Supervisory Board for: (i) commitments in the form of guarantees, bonds, endorsements or other sureties, however, the prior authorization or limitation of amount will not apply to guarantees, bonds, endorsements for the benefit of tax or customs authorities, and (ii) transfer transactions (total or partial) of real property or investments.

IV. Internal control and risk management system implemented by the Company

The description of CFAO's system is based on the general principles set out by the AMF in its Registration Framework, published in 2007 and updated in 2010, and is broken down as follows:

- general framework;
- components of the system; and
- individuals Involved.

IV.1 General framework of the system implemented by the Company

A) Definition of the system

Risk management and internal control are an ongoing process overseen by the Management Board under the supervision of the Supervisory Board. This process is implemented by all employees at all levels of the organization.

The risk management and internal control system comprises a combination of resources, behaviors, procedures and actions that (i) keep the risk exposure at an acceptable level for the Company and (ii) ensure oversight of its activities, make its operations effective and allow efficient use of its resources.

B) Scope of the system

The system applies to all of the consolidated companies covering all divisions (CFAO Automotive, Eurapharma, CFAO Industries, Equipment and Services).

C) Objectives of the system

The system helps:

- anticipate risks affecting the Company;
- safeguard the Company's assets;
- make decision-making and operating processes more secure, particularly those related to safeguarding of the Company's assets;
- ensure that the instructions and strategic plans set by the Management Board are being followed by using tools and procedures that allow employees to understand what is expected of them and assess the effectiveness of the controls performed;
- raise awareness among operating managers of the inherent risks in the activities for which they are responsible and train them to strictly enforce the controls;
- ensure that financial information is reliable and that it complies with applicable laws, regulations and accounting principles in force.

This system is the product of the various improvements in risk management and internal control made by CFAO to oversee its operations within its subsidiaries. The system has been strengthened considerably since 2003 and takes into account the changes that came with the French Financial Security Act (*Loi de Sécurité Financière*) and the AMF's Reference Framework, which was published in 2007 and updated in 2010.

The system was completed in 2013 by the adoption of the "Japanese SOX Act" (a reference to the American Sarbanes Oxley Act, or SOX), after the Japanese company, Toyota Tsusho Corporation (TTC), became a shareholder of CFAO. The review relating to the "Japanese Sox" focuses on preparing financial information), organizing information systems, coordinating the relationship between the head office and its subsidiaries and implementing a control procedure adapted to the main subsidiary processes (Process Level Controls). The internal control teams (TTC and CFAO) coordinate the review which is supervised by the Statutory Auditors of the major shareholder in Japan.

D) Limits of the system

Handling risks involves implementing controls to eliminate or reduce the probability that these risks will occur and/or their financial impact. However, no matter how well it is applied, the system implemented cannot on its own guarantee absolute control over internal processes and full achievement of objectives.

The process for handling risks is subject, like any other process, to limits related to uncertainties resulting from the environment, internal problems resulting from human or technical failures, collusion among several individuals to make controls fail, and the cost of internal control itself if it is deemed too expensive to maintain.

IV.2. Components of the system implemented

A) Organization

CFAO is a holding company with no operating activity of its own. The majority of operations are conducted through subsidiaries, which hold the majority of the assets to be safeguarded and generate virtually all cash flows to be secured.

The Company's organizational and internal control framework was designed taking into account the specific way that CFAO operates. The organization implemented is based on:

- the granting of powers and responsibilities necessary for the smooth running of operations carried out by the various subsidiaries within their respective scopes;
- the separation of roles in order to ensure better control of activities;
- a definition of roles and responsibilities of the individuals involved in risk management and internal control;
- the internal communication of relevant and reliable management information enabling everyone to carry out their responsibilities.

1) The Management Board and Functional Departments reporting to the Management Board

The Supervisory Board and the Management Board have been the Company's governing bodies since October 5, 2009.

The Management Board, a collective body, oversees the preparation of the statutory and consolidated financial statements in accordance with accounting standards and regulations. The Tax and Legal Affairs, Internal Audit, Communication and Investor Relations and IT Departments report directly to the Corporate Secretary, who is a member of the Management Board. The IT Department implements the resources to ensure that the tools are adapted to the organization's current objectives and that they are designed so that they can handle its future objectives. The Finance Department and the Supply Chain Department report to the Chief Financial Officer, who is also a member of the Management Board.

The Human Resources Department, which reports directly to the Management Board, leads and oversees the human resources policy for compensation, training, recruiting and career development. The internal control process is based on: (i) the selection of competent employees, their ongoing training and personal development, (ii) individual performance evaluations including assessment of the attainment of control-related

objectives. In addition, the Human Resources Department has a director in charge of the safety of CFAO employees and assets as a number of safety-related processes have been deployed throughout the group.

The Management Board is assisted in the performance of its duties by the Group General Management Committee ("GMC") and the Executive Committee. For more information regarding the Corporate Governance Structure, please refer to Chapter 14: "Corporate Governance", section 14.1 "Corporate Governance Structure" of the present Registration Document.

2) *Divisions and Business Lines*

The Group currently has three divisions and operates in 36 countries, including 33 African countries and seven French overseas territories, broken down as follows:

- **Automotive**, which is made up of four business lines that are organized geographically, operates in 32 countries located in the Maghreb (Algeria, Morocco) and Sub-Saharan Africa, as well as in four French overseas territories and Mauritius. The division has also had a network of dealerships in Vietnam since 2007;
- **Eurapharma** (a separate business line) currently operates in 21 African countries and seven French overseas territories (Guadeloupe, French Guiana, Martinique, New Caledonia, French Polynesia, Reunion and Saint Martin) as a major importer/distributor of pharmaceutical products. Since 2012, Eurapharma is also present in Denmark, India and Portugal where it carries out logistical and supply activities;
- **CFAO Industries, Equipment & Services** (which is a separate business line) currently operates in 11 countries and consists of industrial activities (beverages and various light industrial activities), equipment (materials, machinery, elevator installation and maintenance) and services (short- and long-term vehicle rental, engineering and IT solutions).

Each business line director has a Finance Director or a business controller reporting to him/her and who ensures on an ongoing basis the quality of the management and control of the subsidiaries within his/her scope of responsibility. These responsibilities include managing the budget process, supervising the monthly budget review, overseeing the preparation of reports from the business lines and ensuring the quality of internal control.

3) *Subsidiaries*

The Company holds direct and indirect interests in over 170 subsidiaries operating mainly in French-speaking Sub-Saharan Africa, English- and Portuguese-speaking Sub-Saharan Africa, the Maghreb, the French overseas territories, Mauritius, Vietnam, India, Denmark and mainland France. The Company has primarily two types of subsidiaries: central purchasing offices and distribution subsidiaries.

- **Central purchasing offices** – The Company has central purchasing offices in France and Mauritius. Central purchasing offices are used to pool and centralize the direct purchases of the distribution subsidiaries. Centralizing purchasing offers a means to control volume and purchasing terms for subsidiaries, and is also used to centralize the management of foreign exchange risks for supplies.

The business lines strengthen these control procedures by overseeing the orders from the distribution subsidiaries.

- **Distribution subsidiaries** – The Company operates through distribution subsidiaries spanning 36 countries, including 33 African countries and seven French overseas territories.

B) Principles and values

The Group's principles and values with regard to internal control and business ethics foster the Group's business culture and all senior managers and employees are asked to demonstrate them in their daily professional behavior. These principles and values are described and set forth in two documents: CFAO's Internal Control Charter and Code of Business Conduct.

The Charter reflects CFAO's desire that all managers are personally committed to carrying out their day-to-day controls. This Charter includes specific sanctions if the managers do not implement the necessary means to achieve a satisfactory internal control.

The CFAO Code of Business Conduct is available on the CFAO website (www.cfaogroup.com) under the headings Sustainable Development/Code of Business Conduct. All of the employees from these subsidiaries have received detailed information about this Code's contents. This Code reaffirms the principles and values that must guide the CFAO Group's employees every day as they conduct business, by making reference to standards as regards ethics, social and environmental responsibility, and corporate governance. With regards to insider trading, CFAO has put in place measures to protect sensitive information by establishing black-out periods during which employees who have access to privileged information must refrain from trading in Company shares.

C) Risk Management Process

1) *Identifying and analyzing the main risks*

Each year, the Company submits to the Audit Committee risk mapping on the main risks to which it is exposed. The main categories of risks that may have an impact on the Company's performance are described in Chapter 4 of the management report constituting the same chapter of CFAO's 2013 Registration Document:

- risks relating to the economic and regulatory environment;
- risks relating to the Group's business;
- risks relating to the Group;
- market risks.

2) *Processing risks and the link with internal control*

The actions undertaken by the Company to process the risks identified are described in Chapter 4 of the aforementioned Registration Document. Specifically, the Group's exposure to foreign exchange risks is described in this Chapter, as well as in Note 30.2 "Exposure to foreign exchange risk" to the consolidated financial statements. This chapter also presents the measures taken by the Company to manage or limit these risks whenever possible.

Risks affecting the consolidated subsidiaries (for all business activities), which conduct most of the Company's transactions, are processed using specific control procedures that are integrated into the following operating processes:

- investment decisions and overseeing assets;
- purchasing decisions and monitoring trade payables;
- monitoring inventories, transported goods and production costs;
- supervising work in progress (workshops and sites);
- sales decisions and monitoring trade receivables (credit and collection);
- overseeing cash and bank transactions;
- validating pay and benefits granted to employees;
- accounting entry of transactions and supervising the monthly account closing;
- administering access to IT applications and data protection and hardware.

D) Internal Control Procedures

1) Formalization and communication of control procedures

All of the Company's key control points are included in an Internal Control Self-Evaluation Guide, the common reference for all of the operating subsidiaries.

This Guide defines more than 300 internal controls covering all of the subsidiaries' activities. It is available online for all of the Company's subsidiaries and is used for training purposes. It is an essential tool for communicating control procedures within the Company.

It is presented as a questionnaire presenting risk assessment alongside solutions provided by the control system. The standards set out are listed in order of the level of the risk involved. 50 of these standards are categorized as "Key Standards" and must be enforced. This Guide is used during the annual self-evaluation performed by the subsidiaries (see IV.2. F). Each employee involved has the necessary information to achieve his/her assigned objectives in ensuring that the risk management and internal control system operates properly and is monitored on an ongoing basis.

Furthermore, the documentation of the Company's internal control procedures was extended into 2012 with the creation of a kit for executive and financial management at subsidiaries (to be used upon transmission of powers when there is a change of person in a business position). The kit contains a checklist of the controls that must be verified each time there is a change of person in a position regarding each key business processes. This kit and its operating method, validated by business lines, were disseminated and published on CFAO's intranet site to ensure improved communication with the operating teams.

2) Internal control procedures relating to the preparation and processing of financial information

Using the management accounting function, the Company has implemented a system to communicate internally the relevant and reliable information enabling everyone to perform their responsibilities in a timely manner. Procedures for budgets, reporting and the preparation of annual and interim consolidated financial statements that are specific to CFAO have been in place since the Company's IPO in 2009. Monthly reporting from subsidiaries is sent every month (on the fifth business day of the following month) to the Finance Directors or business controllers of the business lines and to the Company's Consolidation Department.

The Chairman of the Management Board schedules Management meetings every month with each division, between the eleventh and 15th business day of the following month. The Corporate Secretary, Chief Financial Officer, Chief Financial Controller, business line director and his/her Finance Director/business controller participate in this meeting, during which the management of the business line presents the changes in the business activities and results of the subsidiaries under his/her responsibility. The highlights and the main operating events of the month are also presented at these meetings.

Since 2013 and since the implementation of the "Japanese SOX Act", a questionnaire related to the preparation of financial information is sent to the subsidiaries. This questionnaire provides the subsidiaries with a series of "best practices" to be applied as part of the monthly reviews of financial statements. The answers provided by local management are then checked by the Statutory Auditors on site. The annual and interim consolidated financial statements are drawn up based on reporting plus specific notes to the financial statements.

The Audit Committee and the Supervisory Board review the quarterly information to be published during a meeting or a conference call that is scheduled in advance.

E) Assessing internal control and monitoring action plans

1) Subsidiaries' "Internal Control Self-Evaluation Guide" questionnaire

The Company has rolled-out a self-evaluation questionnaire based on the Internal Control Self-Evaluation Guide, which is available online for all subsidiaries. Every year, the subsidiaries carry out a self-evaluation based on the 300 points from the questionnaire. This exercise is one of the key tools of the risk management and internal control system within the Company.

2) "Internal Control Improvement Plan" (ICIP) and monitoring subsidiary action plans

This plan involves all of the business lines. The objective of this plan is to build on the various implemented actions in order to ensure continuous improvement of internal control and risk management.

The Plan assesses for all the subsidiaries on an annual basis the extent to which the "Key Standards" of the "Internal Control Self-Evaluation Guide" are applied and reflect the specificities of each of the business lines. The Statutory Auditors of each subsidiary conduct the assessment based on a questionnaire prepared by Internal Audit. This approach makes it possible to:

- immediately and independently identify any discrepancy which exists between the prescribed key control and its actual performance;

- map out remaining areas for caution (by business activity, geographic area, subsidiary and type of problem);
- define for each business line the action plans aiming to correct the discrepancies identified, divided into four categories of problems: "controls not performed", "insufficient records for controls performed", "frequency of controls not respected", "separation of tasks not respected".

The results of the evaluation and the primary action plans are presented to the Audit Monitoring Committee that ensures that the corrective measures taken are effective.

3) Internal audit assignments and action plan monitoring

i. Internal audit assignments under the annual audit plan

The assignments in the audit plan are presented and approved during the Audit Monitoring Committee meetings. The objective is to review all of the operating subsidiaries at least once every two years. A total of 61 assignments were carried out in 2013 across all business activities.

Management of the subsidiaries audited systematically provides comments on the audit reports. The reports are then sent to the Chairman of the Management Board, the Corporate Secretary, the Chief Financial Officer, the division and business line directors, as well as the Managing Director and the Finance Director of the subsidiary. After the final presentation of the conclusions and once a collective decision has been made on the action required, the subsidiaries are responsible for making sure that they quickly correct any weaknesses identified based on an established timetable.

ii. Monitoring action plans

The operating subsidiaries are responsible for overseeing the roll-out of the action plans. The Internal Audit Department carries out a remote control at regular milestones during the roll-out, in coordination with the business lines: on a general basis, twice a year, within at least six months of the audit assignment, and on a one-time, targeted basis for action plans that require prompt implementation in light of the financial or organizational challenges.

F) Controls and risk awareness training program

The "Business Under Control" training and awareness program developed by Internal Audit has two distinct complementary modules.

1) Business Under Control – module 1

This module is designed to improve understanding of key controls by linking them to accounting and financial mechanisms and the Group's operating processes. Launched in 2008, the module focuses on the following main topics: (i) becoming familiar with the main points of CFAO's financial reporting, underscoring the main objectives and the requirements in terms of reliability for the Group's reporting; and (ii) knowing how to apply the fundamental controls that are integrated into the operating processes, notably the 50 "Key Standards" described in the Internal Control Guide.

Two sessions per year are held in France for managers who have just joined the Group or who wish to refresh their knowledge of the "Key Standards" of CFAO control. To date, some 160 operating managers have taken part in this training module.

2) Business Under Control – module 2

Implemented in 2005, this module is primarily for managers who have a good command of control standards. It is designed to raise awareness among the operating managers of subsidiaries of the challenges of day-to-day risk prevention. Information is also provided on corporate governance and tax risk management matters. The sessions focus on:

- sharing knowledge about any issues experienced by CFAO and applying what has been learned to the risk involved;
- identifying the risk areas in each operating process and highlighting the best practices in order to deal with these risks;
- highlighting fundamental controls that must be carried out and that personally involve each manager.

Module 2 is generally offered twice a year in Africa. To date, some 335 operating managers have taken part in this training module.

IV.3. Persons involved in risk management and internal control

Everyone – from the Company's governing bodies to all of its employees – is involved in risk management and internal control.

A) Management Board and Supervisory Board

Under the supervision of the Supervisory Board, the Management Board is responsible for overseeing the risk management and internal control process and monitoring the process in order to preserve its integrity and effectiveness. The Management Board is responsible in particular for initiating any necessary measures to correct the issues identified and stay within the limits of acceptable risk. It also ensures that these actions are carried out successfully and within the allotted time frame.

B) The Audit Committee

The Supervisory Board is assisted by an Audit Committee, the majority of whose members are independent. The Audit Committee ensures the follow-up of questions related to the preparation and auditing of accounting and financial information. For this purpose, the Audit Committee ensures the quality of the risk management and internal control process applied in particular to financial and accounting information. At such time, the internal audit report of the year's activity is presented.

C) Internal Audit

The Internal Audit Department reports to the Corporate Secretary. Within the scope of its work, it is responsible for assessing how the risk management and internal control system operates, monitoring the system on a regular basis and making any recommendations to improve it.

It also helps raise awareness of risks and train all operating managers on carrying out controls, without, however, being involved in the day-to-day roll-out of the system.

Within the scope of the audit program approved by the Management Board, Internal Audit: (i) provides the subsidiary's Executive Management with a regular assessment of the level of assurance provided by the internal control system implemented by operating managers, (ii) makes recommendations to make the system more efficient, (iii) identifies and communicates best practices. As of the date hereof, the Internal Audit Department is made up of a director and six auditors.

D) The Internal Audit Monitoring Committee

This Committee is made up of the Management Board and the Internal Audit Director. At the end of each half-year, the internal auditors are asked to present, to members of the Committee and business line directors, a summary of the internal audit work carried out over the past half-year. The audit program for the next half-year is validated during this meeting.

The Committee also monitors the financial impact of any possible shortcomings and validates the progress of the action plans to prevent such problems. It is responsible for establishing the action plans to be implemented to improve internal control.

1) Operating subsidiaries and business lines

The management of each subsidiary ensures that the risk management and internal control procedures described in the Internal Control Guide are applied. Each operating manager is responsible for ensuring that risk exposure complies with the guidelines set out by the relevant business lines. The business lines' management then reviews the quality and effectiveness of the controls performed in the operating subsidiaries during internal audit assignments and at the presentation of the results of the assessment of the "Internal Control Improvement Plan" (see section IV.2. E above).

2) The Role of the Statutory Auditors

The Statutory Auditors give an independent opinion to certify that the accounts, results and financial statements intended for shareholders and third parties provide a true and fair view. They also present any observations on the internal control procedures relating to the preparation and processing of financial and accounting information.

They are required to bring attention to any weaknesses found in these procedures that could have a material impact on the financial statements or any other financial information. As such, they have complete and unrestricted access to all transactions, documents, people and physical assets that they may deem useful to carry out their assignment. However, it should be noted that the Statutory Auditors' engagement does not discharge Executive Management and all of the Company's employees from their responsibility with regard to implementing and maintaining a reliable and effective internal control system.

V. Other information required under Article l. 225-68 of the French Commercial Code

A) Special terms and conditions for shareholder participation in General Meetings

Shareholders participate in General Meetings in accordance with the applicable legal provisions and the Article 13 of the Company's by-laws. More specifically, any shareholder is entitled to participate in Shareholders' Meetings and decisions either personally or through an authorized representative, regardless of the number of shares held, in accordance with the conditions stipulated in the relevant article of the by-laws.

B) Publication of information provided for under Article L. 225-100-3 of the French Commercial Code (information on factors likely to have an impact in the event of a takeover bid)

The information referred to under Article L. 225-100-3 of the French Commercial Code is set out in Chapter 10: "Capital resources," Chapter 14: "Corporate Governance", Chapter 18: "Principal shareholders", Chapter 7: "Organizational structure", section 7.2.3.4 under the subsection "CFAO Industries" in Chapter 7, and Chapter 22: "Material contracts" of the present Registration Document being a part of the Company's management report.

This Registration Document is available on the AMF's website (www.amf-france.org) and CFAO's website (www.cfaogroup.com). CFAO issues a press release specifying the availability and terms of access to the present Registration Document.

Jean-Charles Pauze
Chairman of the Supervisory Board
Sèvres, March 27, 2014

16.2 Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), on the report prepared by the Chairman of the CFAO Supervisory Board

For the year ended December 31, 2013

To the Shareholders,

In our capacity as Statutory Auditors of CFAO and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L. 225-68 of the French Commercial Code for the year ended December 31, 2013.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report describing the internal control and risk management procedures implemented in the Company and providing the other information required by Article L. 225-68 of the French Commercial Code, in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by Article L. 225-68 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consist in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- taking note of the assessment process implemented and evaluating the quality and nature of its documentation, as regards the information on the evaluation of internal control and risk management procedures;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Supervisory Board's report, prepared in accordance with Article L. 225-68 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by Article L. 225-68 of the French Commercial Code.

Paris La Défense and Neuilly-sur-Seine, April 17, 2014

The Statutory Auditors

KPMG Audit A division of KPMG SA	Deloitte & Associés
Hervé CHOPIN	Alain PENANGUER

16.3 Observations of the Supervisory Board on the management report and on financial statements for 2013

After verification and control of the parent company and consolidated financial statements for 2013 adopted by the Management Board, and in accordance with Article L. 225-68 paragraph 6 of the French Commercial Code, the Supervisory Board of CFAO indicates that it has no observations to make regarding these financial statements or the management report drawn by the Management Board, which were presented to the Supervisory Board at its meetings on February 17 and March 27, 2014 after examination by the Nomination and Compensation Committee, the Sustainable Development Committee and the Audit Committee.

For the Supervisory Board,
Jean-Charles Pauze
Chairman

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SOCIAL AND SUSTAINABLE DEVELOPMENT REPORT

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Group policy

CFAO has conducted the majority of its business activities in Africa for more than a century. Accordingly, the Group has a vested interest in the continent's development. Through its various operations in Africa, CFAO seeks to provide solutions to the continent's sustainable development challenges, including the mobility of people, improvements in public health, reduction of the digital divide and access to retail products.

In keeping with its sense of social and environmental responsibility, CFAO continues to bolster its programs in this direction. In 2008, CFAO set up a full-fledged Corporate Social Responsibility (CSR) Department, which is represented on the Executive Committee, to organize the Group's policy in this sphere in line with the Group's operational objectives. The department regularly reports to the Sustainable Development Committee, one of the four specialized committees to assist the Supervisory Board. CFAO participates in the CSR Committee of the French Council of Investors in Africa (CIAN). The Committee was created in 2012 to help companies advance through knowledge sharing and to prepare guidelines adapted to the specific characteristics of Africa. Lastly, the Group actively keeps its employees up to date on sustainable development matters, for example through the annual discovery day organized for the Group's new arrivals.

CFAO's approach is based on four major priorities: to be a benchmark employer by implementing corporate social policies that are in keeping with local conditions; to contribute to the economic and social development of the local communities in the countries where the Group operates through partnerships with non-governmental organizations; to limit the environmental impact of its activities; and to ensure that employees comply with the Group's rules which are set out in its Code of Business Conduct.

17.1 Healthcare policy

17.1.1 The "Health by CFAO" program to combat HIV and other diseases

With over 36 million deaths to date, HIV continues to be a major public health problem. Sub-Saharan Africa is still the world region most seriously affected by HIV. According to UNAIDS, the region is home to two-thirds of all HIV-infected people worldwide and accounts for three-quarters of all AIDS-related deaths.

For nearly the last decade, CFAO has deployed a special policy for all its employees and their families in order to deal with the disease. The Group's HIV Charter, which came into effect in 2004 and was updated in 2011, complies with the recommendations issued by the ILO, *the International Labor Organization*, maintaining the Group's stand on anti-discrimination practices and confidentiality with regard to the disease.

In 2012, this program was formalized and named **"Health by CFAO"**, a true operational application of the Group's health policy. It is based on four aspects:

- information and education regarding the disease;
- prevention of and protection against infection;
- access to screening on a voluntary, anonymous and confidential basis;
- access to treatment.

In order to facilitate the implementation of this program within the subsidiaries, an educational tool was developed and delivered in CD-ROM format in 2013. It contains practical sheets of all the steps to be implemented, filmed interviews, best practices, the Group's Charter as well as an annual reporting grid, which answers three levels of progress of the program defined by the CSR Department. Thus, each subsidiary can work towards the program's full deployment depending on local restrictions and reach the level set for them at the beginning of the year.

Coordination at the first level ensures that the Group's anti-HIV policy is a reality on the ground. The second level is an "active" level with specific actions that must lead to the voluntary screening of employees. The third level of the program is an advanced level: subsidiaries having successfully completed the first two levels can open up the program to beneficiaries and other diseases such as malaria, diabetes, hypertension or other chronic diseases.

To complete its health initiative, the Group provides all its employees and their families with a comprehensive medical cover. Overall, this initiative covers more than 40,000 people. It covers routine healthcare. It also covers medical expenses related to serious diseases such as HIV, STD or malaria.

In 2013, CFAO renewed its partnership agreement with ENTREPRISES & SANTE (previously known as SIDA-ENTREPRISES), an association which aims to create awareness about HIV among large groups present on the African continent. This association is partly responsible for the yearly assessment of the effective application of the anti-HIV program conducted in the CFAO Group subsidiaries in Sub-Saharan Africa. Moreover, it also supports the Group subsidiaries in the operational implementation of this program.

17.1.2 Health cover

The CFAO Group continued with its policy of providing health cover to all its permanent employees and their families (families in Angola are not yet covered by these guarantees, due to the very high cost of healthcare in this country). The Group aims to offer minimum cover of 75% of their health expenses. Diseases such as HIV, STDs and malaria are fully covered. The healthcare cover and limits depend on the practices prevalent in each country.

Employees who enjoyed better health cover compared with this minimum cover in their subsidiaries before 2012 will continue to enjoy their previous level of health cover.

Algeria and Nigeria improved their health cover system in 2013 and extended health cover to their employees' families. The Group aims to focus on other diseases in Africa.

17.1.3 Death and disability cover

In July 2013, a death and disability cover was introduced for permanent employees in all the subsidiaries of the CFAO Group. In the event of death or total and permanent disability, an amount representing one and a half year's salary is paid, after deducting the amount already paid at this time (retirement benefits, legal or conventional benefits, etc.). An additional one-month salary is paid towards funeral expenses.

Employees who enjoyed better health cover compared with this minimum cover in their subsidiaries before July 2013 will continue to enjoy their previous level of health cover.

17.2 Education policy

Sub-Saharan Africa has a fast-rising demand for high school education. In this region, however, there are enough school places for only 36% of children of age to enroll. Girls face the greatest barriers as the gender gap widens across the region, according to the Global Education Digest 2011, published by UNESCO's Institute of Statistics.

Barely 5% of school-going children reach university, according to the World Bank.

CFAO is keenly aware that education is an essential and powerful tool in the fight against poverty and in training the employees of the future.

Ever since the 2001-2002 academic year, the Group has provided scholarships for the children of its non-management employees enrolled in high school. Thanks to CFAO's funding of school expenses, almost 628 children were able to attend high school in the 2013-2014 academic year, up 8% from the previous year. Cameroon, the Congo, Ivory Coast, Kenya and Nigeria were the largest contributors to these scholarships.

Two-thirds of the scholarship holders are enrolled in junior high school or at an equivalent level. One of the Group's objectives is to rebalance the number of students attending middle and high school, thereby promoting access to higher education.

In addition to the high school scholarships provided, the Group introduced – for the academic year 2011 – an additional higher education financial aid program available to the children of their executives, aimed at helping students to continue their education in African schools and universities. The program targets students specializing in the areas sought after by the Group: business, marketing, management, finance, information technology, technical training, logistics and pharmaceutical studies. Around 140 scholarships were awarded for the 2013-2014 academic year, with a nearly equal gender balance, i.e. a 32% increase in the number of scholarship students compared with the previous year. The Group aims to improve the employability of the African population.

The Group also offers vocational training in partnership with organizations and companies. This is demonstrated by the achievements of the IECD project, which is also mentioned in Chapter 17.3.

17.3 A stronger partnership with Non-Governmental Organizations

Based on its strategy of supporting non-governmental and non-profit organizations, the Group encourages initiatives that promote long-term development in Africa. In 2013, the Group was able to consolidate partnerships with some NGOs that are specifically relevant to the Group's main business activities.

In particular, CFAO is a founding member of Club Santé Afrique alongside AMREF Flying Doctors, the Sanofi Espoir Foundation and Bouygues. Established in 20 Sub-Saharan African countries, AMREF Flying Doctors is the leading African Public Health NGO: its reputation is built on its "flying doctors", who have improved healthcare access for rural populations living in remote areas.

Club Santé Afrique is a ground-breaking initiative which groups together several private sponsors under a single umbrella to pool their resources and experience. Through Club Santé Afrique, AMREF will work to expand into West Africa its programs that have been successful in East Africa, such as telemedicine and e-learning.

The Group has also strengthened dialogue with three other NGOs: the ***Chirac Foundation***, involved in international advocacy against illegal trade and counterfeit medicines; ***Agrisud International***, which carries out activities ensuring food security by creating very small enterprises (VSE) and organizing the agricultural sector for a project in the Democratic Republic of Congo; ***CARE International***, which is working on a project in Benin to improve access to drinking water. It is also involved in an "income-generating activities" program for the betterment of women's communities in Ghana.

At the same time, CFAO Solidarité continues its activities. Created by the Group in 2002, this association aims to co-finance community-based initiatives run by local NGOs and carried out by employees of Group subsidiaries. In this context, CFAO has supported several vocational training programs in Nigeria, in partnership with the IECD, and in Morocco with the SOS Village for Children.

In terms of health-based initiatives, the association has supported the NGO Keba Africa Ghanaian in deploying an awareness-raising and educational program regarding hygiene and health in schools in Ghana.

It has also completed other projects, in particular in a road safety initiative in Togo, adult literacy programs in Gabon, and the schooling of street children in Madagascar.

Every year, through CFAO Solidarité, the Group encourages two-thirds of its employees to take solidarity leave, thereby enabling motivated employees to contribute their skills to a development project. Projects are carried out under the aegis of Planète Urgence and Coup de pouce humanitaire in the countries and territories where CFAO operates.

17.4 Corporate transparency

As a socially responsible company operating in a number of countries where corrupt practices are generally considered to be widespread, CFAO has long fostered a clear ethical ambition and aimed to discourage such practices.

In this respect, the Group and its management have an enduring commitment. Following a program implemented in 2004, this commitment was expressed through preventive anti-corruption measures based on three simple principles, which were communicated to all Group employees: (i) not initiating acts of corruption with a view to obtaining undue advantages; (ii) complying with disclosure requirements so as not to expose the Group to undue pressure; and (iii) fighting blackmail and extortion. CFAO has also implemented training programs for Group executives working at the headquarters and in all Sub-Saharan African countries. It also subscribed to the Declaration of the French Council of Investors in Africa (CIAN) regarding the fight against corruption and promoted this Declaration among its subsidiaries.

CFAO intends to further its efforts to promote ethics in its business operations, in compliance with the commitments made at the time of its IPO. That is why a Sustainable Development Committee was created, intended primarily to assist CFAO in building, implementing and monitoring proper corporate governance in light of the Group's ethical goals. In order to supervise these projects, the Sustainable Development Committee endorsed the appointment of a Compliance Officer in early 2011, followed by the appointment of a "Group Compliance Officer" in April 2013, who reports directly to said Committee and the Board of Directors. The Group Compliance Officer is supported by local correspondents in the subsidiaries. Since its IPO in 2009, CFAO has also drawn up its own Code of Business Conduct, which represents a set of standards applicable to all of the Group's business divisions and includes major social and environmental responsibility standards and responsible business practices. Following the Code's development in 2010, it was redistributed and republicized in a new communication campaign in 2012 in light of a survey which assessed employees' understanding of its main issues. This will lead to the implementation of new training initiatives.

Consumer health and safety

This subject is relevant to health activities based on the nature of products distributed or produced.

In terms of distribution, the Group ensures the traceability of flows throughout the chain and maintains strict compliance with the storage and cold chain conditions.

Furthermore, distributors collect all information on problems related to product quality and comply with the principle of *pharmacovigilance*, which aims to notify laboratories of any problems related to adverse effects observed.

In terms of manufacturing, Propharmal in Algeria has incorporated the French quality reference "Good Manufacturing Practices" (BPF, *Bonnes pratiques de fabrication*) in its manufacturing processes to guarantee product quality.

17.5 Employee information

The information included in this section 17.5 "Employee information" concerns all companies within the scope of consolidation of CFAO Group and with a workforce. The companies have guidelines that have been revised pursuant to Article 225 of the Grenelle II Act. This information is consolidated in a core application. Consistency controls are run during the data entry and consolidation phases. The relevance of social indicators can be limited, mainly due to the lack of harmonization between national and international legislation in relation to certain types of indicators.

17.5.1 Number and breakdown of employees

At December 31, 2013, the Group had 11,590 employees in 38 countries, compared with 11,415 at December 31, 2012 and 10,100 at December 31, 2011. The headcount at year-end 2013 was stable compared to 2012. The increase in employees between 2011 and 2012 was primarily due to changes in the scope of consolidation, including the acquisition of several pharmaceutical businesses in Nigeria, Guadeloupe and Denmark, and the consolidation of the SICAM group in Madagascar (see section 7.2.4. of this Registration Document, "Acquisitions and divestitures over the past three years").

The table below gives a breakdown of the Group's employees by geographic area and division at December 31, 2013, 2012 and 2011. It also provides data on expatriates and local employees.

NUMBER OF EMPLOYEES AT DECEMBER 31

	2011	2012	2013
TOTAL NUMBER OF EMPLOYEES	**10,100**	**11,415**	**11,590**
Expatriates	260	278	271
Local employees	9,840	11,137	11,319
By geographic area			
Mainland France (local employees only) and Other (for 2012 and 2013)	**359**	**513**	**535**
Mainland France	359	394	431
Other (Denmark, India, Switzerland and Portugal)		119	104
French Overseas Territories and Vietnam	**1,336**	**1,216**	**1,200**
Maghreb	**1,199**	**1,312**	**1,291**
French-speaking Sub-Saharan Africa	**4,747**	**5,469**	**5,677**
English and Portuguese-speaking Sub-Saharan Africa	**2,459**	**2,905**	**2,887**
By division			
CFAO Automotive	**5,625**	**6,168**	**6,085**
Eurapharma	**1,790**	**2,253**	**2,336**
CFAO Industries, Equipment and Services	**2,487**	**2,784**	**2,947**
Other (mainly CFAO Holding)	**198**	**210**	**222**

At end-2013, 20.50% of the Group's employees were women, compared with 20.55% at end-2012 and 20.24% at end-2011. The Group employs 1,773 managers, 22.07% of which are women.

At December 31, 2013, 49% of the Group's workforce was employed in French-speaking Sub-Saharan Africa, 24.9% in English- and Portuguese-speaking Sub-Saharan Africa, 11.1% in the Maghreb and 10.4% in the French overseas territories and Vietnam. In 2013, 52.5% of the Group's workforce was employed by CFAO Automotive, 25.4% by CFAO Industries, Equipment & Services and 20.2% by Eurapharma.

At December 31, 2013, approximately 66% of the Group's expatriates were employed in French-speaking Sub-Saharan Africa, 23% in English- and Portuguese-speaking Sub-Saharan Africa and 9% in the Maghreb. In 2013, the majority of the Group's expatriates (approximately 65%) were employed by CFAO Automotive. At end-2013, the Company employed expatriates of 26 different nationalities (compared with 28 different nationalities in 2012), including 76% from the eurozone (compared with 74% in 2012), 16% from Africa (stable compared with 2012) and 8% from the rest of the world.

A significant number of employment contracts within the Group are permanent contracts. However, the Group also uses fixed-term contracts when appropriate. At December 31, 2013:

- 10,644 employees (91.8% of the total workforce) were employed under permanent employment contracts;
- 946 employees (8.2% of the total workforce) were employed under fixed-term contracts.

In 2013, the Group hired 1,382 employees under permanent contracts and 1,000 under fixed-term contracts, compared with 1,221 and 878 respectively in 2012. In 2013, 2,207 employees left the Group, including 1,347 permanent employees. The three

main reasons for the departure or permanent employees were resignation (44%), dismissal (32.3%) and retirement (9.5%). The Group did not encounter any particular recruitment problems in 2013.

In 2013, one of our French subsidiaries in Reunion implemented job protection measures primarily by reducing the work time of 52 people by 20% for five months. Hours not worked were compensated at the rate of 60% and this did not adversely affect the number of days of leave granted. These measures made it possible to safeguard jobs in this subsidiary. Measures such as job protection, plans for staff reclassification, re-employment or supporting measures were not implemented by any other French subsidiary.

The table below presents changes between 2011 and 2013 in the age of employees with permanent employment contracts.

Age of employees	2011		2012		2013	
Under 25	238	2.5%	311	3.0%	247	2.3%
25-29	1,578	16.9%	1,823	17.4%	1,748	16.4%
30-39	3,549	37.9%	3,972	38.0%	4,085	38.4%
40-49	2,537	27.1%	2,800	26.8%	2,943	27.6%
50-54	955	10.2%	998	9.5%	1,013	9.5%
55-59	435	4.6%	477	4.6%	516	4.8%
60 and over	64	0.7%	85	0.8%	92	0.9%

17.5.2 Work time

The legal work time in France is 35 hours per week, compared with an average of 40 hours per week in the other geographic areas.

In 2013, 28 employees in France (mainland France and the French overseas territories) had a permanent part-time contract and employees in CFAO's French subsidiaries clocked up a total of 29,283 overtime hours, mainly in the operating divisions of the French overseas territories (CFAO Automotive and Eurapharma).

In France (mainland France and the French oversees territories), the absenteeism rate was 4.33% in 2013, versus 3.20% in 2012 and 3.21% in 2011. Absences were primarily due to illness.

17.5.3 Training

The Group's total training expenditure in 2013 amounted to approximately €3,246 million, representing an increase of 6% compared with 2012.

In 2013, the total number of trained employees in the companies CFAO Motors Maroc, SIAB in Maroco, CFAO Motors RCI, CFAO Techno RCI, EPDIS Algeria and Brasseries du Congo, was 878 and the total trained hours was 58,631 hours. In other subsidiaries, CFAO will introduce for 2014 means monitoring and strengthening of internal controls to ensure reliable data.

In 2013, the Group maintained its focus on the following training objectives:

- to strengthen managerial skills in order to create, drive and preserve motivated and competent teams;
- to improve our economic performance in terms of finance, management and internal control; and
- to better our business skills, in particular our technical skills.

The aim of these objectives is to meet requirements on the ground and support the professional development of Group employees, thereby enabling them to work more responsibly. These objectives also aim to anticipate the need for new skills.

In 2013, the Group's programs focused on the following areas in particular:

- communication: training program on public speaking intended for all Group employees required to speak in public;
- finance: seminars on internal control (Business Under Control 1 and 2) for senior executives, finance executives and department heads, intended to improve and strengthen the Group's internal control techniques and procedures and to raise employee awareness of these matters;
- management: training sessions covering annual appraisal interviews, project management, operating management and training development aimed at all managers, including future and experienced managers;
- first aid, Health and Safety: training sessions on the prevention of risks to health and safety in the workplace and personal safety when traveling;
- office skills, Personal Development, Business Lines: individual and collective tailored training sessions organized throughout the year depending on the needs and specific characteristics of each business line.

Furthermore, in order to prepare and support the prospective Chief Executive Officers of its subsidiaries, the Group has reinforced its assessment process intended to evaluate the level of key skills required for the position. Each prospective Chief Executive Officer follows a specific individual development program based on their own needs.

The Group maintains its desire to reinforce and develop the behavioral and managerial skills of its management

committees, senior managers and future senior managers. This objective involves being in touch with needs on the ground and accompanying the business by offering a training program which is adapted to the Group's emerging needs and challenges.

Lastly, the Group has implemented a new training program, "Remote communication in a multicultural context", which applies more specifically to new arrivals. The aims are to improve our efficiency in remote multicultural communication by understanding different forms of professional communication, learning to decode behaviors and situations, adopting solutions that are consistent with the various environments and learning how to use this knowledge to communicate more effectively.

This new program was also a part of our internal Campus by CFAO offer.

17.5.4 Employee relations

Representative bodies have been set up for employees within each Group subsidiary in accordance with applicable legislation in each country. These representative bodies operate very differently depending on the country and local legislation.

In mainland France, the Group has two Works Councils: one for the Unit of Economic and Employee Interest (*Unité Economique et Sociale* – UES), which includes the employees of CFAO, SFCE and SEVRAGIM (comprising five employee representatives), and another representing the employees of Continental Pharmaceutique (comprising four employee representatives).

In 2013, the company-wide agreements signed in mainland France mainly related to the creation of profit-sharing premiums and the compliance of collective pension saving plans with standards allowing leave transfers and the addition of a new pension fund, while those signed in the French overseas departments related primarily to mandatory annual negotiations.

17.5.5 Health and safety

In terms of health and safety, the workplace accident frequency index stood at 14.15 in 2013, compared with 14.43 in 2012 and 9.32 in 2011. This index measures the number of accidents per 1,000 employees. Furthermore, one fatal accident occured in 2013 (road accident for Copharmed). In 2014, the Group will undertake measures reliability of process reporting days off to measure the severity of accidents.

Beyond the scope of French law, many of the Group's subsidiaries have a health and safety or similar committee. In all, 56 subsidiaries have a hygiene, safety and working conditions committee (CHSCT) or equivalent covering 65% of the Group's total workforce.

Health and safety issues pose a challenge for all of the Group's business activities. Every year, employees from all of the Group's divisions are trained in safety. The last three years have seen an increase in these training efforts. 1,126 employees were trained in 2013, versus 1,019 in 2012 and 881 in 2011. A total of 46 occupational hazard identification reports and Hygiene and Safety action plans were conducted across all of the Group's divisions. Moreover, the Group's subsidiaries signed 17 health and safety agreements with social partners in 2013.

17.5.6 Compensation

In 2013, the Group's total payroll amounted to €184,212,174 (excluding social security contributions), 6.4% higher than in 2012 due to a 1.5% increase in workforce. In France (mainland France and the French overseas territories), payroll totaled €65,471,881 in 2013 (excluding social security contributions), compared with €63,284,782 in 2012, and employer social security contributions totaled €29,862,198.

17.5.7 Profit-sharing agreements

Profit-sharing agreements

In mainland France, the specific UES profit-sharing agreement entered into in 2011 is based on the Company's actual profits, i.e. the Current Operating Income (COI).

For employees in the pharmaceutical businesses of mainland France (Continental Pharmaceutique, E.P. DIS and Eurapharma), no amendments were made to the specific Group profit-sharing agreement entered into in 2010.

The table below sets out the amounts paid by CFAO to the Group's employees in mainland France in 2011, 2012 and 2013 in connection with profit-sharing agreements (in euros):

PAYMENTS MADE DURING THE FINANCIAL YEAR

	2013	2012	2011
Profit-sharing agreements	3,361,729	3,404,629	3,288,214

The 2013 figures relate to the financial statements for the year ended December 31, 2013, which will be submitted to the shareholders for approval in June 2014.

Corporate savings plans and similar plans

Corporate savings plan

All the corporate savings plans set up in France include socially responsible investment funds.

A corporate savings plan is a group savings scheme that offers employees of participating companies the possibility of building up a securities portfolio with the help of their employer. Employees' entitlements under an incentive plan or a profit-sharing agreement may be paid into this plan, as well as voluntary payments. Funds invested in a corporate savings plan are locked up for five years, unless they are released early in one of the special cases as provided by law.

Collective pension savings -plan

In early 2008, CFAO implemented a collective pension savings plan for all companies in mainland France. A collective pension savings plan is similar to a corporate savings plan, which offers employees of participating companies the possibility of building up a securities portfolio with the help of their employer. Except in the event of an early release, said portfolio will only be available upon the employee's retirement.

These funds may be managed in one of two ways, as chosen by beneficiaries:

(i) guided management if beneficiaries prefer their savings to be managed by a financial institution;

(ii) free management if they prefer to make their own investment decisions.

CFAO makes complementary contributions to the collective pension savings plan. The maximum annual contribution varies between €1,500 and €4,500, depending on CFAO's results. It represents the full amount deposited in connection with profit-sharing plans or voluntary payments up to €1,000. Above this threshold, it represents 50% of the amount of voluntary payments, within the limit of the maximum annual amount.

In 2013, a rider to the collective pension savings plan agreement was signed to enable employees to transfer up to five days of paid leave per year to the pension savings plan.

17.5.8 Equal treatment

Employment and integration of disabled workers

In 2013, CFAO continued its partnerships in the protected sector: maintenance of green areas in its Pharmacy division sites, paper recycling at CFAO's headquarters and the printing of documents.

Gender equality

All the Group's subsidiaries aim to treat men and women equally. At end-2013, 20.50% of the Group's employees were women, compared with 20.55% at end-2012 and 20.24% at end-2011. The Group employs 1,853 managers, 22.07% of which are women.

In UES, a comparative situation report concerning the employment, age and compensation of the Group's employees is presented to social partners every year. This report is available on the Group's intranet.

Negotiations regarding the implementation of gender equality agreements in 2014 are set to begin in all of the Group's French subsidiaries.

Anti-discrimination and equality policy

CFAO's policy is to ensure that all recruitment, mobility and training procedures are carried out without any discrimination based on origin, religion, age, gender, union membership or political affiliation.

Senior agreements were signed in all French subsidiaries, resulting in actions implemented each year in favor of senior employees (part-time work arrangements, training activities, pension balance sheet).

17.5.9 Company welfare services

In 2013, the budget for welfare services in mainland France was €200,143 higher than the figure for 2012, partly due to an increase in employer contributions to social welfare and cultural initiatives.

17.5.10 Subcontracting

The Group does not systematically subcontract work. It does, however, occasionally employ temporary staff owing to the seasonal nature of certain activities.

Considering the very nature of its distribution business, the CFAO Group does not generally resort to subcontracting. However, it may resort to subcontracting on an *ad hoc* basis.

When using the services of subcontractors and in its dealings with its suppliers, the Group aims to remain very vigilant as to the social and environmental conditions in which they work.

CFAO's Code of Business Conduct is designed to remind employees of the importance of the common core values that the Group upholds in its business activities, and constitutes a frame of reference for the performance of the Group's activities and assignments on an everyday basis. The code covers three main themes: respect for the individual, respect for Company property and respect for trade regulations, with reference to the main principles of the International Labour Organization conventions. Thus, the Group does not collaborate with anyone who it knows to practice child labor, undeclared labor or forced labor. It will refuse to work or stop working with a supplier or service provider who employs people working by force or under threat.

17.5.11 Freedom of association and collective bargaining

Respect for social dialogue is one of the key elements of the Group's Human Resources Policy. In compliance with the laws of its countries of operation, our Group allows its employees freedom of association and expression within the company on matters pertaining to the conditions for carrying out their activities.

17.5.12 Territorial impact of activities on regional development and employment

The Group's business activities have an impact on regional development. By nature, the Group's various businesses have a positive impact on the development and maintenance of employment opportunities in all the Group's countries of operation. In France and abroad, the Group's subsidiaries employ local people (at 97.7%) and give preference to local sub-contractors.

In 2013, CFAO maintained the employment level in all the Group's countries of operation. Furthermore, the purchase of a new pharmaceutical company, Mifamed Medical, led to the creation of new jobs in India.

17.5.13 Social responsibility

In 2013, the Group established relationships with 101 schools (compared with 90 in 2012) selected to evenly represent all of its business activities and regions of operation. The Group hosted 1,286 interns in 2013.

17.6 Profit-sharing and stock options or purchase

The number of shares held by each member is provided in Chapter 14: "Corporate governance" of this Registration Document in section 14.1.2.1: "Information on Executive Board Members" and section 14.1.3.1: "Information on Supervisory Board members".

The Group's directors and corporate officers receive stock options and performance shares, as stated in Chapter 15: "Compensation and benefits" of this Registration Document.

17.7 Employee shareholding agreements

Details on the stock option or purchase plan and performance shares are provided in Chapter 15: "Compensation and benefits" of this Registration Document.

17.8 Environmental management

CFAO and environmental challenges

CFAO is active in Africa, in the French overseas territories and in Vietnam in a range of businesses:

- the distribution of vehicles with CFAO Automotive;
- the distribution of pharmaceutical products with Eurapharma;
- the distribution and production of staple consumer goods with CFAO Industries;
- the distribution of equipment with CFAO Equipment;
- and the integration of new information technologies with CFAO Technologies.

The last three entities fall under a single division called CFAO Industries, Equipment & Services.

The main environmental impacts generated by the import and distribution businesses are due to international sourcing and the regional scope of the Group's network, which lead to energy

and water consumption, greenhouse gas emissions and waste production from logistics and packaging operations, and various other activities.

Each Group business faces specific environmental issues, such as:

- energy consumption linked to air conditioning in showrooms and waste production caused by after sales services in the automobile and equipment businesses;
- the consumption of energy, water, raw materials and packaging in the case of industrial businesses;
- fuel consumption by Eurapharma's vehicle fleet in distributing pharmaceutical products as well as hazardous waste such as expired drugs.

These impacts and CFAO's solutions to reduce them are outlined below.

General environmental policy

CFAO's extensive geographic coverage, the various sizes of its subsidiaries and the challenges specific to the African continent make it difficult to apply a consistent environmental policy across the entire Group and its businesses. However, CFAO has been working for several years to identify its main impacts by gradually broadening the scope of entities included in its environmental reporting. Since 2012, the Group includes nearly all consolidated companies (excluding extraordinary events), as described in the paragraph "Scope of reporting". Environmental reporting is becoming more reliable in a large number of subsidiaries with little experience of this type of reporting. This ambitious scope of reporting reflects the Group's determination to measure and ultimately reduce its environmental impact across all its subsidiaries.

Beyond the initiatives stated above, environmental management is the individual responsibility of each subsidiary. Environment-related tasks are mainly carried out by those involved in environmental reporting, but some subsidiaries provide HSE training and appoint environment managers. Accordingly, positions dedicated primarily to RSE and HSE have been created in the CFAO Automotive subsidiaries in Cameroon and Madagascar.

The Group is currently in the process of implementing an HSE policy applicable to all its subsidiaries This project is likely to come through in 2014.

17.8.1 Environmental reporting: issues and structure

Since 2002, the decree applying the French Law on New Economic Regulations (NRE) requires French listed companies to publish information on the social and environmental consequences of their business operations in their annual report. This regulation has been in force since 1 January 2003. It was replaced by the Grenelle 2 Law, which requires listed companies to comply with a transparency obligation and disclose environmental and social information within the scope of financial consolidation.

Following Toyota Tsusho Corporation's tender offer of 17 December 2012, TTC owns 97.81% of CFAO's share capital. As the Group is still listed, this change in its capital structure will not affect its reporting requirements. All internal and external information pertaining to CFAO's environmental policy is available on its website and intranet, as well as in this Registration Document and internal publications.

Reporting guidelines

The Group's environmental reporting process has been designed based on the issues set out in the previous section. As the reporting process has been rolled out to include entities with different local contexts and different levels of environmental maturity, CFAO has had to update its reporting regularly, while striving to advance and improve the quality of information reported.

The reporting is used to monitor indicators covering the main environmental impacts of CFAO's businesses.

It comprises a significant number of indicators used for all of its businesses and indicators specific to each business (water, industrial raw materials, plastics, gas, etc.). The Group's reporting structure was streamlined in 2011 to make it clearer and more reliable and to focus on the key indicators most relevant for CFAO. This work is continuing steadily and, in 2013, the "fuel consumption" indicator was divided into two parts: "fuel consumption of the generator units" and "fuel consumption of service and company vehicles". This precision made the reported information more reliable, leading to major differences in the data reported for some entities in 2012 and 2013. These cases are indicated where applicable.

This year complementary information was added to this environmental report in order to comply with Article 225 of the Grenelle 2 law.

Pursuant to the order of 14 June 2013, the CFAO's extra-financial reporting data was audited by an independent third-party authority.

Scope of reporting

Since 2012, the scope of environmental reporting includes all the entities consolidated financially by CFAO as at June 30, 2013 and with a workforce. Nevertheless, some entities were not included this year, for the following reasons:

- Mission Pharma, which has its headquarters in Denmark and a warehouse in India, and whose recent acquisition requires ground work for improving reporting data reliability;
- CFAO Motors Uganda, whose operations were almost non-existent in 2013;
- Actidis Guadeloupe, which encountered operational difficulties making it difficult to implement environmental reporting;
- CFAO Nigeria PLC for organisational reasons;
- Alliance Motors Nigeria, closed in October 2013;
- Laborex Mauritanie, whose restructuring did not allow for data collection;
- Vecopharm and Intercontinental pharma, whose workforce comprises one person only.

Lastly, Assene Laborex in Nigeria was included in this year's scope of reporting.

Data collection and validation

CFAO's environmental reporting data is collected by a network of dedicated contributors from each entity with grass-roots knowledge of the entity and its environment. Contributors use Group-wide reporting guidelines and an instruction manual which specify the data sources and calculation methods applied for each criterion. The instruction manual in Excel format can be downloaded from the Enablon platform.

Data collected from subsidiaries are first validated by the management auditors from each business line at headquarters, followed by the Group Corporate Social Responsibility (CSR) Department, which then consolidates the data. The Chief Executive Officers of subsidiaries included in the scope of reporting are asked to guarantee the availability of the resources necessary for ensuring the quality of data reporting.

The Corporate Social Responsibility (CSR) Department offers the entities its expertise in environmental reporting and works towards its improvement throughout the year. Accordingly, in June 2013, Brasseries du Congo underwent a mock audit carried out jointly by PwC and CFAO's CSR Department. At the same time, the subsidiaries were asked to report their data every six months so that the Head Office could analyze the initial reporting trends. This work made it possible to identify good practices and improve the quality and reliability of reported data. As such, there may be differences between the 2012 and 2013 data.

Lastly, the widespread use of the instruction manual in 2013 made it easy to understand the indicators. 40% of the subsidiaries used it in 2012, compared to 77% today.

17.8.2 Changes in CFAO's environmental footprint

CFAO's environmental footprint is divided into seven themes, for which the 2013 indicators are presented below.

These readings were obtained based on all data from the scope.

Theme	Indicators	2012 readings	2013 readings	Units	variations
Energy consumption	Electricity consumption	58,472	62,507	MWh	*7%*
	Scope 2	*37,714*	*40,211*	metric tons of CO_2	*7%*
	Light fuel oil (diesel) consumption	14,202	16,909	cu.m.	*19%*
	Scope 1	*38,157*	*45,431*	metric tons of CO_2	*19%*
	Gas consumption	545	831	MWh	*52%*
	Scope 1	*101*	*154*	metric tons of CO_2	*52%*
Industrial raw material consumption	Water (raw material) consumption	1,340,313	1,220,415	cu.m.	*-9%*
	Gas (raw material) consumption	16,806	13,295	cu.m.	*-21%*
	Plastics consumption (total excl. packaging)	6,822	8,035	metric tons	*18%*
Packaging consumption	Total packaging consumption	8,745	72,263	metric tons	*729%*
Paper consumption	Consumption of paper from sustainably managed forests and recycled paper	142	231	metric tons	*63%*
	Other paper consumption	356	308	metric tons	*-13%*
Waste production	Waste sent to treatment facilities	20,172	22,862	metric tons	*13%*
	o/w hazardous	1,426	*1,913*	*metric tons*	*34%*
	Non-recycled waste	16,042	241,846	metric tons	*1408%*
	o/w hazardous	*771*	*1,071*	*metric tons*	*39%*
External transport *	Air freight	19,247,600	16,595,178	metric tons x km	*-14%*
	Scope 3	13,319	11 483	metric tons of CO_2	*-14%*
	Rail freight	6,548,893	7,013,941	metric tons x km	*7%*
	Scope 3	155	166	metric tons of CO_2	*7%*
	Sea freight	1,236,477,180	1,329,779,446	metric tons x km	*8%*
	Scope 3	14,583	15,683	metric tons of CO_2	*8%*
	Road freight	85,969,000	58,133,719	metric tons x km	*-32%*
	Scope 3	7,517	5,083	metric tons of CO_2	*-21%*
Internal transport	Road freight – fuel consumption	2,359	2,410	cu.m.	*2%*
	Scope 1	6,338	6,474,97	metric tons of CO_2	*2%*

* *Indicators expressed in metric tons x km represent the number of metric tons transported multiplied by the number of kilometers traveled.*

(1) *The emission factors used were updated in 2013. They are based on Bilan Carbone v.7 (French system for evaluating and reducing greenhouse gas emissions). The air freight emission factor is based on DEFRA 2013 (UK government department for environment, food and rural affairs). The calculation of CO_2 emissions does not include refrigerants.*

Change in CFAO Group transport

As its business is import and distribution, the Group relies heavily on freight transport to move its merchandise. Information on freight is divided into two indicators: external transport (outsourced), which breaks down into road, rail, sea and air, as well as internal road transport, (transported by CFAO's vehicle fleet).

External transport

Road freight was down 32% in 2013, mainly on account of some transport flows being stopped. Thus, most of the road freight reported in 2012 corresponded to the transport of vehicles on the Zeebrugge-Valencia route for dispatch to Equatorial Guinea. For the past year, however, a new shipping line was developed from Antwerp providing access to Bata and Malabo in Equatorial Guinea, eliminating the need for road transport to Spain.

Following the restructuring of environmental reporting, there has also been a rise in metric tons transported by Brasseries du Congo. Several transport flows were not taken into consideration, such as the import of bottles from Cameroon by road, some transport operations between the plants in Pointe Noire and Brazzaville, sugar imports, and more.

Air freight also recorded a significant decline, which was partly due to the use of AZAP software, which allows stock optimization and better anticipation of requirements, thereby reducing urgent orders. This resulted in the transport of fewer metric tons by air, which is the mode of transport used for urgent orders, and the transfer of metric tons to sea transport.

The significant drop in business activity among the entities of New-Caledonia also led to the overall decline in CFAO's air transport.

Rail freight remained relatively stable in 2013, with a 7% increase in the total metric tons/kilometer.

Sea freight increased at the same rate. This increase does not reflect the actual increase in goods transported, but is mainly due to the fact that Brasseries du Congo did not report any sea transport flows related to its imports in 2012. At the Group level, the actual downward trend is linked directly to the slowdown in sales, primarily in North Africa.

Good practices

Transport is a major source of pollution, in particular on account of the greenhouse gas emissions it generates. It is also an area which could benefit from financial and environmental rewards due to optimization. CFAO entities endeavor to rationalize the use of each means of transport in order to reduce the resulting environmental impacts mainly by pooling transport and orders.

Order pooling is growing in the Group's entities and among competitors. It has been implemented in the following countries: French Guiana, Cameroon, Kenya, Zimbabwe, Guinea, Ghana, etc.

At the same time, Diamal in Algeria transferred its logistics hub to the most central location to reduce delivery distances and travel between its various sites.

Measures are being introduced to reduce air transport, a major greenhouse gas emitter. In 2011, the Group invested in a computer program, AZAP, to forecast its shipping requirements. The software is used to manage supplies of the central inventories of Toyota parts in Le Havre. The objective was to reduce procurement lead times and limit urgent repair operations as far as possible. Once again, this step proved beneficial in 2013 with the visible decline in air freight.

Accordingly, 98.6% of the subsidiaries' sea freight orders and 80% of their air freight orders are now fulfilled by the central inventories at the Havre (these rates were 82% and 64% respectively in January 2012).

Apart from the reduction in logistics costs for the subsidiaries, the carbon footprint of the transported part clearly fell over the last three years, as a result of the efficiency and positive impact of AZAP on part supply for the central inventories.

Internal transport

This section refers to transport using CFAO's vehicle fleet.

It was stable in 2013 with a 2% increase in the quantity of fuel consumed. This increase is due primarily to Eurapharma, which through its deliveries represents 56% of the Group's internal transport. Its sales growth in 2013 led to an automatic increase in internal transport.

There is no distinction between the different types of fuel consumed.

Good practices

A growing number of entities pool deliveries and optimize shipments.

For example, at CFAO Motors Côte d'Ivoire and Gokals Laborex, deliveries were pooled according to the destination areas and road traffic conditions. Similar practices were also effective at Sopharma Guadeloupe and Martinique, Laborex Mali and Laborex Guinea. Uniphart Togo, Pens and Plastics Ltd, DT Dobie Kenya, etc. Gasoline availability maps were also designed to better monitor and manage gasoline purchases, thus reducing fuel consumption.

Laborex Cameroon also set up a vehicle monitoring system to measure the kilometers travelled and the driving details (sudden acceleration, hard braking, excessive speeds and engine failure). It also provides a significant safety advantage with a remote ignition lock.

Theme-based analysis of changes in environmental impact

The analyses presented below highlight the changes observed between the readings of 2012 and 2013 for the entire CFAO Group, activity by activity.

Water consumption (CU.M)

The Group reports on water consumption (excluding industrial raw materials). However, given the various possible sources of supply (network, drilling wells or delivery by external service providers), the monitoring of water consumption is a complex process and work is underway to make this data more reliable.

Good practices

Due to the high number of facilities in regions with strained water resources, CFAO is facing major water management issues. Accordingly, several measures have been implemented to reduce water consumption and wastewater pollution. Rainwater harvesting is one of the most widespread practices, especially in the automobile distribution division, where water is used to clean vehicles. Furthermore, as of 2014, MIPA Côte d'Ivoire hopes to use this water to clean racks. Water-free cleaning agents (CFAO Motors Senegal) and steam cleaners (Vietnam) are preferred in order to limit water consumption.

Other simple measures are implemented to save water: CFAO Motors Niger removed the automatic sprinklers and prohibited the washing of staff vehicles on the premises. It also reduced the number of water inlets. CFAO is also working towards reducing pollution caused by the discharge of waste from its production activities into water. Accordingly, water treatment plants were set up at the Brazzaville and Pointe Noire sites, each featuring a treatment capacity of over 500,000 cu. m making it possible to reprocess all waste water.

Energy consumption

ELECTRICITY CONSUMPTION *(MWH)*

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	17,820	7,603	31,995	1,055	58,472
2013	20,233	7,728	33,380	1,166	62,507
Change	*2,413*	*125*	*1,385*	*112*	*4,035*
% change	*14%*	*2%*	*4%*	*11%*	*7%*

The Group's electricity consumption has gone up by 7%.

Increased consumption at CFAO Automotive in 2012 is due to the faulty electric meters of NCCIE Guyana, which were replaced at the beginning of 2013. Lastly, Soncar's business activities increased in 2013 with the opening of new showrooms and the doubling of their surface area and workforce, leading to greater use of air conditioning, which in turn increased its power consumption.

For CFAO Industries, Equipment & Services, the increase was partly attributable to the rack-building activity supported by MIPA. This production required energy-intensive machinery. Brasseries du Congo's growing activities also account for two-thirds of the unit's electricity consumption.

FUEL CONSUMPTION *(CU. M)*

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	3,699	495	10,008	0	14,202
2013	3,954	1,271	11,685	0	16,909
Change	*255*	*776*	*1,677*	-	*2,707*
% change	*7%*	*157%*	*17%*	*N/A*	*19%*

The fuel consumption indicator was split into two categories this year: "fuel consumption" and "fuel consumption for service and company vehicles". As a result, many forms of consumption related to company vehicles, which were not reported last year, were included this year, thus leading to an overall increase. These vehicles are intended for the entities' business activities.

There is no distinction between the different types of fuels.

Within CFAO Industries, Equipment & Services, the business activities of Brasseries du Congo and NIPEN have increased, which explains the overall rise in consumption. Furthermore, CFAO Technologies Gabon experienced several power cuts during the financial year, which were off-set by its generator units. At the same time, the shutdown of the Port-Gentil unit has slightly reduced this growing consumption.

The new entity, Assène Laborex, contributes significantly towards the increase in Eurapharma's consumption, which stands at 2% of the overall fuel oil consumption.

GAS CONSUMPTION *(KWH)*

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	0	545	0	0	545
2013	0	811	0	0	831
Change	-	*286*	-	-	*286*
% change	*N/A*	*52%*	*N/A*	*N/A*	*52%*

Gas consumption is exclusively attributable to the Continental Pharmaceutique and E.P. DIS sites in mainland France, where gas is used for heating. Warehouse expansion work carried out by E.P. DIS Rouen in winter led to increased gas consumption.

Good practices in energy management

Site employees are increasingly aware of best practices to limit consumption, in particular simple eco-friendly measures such as switching off electrical and lighting devices during breaks or absence, as practiced at CFAO Motors RCA and CFAO Motors Senegal, for example.

Moreover, several entities are in the process of replacing electrical devices, in particular lighting devices (low consumption or LED bulbs at CAMI or CFAO Motors Senegal). A new boiler was also purchased at Brasseries du Congo.

MIPA Côte d'Ivoire is considering the possibility of implementing the so-called "Corona effect" technique to use electricity from the grid rather than from gas from 2014 onwards. The technique uses an electrical discharge to improve the voltage or surface energy of the treated support for better surface adhesion.

Should it be feasible, this practice could be implemented in other plastic processing plants.

Industrial raw material

CONSUMPTION OF WATER AS AN INDUSTRIAL RAW MATERIAL *(CU. M)*

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	0	27	1,340,286	0	1,340,313
2013	0	377	1,220,038	0	1,220,415
Change	-	*350*	*(120,248)*	-	*(119,898)*
% change	*N/A*	*1,288%*	*-9%*	*N/A*	*-9%*

Brasseries du Congo is practically the only entity that uses water as a raw material to produce beer and soft drinks. The entity faced severe water shortages at Brazzaville in 2013 and recorded a decline in water consumption.

The launch of its new pharmaceutical company, Propharmal, also led to a substantial increase in Eurapharma's use of water as a raw material.

CONSUMPTION OF GAS AS AN INDUSTRIAL RAW MATERIAL *(CU. M)*

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	12,497	0	4,309	0	16,806
2013	10,492	0	2,803	0	13,295
Change	*(2,005)*	-	*(1,506)*	-	*(3,511)*
% change	*-16%*	*N/A*	*-35%*	*N/A*	*-21%*

Gas used as a raw material includes acetylene, oxygen, carbon dioxide and nitrogen used for welding at CFAO Automotive and buckling processes in the plastics industries.

The overall decrease of 21% is mainly due to MIPA, whose calculations for 2012 were erroneous. Conversely, Brasseries du Congo substantially increased their consumption due to new projects(cellars, brewing rooms, PET lines, etc.) There is no distinction between PCS and PCI gases.

CONSUMPTION OF PLASTICS AS AN INDUSTRIAL RAW MATERIAL (EXCLUDING PACKAGING) *(METRIC TONS)*

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	0	0	6,822	0	6,822
2013	0	0	8,035	0	8,035
Change	-	-	*1,213*	-	*1,213*
% change	*N/A*	*N/A*	*18%*	*N/A*	*18%*

The CFAO Group's plastic consumption excluding packaging is attributable to the four plastic processing plants, Icrafon (Cameroon), Mipa (Ivory Coast), Pens and Plastics Ltd (Ghana) and Nipen (Nigeria). This year, MIPA's increased rack production led to a significant increase in its plastic consumption, thereby leading to an overall increase in the sector's consumption.

Good practices in industrial raw materials management

The MIPA (Ivory Coast) and ICRAFON (Cameroon) plastic processing plants use crushed and recycled plastic: 30% of their consumption is attributable to this technique.

Packaging consumption

CONSUMPTION OF CONVENTIONAL PACKAGING *(METRIC TONS)*

This indicator reflects the consumption of plastic, wood and cardboard packaging.

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	21	236	8,479	9	8,745
2013	20	694	71,542	7	72,263
Change	*(1)*	*458*	*63063*	*(2)*	*63,518*
% change	*-5%*	*194%*	*744%*	*-24%*	*726%*

Generally speaking, this indicator can undergo major changes from one year to another, due to the existing stocks and new purchases made by the entities concerned.

For the Automotive business, the slowdown in CMM's operations has led to a decline in the consumption of packaging material.

Brasseries du Congo, which has been producing soft drinks in plastic PET bottles since 2013 through a new production line, has significantly increased the consumption of plastic packaging material in the Industries, Equipment & Services division, which also consumes more cardboard packaging due to the significant increase in NIPEN's production. This increase is partly offset by the decline in MIPA's consumption due to the lower production of pens, which have cardboard packagings.

Eurapharma has also recorded significant growth in its business. This is mainly due to a big order of plastic stocks (shrink wraps, masking tape and isothermal packaging) by E.P. DIS this year. A new air flow for Continental Pharmaceutique required specific wooden packaging material and cardboard boxes to be purchased for transport purposes. The rise in consumption of cardboard boxes is related to the business volume experienced by Copharmed (Ivory Coast) and Pharma Gabon. The start-up of Propharmal's operations also led to an increase in the use of small glass bottles. Lastly, Sopharma Martinique placed a very large order for labels, creating sufficient stock for three years of business. This also contributed to the increased consumption of packaging material in the Healthcare sector.

Good practices

Several sites re-use their packaging material, such as E.P. DIS Algeria, which uses the cardboard boxes received from its suppliers to package customer deliveries, or CFAO Motors Tanzania, which gives a second life to pallets by reusing or sending them back to suppliers.

In addition to reuse, which is a widespread practice within the Group, some entities also try to reduce the quantity of packaging material used. Accordingly, Laborex Niger, Cameroon and Guinea use delivery trays instead of cardboard boxes. Based on the same optimization strategy, Laborex Cameroon is developing the bulk sale of products packaged in cardboard boxes (minimum amount of packaging) rather than individual units. Such bulk sale has had a direct impact on consumption: Laborex Cameroon's cardboard box purchases fell by 36% between 2012 and 2013.

The choice of material is also a factor to be considered in reducing packaging-related environmental impact. Some entities are working in this direction, such as SOCADA, which now uses bags made of recyclable plastic for its spare parts store, and CFAO Motors Senegal, which prefers paper bags.

The vast majority of entities use no new packaging. Some, like Laborex Burkina, even resell the surplus to fund the employee cooperative.

PAPER CONSUMPTION *(METRIC TONS)*

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	250	100	99	49	498
2013	264	111	102	61	539
Change	*14*	*11*	*3*	*12*	*41*
% change	*6%*	*11%*	*4%*	*25%*	*8%*

The quantities reported represent so-called office paper used in office supplies (envelopes, reams, business cards, purchase orders, etc.) and paper used in publications, i.e. printed media for the Group's internal or external communication.

The increased volume of paper used is due primarily to the more widespread use of the instruction manual provided by the entities' CSR Department. In addition to enabling the monthly monitoring of consumption, the manual also sets out all the paper types to be included in the indicator. Accordingly, several entities have started including paper categories, which were hitherto excluded, thus increasing the indicator across all of the Group's activities.

The rise in consumption at the headquarters is mainly due to the publications produced for the subsidiaries (internal communication and marketing media).

CONSUMPTION OF RECYCLED PAPER OR PAPER FROM SUSTAINABLY MANAGED FORESTS *(METRIC TONS)*

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	59	43	14	25	142
2013	69	60	56	46	231
Change	*9*	*17*	*42*	*21*	*89*
% change	*16%*	*39%*	*305%*	*83%*	*63%*

In 2013, the proportion of recycled paper or paper from sustainably managed forests increased by over 60% and accounted for 43% of total consumption.

This sharp increase was recorded in all the entities, but more particularly at Brasseries du Congo, which consumes very large amounts of paper. It is explained by the reclassification of certain unlabeled products in the "paper from sustainably managed forests" and "recycled paper" category. The instruction manual's presentation of the various labels concerned enabled several entities to identify the categories of paper used. The purchase of recycled paper at the Sèvres headquarters is becoming the rule following instructions from the CSR Department.

Good practices

All entities are aware of the importance of rationalizing the consumption of supplies, especially paper, by limiting print-outs and adopting environmentally friendly behavior (reuse of scrap paper, envelopes, etc.). Accordingly, the Sèvres headquarters and many subsidiaries have set printers to double-sided printing by default, reduced the amount of individual printers and even set up a centralized print-out monitoring system.

At the same time, efforts are being made in terms of supplies, with 19 entities using only recycled paper or paper from sustainably managed forests. The other entities are also making progress in this regard and are aware of these issues, as demonstrated by the figures.

Waste production

Since 2012, waste is presented as follows: recycled waste or waste sent to treatment facilities, and non-recycled waste. The amount of hazardous waste is published for each category.

Recycled waste or waste sent to treatment facilities include non-hazardous waste that is reused by the entity or a third party (free of charge or after resale) and hazardous waste sent to traditional recycling facilities, such as waste from the after-sales automotive business (oil, batteries, filters and tires), in addition to expired medical products from the pharmaceutical business, WEEE, ink cartridges, etc.

Non-recycled non-hazardous waste includes waste sent to landfills or destroyed. Non-recycled hazardous waste covers the above-mentioned waste categories that have not been sent to facilities for recovery.

The amount of waste reported has increased. This is due to efforts made within the entities to improve reporting procedures for the indicator, and primarily within Brasseries du Congo for the mock audit conducted mid-year. Brasseries du Congo has started reporting very high quantities of waste after the reappraisal of the types of waste reported and the evaluation methods used.

RECYCLED WASTE OR WASTE SENT TO TREATMENT FACILITIES *(METRIC TONS)*

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	1,843	975	17,333	21	20,172
2013	1,635	1,454	19,748	25	22,862
Change	*(207)*	*478*	*2,415*	*3*	*2,689*
% change	*-11%*	*49%*	*14%*	*15%*	*13%*

O/W HAZARDOUS

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	1,353	20	53	0.5	1,426
2013	1,248	621	43	0.5	1,913
Change	*(104)*	*601*	*(10)*	*0*	*486*
% change	*-8%*	*3,035%*	*-19%*	*1%*	*34%*

The total amount of waste sent to treatment facilities increased at Group level. This increase is mainly due to Eurapharma and represents the destruction of expired medical products in E.P. DIS Rouen, E.P. DIS Martinique, Copharmed (Ivory Coast) and Propharmal (Algeria). Following a flood, the latter had to destroy large quantities of damaged medical products. A specialized service provider is entrusted with the job of destroying medicines.

Entities generally wait for a substantial volume of damaged medical products to be collected before scheduling their destruction, in order to achieve economies of scale on these operations. The destruction of medical waste is an irregular occurrence and can vary significantly from one year to the next. Despite CFAO's efforts to ensure reliable reporting, it is still very complicated to measure the precise volume of hazardous waste. If the amount of waste produced in the automobile sector is not recorded immediately upon removal (for example, removal by a service provider), the recommended method is to record the purchases made by the spare parts store, given that all purchases lead to replacements and, accordingly, to waste (battery, oils, etc.).

NON-RECYCLED WASTE *(METRIC TONS)*

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	2,845	965	12,154	78	16,042
2013	3,205	898	237,666	78	241,846
Change	*360*	*(67)*	*225,511*	*-*	*225,805*
% change	*13%*	*-7%*	*1,855%*	*0%*	*1,408%*

The very sharp increase in waste reported for the CFAO Industries Equipment & Services business is once again attributable to Brasseries du Congo for reasons explained above (mock audit and construction sites in 2013). CFAO Technologies Cameroon has also contributed to the amount of waste consumed on account of the once-off destruction of close to 40 metric tons of archives this year.

O/WHAZARDOUS

	CFAO Automotive	Eurapharma	Industries, Equipment & Services	Headquarters	CFAO Group
2012	610	86	74	-	771
2013	960	52	59	-	1,071
Change	*350*	*(34)*	*(15)*	*-*	*300*
% change	*57%*	*-40%*	*-20%*	*N/A*	*39%*

The automotive sector saw a significant increase in this item, mainly due to improved reporting and the inclusion of new waste categories that were not reported before, in particular in application of the instruction manual provided by the Group. Accordingly, major changes were recorded at CFAO Motors Congo, RDC and Burkina, and RCA. Generally speaking and in compliance with CFAO's policies, the quantities of unrecovered hazardous waste represent a very low percentage of the total quantities of waste produced.

Good practices

Waste management is a major challenge in Africa. Increased consumption across the continent translates into a higher volume of waste produced in a region where waste treatment facilities are still underdeveloped or practically non-existent. Informal collection of waste for reuse is a widespread practice, but it may be dangerous in the event of hazardous waste. Faced with these challenges, CFAO is working to identify and implement treatment units in the Group's areas of operation. Moreover, the Group is striving to ensure more reliable reporting of waste produced by its entities. In 2013, new partnerships were signed with the following waste treatment facilities: Ecoval (Morocco) for all types of waste and Ortec (Congo) for dirty filters and rags.

One of the highlights for 2013 was the creation of a hazardous waste management kit distributed to all the Automotive subsidiaries and accompanied by a letter signed by the CSR Programs Director, the parts and services manager and the division head. The kit includes three elements:

- a leaflet for workshop employees and customers. Customers are concerned when they buy potentially hazardous products at the counter or when they wish to recover the used parts of their vehicle after maintenance;
- a poster to be displayed in workshops and at parts and services counters;
- a guide to hazardous waste management for parts and services officers to remind them about workshop sorting rules and good practices to be adopted.

In early 2014, this approach will be extended to the CFAO Equipment subsidiaries.

At the same time, in order to implement this approach, the Group's headquarters has provided a list of storage equipment to subsidiaries which have not yet implemented selective sorting. For example, CFAO Motors São Tomé & Principe, Dt Dobie and Cica Kenya, CFAO Motors Chad and Mauritania recently acquired said storage equipment.

Used oil is the most common hazardous waste product in the automobile business. Automobile dealerships may consume up to several dozen metric tons of oil, depending on business volumes. Given that most African countries have no facilities available for this type of waste, the oil suppliers are responsible for its collection and treatment. Moreover, several automobile waste recycling partnerships have been established: in Algeria with Recyclex, in Cameroon with Bocam, in Senegal with Sococim& SRH, and in Madagascar with Adonis. Two new partnerships were signed in 2013: Ecoval in Morocco and Ortec in the Congo.

In Kenya, DT Dobie formed a partnership with the National Environmental Management Authority to supply sorting bins and ensure that its practices comply with regulations.

Sorting ensures that non-hazardous waste, which can often be reused, is not contaminated with hazardous waste, which may be harmful to health.

Eurapharma's main type of hazardous waste is attributable to expired medical products that cannot be sold. They are destroyed in compliance with strict regulations that require traceability. Upstream, excess inventories are limited to prevent pharmaceutical products from reaching their expiry dates. Many subsidiaries outsource to companies specialized in destroying medical waste: in Cameroon with GMC, in Kenya with Environmental Combustion and Consultants, and in Algeria with Green Sky.

Subsidiaries make extensive use of structured waste treatment facilities available in the French Overseas Territories. In the Healthcare business, Sopharma Guadeloupe outsources to Thermolise, which incinerates the waste for energy recovery. SPG in French Guiana collaborates with the Cyclamed network, which returns medical products to mainland France for disposal.

Waste from the automotive businesses is transported to mainland France (from Guyana and Reunion) or treatment centers overseas if no local solution is available.

In New Caledonia, all waste is collected by the environmental organization Trecodec in collaboration with several treatment facilities working locally or abroad. For example, no local facilities are available to treat lead batteries. This waste is therefore transported to New Zealand or Australia under the Basel Convention.

In Brasseries du Congo, waste is recycled or reused wherever possible, with the careful management of various materials (e.g. metal and plastic bins resold to housing funds, oil from generators and plastic films recovered by external specialized service providers, etc.)

Waste from Electrical and Electronic Equipment (WEEE) was also taken into account: in 2013, CFAO formed a partnership with the Ateliers du Bocage in Sèvres, Cameroon and Burkina Faso. Ateliers du Bocage, a branch of the French charity Emmaus, developed the "*Clic Vert*" (Green Click) program in Africa. Under this initiative, used equipment is collected from companies, government agencies and individuals, restored and then sold at low prices in special stores. The program is notable for creating jobs and promoting access to new technologies. When equipment is at the end of its useful life, Ateliers du Bocage takes it apart in decontamination centers and sends components that cannot be recycled locally to Europe. In2013, WEEE collection was also implemented in Kenya through a partnership with WEE.

Lastly, reuse continues to be one of the primary methods of waste recovery in Africa. MIPA in Ivory Coast and Brasseries du Congo organize the recovery of non-hazardous waste through employees. This regulates the practice and prevents potential risks associated with waste handling.

The Group's headquarters has renewed its partnership with Elise Cèdre for recovering and recycling paper, cardboard, ink cartridges, cans, plastic bottles and batteries.

In addition, IMC and Capstone in Mauritius send used paper to the NGO Green Waste, which transforms it into packaging material.

Other indicators

The following information consists of qualitative data for further details on the reporting indicators and provides additional examples of environmental initiatives taken by Group entities.

Pollution and air, water and soil emissions

In order to improve its policy to prevent the pollution caused by its businesses, the Group first determined the sources of pollution: air emissions, water effluents and waste management. The Group uses this preliminary study and its environmental reporting to measure and record these sources of pollution and waste. Targeted action plans are then developed by type of pollution and business.

Good practices

Volatile organic compounds (VOCs) are the main pollutants directly related to after-sales service workshops, where the Group encourages the use of solvents that limit these emissions.

Waste treatment plants were set up at the Brazzaville and Pointe Noire sites, each featuring a treatment capacity of over 500,000 cu.m. All wastewater is reprocessed. Some garages are equipped with settling tanks to avoid accidentally polluting the natural environment with hydrocarbons.

Taking into account of noise pollution and any other form of pollution produced by a business.

The Group has not carried out a comprehensive analysis to identify the sites concerned. Nevertheless, none of the sites seems to be concerned by this type of pollution.

Biodiversity and soil use

CFAO's sites are not located in rural farming or natural areas. Accordingly, they have a relatively limited impact on the environment, soil use and biodiversity. The Group has not carried out a comprehensive analysis to measure its impacts on biodiversity.

Since 2003, DT Dobie has participated in the fight against the deforestation of the National Park of Nairobi and for the protection of the Karurapar forest by way of an annual donation.

Adapting to climate change and fighting greenhouse gases

Emissions are divided into scopes in line with the leading international benchmark, the Greenhouse Gas Protocol.

The emissions factors used are based on the *Bilan Carbone* v.7 and the DEFRA (Department for Environment, Food and Rural Affairs, UK).

The Group is aware of the repercussions of climate change on its activities. Information on depleting water resources and increasing sea levels in particular is monitored with special attention.

Initiatives to reduce energy consumption and optimize freight aim to cut the Group's greenhouse gas emissions. Where possible, CFAO also encourages forms of transport with lower greenhouse gas emissions, such as the railway, to ship its merchandise. Despite these efforts, the underdeveloped infrastructure in Africa often requires the Group to use emission-intensive modes of transport, such as air freight, or to choose road over rail transport where the latter does not offer sufficient flexibility for the Group's business activities.

The Group has not set aside any provisions for environmental risks. CFAO was not required to pay any compensation as a result of lawsuits or held liable to repair any damage.

Several entities have taken steps towards quality certification, but none of them concern environmental standards.

17.8.3 Report of the Statutory Auditors, designated as independent third-party entities, on the consolidated environmental, social and societal information published in the management report

Year ended December 31, 2013

To the attention of the Shareholders,

In our capacity as Statutory Auditor of CFAO, and designated as independent third-party entities, whose certification request has been approved by the French National Accreditation Body (COFRAC) under reference 3-1049 for KPMG and whose certification has been approved by COFRAC for Deloitte & Associés under reference 3-1048, we hereby present you with our report on the social, environmental and societal information prepared for the year ended December 31, 2013 presented in the management report included in the annual report (hereinafter the "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

The *Directoire* of CFAO is responsible for preparing a management report including the CSR Information provided by Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting criteria used by CFAO (the "Reporting Protocole"), some of which are presented throughout the management report and which are available upon request at the Group headquarters.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditors

Based on our work, our responsibility is:

- to attest that the required CSR Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR information);
- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Criteria (Formed conclusion on the fair presentation of the CSR Information).

Our work was carried out by about ten people between January and March 2014 for about six weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional standards applicable in France, with the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, with regard to the formed conclusion on the fair presentation of the Information, with the ISAE (International Standard on Assurance Engagements) 3000 [1].

1. Attestation of completeness of the CSR Information

Based on interviews with management, we familiarized ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the Company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We have compared the CSR Information presented in the management report with the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we have verified that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We have verified that the CSR Information covered the consolidated scope, i.e., the Company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits set forth in the methodological notes along the CSR informations and presented in paragraphs 17.5 and 17.8.1 of the annual report.

Based on our work and considering the limitations mentioned above, we attest that the required CSR Information is presented in the management report.

2. Limited assurance on the fair presentation of the CSR Information

Nature and scope of procedures

We conducted about twenty interviews with people responsible for preparing the CSR Information in the departments in charge of the CSR Information collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Reporting Criteria with respect to its relevance, completeness, reliability, neutrality and clarity, taking into consideration, when relevant, the sector's best practices;
- verify the set-up of a process to collect, compile, process, and check the CSR Information with regard to its completeness and consistency;
- familiarize ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the Company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Concerning the CSR information that we have considered to be most important [1]:

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we implemented analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the management report;
- for a representative sample of entities and sites that we have selected [2] according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and implemented substantive tests on a sampling basis, consisting in verifying the calculations performed and reconciling the data with supporting evidence. The selected sample represented 19% of the Group headcount and between 24% and 100% of quantitative environmental informations.

Regarding the other consolidated CSR information, we have assessed its consistency in relation to our understanding of the Group.

Finally, we have assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Information cannot be totally eliminated.

Paris La Défense and Neuilly-sur-Seine, April 14 2014

The Statuory Auditors

KPMG Audit
A division of KPMG SA

Philippe ARNAUD
Partner
Climate Change & Sustainable Development Department

Hervé CHOPIN
Partner

Deloitte & Associés

Florence DIDIER-NOARO
Partner
Environmental and Social Responsibility

Alain PENANGUER
Partner

(1) *Social indicators: Total employees end of year and breakdown by gender and ages range, Total number of recruitments, Total number of dismissals, Total number of leavings permanent contracts, Total number of leavings fixed term contract, Annual wage bill (employer wage cost excluded), Number of occupational accidents (excluding fatal accidents) with work stoppage, Number of training hours.*

Environmental indicators: Consumption of water used as raw material, Electricity consumption, Natural gas consumption, Fuel consumption, Consumption of plastics (total excluding packaging), Packaging consumption, Air freight (outsourced), Railway freight (outsourced), Maritime freight (outsourced), Road freight (outsourced), Road freight (group companies own fleets).

Other qualitative information: « Heath by CFAO » program against HIV and others pathologies, good practices regarding waste production and water consumption, prevention measures regarding business transparency.

(2) *Audit scope for social and environmental indicators: Brasserie du Congo, CFAO Motors Côte d'Ivoire, CFAO Motors Maroc, SIAB Maroc, CFAO Technologies Côte d'Ivoire, Diamal Algérie, Epdis SPA Algérie, MIPA (Consumption of plastics – total excluding packaging), Continental Pharmaceutique (indicators relative to the air freight outsourced and natural gas consumption), COPHARMED (indicator relative to the road freight – group companies own fleets), Epdis France (indicator relative to the natural gas consumption) and CFAO Group (indicator relative to the maritime freight).*

18 PRINCIPAL SHAREHOLDERS

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18.1 Shareholder base

The table below lists CFAO's shareholders as at December 31, 2011, 2012 and 2013, determined based on the threshold crossings declared by those dates. It should be noted that the Company has received no threshold declarations since the closing of the reopened voluntary public tender offer filed by Toyota Tsusho Corporation ("TTC").

	December 31, 2013			
Shareholders	**Number of shares**	**Number of voting rights**	**Percentage of share capital**	**Percentage of voting rights**
Toyota Tsusho Corporation	60,176,509	60,176,509	97.59%	97.62%
Management and Supervisory Boards [3]	17,479	17,479	0.03%	0.03%
Treasury shares [4]	23,550	–	0.04%	–
CFAO employees [5]	222,125	222,125	0.36%	0.36%
Public	1,225,320	1,225,320	1.99%	1.99%
TOTAL	**61,664,983**	**61,641,433**	**100%**	**100%**

	December 31, 2012			
Shareholders	**Number of shares**	**Number of voting rights**	**Percentage of share capital**	**Percentage of voting rights**
Toyota Tsusho Corporation	60,176,909	60,176,909	97.80%	97.87%
Management and Supervisory Boards [3]	2,050	2,050	0.003%	0.003%
Treasury shares [4]	43,702	–	0.07%	–
CFAO employees [5]	84,900	84,900	0.14%	0.14%
Public	1,220,549	1,220,549	1.98%	1.98%
TOTAL	**61,528,110**	**61,484,408**	**100%**	**100%**

	December 31, 2011			
Shareholders	**Number of shares**	**Number of voting rights**	**Percentage of share capital**	**Percentage of voting rights**
Discodis SAS [1]	25,828,998	25,828,998	41.98%	42.09%
Sapardis SA [1]	2,442	2,442	0.004%	0.004%
Prodistri SA [2]	2,442	2,442	0.004%	0.004%
Total PPR Group	**25,833,882**	**25,833,882**	**41.99%**	**42.09**
Management and Supervisory Boards [3]	1,950	1,950	0.003%	0.003%
OppenheimerFunds Inc.	4,598,548	4,598,548	7.47%	7.49%
Lazard AM LLC	3,389,463	3,389,463	5.51%	5.52%
Artio GM LLC	1,842,693	1,842,693	2.99%	3%
M&G Investments	2,212,554	2,212,554	3.6%	3.61%
Treasury shares [4]	155,300	-	0.25%	-
Public	23,491,470	23,491,470	38.18%	38.28%
TOTAL	**61,525,860**	**61,370,560**	**100%**	**100%**

(1) Companies wholly owned by Kering (formerly PPR).
(2) Company 99.96% owned by Kering (formerly PPR).
(3) Members of the Management Board and of the Supervisory Board. It should be noted that TTC lent 900of its CFAO shares belonging to the TTC group to three members of the Supervisory Board (250 shares for each member) and to one member of the Management Board (150 shares).
(4) Treasury-shares represent the number of shares held under the liquidity agreement and the number of shares held including those repurchased by CFAO under the repurchase program.
(5) Performance shares granted to employees (excluding members of the Management Board) under a lock-up obligation.

Until its IPO in December 2009, CFAO was 99.94% owned by Kering (formerly PPR) through three of its subsidiaries (Discodis SAS, Sapardis SA and Prodistri SA). The remaining 0.06% of the share capital and voting rights were held by minority shareholders. In the period between the IPO of CFAO and August 2, 2012, Kering (formerly PPR) held 41.99% of share capital and voting rights (not including treasury shares).

On July 26, 2012, Kering (formerly PPR) and the Japanese group Toyota Tsusho Corporation ("TTC") entered into a share purchase agreement pursuant to which TTC acquired from Kering (formerly PPR) 29.80% of CFAO's share capital at a price of €37.50 per share. The acquisition was completed on August 2, 2012.

Following this acquisition, TTC has completed its due diligence review and decided, during its Board of Directors meeting held on August 28, 2012, to launch a voluntary public tender offer on the remaining shares of CFAO. The price of the public tender offer was €37.50 per share, which corresponds to the same price paid to Kering (formerly PPR) for the acquisition of the aforementioned 29.80% stake. Kering has undertaken to contribute the 12.19% still held in CFAO's share capital to the voluntary public tender offer.

TTC filed the public tender offer with the French market regulator (*Autorité des marchés financiers* – AMF) on September 14, 2012. The implementation of this offer was subject to a declaration of compliance from the AMF, and the offer was only conditional on the approval of the transaction by the EU competition authorities.

CFAO filed on October 4, 2012 a response document to the tender offer initiated by TTC. Considering in particular the findings of a report drafted by an independent expert appointed on September 4, 2012, the CFAO Supervisory Board issued a reasoned opinion on the public tender offer on October 3, 2012. The Supervisory Board considered that the proposed offer was in the best interest of the company, its employees and its shareholders. Accordingly, its voting members unanimously approved the proposed offer described in TTC's offer documents and recommended that the shareholders who wished to do so tender their shares to the offer.

The offer documents were approved by the AMF on October 16, 2012 and the tender offer was opened on October 19, 2012. The offer was made exclusively in France. TTC received on November 13, 2012 approval from the European Commission regarding the tender offer initiated on CFAO shares.

At the closing of the tender offer on November 23, 2012, 35,931,623 CFAO shares were tendered. As a result, at the settlement date of the tender offer (December 5, 2012), TTC held 54,266,329 CFAO shares representing 88.20% of CFAO's share capital and voting rights.

The tender offer was reopened for a ten trading day-period pursuant to French regulations, beginning on December 4, 2012 and ending on December 17, 2012 (included). At the closing of the reopened tender offer, TTC had secured 60,177,409 CFAO shares, equivalent to 97.81% of the Company's outstanding share capital, and thus met the conditions required for the implementation of a squeeze-out.

At the end of the reopened offer, as minority shareholders represented less than 5% of capital and voting rights of CFAO, TTC actually had the possibility to implement within the three months following the end of the reopened offer, a squeeze-out procedure at a price of 37.5 euros per CFAO share.

However, on February 26, 2013, TTC announced that it did not intend to implement a mandatory squeeze-out procedure on the CFAO shares not tendered by minority shareholders following the tender offer closed on December 17, 2012.

As a result, CFAO shares continue to be listed on Euronext Paris.

No other shareholder held (directly or indirectly) 3% or more of share capital or voting rights at the date of filing this Registration Document.

The by-laws of the Company provide that any shareholder who owns directly or indirectly a number of shares representing more than 3% of the share capital or of the voting rights, and each supplementary 0.5% fraction including above the legal declaration thresholds, must notify the Company, within four days from the threshold crossing. The obligation to notify the Company is also applicable for downward threshold crossings.

At December 31, 2013, 60,422,107 CFAO shares were held in registered form (97.98% of the share capital), and gave the right to the same number of voting rights.

Pursuant to Article L. 225-102 of the French Commercial Code (*Code de commerce*), it is indicated that no CFAO shares are held by employees under a collective management scheme (through the Group's employee savings plans in mainland France).

However, 222,125 shares are currently held by employees and managers of the Group (excluding members of the Management Board) as a result of a performance share plan under which shares were remitted to beneficiaries on December 3, 2012 and July 18, 2013. These shares cannot be sold to third parties before the end of a two-year lock-up period ending on December 3, 2014 for the first plan and July 18, 2015 for the second plan. See Chapter 15 for more information on these plans: "Compensation and benefits" of this Registration Document.

18.2 Voting rights

Each share gives the right to a vote at the Shareholders' Meeting. There are no double voting rights attached to the shares of the Company, and the principal shareholders of the Company do not hold different voting rights.

18.3 Principal shareholders

Kering (formerly PPR) was indirectly CFAO's principal shareholder with 41.99% of share capital and voting rights until August 2, 2012 (not taking into account the treasury shares). As indicated above, Kering sold its stake in CFAO's share capital to the Japanese company TTC. As a result, TTC offered to purchase the other shareholders' shares. At December 31, 2012, TTC owned 97.80% of CFAO's share capital and voting rights (not taking into account the treasury shares). This percentage was 97.60% at the date of filing this Registration Document.

TTC is not a member of CFAO's Supervisory Board as a legal person. However, at the date of filing this Registration Document, the Board was comprised of three members, Executive Officers of TTC.

18.4 Shareholder agreements

CFAO is not aware of any shareholder agreements or other arrangements between its shareholders. The Company is not party to any agreement which could result in a change in its shareholder base, and has no knowledge of the existence of such an agreement.

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CFAO Group's related parties in 2013 comprised its main shareholders Toyota Tsusho Corporation ("TTC"), the Associates, as well as its senior corporate executives and close family members. Before August 2, 2012 CFAO's main shareholder was Kering (formerly PPR), the Associates, its senior corporate executives and the close family members.

In accordance with the European Regulation (EC) No. 1606/2002), the details of the operations with related parties entered into by the issuer must be presented for the period covered by the historical financial information (the last three years) up to the registration date of the Registration Document. Therefore the operations are presented in two parts: 19.1 "Operations with the Kering group (formerly PPR) before August 2, 2012" and 19.2 "Operations with the TTC group after August 2, 2012".

Parties related to CFAO also include CFAO's subsidiaries; however, transactions between the parent company and its fully consolidated subsidiaries and between these subsidiaries are eliminated in the consolidated financial statements.

19.1 Operations with the Kering Group (formerly PPR)

The CFAO Group was party to various agreements with entities within the Kering Group (formerly PPR group). These agreements were applied until CFAO's IPO in December 2009, subsequent to which they were terminated, either immediately or a few months later.

For more information on the agreements, see Chapter 19, section 19.1 of the 2012 Registration Document.

19.2 Transactions with the TTC group

N/A

19.3 Related party agreements and commitments

19.3.1 Agreements and commitments that remained in force in 2013

The following agreements or commitments were entered into or made before 2013, and continued to be implemented in 2013.

- *Agreement to make the company's sales network available to its subsidiary SFCE (modified in 2012):* the company and SFCE entered into this agreement on March 17, 1997. The agreement provides for SFCE's payment of royalties to CFAO based on the volume of business generated by SFCE through CFAO's commercial network.
- *Modification of the Supplementary pension plan* for the members of the Management Board, who do not hold an employment contract.
- *Measures taken by the Supervisory Board in favor of Alain Viry:* on October 29, 2012, the Supervisory Board decided to award an indemnity to Mr Alain Viry in the event of his departure. It should be noted that this commitment was performed during 2013 (by a decision of the Supervisory Board dated December 2, 2013).

19.3.2 Agreements entered into in 2013

- *Amendment to the employment contracts of Olivier Marzloff and Alain Pécheur:* in order to take into account the amendment to their variable compensation for 2013, the payment of a special bonus for their activity in 2012, the implementation of a bonus for seniority within the company as at December 31, 2014 (For more information on management remuneration, see chapter 15 "Compensation and benefits" of this Registration Document) and the retention plan implemented by decision of the Supervisory Board of July 27, 2013 (For more information on these subjects, see chapters 15 and 16 of this Registration Document).

- *Agreements signed with Mr Viry when he left the CFAO Group during 2013:* the removal of the continued employment condition for the stock options allocated to Mr Viry, and the non-competition agreement signed between CFAO and Mr Viry (for more information see Chapters 15 and 16 of this Registration Document).
- *Commitment to pay severance indemnities to Mr Richard Bielle under certain conditions* (For more information on this subject see Chapters 15 and 16 of this Registration Document).
- *Measures taken by the Supervisory Board in favor of Richard Bielle:* On December 2, 2013, the Supervisory Board decided to allocate an indemnity to Mr Bielle in the event of his forced departure, to make him eligible for unemployment insurance covering managers and senior executives and to enable him to continue to be entitled to the supplementary pension scheme for senior executives in connection with his term of office.
- *Measures taken by the Supervisory Board in favor of Richard Bielle:* on December 2, 2013, the Supervisory Board decided to implement a non-competition agreement in the event of leaving the Group, for a maximum of twelve months with the payment of an amount limited to 50% of his annual base salary.

The conclusion of these agreements or these commitments which are agreements as referred to in article L. 225-86 of the French Commercial Code were previously authorized by CFAO's Supervisory Board and the said agreements will be submitted to the Company's Annual General Meeting in 2014 which rules on the approval of the 2013 financial statements.

For further information on the transactions with related parties also see Note 35 "Transactions with related parties" to the consolidated financial statements.

19.3.3 Statutory Auditors' special report on related party agreements and commitments

Year ended December 31,2013

To the Shareholders,

In our capacity as Statutory Auditors of CFAO, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our assignment, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-58 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by Article R. 225-58 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

1 AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

1.1 Agreements and commitments authorized during the year

In accordance with Article L. 225-88 of the French Commercial Code, we were informed of the following agreements and commitments previously authorized by the Supervisory Board.

1.1.1 Amendment to the employment contract of Olivier Marzloff, member of the Management Board

On March 28, 2013 and March 27, 2014, the Supervisory Board authorized the amendment of the compensation package of Olivier Marzloff, who is an employee of CFAO in his position as Corporate Secretary and a corporate officer as a member of the Management Board.

Taking into account these changes, Oliver Marzloff's compensation for 2013 consisted of:

- Fixed compensation of €297,000 including compensation due under his employment contract in the amount of €287,000 and compensation for his duties as Management Board member in the amount of €10,000.
- Variable compensation calculated on the basis of the achievement of (i) financial objectives relating to recurring operating margin and free operating cash flow and (ii) non-financial objectives. His variable compensation amounted to €35,875 for 2013.
- A company car declared as a benefit in kind valued at €3,733 in 2013.

1.1.2 Amendment to the employment contract of Alain Pécheur, member of the Management Board

On March 28, 2013 and March 27, 2014, the Supervisory Board authorized the amendment of the compensation package of Alain Pécheur who is an employee of CFAO in his position as Financial Director and a corporate officer as a member of the Management Board.

Taking into account these changes, Alain Pécheur's compensation for 2013 consisted of:

- Fixed compensation of €260,000 including compensation due under his employment contract in the amount of €250,000 and compensation for his duties as Management Board member in the amount of €10,000.
- Variable compensation calculated on the basis of the achievement of (i) financial objectives relating to recurring operating margin and free operating cash flow and (ii) non-financial objectives. His variable compensation amounted to €37,500 for 2013.
- Non-recurring compensation of €37,500 granted on account of his involvement in the process of closer relations with TTC.
- A company car declared as a benefit in kind valued at €2,849 in 2013.

1.1.4 The implementation of a bonus for seniority within the company as at December 31, 2014, granted to certain members of the Management Board

On July 27, 2013, the Supervisory Board decided to implement a management retention plan following the changed shareholder base. This plan provided for the allocation of bonuses to the managers concerned, based on the sole condition of their presence within the company as at December 31, 2014.

Certain members of the Management Board are eligible for this plan, namely Mr. Marzloff and Mr. Pécheur, who may receive bonuses of €258,300 and €225,000 respectively.

1.1.8 Agreements entered into with Alain Viry, Chairman of the Management Board, at the time of his departure from CFAO Group

Alain Viry was Chairman of the CFAO Management Board until December 16, 2013. Given that he was compensated only as a corporate officer, his compensation did not fall under related party agreements. Accordingly, this compensation will not be mentioned here.

On October 29, 2012, the Supervisory Board had authorized the commitment made to Alain Viry to pay him termination indemnities in the event of his removal from office. These indemnities would be limited to 1.5 times the amount of his target compensation as Chairman of the Management Board, and depend on and be adjusted in accordance with various performance criteria.

On December 2, 2013, the Supervisory Board approved his removal from office, effective as from December 16, 2013, and approved the amount of his termination indemnity (€1,657,500). The Supervisory Board also decided to remove the continued employment condition for the stock options allocated to Mr. Viry.

1.1.8 Agreements entered into with Richard Bielle, Chairman of the Management Board, at the time of his return to CFAO Group

On December 16, 2013, Richard Bielle became Chairman of the CFAO Management Board once again. Given that he was compensated only as a corporate officer, his compensation does not fall under related party agreements. Accordingly, this compensation will not be mentioned here.

On December 2, 2013, the Supervisory Board authorized the commitment made to Richard Bielle to pay him termination indemnities in the event of his removal from office. These indemnities will be limited to 1.5 times the amount of his target compensation as Chairman of the Management Board, and will depend on and be adjusted in accordance with various performance criteria.

On December 2, 2013, the Supervisory Board also authorized the allocation to Mr. Bielle of an executive unemployment insurance policy and the possibility of benefiting from the supplementary pension plan for executives and corporate officers.

Lastly, again assuming Mr. Bielle may be forced to leave his position, the Supervisory Board decided to implement a new non-competition agreement for a maximum of 12 months with the payment of an amount limited to 50% of his annual base salary.

2 AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

2.1 Agreements and commitments which were implemented during the year

In accordance with Article R. 225-57 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the Annual General Meeting in previous years, were implemented during the year ended December 31, 2013.

2.1.1 Agreement granting SFCE access to CFAO's commercial network

On February 17, 2012, the Supervisory Board authorized the amendment of certain provisions of the agreement granting SFCE access to CFAO's commercial network, entered into on March 15, 1997.

Article 2 of the agreement was amended as follows: "As compensation for the commitments under Article 1 above, SFCE will pay CFAO a royalty fee to make available the resources and activities of its network. This fee will represent 2.5% of its sales (revenue excluding tax generated by SFCE in the capacity of trader and revenue of Companies having entrusted SFCE with their supplies in the capacity of commission agent)."

This amendment had effect as of January 1, 2012. The royalties paid in respect of the year ended December 31, 2013 were calculated on the basis of this agreement and amounted to €12,170,054.

2.1.2 Agreements governing the termination indemnity and non-competition clause of Richard Bielle, Chairman of the Management Board, at the time of his departure from CFAO Group

The Supervisory Board of September 4, 2012 terminated Richard Bielle's employment contract and term of office as Chairman of the Management Board and approved the terms of his departure. On October 29, 2012, the Supervisory Board authorized a non-competition clause between Richard Bielle and CFAO for the duration of one year, applicable to the automobile sector in Sub-Saharan Africa.

Mr. Bielle left the Group on January 15, 2013. He received a salary of €20,500 as fixed compensation for January 1 to 15, along with a benefit in kind of €1192.

Mr. Bielle's non-competition clause was effective from January 15 to December 16, 2013, i.e. for a period of 11 months. Accordingly, Richard Bielle received compensation of €385,000 under this clause in 2013.

2.1.3. Agreements governing the termination indemnity of Jean-Yves Mazon, member of the Management Board, at the time of his departure from CFAO Group

Jean-Yves Mazon has not been a member of the Management Board since October 5, 2012, given that his corporate office has expired and not been renewed. His employment contract was also terminated at the same time.

Mr. Mazon left the Group on January 26, 2013. He received a salary of €21,392 as fixed compensation for January 1 to 26, along with a benefit in kind of €376.

2.1.4. Supplementary pension plan for the members of the Management Board

At its meeting on August 30, 2010, the Supervisory Board extended the funded pension plan in place within the Company to the members of the Management Board.

The contributions recorded in 2012 in relation to this agreement amounted to €22,034.

Paris La Défense and Neuilly-sur-Seine, April 17, 2014

The Statutory Auditors

KPMG Audit A division of KPMG SA	Deloitte &Associés
Hervé CHOPIN *Partner*	Alain PENANGUER *Partner*

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FINANCIAL INFORMATION CONCERNING THE ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES OF CFAO

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The consolidated and parent company financial statements presented below will be submitted for the approval of CFAO's Annual General Meeting to be held on June 10, 2014.

20.1 Historic financial information

In compliance with Article 28 of European Regulation 809/2004 of the European Commission, this Registration Document incorporates by reference the consolidated financial statements for 2011 and 2012, as well as the corresponding Statutory Auditors' reports. These financial statements and reports are contained in the 2011 and 2012 Registration Documents filed with the French financial markets authority (*Autorité des marchés financiers* – AMF).

20.2 Pro forma financial information

N/A

20.3 Financial statements

20.3.1 Consolidated financial statements

Consolidated financial statements for the year ended December 31, 2013

The comparative information for 2012 set out in this document is in compliance with the IFRS applicable at the closing date of the financial statements for 2013.

NOTE: *In this report, "Company" refers to CFAO SA, parent company of the CFAO Group. "Group" refers to the Company, its consolidated subsidiaries and its interests in associates.*

The Group's consolidated financial statements for the years ended December 31, 2013 and 2012 were prepared in accordance with the International Financial Reporting Standards ("IFRS") and IFRIC interpretations adopted for use by the European Union and applicable as of December 31, 2013.

Consolidated income statement for the years ended December 31, 2013 and 2012

(in € millions)	Notes	31.12.2013	31.12.2012
Revenue	5,1	**3,628.1**	**3,585.2**
Cost of sales	5,2	(2,814.9)	(2,792.4)
Gross profit		**813.1**	**792.8**
Payroll expenses	6	(267.9)	(255.2)
Other recurring operating income and expenses		(276.2)	(247.3)
Recurring operating income	9	**269.0**	**290.3**
Other non-recurring operating income and expenses	10	(1.9)	(9.5)
Operating income		**267.1**	**280.8**
Cost of net debt	11	(39.4)	(36.5)
Other financial income and expenses	11	(1.9)	(1.2)
Income before tax		**225.9**	**243.1**
Income tax	12	(83.1)	(74.2)
Share in earnings of associates		1.6	2.3
Net income from continuing operations		**144.4**	**171.2**
o/w attributable to owners of the parent		100.4	114.0
o/w attributable to non-controlling interests		44.0	57.2
Net income of consolidated companies		**144.4**	**171.2**
Net income attributable to non-controlling interests		44.0	57.2
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT		**100.4**	**114.0**
Earnings per share (in €)	13	1.63	1.85
Fully diluted earnings per share (in €)	13	1.62	1.84

Consolidated statement of comprehensive income for the years ended December 31, 2013 and 2012

(in € millions)	Notes	31.12.2013	31.12.2012
Net income		**144.4**	**171.2**
Items recycled to income:		**(10.5)**	**(6.5)**
Foreign exchange gains and losses and other		(10.5)	(6.5)
Items not recycled to income:		**(0.2)**	**(6.5)**
Actuarial gains and losses [1]		(0.2)	(6.5)
Other comprehensive income	14	**(10.7)**	**(13.0)**
Total comprehensive income		**133.7**	**158.2**
o/w attributable to owners of the parent		89.8	101.8
o/w attributable to non-controlling interests		44.0	56.3

(1) Net of tax.

Consolidated statement of financial position as of December 31, 2013 and 2012

ASSETS

(in € millions)	Notes	31.12.2013	31.12.2012
Goodwill	15	199.5	200.1
Other intangible assets	16	29.8	31.3
Property, plant and equipment	17	392.9	365.9
Investments in associates	19	12.2	13.0
Non-current financial assets	20	64.8	50.8
Deferred tax assets	12.2	24.3	24.9
Other non-current assets		1.0	1.2
Non-current assets		**724.5**	**687.2**
Inventories	21	900.4	1,037.1
Trade receivables	22	553.5	488.1
Current tax receivables	12.2	37.0	34.6
Other current financial assets	30	6.0	8.7
Other current assets	23	170.5	169.3
Cash and cash equivalents	28	211.5	199.3
Current assets		**1,879.0**	**1,937.1**
TOTAL ASSETS		**2,603.5**	**2,624.3**

EQUITY AND LIABILITIES

(in € millions)	Notes	31.12.2013	31.12.2012
Share capital	25	10.3	10.3
Translation adjustments		(34.8)	(42.6)
Treasury shares		(0.3)	(1.3)
Other reserves		684.1	639.6
Equity attributable to owners of the parent	**25**	**659.2**	**605.9**
Non-controlling interests		194.7	213.0
Total equity	**25**	**853.9**	**818.9**
Non-current borrowings	29	109.0	149.8
Provisions for pensions and other post-employment benefits	26	36.3	35.5
Other provisions	27	7.2	8.1
Deferred tax liabilities	12.2	1.3	0.6
Non-current liabilities		**153.8**	**194.0**
Current borrowings	29	506.0	426.5
Other current financial liabilities	30	19.0	27.5
Trade payables	23	619.9	695.3
Provisions for pensions and other post-employment benefits	26	1.2	1.3
Other provisions	27	25.7	17.8
Current tax liabilities	12.2	52.6	58.8
Other current liabilities	23	371.4	384.0
Current liabilities		**1,595.7**	**1,611.4**
TOTAL EQUITY AND LIABILITIES		**2,603.5**	**2,624.3**

Consolidated statement of cash flows for the years ended December 31, 2013 and 2012

(in € millions)	Notes	31.12.2013	31.12.2012
Net income		**144.4**	**171.2**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets		59.4	54.9
Proceeds on disposal of leasing fleets (amendment to IAS 16)		3.4	3.3
Other non-cash income and expenses		7.0	(6.7)
Cash flow from operating activities	33.1	**214.2**	**222.6**
Interest paid/received		43.1	40.3
Dividends received		(1.4)	(2.2)
Net income tax payable	12.1	78.6	78.9
Cash flow from operating activities before tax, dividends and interest		**334.5**	**339.6**
Change in working capital requirement		(33.0)	(164.7)
Income tax paid		(87.3)	(74.7)
Net cash from (used in) operating activities		**214.2**	**100.1**
Purchases of leasing fleets (amendment to IAS 16)	33.2	(12.3)	(14.8)
Other purchases of property, plant and equipment and intangible assets		(87.4)	(79.5)
Proceeds from disposals of property, plant and equipment and intangible assets		11.2	4.7
Total investments in property, plant and equipment		*(88.6)*	*(89.6)*
Acquisitions of subsidiaries, net of cash acquired	33.3	(3.9)	(47.7)
Proceeds from disposals of subsidiaries, net of cash transferred	33.3	(2.5)	6.4
Purchases of other financial assets		(22.6)	(17.0)
Proceeds from sales of other financial assets		10.1	7.7
Interest and dividends received		2.3	2.6
Total financial investments		*(16.5)*	*(48.1)*
Net cash used in investing activities		**(105.0)**	**(137.7)**
Share capital increase/decrease		1.6	0.9
Dividends paid to owners of the parent company		(55.4)	(52.9)
Dividends paid to non-controlling interests		(47.7)	(38.8)
Issuance of debt	29-33.4	24.6	56.0
Repayment of debt	29-33.4	(39.5)	(24.1)
Interest paid and equivalent		(44.1)	(40.4)
Net cash used in financing activities		**(160.5)**	**(99.3)**
Impact of exchange rate variations		2.5	(0.3)
Impact of treasury shares		1.0	2.7
Other movements		0.3	(2.0)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(47.5)**	**(136.6)**
Cash and cash equivalents net of bank overdrafts at beginning of the period	33	**(195.6)**	**(59.0)**
Cash and cash equivalents net of bank overdrafts at end of the period	33	**(243.1)**	**(195.6)**

Consolidated statement of changes in equity

(in € millions)	Number of shares outstanding	Share capital	Cumulative translation adjustments and other	Other reserves and net income attributable to owners of the parent	Equity: Owners of the parent	Equity: Non-controlling interests	Total equity
As of December 31, 2011	61,370,560	10.3	(17.4)	555.0	547.8	191.2	739.1
Comprehensive income as of December 31, 2012			**(7.4)**	**109.2**	**101.8**	**56.3**	**158.1**
Share capital increase/decrease						1.0	**1.0**
Treasury shares	43,702 (1)			2.7	2.7		2.7
Valuation of share-based payment				4.8	4.8		4.8
Dividends paid				(52.9)	(52.9)	(39.1)	(92.0)
Changes in scope of consolidation			(17.8)	19.5	1.7	3.6	5.3
As of December 31, 2012	61,484,408	10.3	(42.5)	638.2	605.9	213.0	818.9
Comprehensive income as of December 31, 2013			**(10.1)**	**99.9**	**89.8**	**44.0**	**133.7**
Share capital increase/decrease				1.0	1.0	2.1	3.1
Treasury shares	41,782 (1)			1.0	1.0		1.0
Valuation of share-based payment				3.8	3.8		3.8
Dividends paid				(55.4)	(55.4)	(47.8)	(103.2)
Changes in scope of consolidation			17.8	(4.8)	13.0	(16.6)	(3.6)
AS OF DECEMBER 31, 2013	**61,623,201**	**10.3**	**(34.8)**	**683.7**	**659.2**	**194.7**	**853.9**

Notes to the consolidated financial statements

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NOTE 1 Introduction

The CFAO Group, comprising CFAO SA ("the Company") and its subsidiaries (together, "the CFAO Group" or "the Group") is one of the leading specialized retail brands in its key businesses in Africa and the French overseas territories. CFAO is a major player in the import and distribution of vehicles and pharmaceutical products, and related logistical services, as well as in certain industrial activities and technological services in Africa and the French overseas territories.

The Group currently has operations in France, 33 African countries, seven French overseas territories, Vietnam and Cambodia. CFAO is also present in Portugal, Denmark and India, where it carries out logistical and supply activities.

CFAO, the Group's parent company, is a *société anonyme* (joint stock company) governed by a Supervisory Board and Management Board incorporated under French law, whose registered office is located at 18, rue Troyon, 92310 Sèvres, France. It is registered with the Nanterre Register of Commerce and Companies under the reference 552 056 152 RCS Nanterre. CFAO SA is bound by all regulations governing commercial companies in France, and particularly the provisions of the French Commercial Code (*Code de commerce*).

The CFAO Group prepared its first financial statements under IFRS for the year ended December 31, 2008.

The CFAO Group's consolidated financial statements were approved for issue by the Management Board on February 17, 2014 and are presented in euros. These consolidated financial statements will be presented to CFAO's General Shareholders' Meeting for approval.

NOTE 2 Accounting policies and methods

General principles and statement of compliance

The consolidated financial statements of the CFAO Group for the year ended December 31, 2013 were prepared in accordance with applicable international accounting standards adopted by the European Union and of mandatory application as of that date. These international standards comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

All accounting standards and guidance adopted by the European Union can be consulted on the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm.

IFRS basis adopted

The standards, amendments and interpretations applicable for the first time to accounting periods beginning on or after January 1, 2013 had no material impact on the consolidated financial statements for the year ended December 31, 2013. These mainly included:

- the amendments to IAS 19 on commitments in relation to employee benefits, which provide for the immediate recognition of actuarial gains and losses in equity, and the calculation of the return on financial assets based on the discount rate used to measure the commitment, and not the expected rate of return;
- IFRS 13, which defines the rules for measuring fair value and the disclosure requirements for the notes to the financial statements about fair value measurements.

The standards, amendments and interpretations applicable for the first time in accounting periods beginning on or after January 1, 2014 and 2015 are as follows:

- IFRS 9, which redefines the classification and measurement rules for financial assets based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset;
- IFRS 10, IFRS 11 and IFRS 12 on consolidation, which redefine the notion of control of an entity, eliminate the option of using the proportionate consolidation method to consolidate joint ventures (replacing it with the use of the equity method alone), and introduce new disclosure requirements for the notes to the consolidated financial statements.

Further to analysis by the Group, IFRS 10, 11 and 12 (applicable to financial periods beginning on or after January 1, 2014) are not expected to have a material impact on the consolidated financial statements. IFRS 9 has not yet been adopted by the European Union.

2.1 Basis of preparation of the consolidated financial statements

2.1.1 Basis of measurement

The consolidated financial statements are prepared based on the historical cost convention with the exception of certain financial assets and liabilities carried at fair value.

2.1.2 Use of estimates and judgment

The preparation of consolidated financial statements requires the use of estimates and assumptions by Group management that can affect the carrying amounts of certain assets and liabilities, income and expenses, and the information disclosed in the accompanying notes. Group management reviews these estimates and assumptions on a regular basis to ensure their pertinence with respect to past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions. The impact of changes in accounting estimates is recognized during the period in which the change occurs and all affected future periods.

The main estimates made by management in the preparation of the financial statements concern the value and useful lives of operating assets, property, plant and equipment, intangible assets and goodwill; the amount of contingency provisions and other provisions relating to operations; and assumptions underlying the calculation of obligations relating to employee benefits, deferred tax balances and derivatives. In particular, the Group uses discount rate assumptions based on market data to estimate the value of long-term assets and liabilities.

The main assumptions made by the Group are detailed in specific sections of the notes to the financial statements, in particular:

- Note 7 – Share-based payment;
- Note 12 – Income tax;
- Note 18 – Impairment tests on non-financial assets;
- Note 21 – Inventories;
- Note 22 – Trade receivables;
- Note 26 – Employee benefits;
- Note 27 – Provisions;
- Note 30 – Exposure to foreign exchange, interest rate and credit risk;
- Note 32 – Accounting classification and market value of financial instruments.

2.1.3 Statement of cash flows

The Group's statement of cash flows is prepared in accordance with IAS 7 – "Statement of Cash Flows", using the indirect method.

2.2 Consolidation principles

The consolidation is based on financial statements (or interim financial statements) drawn up for the 12-month periods ended December 31, 2013 and 2012 for all Group companies.

The consolidated financial statements include the financial statements of acquired companies as from the acquisition date or a date close to the acquisition date, and sold companies up until the date of disposal.

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group exercises control. Control is defined as the ability to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain economic benefit from its activities. This situation generally implies directly or indirectly holding more than 50% of the voting rights. The existence and effect of potential voting rights that are exercisable or convertible are taken into account in the assessment of control.

Subsidiaries are fully consolidated from the effective date of control.

Intercompany assets and liabilities and transactions between fully consolidated companies are eliminated. Gains and losses on internal transactions with controlled companies are fully eliminated.

Subsidiaries' accounting policies and methods are modified where necessary to ensure consistency of accounting treatment at Group level.

2.2.2 Associates

Associates are all entities in which the Group exercises a significant influence over the entity's management and financial policy, without exercising control, and generally implies holding 20% to 50% of the voting rights.

Associates are accounted for using the equity method and are initially measured at cost, except when the associates were previously controlled by the Group in which case they are measured at fair value through the income statement as of the date control is lost. Subsequently, the Group's share in profits or losses of the associate attributable to owners of the parent is recognized in net income, and the Group's share in the associate's other comprehensive income is recognized on a separate line of the statement of comprehensive income, under other comprehensive income. If the Group's share in the losses of an associate equals or exceeds its investment in that associate, the Group no longer recognizes its share of losses, unless it has legal or constructive obligations to make payments on behalf of the associate.

Goodwill related to an associate is included in the carrying amount of the investment.

Gains or losses on internal transactions with equity-accounted associates are eliminated in the amount of the Group's investment in these companies.

The accounting policies and methods of associates are modified where necessary to ensure consistency of accounting treatment at Group level.

2.2.3 Business combinations

Business combinations, where the Group acquires control of one or more other activities, are recognized using the purchase method.

Business combinations that took place prior to January 1, 2010 were recognized using the accounting principles used to prepare the financial statements for the year ended December 31, 2008.

Business combinations carried out after January 1, 2010 are recognized and measured in accordance with the provisions of the revised IFRS 3. Accordingly, the consideration transferred (acquisition cost) is measured at the fair value, at the date of exchange, of the assets transferred, equity interests issued and liabilities incurred by the acquirer. Identifiable assets and liabilities are measured at their fair value on the acquisition date. Costs directly attributable to the business combination are recognized in expenses.

The excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquired entity is recognized as goodwill.

The Group elects to measure any non-controlling interests resulting from a business combination at fair value. In this case, goodwill is recognized on all of the identifiable assets and liabilities (full goodwill method).

Goodwill is determined at the date control over the acquired entity is obtained and may not be adjusted after the measurement period. No additional goodwill is recognized on any subsequent acquisition of non-controlling interests.

Acquisitions and/or disposals of non-controlling interests are recognized directly in consolidated equity.

If the consideration transferred is less than the Group's interest in the net assets (measured at fair value) of the acquired subsidiary, the difference is recognized directly in net income for the period.

The accounting for a business combination must be completed within 12 months of the acquisition date. This applies to the measurement of identifiable assets and liabilities, consideration transferred and non-controlling interests.

2.2.4 Put options granted to minority shareholders

The Group has undertaken to repurchase the non-controlling interests of shareholders of certain subsidiaries. The strike price of these put options may be set or determined according to a predefined calculation formula, and the options may be exercised at any time or on a specific date.

The revised IAS 27 – applied by the Group in its consolidated financial statements as of January 1, 2010 – prescribes the appropriate accounting treatment for acquisitions of additional shares in a subsidiary after control is obtained. As permitted by the French financial markets authority (*Autorité des marchés financiers* – AMF), the Group has decided to apply two different accounting methods to these put options, depending on whether they were granted before or after the date the revised standard first came into effect.

Put options granted before January 1, 2010

The Group uses its existing goodwill method for put options granted before January 1, 2010, whereby a financial liability is recorded for the put options granted to the minority shareholders of the entities concerned and the corresponding non-controlling interests are reclassified and included in this financial liability. The difference between the debt representing the commitment to purchase the non-controlling interests and the carrying amount of the reclassified non-controlling interests is recorded as goodwill.

This liability is initially recorded at the present value of the strike price and at the end of subsequent reporting periods, based on the fair value of shares potentially purchased if the strike price is linked to the fair value. Subsequent changes in the value of the commitment are recorded by an adjustment to goodwill.

Put options granted after January 1, 2010

The Group records a financial liability for the put options granted to the minority shareholders of the entities concerned and the corresponding non-controlling interests are reclassified and included in this financial liability. The difference between the debt representing the commitment to purchase the non-controlling interests and the carrying amount of the reclassified non-controlling interests is recorded in Goodwill when these put options are granted at acquisition date, as anticipated-acquisition model allows it. It is recorded as a deduction from equity in other cases.

This liability is initially recorded at the present value of the strike price and at the end of subsequent reporting periods, based on the fair value of shares potentially purchased if the strike price is linked to the fair value. Subsequent changes in the value of the commitment are recorded by an adjustment to equity.

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

Items included in the financial statements of each Group entity are valued using the currency of the primary economic environment in which the entity operates (functional currency). The Group's consolidated financial statements are presented in euros, which is the presentation currency.

2.3.2 Foreign currency transactions

Transactions denominated in foreign currencies are recognized in the entity's functional currency at the exchange rate prevailing on the transaction date.

Monetary items in foreign currencies are translated at the end of each reporting period using the closing rate. Translation adjustments arising from the translation or the settlement of these items are recognized in income or expenses for the period.

Non-monetary items in foreign currencies valued at historical cost are translated at the rate prevailing on the transaction date, and non-monetary items in foreign currencies measured at fair value are translated at the rate prevailing on the date the fair value is determined. When a gain or loss on a non-monetary item is recognized directly in other comprehensive income, the foreign exchange component is also recognized in other comprehensive income. Otherwise, the component is recognized in income or expenses for the period.

The treatment of foreign exchange rate hedges in the form of derivatives is described in the paragraph on derivative instruments in Note 2.8 “Financial assets and liabilities”.

2.3.3 Translation of the financial statements of foreign subsidiaries

The results and financial statements of Group entities with a functional currency that differs from the presentation currency are translated into euros as follows:

- items recorded in the statement of financial position other than equity are translated at the exchange rate at the end of the reporting period;
- income and cash flow statement items are translated at the average exchange rate for the year, which in the absence of material fluctuations approximates the exchange rate at the transaction date;
- foreign exchange differences are recognized as translation adjustments in the statement of comprehensive income under “Other comprehensive income” and notably include gains and losses on foreign currency borrowings used to hedge foreign currency investments and on permanent advances to foreign subsidiaries.

Goodwill and fair value adjustments arising from a business combination with a foreign activity are recognized in the functional currency of the entity acquired. They are then translated at the closing exchange rate into the Group’s presentation currency, and the resulting differences are recognized in consolidated equity.

2.4 Goodwill

Goodwill represents the excess of the cost of a business combination over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities on the acquisition date. Goodwill is allocated as of the acquisition date to cash-generating units (CGUs) or groups of CGUs defined by the Group based on the characteristics of the business.

2.5 Other intangible assets

Intangible assets acquired as part of a business combination, which are controlled by the Group and can be measured reliably, and which are separate or arise from contractual or other legal rights, are recognized separately from goodwill. These assets, in the same way as intangible assets acquired separately, are amortized over their useful life where this is finite and written down if their recoverable amount is less than their carrying amount. Software acquired as part of recurring operations is usually amortized over a period not exceeding 12 months.

Software developed in-house by the Group and meeting all the recognition criteria in IAS 38 is capitalized and amortized on a straight-line basis over its useful life, which is generally between three and five years.

2.6 Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses with the exception of land, which is presented at cost less impairment losses. The various components of property, plant and equipment are recognized separately when their estimated useful life and therefore their depreciation periods are significantly different. The cost of an asset includes the expenses that are directly attributable to its acquisition.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate component, where necessary, if it is probable that future economic benefits will flow to the Group and the cost of the asset can be reliably measured. All other routine repair and maintenance costs are expensed in the year they are incurred.

Depreciation is calculated using the straight-line method, based on the purchase or production cost, less any residual value which is reviewed annually if considered material, over a period corresponding to the useful life of each asset category, i.e., 10 to 40 years for buildings and improvements to land and buildings, and 3 to 10 years for equipment.

Lease contracts

Agreements whose fulfillment depends on the use of one or more specific assets and which transfer the right to use the asset may be classified as lease contracts.

Lease contracts which transfer to the Group substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases.

Assets acquired under finance leases are recognized in property, plant and equipment against the corresponding debt recognized in borrowings for the same amount, at the lower of the fair value of the asset and the present value of minimum lease payments. The corresponding assets are depreciated over a useful life identical to that of property, plant and equipment acquired outright.

Deferred tax is recognized in respect of the capitalization of finance leases where appropriate.

Lease contracts that do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases are recognized in recurring operating expenses on a straight-line basis over the term of the lease.

Capital gains on the sale and leaseback of assets are recognized in full in income at the time of disposal when the lease qualifies as an operating lease and the transaction is performed at fair value.

The same accounting treatment is applied to agreements which, while not presenting the legal form of a lease contract, confer on the Group the right to use a specific asset in exchange for a payment or series of payments.

2.7 Asset impairment

Goodwill and intangible assets with an indefinite useful life, such as brands, and CGUs or groups of CGUs containing these items, are tested for impairment at least annually, during the second half of each reporting period.

An impairment test is also performed when events or circumstances indicate that goodwill, other intangible assets, property, plant and equipment, and CGUs or groups of CGUs may be impaired. Such events or circumstances include material unfavorable changes of a permanent nature affecting either the economic environment or the assumptions or objectives used on the acquisition date.

Impairment tests seek to determine whether the recoverable amount of an asset, a CGU or a group of CGUs is less than its net carrying amount.

The recoverable amount of an asset, a CGU or a group of CGUs is the higher of its fair value less costs to sell and its value in use.

The value in use is determined based on future cash flow projections, taking into account the time value of money and the specific risks attributable to the asset or CGU or group of CGUs. A pre-tax discount rate is applied to future cash flow projections, while a growth rate is used to extrapolate the cash flows to perpetuity.

Future cash flow projections are based on medium-term budgets and plans spanning a period of four years. To calculate value in use, a terminal value equal to the perpetual capitalization of a normative cash flow is added to the estimated future cash flows.

Fair value less costs to sell is the amount obtainable from the sale of an asset or group of assets in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. These values are determined based on market data (comparison with amounts used in recent transactions).

When the recoverable value of an asset, CGU or group of CGUs is less than its carrying amount, an impairment loss is recognized in respect of the asset or group of assets.

For a CGU or group of CGUs, impairment is charged first to goodwill where appropriate, and recognized under "Other non-recurring operating income and expenses" in the income statement.

Impairment losses recognized in respect of property, plant and equipment and other intangible assets may be reversed at a later date up to the amount of the losses initially recognized, when the recoverable amount once again exceeds the carrying amount. Impairment losses in respect of goodwill may not be reversed.

2.8 Financial assets and liabilities

2.8.1 Financial assets

Pursuant to IAS 39, financial assets are classified within one of the following four categories:

- financial assets at fair value through the income statement;
- loans and receivables;
- held-to-maturity investments;
- available-for-sale financial assets.

The classification determines the accounting treatment for the instrument. It is defined by the Group on the initial recognition date, based on the objective behind the asset's purchase. Purchases and sales of financial assets are recognized on the trade date, which is the date the Group is committed to the purchase or sale of the asset. A financial asset is derecognized if the contractual rights to the cash flows from the financial asset expire or the asset is transferred.

A. Financial assets at fair vwe through the income statement

These are financial assets held by the Group for short-term profit, or assets voluntarily classified in this category.

These assets are measured at fair value, with changes in fair value recognized in income.

B. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market and are not held for trading purposes or available for sale.

These assets are initially recognized at fair value and subsequently at amortized cost using the effective interest method. Short-term receivables without a stated interest rate are valued at the amount of the original invoice unless the effective interest rate has a material impact.

These assets are subject to impairment tests when there is an indication of impairment loss. An impairment loss is recognized if the carrying amount exceeds the estimated recoverable amount.

Loans and receivables due from non-consolidated investments, other loans and receivables and trade receivables are included in this category and are presented in non-current financial assets, trade receivables and other non-current financial assets.

C. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets, other than loans or receivables, with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. These assets are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

These assets are subject to impairment tests when there is an indication of impairment loss. An impairment loss is recognized if the carrying amount exceeds the estimated recoverable amount.

Held-to-maturity investments are presented in non-current financial assets.

D. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not included in the aforementioned categories. Unrealized capital gains or losses are recognized in equity until the disposal of the assets. However, when there is a significant or prolonged decline in value of an available-for-sale asset, the unrealized capital loss is reclassified from equity to income for the period. Impairment losses recognized in respect of variable income securities cannot be reversed through the income statement at the end of a subsequent reporting period.

For listed securities, fair value corresponds to a market price. For unlisted securities, fair value is determined by reference to recent transactions or using valuation techniques based on reliable and observable market data. However, when the fair value of a security cannot be reasonably estimated, it is recorded at historical cost. These assets are subject to impairment tests in order to assess whether they are recoverable.

This category mainly comprises non-consolidated investments and marketable securities that do not meet the other financial asset definitions. They are presented in non-current financial assets.

2.8.2 Financial liabilities

The valuation of financial liabilities depends on their IAS 39 classification. The Group recognizes all financial liabilities and particularly borrowings, trade payables and other liabilities, initially at fair value less transaction costs and subsequently at amortized cost, using the effective interest method.

The effective interest rate is determined for each transaction and corresponds to the rate that would provide the carrying amount of a financial liability by discounting its estimated future cash flows until maturity or until the nearest date the price is reset to the market rate. The calculation includes transaction costs and any premiums and/or discounts. Transaction costs correspond to the costs directly attributable to the acquisition or issue of a financial liability.

The carrying amount of financial liabilities that qualify as hedged items as part of a fair value hedging relationship and are valued at amortized cost, is adjusted with respect to the hedged risk.

Hedging relationships are described in the section below on derivative instruments.

Changes in fair value are taken to the income statement. Transaction costs incurred in setting up these financial liabilities are recognized immediately in expenses.

2.8.3 Derivative instruments

The Group uses various financial instruments to reduce its exposure to foreign exchange risk. These instruments are chiefly traded over the counter with banks.

Derivatives are recognized at fair value under other current or non-current assets and liabilities depending on their maturity. Changes in the fair value of these derivatives are always recorded in income.

Derivatives designated as hedging instruments are classified as fair value hedges (the Group does not classify any derivatives as cash flow or net investment hedges). A fair value hedge is used to hedge the risk of changes in the fair value of recognized assets or liabilities or a firm commitment not yet recognized that would impact consolidated net income. For fair value hedges, the hedged component of these items is measured at fair value. Fair value gains and losses are recorded in the income statement and offset, to the extent the hedge is effective, by matching fair value gains and losses on the hedging instrument.

Hedge accounting can only be applied if all the following conditions are met:

- there is a clearly identified, formalized and documented hedging relationship as of the date of inception;
- the effectiveness of the hedging relationship can be demonstrated on a prospective and retrospective basis. The results obtained must attain a confidence level of between 80% and 125%.

2.8.4 Cash and cash equivalents

The "Cash and cash equivalents" line item recorded on the assets side of the consolidated statement of financial position comprises cash, short-term investments and other liquid and readily convertible instruments with an insignificant risk of changes in value and a maximum maturity of three months as of the purchase date.

Investments with a maturity exceeding three months, and blocked or pledged bank accounts, are excluded from cash. Bank overdrafts are presented in borrowings on the liabilities side of the statement of financial position.

In the statement of cash flows, "Cash and cash equivalents" includes accrued interest receivable on assets presented in cash and cash equivalents and bank overdrafts. A schedule reconciling cash per the statement of cash flows and per the statement of financial position is provided in Note 33.

2.8.5 Definition of consolidated net debt

The concept of net debt used by the Group comprises gross debt including accrued interest less net cash as defined by French National Accounting Board (*Conseil National de la Comptabilité* – CNC) recommendation 2009-R. 03 dated July 2, 2009.

2.9 Share-based payment

The Group awards performance shares and stock options which constitute equity settled share-based payment transactions. In accordance with IFRS 2 – "Share-based Payment", the fair value of the plans concerned – which corresponds to the fair value of the services rendered by the beneficiaries – is measured at the grant date.

The pricing models used for this measurement are described in Note 7. Subsequent to the grant date, the fair values recognized for the stock options or performance shares are amortized over the vesting period. The related expense is recorded in payroll expenses with an offsetting increase in equity.

2.10 Inventories

Inventories comprise goods for resale that are physically located at different stages of the supply chain, from suppliers through to end customers. They include:

- goods being transported between suppliers and subsidiaries or storage facilities managed by central purchasing offices;
- goods in stock at the subsidiaries or at the storage facilities managed by central purchasing offices.

Inventories comprise goods for resale as well as raw materials used by CFAO Industries in its production processes.

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated sale price in the normal course of operations, net of costs to be incurred to complete the sale.

The same method for determining cost is adopted for inventories of a similar nature and use within the same entity. Inventories are valued on a first-in-first-out (FIFO) basis or at weighted average cost depending on the Group activity.

Interest expenses are excluded from inventories and expensed as finance costs in the year they are incurred.

The Group may write down inventory based on expected turnover, if inventory items are damaged, have become wholly or partially obsolete, the selling price has declined, or if the estimated costs to completion or to be incurred to make the sale have increased.

2.11 Income tax

The income tax charge for the period comprises the current and deferred tax charge.

In France, the 2012 finance law introduced the Company value-added contribution (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE). In line with similar taxes within the Group, the CVAE is treated as an income tax in application of IAS 12. Consequently, it is accounted for under "Income tax".

Deferred tax is calculated using the liability method on all temporary differences between the book value of assets and liabilities recorded in the consolidated statement of financial position and their tax value. The measurement of deferred tax balances depends on the way in which the Group intends to recover or settle the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position within non-current assets and liabilities.

A deferred tax asset is recognized on deductible temporary differences and for tax loss carry-forwards and tax credits to the extent that their future offset appears probable.

A deferred tax liability is recognized on taxable temporary differences relating to investments in subsidiaries, associates and joint ventures unless the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

2.12 Provisions

Provisions for litigation and disputes, and miscellaneous contingencies and losses are recognized as soon as a present obligation arises from past events that is likely to result in an outflow of resources embodying economic benefits, and where the amount of the obligation can be reliably estimated.

Provisions also include costs arising as a result of labor or tax-related disputes. No provision is set aside for tax reassessments issued (or in the process of being issued) by the tax authorities if the Group considers that the reasons for the reassessment are unfounded, or that there is a reasonable chance it will be able to defend its position successfully in the dispute with the tax authorities. A restructuring provision is recognized when there is a formal and detailed restructuring plan and the plan has begun to be implemented or its main features have been announced before the end of the reporting period. Restructuring costs for which a provision is made essentially represent employee costs (severance pay, early retirement plans, payment in lieu of notice, etc.), work stoppages and compensation for breaches of contract with third parties.

Provisions maturing in more than one year are valued at the discounted amount representing the best estimate of the expense necessary to extinguish the present obligation at the end of the reporting period. The discount rate used reflects current

assessments of the time value of money and specific risks related to the liability.

2.13 Post-employment benefits and other long-term employee benefits

The Group's companies grant various types of benefits to their employees depending on the laws and practices of each country.

Under defined contribution plans, the Group is not obliged to make additional payments over and above contributions already made to a fund if the fund does not have sufficient assets to cover the benefits corresponding to services rendered by personnel during the current period and prior periods. Contributions paid into these plans are expensed as incurred.

Under defined benefit plans, obligations are valued using the projected unit credit method based on agreements in effect in each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The obligation is then discounted. The actuarial assumptions used to determine the obligations vary according to the economic conditions of the country where the plan is established. These plans, as well as the termination benefits, are valued by independent actuaries on an annual basis for the most significant plans and at regular intervals for the other plans. The valuations take into account the level of future compensation, the probable active life of employees, life expectancy and staff turnover.

Actuarial gains and losses are primarily due to changes in assumptions and the difference between estimated results based on actuarial assumptions and actual results. All actuarial differences in respect of defined benefit plans are recognized immediately in other comprehensive income in accordance with the option offered by IAS 19, as revised in December 2004.

Past service cost – corresponding to the increase in an obligation following the introduction of a new plan or changes to an existing plan – is recognized on a straight-line basis over the average period until the benefits vest or is expensed immediately if the benefit entitlement has already vested.

Expenses relating to this type of plan are recognized in recurring operating income (service cost) and net finance costs (interest cost, expected return on plan assets). Curtailments, settlements and past service costs are recognized in recurring operating income or net finance costs according to their nature. The provision recognized in the statement of financial position corresponds to the present value of the obligations calculated as described above, less the fair value of plan assets.

2.14 Revenue recognition

The Group derives the bulk of its revenue from the sale of vehicles, pharmaceutical products, equipment and consumer goods and related services.

Revenue is valued at the fair value of the consideration received for goods and services sold, royalties, licenses and operating subsidies granted, excluding taxes, net of rebates and discounts and after elimination of intercompany sales.

Sales of goods are recognized when a Group entity has transferred the risks and rewards incidental to ownership to the buyer (on delivery, other than in exceptional circumstances), when revenue can be reliably measured and when recovery is reasonably assured.

The amendment to IAS 16, which has been applied since January 1, 2010, sets out the recognition method for the sale of assets that were previously held for rental, where entities routinely carry out this type of transaction in the course of their ordinary activities. At the end of the lease, the asset concerned must be transferred to inventories and the proceeds from the sale recorded in revenue.

2.15 Operating income

Operating income comprises:

- *recurring operating income* is an intermediate line item intended to facilitate understanding of the Group's operating performance;
- *other non-recurring operating income and expenses* excluded from recurring operating income; which include:
  - impairment of goodwill and other intangible assets,
  - gains or losses on disposals of property, plant and equipment and intangible assets, or investments,
  - restructuring costs and costs relating to employee deployment measures,
  - non-recurring items corresponding to revenues and expenses that are unusual due to their frequency, nature or amount.

2.16 Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the year.

In the case of material non-recurring items, earnings per share excluding non-recurring items are calculated by adjusting net income attributable to owners of the parent for non-recurring items net of taxes and non-controlling interests. Non-recurring items taken into account for this calculation correspond to all the

items included under "Other non-recurring operating income and expenses" in the income statement.

Fully diluted earnings per share are calculated by adjusting net income attributable to owners of the parent and the number of outstanding shares for all instruments granting deferred access to the share capital of the Company whether issued by CFAO or one of its subsidiaries.

2.17 Operating segments

In accordance with IFRS 8 – "Operating Segments", segment information is reported on the same basis as used internally by the Chairman and/or other members of the Management Board – who are the Group's chief operating decision makers – for evaluating operating segment performance and deciding how to allocate resources to the segments.

In accordance with IFRS 8, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker, and for which discrete financial information is available.

Each operating segment is monitored separately for internal reporting purposes, according to performance indicators common to all of the Group's segments.

The segments presented are operating segments or groups of similar operating segments. Segment information has been changed to take into account the Group's new organization.

CFAO has three operating divisions: CFAO Automotive, Eurapharma, and CFAO Industries, Equipment & Services.

The Industries, Equipment & Services division encompasses the following four businesses:

- Industries: two bottling facilities in the Republic of the Congo in partnership with Heineken and four plastic product manufacturing plants;
- Technologies: these activities were refocused in 2012 around IT products and solutions;
- Equipment: activities based around the distribution of generators and elevators, and the sale, installation and maintenance of construction and agricultural machinery, currently being organized in eight countries;
- Rental services: previously part of the Automotive division, this business will be strengthened to provide a platform for the expansion of the Equipment and Automotive businesses.

The CFAO Holding & Others division primarily includes the overhead costs of the registered office at Sèvres with all cross-divisional services which are not allocated to the operating divisions.

The management data used to assess operating segment performance is prepared in accordance with IFRS as applied by the Group for its consolidated financial statements.

The performance of each operating segment is measured based on recurring operating income, which is the method used by the Group's chief operating decision maker.

2.18 Non-current assets (or disposal groups) classified as held for sale

The CFAO Group did not have any non-current assets (or disposal groups) held for sale in 2013 or 2012.

The Group may be impacted by IFRS 5 – "Non-current Assets Held for Sale and Discontinued Operations", which requires the separate recognition and presentation of assets (or disposal groups) held for sale and operations discontinued, sold or to be sold.

Non-current assets, or groups of assets and liabilities directly associated with those assets, are considered as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale must be highly probable. Non-current assets (or disposal groups) held for sale are measured and recognized at the lower of their carrying amount and their fair value less the costs of disposal. These assets are no longer depreciated from the time they qualify as assets (or disposal groups) held for sale. They are presented on separate lines in the consolidated statement of financial position, without restatement for previous periods.

Non-current assets, or groups of assets and liabilities directly associated with those assets, are considered discontinued if their carrying amount will be recovered principally through continuing use rather than through a sale. Assets and liabilities arising from discontinued operations are not presented on separate lines in the Group's statement of financial position.

An operation discontinued, sold or to be sold is defined as a component of an entity that generates cash flows that can be clearly distinguished from the rest of the entity and represents a separate major line of business or geographical area of operations. Net income from these activities is presented under a separate income statement heading, "Discontinued operations", and is restated in the statement of cash flows.

2.19 Cost of sales

Cost of sales chiefly includes the cost of goods sold, measured at the net price charged by the supplier, plus all costs incurred to ensure that the products are made available in their end markets (freight, transit, customs duties and other import taxes, fees payable to agents and self-employed vendors). Cost of sales includes net additions to inventory impairment provisions, as well other valuation adjustments (inventory unable to be sold, theft, breakage, currency gains and losses affecting the related invoice, transportation insurance).

NOTE 3
Scope of consolidation

The CFAO Group's consolidated financial statements for the year ended December 31, 2013 include the financial statements of the companies listed in Note 37.

The main changes in the scope of consolidation occurred in July 2012:

- on July 14, 2012, Eurapharma acquired 60% of Assene-Laborex, an import company specialized in the distribution and promotion of pharmaceutical products in Nigeria. In 2013, Assene-Laborex reported €26.4 million in revenue and €1.3 million in net income. In 2012, it contributed €8.2 million to revenue and €0.7 million to net income in CFAO's consolidated financial statements;
- on July 18, 2012, Eurapharma also acquired 75% of Missionpharma, whose head office is located in Denmark. Missionpharma is the world leader in medical kits and is highly experienced in generics. This acquisition will allow Eurapharma to expand in these markets with public and third sector customers, such as NGOs and foundations. In 2013, Missionpharma reported €71.9 million in revenue and €6.4 million in net income. In 2012, it contributed €25.0 million to revenue and €2.6 million to net income in CFAO's consolidated financial statements.

The other changes in the Group's scope of consolidation did not have a material impact on the financial statements for the year.

NOTE 4
Operating segments

The policies applied to determine the operating segments presented comply with IFRS 8 and are set out in Note 2.17.

Information provided on operating segments is prepared in accordance with the same accounting rules as for the consolidated financial statements and set out in the notes thereto.

Charges to depreciation, amortization and provisions on non-current operating assets reflect net charges on intangible assets and property, plant and equipment recognized in recurring operating income.

Purchases of property, plant and equipment and intangible assets primarily correspond to gross asset purchases, including cash timing differences but excluding assets purchased under finance leases.

Non-current segment assets comprise goodwill, intangible assets, property, plant and equipment and other non-current assets.

Segment assets comprise non-current segment assets, inventories, trade receivables and other current assets.

Segment liabilities mainly include trade payables and other current liabilities.

4.1 Information by division

(in € millions)	CFAO Automotive	Eurapharma	CFAO Industries, Equipment & Services	CFAO Holding & Other	Eliminations	Total
As of December 31, 2013						
Revenue	2,161.6	1,103.5	531.5		(168.5)	3,628.1
• non-Group	2,049.0	1,103.4	475.5	0.2		3,628.1
• Group	112.6	0.1	56.0	(0.2)		168.5
RECURRING OPERATING INCOME	**129.8**	**93.8**	**79.5**	**(34.1)**		**269.0**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	20.6	8.6	29.4	0.7	0.1	59.4
Proceeds on disposal of leasing fleets	0.5		3.0			3.4
Other non-cash recurring operating income and expenses	(0.2)	1.0	(1.9)	8.1	0.0	7.0
Purchases of leasing fleets (amendment to IAS 16)	2.1		10.3			12.3
Other purchases of property, plant and equipment and intangible assets, gross	23.9	14.5	48.1	1.0		87.4
Segment assets	**1,175.6**	**625,1**	**439.7**	**7.2**		**2,247.5**
Segment liabilities	**547.9**	**296.9**	**128.6**	**17.8**		**991.3**

(in € millions)	CFAO Automotive	Eurapharma	CFAO Industries, Equipment & Services	CFAO Holding & Other	Eliminations	Total
As of December 31, 2012						
Revenue	2,294.0	969.3	479.3		(157.5)	3,585.2
• non-Group	2,188.2	969.2	427.6	0.2		3,585.2
• Group	105.8	0.2	51.7	(0.2)		157.5
RECURRING OPERATING INCOME	**161.3**	**84.0**	**78.3**	**(33.3)**		**290.3**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	21.0	7.7	25.5	0.7		54.9
Proceeds on disposal of leasing fleets	1.2		2.1		(0.0)	3.3
Other non-cash recurring operating income and expenses	(5.4)	(2.0)	(3.6)	4.3		(6.7)
Purchases of leasing fleets (amendment to IAS 16)	1.1		13.6		0.1	14.8
Other purchases of property, plant and equipment and intangible assets, gross	34.9	11.5	31.1	2.2	(0.1)	79.5
Segment assets	**1,339.2**	**581.8**	**388.9**	**(16.9)**		**2,293.0**
Segment liabilities	**673.3**	**265.9**	**123.5**	**16.6**		**1,079.3**

4.2 Information by geographic area

Information is presented by geographic area based on the geographic location of customers for revenue and the geographic location of assets for non-current segment assets, with the exception of data for France (export), which reflects export sales to customers outside the CFAO Group.

A detail by country is also provided for all countries that represent over 5% of Group turnover.

(in € millions)	French-speaking Sub-Saharan Africa	English-speaking Sub-Saharan Africa	French Overseas Territories and Other	Maghreb	France (export)	Total
As of December 31, 2013						
Revenue	1,446.7	498.4	743.0	694.0	246.0	3,628.1
Non-current segment assets	279.4	69.1	93.6	89.1	92.0	623.2
As of December 31, 2012						
Revenue	1,357.9	505.6	717.2	809.3	195.2	3585.2
Non-current segment assets	248.4	70.5	95.5	92.0	92.1	598.5

(in € millions)	Algeria	Congo	Reunion	Cameroon	French Antilles	Ivory Coast
As of December 31, 2013						
Revenue	538.8	307.3	242.7	233.6	223.5	194.7
as a% of revenue	14.8%	8.5%	6.7%	6.4%	6.2%	5.4%
Non-current segment assets	38.8	155.3	21.9	18.6	11.0	21.1
as a% of revenue	6.2%	24.9%	3.5%	3.0%	1.8%	3.4%
As of December 31, 2012						
Revenue	642.2	284.1	240.2	217.0	209.6	188.2
as a% of revenue	17.9%	7.9%	6.7%	6.1%	5.8%	5.2%
Non-current segment assets	39.7	130.3	23.4	21.3	11.3	16.2
as a% of revenue	6.6%	21.8%	3.9%	3.6%	1.9%	2.7%

4.3 Reconciliation of segment assets and liabilities

The reconciliation of total segment assets and non-current segment assets with total Group assets is as follows:

(in € millions)	31.12.2013	31.12.2012
Goodwill	199.5	200.1
Other intangible assets	29.8	31.3
Property, plant and equipment	392.9	365.9
Other non-current assets	1.0	1.2
Non-current segment assets	**623.2**	**598.5**
Inventories	900.4	1,037.1
Trade receivables	553.5	488.1
Other current assets	170.5	169.3
Current segment assets	**1,624.4**	**1,694.5**
Segment assets	**2,247.6**	**2,293.0**
Investments in associates	12.2	13.0
Non-current financial assets	64.8	50.8
Deferred tax assets	24.3	24.9
Current tax receivables	37.0	34.6
Other current financial assets	6.0	8.7
Cash and cash equivalents	211.5	199.3
TOTAL ASSETS	**2,603.5**	**2,624.3**

The reconciliation of total segment liabilities with total Group equity and liabilities is as follows:

(in € millions)	31.12.2013	31.12.2012
Trade payables	619.9	695.3
Other current liabilities	371.4	384.0
Segment liabilities	**991.3**	**1,079.3**
Total equity	853.9	818.9
Non-current borrowings	109.0	149.8
Non-current provisions for pensions and other post-employment benefits	36.3	35.5
Non-current provisions	7.2	8.1
Other deferred tax liabilities	1.3	0.6
Current borrowings	506.0	426.5
Other current financial liabilities	19.0	27.5
Current provisions for pensions and other post-employment benefits	1.2	1.3
Current provisions	25.7	17.8
Current tax liabilities	52.6	58.8
TOTAL EQUITY AND LIABILITIES	**2,603.5**	**2,624.2**

NOTE 5 Revenue and cost of sales

5.1 Revenue

(in € millions)	31.12.2013	31.12.2012
Net sales of goods	3,483.5	3,446.4
Net sales of services	136.3	130.0
Other revenue	8.2	8.7
TOTAL	**3,628.1**	**3,585.2**

Sales for 2013 and 2012 can be broken down as follows:

CFAO Automotive	31.12.2013	31.12.2012
CFAO Automotive	**2,049.0**	**2,188.2**
Light vehicles	1,271.9	1,455.1
Used vehicles	50.7	48.6
Heavy trucks and industrial equipment	405.6	384.7
Services, spare parts and tires	262.4	256.5
Motorcycles and other	58.3	43.3
Eurapharma	**1,103.4**	**969.2**
Import-Wholesale-Resale	765.5	710.6
Pre-wholesale	171.3	160.2
Distribution agents	83.2	64.8
Bids	72.6	26.7
Other	10.7	6.9
CFAO Industries, Equpements & services	**475.7**	**427.6**
Beverages	214.3	203.1
Plastics	50.8	46.3
Other	2.7	15.0
Machinery	53.8	31.7
Rental services	31.7	29.0
Elevators	36.8	28.6
Technologies	85.7	74.0
TOTAL	**3,628.1**	**3,585.2**

5.2 Cost of sales

Cost of sales for 2013 and 2012 can be analyzed as follows:

(in € millions)	31.12.2013	31.12.2012
Breakdown of cost of sales	**(2,814.9)**	**(2,792.3)**
Purchases	(2,130.6)	(2,360.8)
Miscellaneous expenses	(516.5)	(537.1)
Damaged inventories/Inventory variances	(7.8)	(5.7)
Net additions to inventory allowances	(5.2)	(6.9)
Change in inventories	(82.2)	173.0
Cost of vehicle rentals	(17.1)	(13.9)
Other	(55.6)	(40.8)

NOTE 6
Payroll expenses

Payroll expenses primarily include fixed and variable remuneration, social security charges, charges relating to employee profit-sharing and other incentives, training costs, and charges relating to employee benefits recognized in recurring operating income. Payroll expenses totaled €255.2 million in 2012 and €267.9 million in 2013.

The Group's average headcount on a full-time equivalent basis breaks down as follows:

	31.12.2013	31.12.2012
Average headcount	11,517	11,186
Headcount	11,590	11,415

	Average headcount	Headcount
As of January 1, 2013	**11,186**	**11,415**
Changes on a constant scope basis	331	175
Impact of changes in scope of consolidation		
AS OF DECEMBRE 31, 2013	**11,517**	**11,590**

NOTE 7

Share-based payment

On January 4, 2010 the Group set up a stock option plan for certain employees. On December 3, 2010, July 18, 2012 and July 6, 2013, the Group awarded performance shares to certain employees.

The Group recognizes its obligation as and when services are rendered by the beneficiaries, over the period from the grant date to the vesting date. The grant date is the date at which the Management Board approved the plans concerned and the plans were communicated to the beneficiaries.

Vested rights may only be exercised by beneficiaries at the end of a lock-in period, the length of which varies depending on the type of plan.

The characteristics of the plans are set out below:

	2010 Plan	2010 Plan	2011 Plan	2012 Plan
Stock option and performance share plan	**Subscription options**	**Performance shares**	**Performance shares**	**Performance shares**
Grant date	04.01.2010	03.12.2010	18.07.2011	06.07.2012
Expiration date	04.01.2018	03.12.2014	18.07.2015	06.07.2016
Vesting of rights	04.01.2014	03.12.2012	18.07.2013	06.07.2014
Number of original beneficiaries	239	600	606	604
Number initially granted	1,350,000	97,400	172,203	174,601
Number outstanding as of December 31, 2012	939,187		163,477	174,601
Number forfeited in 2013	10,879		4,814	8,620
Number exercised in 2013	2,250		220	160
Number of shares issued		84,900	158,443	
Number expired in 2013				
NUMBER OUTSTANDING AS OF DECEMBER 31, 2013	**926,058**			**165,821**
Number exercisable as of December 31, 2013	926,058			
Number of outstanding beneficiaries	211			562
Strike price (in €)	26.00	N/A	N/A	N/A
Fair value at grant date (in €)	4.18	22.96	20.38	27.92
Weighted average price of options exercised (in €)				

Vesting of the options awarded under the stock option plan is subject to the beneficiaries' presence within the Group and performance conditions. Options vest at a rate of 25% per full year of presence within the Group. Three-quarters of the stock options granted are subject to performance conditions related to the CFAO Group's recurring operating profit margin and free operating cash flow. One of the vesting conditions was not met, giving rise to the cancellation of one-quarter of the options.

Vesting of the shares awarded under the performance share plan is subject to the beneficiaries' presence within the Group and a performance condition in respect of the CFAO share compared to the SBF120 benchmark index.

In the event of retirement (under certain conditions), death or disability, the rights vest in full. In the event of resignation, dismissal for gross negligence or misconduct, or removal of a corporate officer, all rights are lost.

The fair value of the rights awarded to the beneficiaries was determined on the grant date of the plans.

For the stock option plan, a Black & Scholes model was used with a trinomial algorithm and exercise thresholds, which takes into account the number of potentially exercisable options at the end of the vesting period.

For the performance share plan, a Black & Scholes model was used with a Monte Carlo algorithm and two underlyings.

The exercise thresholds and probability assumptions used for the stock option plan are as follows:

Threshold as a% of the strike price	Probability of exercise
125%	15%
150%	20%
175%	20%
200%	20%

The main valuation assumptions are summarized below:

	2010 Plan	2010 Plan	2011 Plan	2012 Plan
Stock option and performance share plan	Subscription options	Performance shares	Performance shares	Performance shares
Volatility	35.00%	37.00%	34.00%	34.00%
Risk-free interest rate	3.35%	1.56%	1.92%	1.92%

The above volatility represents the weighted sum of the volatilities of each division, determined on the basis of benchmarks.

The dividends used for the valuation correspond to dividends estimated by CFAO in accordance with income forecasts and distribution policies.

The risk-free interest rate used was the Euribor swap rate at the grant date (the 8-year rate for the stock option plan and the 2-year rate for the performance share plan).

The total expense recognized in 2013 in respect of stock option and performance share plans was €3.8 million.

Following the take-over bid from TTC on CFAO in 2012, TTC owns 97.59% of CFAO. As the liquidity on CFAO stock is reduced, a liquidity agreement was signed between TTC and stock option and performance share plans beneficiaries. The liquidity condition is based on a price linked to the EBIT progression since 2011. The market performance condition for performance share was replaced by a condition of progression on Net income attributable to owners of the parent

NOTE 8

Long term incentive plan

As a consequence of the illiquidity described above, a long term incentive plan was granted on November 7, 2013. This plan is a cash based plan with a vesting period of 4 years until 2017 and has presence and performance conditions. This €7.1 million plan including employer contributions was granted to 631 beneficiaries. The charge will be spread linearly over the four vesting years and represents €0.2 million at end of 2013.

Rights are progressively acquired under the condition of remaining on the payroll of any TTC group company (33% for the following anniversary date: November 7, 2015-2016 & 2017). Performance criterium is linked to a 7% yearly growth of recurring Operating Income from 2013 to 2016.

NOTE 9
Recurring operating income

Recurring operating income is the primary indicator of the Group's operating performance, nd breaks down as follows:

(en millions d'euros)	31.12.2013	31.12.2012
CFAO Automotive	129.8	161.3
Eurapharma	93.8	84.0
CFAO Industries, Equipements & Services	79.5	78.3
Holding CFAO & Other	(34.1)	(33.3)
RECURRING OPERATING INCOME	**269.0**	**290.3**

Net recurring charges to depreciation, amortization and provisions on non-current operating assets (mainly property, plant and equipment and intangible assets) included in recurring operating income amounted to €59.4 million in 2013 (€54.9 million in 2012).

NOTE 10
Other non-recurring operating income and expenses

The CFAO Group's other non-recurring operating income and expenses consist of unusual items that could distort the assessment of each division's financial performance. These amount to an expense of -€1.9 million in 2013, versus non-recurring income of -€9.5 million in 2012.

In 2013, proceeds from the disposals of non current assets comprise the sale of a land in Reunion (Automotive division). Proceeds from the disposal of investments comprise the sale of non controlling interests in rental services companies in New Caledonia (Automotive division). Other charges for -€6.3 millions comprise departure cost of the Chairman of the Management Board and depreciation of intangible assets on Actidis. The Business model of this distribution and promotion of pharmaceutical products company need to impair its intangible assets.

In 2012, proceeds from disposals of investments comprise the sale of the non-controlling interests in SICEP, a plastics manufacturer based in Egypt. It includes a profit of 1,2millions euros on revaluation of initial CFAO investment in Madagascan companies in partnership with Caillé group before the takeover in December 2012.

The costs relating to TTC comprise:

- legal, consulting and investment banking fees for CFAO representation during operations on capital in 2013;
- non recurring staff costs due to the change of control, including departure costs of members of management.

(in € millions)	31.12.2013	31.12.2012
NON-RECURRING OPERATING INCOME	**(1.9)**	**(9.5)**
Net proceeds from the disposal of non-current operating assets	3.0	1.5
Net proceeds from the disposal of investments	1.5	1.5
Costs relating to the TTC transaction		(11.3)
Other	(6.3)	(1.1)

▸ NOTE 11
Financial income and expenses

This caption can be analyzed as follows:

(in € millions)	31.12.2013	31.12.2012
Cost of net debt	**(39.4)**	**(36.5)**
Income from cash and cash equivalents	0.9	0.4
Finance costs at amortized cost	(40.3)	(36.9)
Other financial income and expenses	**(1.9)**	**(1.2)**
Gains and losses on fair value foreign exchange hedges [1]	(0.1)	(0.4)
Foreign exchange gains and losses	(1.3)	(0.9)
Dividends and interim dividends received	1.5	2.2
Impact of discounting assets and liabilities	0.3	(4.1)
Other finance costs	(2.2)	2.0
TOTAL	**(41.2)**	**(37.8)**

(1) This item corresponds to the ineffective portion of fair value hedges.

Finance costs carried at amortized cost mainly consist of interest on bank overdrafts.

The net impact on income of the ineffective portion of foreign exchange hedges was a negative €0.1 million.

Other financial expenses include discount costs.

▸ NOTE 12
Income tax

12.1 Analysis of the income tax expense

12.1.1 Income tax expense

(in € millions)	31.12.2013	31.12.2012
Income before tax	**225.9**	**243.1**
Taxes paid out of operating income	(78.6)	(78.9)
Other taxes payable not impacting operating cash flow	(2.7)	2.0
Income tax payable	(81.3)	(76.8)
Deferred tax income/(expense)	(1.8)	2.7
TOTAL TAX EXPENSE	**(83.1)**	**(74.2)**
Effective tax rate	**36.8%**	**30.5%**

12.1.2 Reconciliation of the tax rate

(as a% of pre-tax income)	31.12.2013	31.12.2012
Tax rate applicable in France	**38.0%**	**36.1%**
Impact of taxation of foreign subsidiaries	-6.1%	-7.6%
Theoretical tax rate	**31.9%**	**28.5%**
Effect of items taxed at reduced rates	-0.2%	0.0%
Other tax credits	-10.5%	-8.6%
Effect of permanent differences	10.5%	9.7%
Effect of unrecognized temporary differences	0.8%	1.3%
Effect of unrecognized tax losses carried forward	3.9%	-0.7%
Effect of changes in tax rates	0.3%	-0.5%
Company value-added contribution (CVAE)	1.2%	1.0%
Other	-1.2%	-0.2%
EFFECTIVE TAX RATE	**36.8%**	**30.5%**

The income tax rate applicable in France is the standard rate of 33.33% subject to: (i) the social surtax of 3.3% and (ii) a one-off additional 10.7% levy voted in the 2013 finance act, both of which are applied to the standard rate, bringing the total to 38.0%.

12.1.3 Recurring tax rate

Excluding non-recurring items, the Group income tax rate for 2013 and 2012 was as follows:

(in € millions)	31.12.2013	31.12.2012
Income before tax	225.9	243.1
Non-recurring items	(1.9)	(9.5)
Recurring income before tax	**227.8**	**252.5**
Total tax expense	(83.1)	(74.2)
Total tax expense excluding Company value-added contribution (CVAE)	(80.4)	(71.8)
Tax on non-recurring items	(0.0)	(3.0)
Total current tax expense excluding CVAE	**(80.3)**	**(68.8)**
EFFECTIVE TAX RATE	**36.8%**	**30.5%**
Total current tax rate excluding CVAE	**35.3%**	**27.2%**

12.2 Movement in statement of financial position headings

12.2.1 Net current tax liabilities

(in € millions)	31.12.2012	Net income	Cash outflows relating to operating activities	Impact of changes in exchange rates	Changes in scope of consolidation	31.12.2013
Current tax receivables	34.6					37.0
Current tax liabilities	(58.8)					(52.6)
NET CURRENT TAX LIABILITIES	**(24.2)**	**(78.6)**	**87.3**	**(0.1)**	**(0.0)**	**(15.5)**

12.2.2 Deferred tax

(in € millions)	31.12.2012	Net income	Impact of changes in exchange rates	Other comprehensive income	31.12.2013
Intangible assets	0.0				0.0
Property, plant and equipment	(0.7)				(0.7)
Other non-current assets	0.2	0.5			0.7
Other current assets	10.3	(1.3)			9.0
Equity	4.8	(0.1)		0.5	5.2
Borrowings	0.1	(0.6)			(0.5)
Provisions for pensions and other post-employment benefits	8.4	0.0			8.3
Provisions	1.3	(0.3)			1.0
OTHER CURRENT LIABILITIES	**24.3**	**(1.8)**	**0.0**	**0.5**	**23.0**
Recognized tax losses and tax credits	24.9	(1.2)		0.5	24.3
Net deferred tax assets (liabilities)	(0.6)	(0.6)		0.0	(1.3)
Deferred tax assets	**24.3**	**(1.8)**	**0.0**	**0.5**	**23.0**

12.3 Unrecognized deferred tax

Tax losses and tax credits not recognized as deferred tax assets amounted to €100.7 million at December 31, 2013 (€86.8 million at December 31, 2012).

Changes in unused tax losses and tax credits and the associated expiration schedule are set out below:

(in € millions)	
As of Decembre 31, 2012	**86.8**
Losses generated during the year	21.7
Losses utilized and time barred during the year	(6.2)
Effect of changes in scope of consolidation and exchange rate adjustments	(1.4)
As of Decembre 31, 2013	**100.7**
Ordinary tax loss carry-forwards	**46.0**
Expiring in less than five years	45.2
Expiring in more than five years	0.8
Indefinite tax loss carry-forwards	**54.7**
TOTAL	**100.7**

NOTE 13
Earnings per share

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding, after deducting the weighted average number of shares held by consolidated companies.

Fully diluted earnings per share are based on the weighted average number of shares as defined above for the calculation of basic earnings per share, plus the weighted average number of potentially dilutive ordinary shares.

In view of CFAO's average share price in 2013 of €33.67, the stock option plan described in Note 7 is non-materially dilutive at the reporting date.

Earnings per share for 2013

(in € millions)	Consolidated Group
Net income attributable to ordinary shareholders	**100.4**
Weighted average number of ordinary shares outstanding	61,591,092
Weighted average number of treasury shares	53,858
Weighted average number of ordinary shares	**61,644,950**
Basic earnings per share (in €)	**1.63**
Net income attributable to ordinary shareholders	**100.4**
Stock subscription options	
Performance shares	
DILUTED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**100.4**
Weighted average number of ordinary shares	61,644,950
Stock subscription options	213,797
Performance shares	128,412
Weighted average number of diluted ordinary shares	**61,987,160**
Fully diluted earnings per share (in €)	**1.62**

Earnings per share for 2012

(in € millions)	Consolidated Group
Net income attributable to ordinary shareholders	**114.0**
Weighted average number of ordinary shares outstanding	61,528,110
Weighted average number of treasury shares	(27,069)
Weighted average number of ordinary shares	**61,501,041**
Basic earnings per share (in €)	**1.85**
Net income attributable to ordinary shareholders	**114.0**
Stock subscription options	
Performance shares	
DILUTED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**114.0**
Weighted average number of ordinary shares	61,501,041
Stock subscription options	220,855
Performance shares	280,477
Weighted average number of diluted ordinary shares	**62,002,373**
Fully diluted earnings per share (in €)	**1.84**

NOTE 14
Other comprehensive income

The components of other comprehensive income include:

- gains and losses arising from translating the financial statements of a foreign operation;
- components relating to the measurement of employee benefit obligations (unrecognized surplus of pension plan assets and actuarial gains and losses on defined benefit plans).

These items can be analyzed as follows, before and after the tax effect:

(in € millions)	Gross	Tax	Net
Translation adjustments and other	(6.5)		(6.5)
Unrecognized surplus of pension plan assets			
Actuarial gains and losses	(6.8)	0.3	(6.5)
Other comprehensive income (expense) as of December 31, 2012	**(13.3)**	**0.3**	**(13.0)**
Translation adjustments and other	(10.5)		(10.5)
Unrecognized surplus of pension plan assets			
Actuarial gains and losses	(0.8)	0.5	(0.2)
OTHER COMPREHENSIVE INCOME (EXPENSE) AS OF DECEMBER 31, 2013	**(11.3)**	**0.5**	**(10.7)**

NOTE 15
Goodwill

(in € millions)	Gross	Net
As of December 31, 2012	**200.1**	**200.1**
Acquisitions		
Translation adjustments	(1.8)	(1.8)
Other movements	1.2	1.2
AS OF DECEMBER 31, 2013	**199.5**	**199.5**

All items of goodwill recognized in 2013 and 2012 were allocated to cash-generating units at the year-end. The CFAO Group's main CGUs are described in Note 17.

Other movements concern adjustment value of non controlling interests put on Vietnam.

The breakdown of the net amount of goodwill by division is as follows:

(in € millions)	31.12.2013	31.12.2012
CFAO Automotive	98.6	98.4
Eurapharma	82.6	83.2
CFAO Industries, Equipments & Services	18.3	18.5
TOTAL	**199.5**	**200.1**

NOTE 16

Other intangible assets

(in € millions)	Other intangible assets
Gross amount as of December 31, 2011	**50.0**
Changes in scope of consolidation	1.8
Acquisitions	2.5
Other disposals	(0.3)
Translation adjustments	(0.4)
Other movements	0.4
Gross amount as of December 31, 2012	**54.0**
Accumulated amortization and impairment as of December 31, 2011	**(18.5)**
Changes in scope of consolidation	(0.1)
Other disposals	0.2
Amortization	(4.4)
Translation adjustments	0.1
Other movements	(0.0)
Accumulated amortization and impairment as of December 31, 2012	**(22.6)**
Carrying amount as of December 31, 2011	**31.5**
Changes in scope of consolidation	1.7
Acquisitions	2.5
Other disposals	(0.1)
Amortization	(4.4)
Translation adjustments	(0.3)
Other movements	0.4
Carrying amount as of December 31, 2012	**31.3**

(in € millions)	Other intangible assets
Gross amount as of December 31, 2012	**54.0**
Changes in scope of consolidation	(0.0)
Acquisitions	3.2
Other disposals	(0.9)
Translation adjustments	(0.4)
Other movements	0.2
Gross amount as of December 31, 2013	**56.0**
Accumulated amortization and impairment as of December 31, 2012	**(22.6)**
Changes in scope of consolidation	0.0
Other disposals	0.4
Amortization	(4.2)
Translation adjustments	0.2
Other movements	0.0
Accumulated amortization and impairment as of December 31, 2013	**(26.2)**
Carrying amount as of December 31, 2012	**31.3**
Changes in scope of consolidation	(0.0)
Acquisitions	3.2
Other disposals	(0.5)
Amortization	(4.2)
Translation adjustments	(0.2)
Other movements	0.2
CARRYING AMOUNT AS OF DECEMBER 31, 2013	**29.8**

The table below provides a breakdown of the net value of intangible assets by type as of December 31, 2013 and December 31, 2012:

(in € millions)	31.12.2013	31.12.2012
Other intangible assets (net)	**29.8**	**31.3**
Brands, leasehold rights, concessions, licenses and other	24.1	25.2
Purchased software	5.0	5.5
Intangible assets in progress	0.7	0.6

Barring exceptional cases, brands and concessions have indefinite useful lives or are systematically renewed.

Purchased software is amortized over a period of five to seven years.

The breakdown of the net amount of other intangible assets with indefinite useful life by division is as follows:

(in € millions)	31.12.2013	31.12.2012
CFAO Automotive	17.3	17.8
Eurapharma	3.5	4.2
CFAO Industries, Equipments & Services	3.3	3.2
TOTAL	**24.1**	**25.2**

NOTE 17
Property, plant and equipment

(in € millions)	Land and buildings	Plant and equipment	Other property, plant and equipment	Total
Gross amount as of December 31, 2011	**200.9**	**314.5**	**89.6**	**605.0**
Changes in scope of consolidation	11.6	9.2	1.1	21.9
Acquisitions	18.2	40.0	30.6	88.8
Disposals	(1.5)	(17.3)	(6.4)	(25.3)
Translation adjustments	(2.2)	(1.7)	(1.1)	(5.0)
Other movements	3.8	6.0	(9.4)	0.3
Gross amount as of December 31, 2012	**230.7**	**350.7**	**104.3**	**685.7**
Accumulated depreciation and impairment as of December 31, 2011	**(65.5)**	**(180.7)**	**(39.2)**	**(285.4)**
Changes in scope of consolidation	(1.8)	(4.7)	(0.0)	(6.6)
Disposals	0.5	14.4	5.5	20.5
Depreciation	(7.4)	(34.2)	(8.7)	(50.2)
Impairment losses (see Note 18)				
Translation adjustments	0.6	1.0	0.3	1.9
Other movements	(0.1)	(0.1)	0.2	0.0
Accumulated depreciation and impairment as of December 31, 2012	**(73.6)**	**(204.3)**	**(41.8)**	**(319.8)**
Carrying amount as of December 31, 2011	**135.3**	**133.8**	**50.4**	**319.6**
Changes in scope of consolidation	9.8	4.5	1.0	15.3
Acquisitions	18.2	40.0	30.6	88.8
Disposals	(1.0)	(2.9)	(0.9)	(4.8)
Depreciation	(7.4)	(34.2)	(8.7)	(50.2)
Impairment losses (see Note 18)				
Translation adjustments	(1.6)	(0.7)	(0.8)	(3.1)
Other movements	3.7	5.9	(9.2)	0.4
Carrying amount as of December 31, 2012	**157.0**	**146.3**	**62.5**	**365.9**
o/w assets owned outright	157.0	146.3	62.5	**365.9**
o/w assets held under finance leases				

(in € millions)	land and buildings	Plant and equipment	Other property, plant and equipment	Total
Gross amount as of December 31, 2012	**230.7**	**350.7**	**104.3**	**685.7**
Changes in scope of consolidation	(0.0)	(0.0)	0.0	(0.0)
Acquisitions	14.7	54.7	27.1	96.5
Disposals	(3.6)	(23.8)	(11.8)	(39.3)
Translation adjustments	(3.4)	(3.5)	(1.9)	(8.7)
Other movements	4.3	1.0	(6.0)	(0.7)
Gross amount as of December 31, 2013	**242.7**	**379.0**	**111.7**	**733.4**
Accumulated depreciation and impairment as of December 31, 2012	**(73.6)**	**(204.3)**	**(41.8)**	**(319.8)**
Changes in scope of consolidation	0.0	0.0	(0.0)	0.0
Disposals	1.3	24.4	4.4	30.2
Depreciation	(8.6)	(38.6)	(7.8)	(55.0)
Impairment losses (see Note 18)				
Translation adjustments	0.8	1.9	0.6	3.2
Other movements	0.1	0.7	0.0	0.8
Accumulated depreciation and impairment as of December 31, 2013	**(80.0)**	**(215.9)**	**(44.6)**	**(340.6)**
Carrying amount as of December 31, 2012	**157.0**	**146.3**	**62.5**	**365.9**
Changes in scope of consolidation	0.0	(0.0)	0.0	0.0
Acquisitions	14.7	54.7	27.1	96.5
Disposals	(2.3)	0.6	(7.4)	(9.1)
Depreciation	(8.6)	(38.6)	(7.8)	(55.0)
Impairment losses (see Note 18)				
Translation adjustments	(2.6)	(1.6)	(1.3)	(5.5)
Other movements	4.4	1.7	(6.0)	0.1
CARRYING AMOUNT AS OF DECEMBER 31, 2013	**162.6**	**163.1**	**67.1**	**392.9**
o/w assets owned outright	162.6	163.1	67.1	392.9
o/w assets held under finance leases				

Charges to depreciation are recognized under "Cost of sales" and "Other recurring operating income and expenses" in the income statement.

The table below provides a breakdown of the net value of property, plant and equipment by type as of December 31, 2013 and December 31, 2012:

(in € millions)	31.12.2013	31.12.2012
Property, plant and equipment (net)	**392.9**	**365.9**
Land and buildings	162.6	157.0
Fixtures and fittings	35.5	33.4
Technical equipment	121.9	106.8
IT and telephony	5.7	6.2
Other property, plant and equipment	26.7	24.3
Property, plant and equipment in progress	40.5	38.2

Construction in progress is reclassified to "Land and buildings" and "Fixtures and fittings" when construction work – mainly under concessions – is completed.

Other property, plant and equipment mainly include vehicles and office furniture.

The useful lives of property, plant and equipment are as follows:

- Owner improvements 20 years
- Leasehold improvements remaining lease term
- Improvements to land and buildings 10 years
- Technical equipment 5 to 8 years
- IT and telephony 5 years
- Vehicles 5 years
- Office equipment and furniture 10 years

NOTE 18
Impairment tests on non-financial assets

The principles governing the impairment of non-financial assets are set out in Note 2.7.

The main items of goodwill are broken down by division in Note 15.

18.1 Impairment losses recognized during the period

The impairment tests carried out in 2013 and 2012 did not identify any impairment losses in respect of intangible assets, property, plant and equipment or goodwill assigned to the various CGUs.

Based on the sensitivity analyses covering a variety of likely scenarios, no impairment losses need to be recognized in the Group's consolidated financial statements.

A change of 10% in the discount rate and 2% in the perpetual growth rate would not give rise to the recognition of additional impairment for any of these divisions.

18.2 Assumptions underlying impairment tests

The pre-tax discount and perpetual growth rates applied to expected cash flows in connection with the economic assumptions and forecast operating conditions retained by the Group were as follows:

	Discount rate		Perpetual growth rate	
	2013	2012	2013	2012
CFAO Automotive	16.2%	15.0%	3.0%	3.0%
Eurapharma	10.7%	12.1%	3.0%	3.0%
CFAO Industries, Equipments & Services	12.9%	13.4%	3.0%	3.0%

The discount rates are calculated using the weighted average cost of capital (WACC) method.

No impairment losses would have been recognized in the Group's consolidated financial statements if the same discount rate had been used in 2013 than in 2012.

18.3 Impairment tests on major items

The CGUs tested are operating segments.

The recoverable amounts of the CFAO Automotive, Eurapharma, CFAO Industries, Equipment & Services CGUs were determined on the basis of their value in use. Value in use is determined with respect to projected estimated future cash flows, taking into account the time value and specific risks associated with the CGU. Estimated future cash flow projections were prepared during the second half of the year on the basis of budgets and medium-term plans with a five-year timescale. To calculate value in use, a terminal value equal to the perpetual capitalization of a normative annual cash flow is added to the estimated future cash flows.

The budgets and the medium term plans fully reflect the impacts of the deteriorated Algerian automotive market in 2013-2014 and the non renewal of Nissan Renault and BMW distribution licenses.

NOTE 19
Investments in associates

(in € millions)	31.12.2013	31.12.2012
Carrying amount of investments in associates	12.2	13.0

The table below shows the main associates and the earnings of these associates for the periods presented:

	% interest	Share in earnings (losses)	
(in € millions)	31.12.2013	31.12.2013	31.12.2012
Alios Finance (ex HOLDEFI)	24.27%	1.0	0.5
La Seigneurie Ocean Indien	49.00%	0.7	0.7
Compagnie Equatoriale des Peintures	24.19%	0.5	0.6
Locauto	36.27%	0.2	0.3
Propharmed International	34.87%	0.1	0.4
Propharmed France	34.87%	0.1	(0.0)
Office Caledonien de Distribution	33.11%	0.1	0.2
G&I Distribution LTD	46.38%	(0.8)	(0.4)

NOTE 20
Non-current financial assets

Non-current financial assets break down as follows:

(in € millions)	31.12.2013	31.12.2012
Non-consolidated investments	7.9	6.5
Loans and receivables	45.7	36.2
Deposits and guarantees	9.0	4.9
Other	2.2	3.3
TOTAL	**64.8**	**50.8**

NOTE 21
Inventories

(in € millions)	31.12.2013	31.12.2012
Commercial inventories	909.9	1,045.5
Industrial inventories	42.6	39.0
Gross amount	**952.4**	**1,084.6**
Allowances	(52.0)	(47.5)
CARRYING AMOUNT	**900.4**	**1,037.1**

Movements in allowances	31.12.2013	31.12.2012
As of January 1	(47.5)	(38.8)
Net charges	(5.5)	(7.1)
o/w gross charges to inventory allowances	*(11.1)*	*(11.2)*
o/w reversals of inventory allowances	*5.6*	*4.1*
Changes in scope of consolidation	0.0	(2.1)
Translation adjustments	0.9	0.5
AS OF DECEMBER 31	**(52.0)**	**(47.5)**

Inventories comprise goods for resale that are physically located at different stages of the supply chain, from suppliers through to end customers. They include:

- goods being transported between suppliers and subsidiaries or storage facilities managed by central purchasing offices;
- goods in stock at the subsidiaries or at the storage facilities managed by central purchasing offices.

Inventories comprise goods for resale as well as raw materials used by CFAO Industries in its production processes.

(in € millions)	31.12.2013	31.12.2012
Net inventories by nature		
Raw materials	32.6	28.9
Finished goods and in-progress inventories	9.9	10.2
Inventory held for resale	647.1	783.8
Commercial inventories in transit	229.2	223.1
Other commercial inventories	33.6	38.6
Gross inventories	**952.4**	**1,084.6**
Inventory allowances	(52.0)	(47.5)
NET INVENTORIES	**900.4**	**1,037.1**

► NOTE 22
Trade receivables

(in € millions)	31.12.2013	31.12.2012
Trade receivables	652.2	583.1
Allowances	(98.7)	(95.0)
CARRYING AMOUNT	**553.5**	**488.1**

Movements in allowances	31.12.2013	31.12.2012
As of January 1	(95.0)	(95.9)
Net reversals	(4.2)	5.9
Changes in scope of consolidation	(0.2)	(5.3)
Translation adjustments	0.6	0.3
AS OF DECEMBER 31	**(98.7)**	**(95.0)**

Provisions for impairment of trade receivables are calculated based on the likelihood of recovering the receivables concerned. As of December 31, 2013 and 2012, trade receivables broke down by age as follows:

(in € millions)	31.12.2013	31.12.2012
Not past due	340.1	310.1
Less than one month past due	53.4	69.6
One to six months past due	138.3	100.9
More than six months past due	120.4	102.6
Allowance for doubtful receivables	(98.7)	(95.0)
CARRYING AMOUNT	**553.5**	**488.1**

NOTE 23 Working capital requirement

(in € millions)	31.12.2012	Working capital cash flows	Other cash flows	Changes in scope of consolidation	Translation adjustments and other	31.12.2013
Inventories	1,037.1	(119.1)		0.0	(17.6)	900.4
Trade receivables	488.1	73.8	(0.2)	0.0	(8.2)	553.5
Other current financial assets and liabilities	(18.8)	5.8			0.0	(13.0)
Current tax receivables/payables	(24.2)		8.7	0.0	(0.1)	(15.5)
Trade payables	(695.4)	71.8		0.0	3.6	(619.9)
Other current assets and liabilities	(214.7)	0.5	0.2	0.2	12.9	(200.8)
WORKING CAPITAL REQUIREMENT	**572.1**	**33.0**	**8.7**	**0.2**	**(9.4)**	**604.6**

Other current assets and liabilities consist mainly of tax and social security receivables and payables (excluding corporate income tax), amounts receivable from suppliers and payable to customers, and other operating receivables and payables.

Given the broad geographic and industry base of CFAO Group customers, the Group's exposure to customer default would not have a material impact on its business, financial position or assets.

NOTE 24 Other current financial assets

Other current financial assets are primarily comprised of derivative financial instruments (see Note 30).

NOTE 25 Equity

Share capital amounted to €10,277,498 at December 31, 2013, comprising 61,664,983 fully paid-up shares.

The Management Board will submit a recommendation to the Ordinary Shareholders' Meeting called to approve the 2013 financial statements to pay a dividend in respect of 2013 corresponding to €0.81 per share or €50.0 million in total.

The dividend paid in respect of 2012 amounted to €0.90 per share.

In accordance with the law and the applicable accounting standards, no dividend was paid in respect of treasury shares and the corresponding amounts were carried over to the Company's reserves.

NOTE 26

Employee benefits

In accordance with the laws and practices in each country, Group employees receive long-term or post-employment benefits in addition to their short-term remuneration. These additional benefits take the form of defined contribution or defined benefit plans.

Under defined contribution plans, the Group is not obliged to make any additional payments beyond contributions already made. Contributions to these plans are expensed as incurred.

An actuarial valuation of defined benefit plans is carried out by independent experts. These benefits primarily concern termination payments and long-service bonuses in France, and final salary type supplementary pension plans, mainly in the United Kingdom.

The Group has no obligation with respect to medical costs.

26.1 Changes during the year

Changes in the present value of the obligation in respect of defined benefit plans are shown below:

(in € millions)	31.12.2013	31.12.2012
Present value of obligation as of January 1	**105.2**	**90.9**
Current service cost	2.9	1.9
Contributions paid by beneficiaries		
Interest cost	1.7	4.4
Benefits paid	(6.4)	(5.7)
Past service cost		(1.2)
Actuarial gains and losses	3.7	13.7
Curtailments and settlements		(0.1)
Other movements	(0.0)	
Exchange differences	(1.7)	1.2
PRESENT VALUE OF OBLIGATION AS OF DECEMBER 31	**105.3**	**105.2**

As of December 31, 2013, the present value of the obligation amounted to €105.3 million (€105.2 million as of end-2012), and related to fully or partially funded plans.

The breakdown in the present value of the obligation by type of plan as of December 31 was as follows:

(in € millions)	31.12.2013	31.12.2012
Retirement bonuses	33.0	29.5
Long-service awards	4.5	5.7
Supplementary plans – United Kingdom	66.9	68.9
Supplementary plans – Other	0.9	1.0
PRESENT VALUE OF OBLIGATION AS OF DECEMBER 31	**105.3**	**105.2**

Changes in the fair value of defined benefit plan assets are shown below:

(in € millions)	31.12.2013	31.12.2012
Fair value of defined benefit plan assets as of January 1	**85.0**	**79.6**
Contributions paid by employer	(1.8)	0.5
Contributions paid by beneficiaries		
Interest Income	3.0	
Return on plan assets exclud. Interest income	2.7	4.6
Benefits paid	(6.4)	(4.3)
Actuarial gains and losses	(0.7)	3.1
Other movements		
Exchange differences	(1.9)	1.5
FAIR VALUE OF DEFINED BENEFIT PLAN ASSETS AS OF DECEMBER 31	**79.8**	**85.0**

The reduction of the fair value of assets comes partly from a surplus distribution exercise in Nigeria for an amount of €3.6 millions.

Funded defined benefit plan assets broke down as follows as of December 31, 2013:

- insurance policies accounted for 73.5% of the total fair value of plan assets (71.7% as of end-2012);
- equity instruments accounted for 11.9% (9.4% as of end-2012);
- debt instruments accounted for 5.9% (8.4% as of end-2012);
- other assets accounted for 8.8% (10.6% as of end-2012).

2013 Actuarial gains & losses analysis:

(in € millions)	31.12.2013
Actuarial gains & losses due to scheme experience	5.3
Actuarial gains & losses due to change in demographic assumptions	2.3
Actuarial gains & losses due to changes in financial assumptions	(3.9)
TOTAL	**3.7**

The reconciliation of statement of financial position data with the projected benefit obligation in respect of defined benefit plans breaks down as follows:

(in € millions)	31.12.2013	31.12.2012
Present value of obligation	105.3	105.2
Fair value of defined benefit plan assets	79.8	85.0
Funding shortfall/(excess)	**25.5**	**20.2**
Unrecognized past service cost		0.6
Amount not recognized in assets	12.0	16.1
PROVISIONS (NET ASSETS) RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION	**37.5**	**36.8**
o/w provisions – continuing operations	37.5	36.8
Experience adjustments on plan liabilities	3.5%	13.0%
Experience adjustments on plan assets	0.9%	-3.7%

26.2 Expenses recognized

Defined benefit plans

The total expense for defined benefit plans in 2013 was €3.3 million (€1.3 million in 2012), breaking down as follows:

(in € millions)	31.12.2013	31.12.2012
Current service cost	2.9	1.9
Interest cost	1.7	4.4
Expected return on plan assets	(3.0)	(4.6)
Actuarial gains/losses recognized in net income		0.5
Past service cost taken to net income		(0.4)
Curtailments and settlements		(0.0)
TOTAL CHARGE	**1.5**	**1.9**
o/w recognized in: operating expenses	2.9	1.5
net finance costs	(1.3)	0.3

In accordance with the option provided under the revised version of IAS 19 issued in December 2004, the Group recognizes actuarial gains and losses on defined benefit plans directly in equity in the period. Actuarial gains and losses recognized in the income statement arise on long-service bonuses.

For the first application of IAS19R, the past service costs liabilities were recognized in equity (€0.6 million)

Actuarial gains and losses recognized in equity and income represented a negative net balance of €2.2 million in 2013 (versus a negative net balance of €6.3 million in 2012), including a negative €0.2 million recognized in equity.

Cumulative actuarial gains and losses recognized in equity since January 1, 2004 totaled €23.5 million as of December 31, 2013.

Defined contribution plans

An expense of €0.4 million was recognized in respect of defined contribution plans in 2013 (€0.4 million in 2012).

26.3 Actuarial assumptions

The main actuarial assumptions used to estimate the Group's employee benefit obligations are as follows:

	Total France			Total United Kingdom			incl. Nigéria			Total Other		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Discount rate	3.25%	3.15%	4.25%	4.30%	4.00%	4.80%	13.00%	12.00%	12.00%	3.25%	3.15%	4.25%
Expected return on plan assets	S/O	S/O	S/O	6.58%	5.10%	5.50%	13.00%	12.00%	12.00%	S/O	4.63%	4.97%
Expected rate of increase in salaries	3.00%	3.00%	3.00%	S/O	S/O	S/O	10.00%	10.00%	10.00%	3.00%	3.00%	3.00%

The expected return on plan assets is determined for each fund on the basis of historical performance, current and long-term outlook and the asset allocation of the funds under management.

These assumptions are reviewed annually based on changes in the allocation of funds under management and changes in long-term market expectations for each asset class managed.

26.4 Sensitivity on assumptions

	Change in assumption	Change in liability
Discount rate		
Retirement bonuses and long-service awards	-1,00%	+11,00%
Supplementary plans – United Kingdom	-1,00%	+17,20%
Expected rate of increase in salaries		
Retirement bonuses and long-service awards	+0,50%	+5,50%
Supplementary plans – United Kingdom	NA	NA
Rate of mortality		
Supplementary plans – United Kingdom	increase in life expectancy of 1 year	+5,70%

NOTE 27
Provisions

(in € millions)	31.12.2012	Charge	Reversal (utilized provision)	Reversal (surplus provision)	Translation adjustments	Changes in scope of consolidation	Other	31.12.2013
Non-current provisions for restructuring	0.3							0.3
Non-current provisions for claims and litigation	5.4	0.3	(1.1)		0.0		0.5	5.1
Other non-current provisions	2.4	0.5	(0.5)	(0.1)	0.0		(0.5)	1.9
Other non-current provisions for contingencies and losses	**8.1**	**0.9**	**(1.6)**	**(0.1)**	**0.0**		**0.0**	**7.2**
Current provisions for restructuring	0.4	2.2						2.6
Current provisions for claims and litigation	10.0	8.6	(2.6)		(0.3)		2.7	18.5
Other current provisions	7.4	0.7	(0.7)	0.0	0.0		(2.7)	4.7
Other current provisions for contingencies and losses	**17.8**	**11.5**	**(3.2)**	**0.0**	**(0.3)**		**(0.1)**	**25.7**
OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES	**25.9**	**12.3**	**(4.8)**	**(0.1)**	**(0.3)**		**(0.1)**	**33.0**
Impact on income	**4.7**	**(12.3)**	**4.8**	**0.1**				**(7.5)**
• Impact on recurring operating income	1.9	(4.0)	2.3	0.1				(1.7)
• Impact on other non-recurring operating income and expenses	0.9	(3.2)						(3.2)
• Impact on net finance costs	0.8							
• Impact on income taxes	1.2	(5.1)	2.5					(2.6)

Provisions for claims and litigation mainly relate to claims brought by third parties in various countries or cover risks relating to tax disputes for which the timing of payment is uncertain.

NOTE 28

Cash and cash equivalents

28.1. Breakdown by category

This item breaks down as follows:

(in € millions)	31.12.2013	31.12.2012
Cash	211.5	195.6
Cash equivalents	0.0	3.7
TOTAL	**211.5**	**199.3**

The €211.5 million in cash and cash equivalents includes €92.9 million (versus €63.9 million at end 2012) in surplus cash from the management of central purchasing accounts by CFAO Holding.

28.2 Breakdown by currency

(in € millions)	31.12.2013	%	31.12.2012	%
Euro	76.3	36.1%	51.9	26.0%
CFA franc	40.6	19.2%	68.4	34.3%
US dollar	39.1	18.5%	31.6	15.9%
Japanese yen	21.7	10.2%	2.6	1.3%
Algerian dinar	10.2	4.8%	8.8	4.4%
Vietnamese dong	4.7	2.2%	0.4	0.2%
Nigerian naira	3.2	1.5%	1.6	0.8%
Swiss franc	2.3	1.1%	1.4	0.7%
Malagasy franc	2.2	1.0%	2.7	1.4%
Guinean franc	1.8	0.9%	1.9	1.0%
Kenyan shilling	1.6	0.8%	2.9	1.4%
Zambian kwacha	1.6	0.7%	2.1	1.0%
CFP franc	1.0	0.5%	1.4	0.7%
Angolan new kwanza	0.8	0.4%	2.0	1.0%
Congolese franc	0.8	0.4%	0.9	0.5%
Ghanaian cedi	0.6	0.3%	3.0	1.5%
Malawian kwacha	0.5	0.2%	1.6	0.8%
Pound sterling	0.2	0.1%	0.3	0.1%
Moroccan dirham	0.1	0.0%	6.7	3.3%
Other currencies	2.1	1.0%	7.4	3.7%
TOTAL	**211.5**		**199.3**	

For the purposes of capital control or economic reasons, certain countries in which the Group operates place restrictions on the exchange of local currency for foreign currency and the transfer of funds abroad.

NOTE 29

Borrowings

29.1 Breakdown of borrowings by maturity

(in € millions)	31.12.2012	N+1	N+2	N+3	N+4	N+5	Beyond
Non-current borrowings	**149.8**		**115.4**	**16.2**	**6.4**	**11.2**	**0.8**
Confirmed lines of credit	90.0		90.0				
Other bank borrowings	35.1		17.5	7.8	6.0	3.1	0.8
Employee profit-sharing	1.5		0.4	0.3	0.4	0.4	
Other borrowings	23.3		7.5	8.1	0.0	7.7	
Current borrowings	**426.5**	**426.5**					
Confirmed lines of credit	14.4	14.4					
Other bank borrowings	8.3	8.3					
Employee profit-sharing	0.8	0.8					
Bank overdrafts	393.9	393.9					
Other borrowings	9.1	9.1					
TOTAL	**576.3**	**426.5**	**115.4**	**16.2**	**6.4**	**11.2**	**0.8**
%		**74.0%**	**20.0%**	**2.8%**	**1.1%**	**1.9%**	**0.1%**

(in € millions)	31.12.2013	N+1	N+2	N+3	N+4	N+5	Beyond
Non-current borrowings	**109.0**		**12.4**	**15.8**	**6.8**	**69.8**	**4.2**
Confirmed lines of credit	65.0					65.0	
Other bank borrowings	34.7		11.2	8.3	6.4	4.6	4.2
Employee profit-sharing	1.4		0.5	0.3	0.3	0.2	
Other borrowings	7.9		0.7	7.2	0.0		
Current borrowings	**506.0**	**506.0**					
Confirmed lines of credit	14.4	14.4					
Other bank borrowings	13.4	13.4					
Employee profit-sharing	0.3	0.3					
Bank overdrafts	452.8	452.8					
Other borrowings	25.0	25.0					
TOTAL	**615.0**	**506.0**	**12.4**	**15.8**	**6.8**	**69.8**	**4.2**
%		**82.3%**	**2.0%**	**2.6%**	**1.1%**	**11.4%**	**0.7%**

As of December 31, 2013, all gross borrowings were recognized at amortized cost based on the effective interest rate.

Non-current borrowings mainly include the €65 million drawdown on the syndicated facility out of a total confirmed credit line of €400 million. CFAO signed on 17 December 2013 a new 5-year €400 million revolving credit facility including the refinancing of CFAO's existing €300 million revolving credit facility dated 7 December 2009.

This facility was classified within non-current confirmed lines of credit in light of its five-year term.

As of December 31, 2013, the Group complied with the credit facility covenants.

Accrued interest is recorded in "Other borrowings".

Borrowings with a maturity of more than one year represented 17.7% of total gross borrowings as of December 31, 2013 (26.0% as of December 31, 2012).

29.2 Breakdown by repayment currency

(in € millions)	31.12.2012	Non-current borrowings	Current borrowings	%	31.12.2011
Euro	134.5	104.9	29.6	23.3%	106.2
CFA franc	182.1	9.3	172.8	31.6%	155.4
Moroccan dirham	31.8	0.0	31.8	5.5%	40.6
Algerian dinar	117.7	16.1	101.6	20.4%	64.1
CFP franc	23.3	1.0	22.2	4.0%	17.3
Nigerian naira	37.2	0.0	37.2	6.5%	29.8
Kenyan shilling	3.1	0.0	3.1	0.5%	3.6
Japanese yen	2.2	0.0	2.2	0.4%	2.2
US dollar	11.1	0.0	11.1	1.9%	8.5
Ghanaian cedi	4.7	0.0	4.7	0.8%	1.0
Tanzanian shilling	2.3	0.0	2.3	0.4%	2.8
Danish krone	3.6	1.5	2.1	0.6%	0.0
Other currencies	22.8	17.1	5.7	4.0%	12.4
TOTAL	**576.3**	**149.8**	**426.5**		**443.8**

(in € millions)	31.12.2013	Non-current borrowings	Current borrowings	%	31.12.2012
Euro	125.3	79.0	46.2	20.4%	134.5
CFA franc	209.6	9.1	200.5	34.1%	182.1
Moroccan dirham	41.8	0.0	41.8	6.8%	31.8
Algerian dinar	130.0	18.1	111.9	21.1%	117.7
CFP franc	15.8	0.2	15.6	2.6%	23.3
Nigerian naira	19.9	0.0	19.9	3.2%	37.2
Kenyan shilling	3.8	0.0	3.8	0.6%	3.1
Japanese yen	19.9	0.0	19.9	3.2%	2.2
US dollar	32.1	0.0	32.1	5.2%	11.1
Ghanaian cedi	6.0	0.0	6.0	1.0%	4.7
Tanzanian shilling	1.5	0.0	1.5	0.2%	2.3
Danish krone	1.5	1.1	0.4	0.2%	3.6
Other currencies	7.9	1.6	6.3	1.3%	22.8
TOTAL	**615.0**	**109.0**	**506.0**		**576.3**

Borrowings denominated in currencies other than the euro are distributed to Group subsidiaries for local financing purposes.

29.3 Breakdown of gross borrowings by category

CFAO Group gross borrowings break down as follows:

(in € millions)	31.12.2013	31.12.2012
Confirmed lines of credit	79.4	104.4
Other bank borrowings	48.1	43.4
Obligations under finance leases		
Employee profit-sharing	1.7	2.3
Bank overdrafts	452.8	393.9
Other borrowings	32.9	32.4
TOTAL	**615.0**	**576.3**

Group borrowings primarily consist of the syndicated facility ("Confirmed lines of credit") and bank overdrafts.

Other borrowings include a financial liability of €24.7 million for the put options granted to the minority shareholders of the following companies:

- Vietnamese companies' Holding: 24%;
- New Caledonia companies' Holding: 26%;
- Mission PharmaHolding: 25%.

The financial liability calculated for put options is a multiple of Recurring Operating Income or EBITDA (Recurring Operating Income plus depreciation, amortization, and provisions for non-recurring operating assets recognized in recurring operating income) minus the Net Debt.

29.4 Main bank borrowings

Breakdown of main bank borrowings

The Group has the following main bank borrowings:

BORROWINGS CONTRACTED BY CFAO AND SUBSIDIARIES
(in € millions)

Par value	Issue interest rate	Effective interest rate	Issue date	Maturity	31.12.2013	31.12.2012
17.3	Fixed 6.5%	6.50%	15.08.2012	15.08.2019	17.7	
11.4	Fixed 6.75%	7.21%	06.12.2013	06.12.2019	11.4	
4.0	Fixed 8.26%	3.55%	01.11.2012	30.10.2019	3.6	3.9
3.8	Fixed 8.26%	8.26%	05.10.2012	05.10.2015	2.4	
1.8	Fixed 8.26%	8.26%	16.10.2013	16.10.2016	1.7	

These borrowings were contracted by subsidiaries outside the eurozone, mainly in CFA francs.

NOTE 30

Exposure to foreign exchange, interest rate and credit risk

The Group uses derivative financial instruments to manage its exposure to foreign exchange risk. It has no cash flow or net investment hedges.

30.1 Exposure to interest rate risk

The CFAO Group does not use any financial instruments to manage the interest rate risk arising on its assets and liabilities.

The Group's exposure to interest rate risk is presented below:

	Fixed rate		Floating rate		Total	
(in € millions)	2013	2012	2013	2012	2013	2012
Loans and receivables	25.6	29.6			25.6	29.6
Marketable securities and cash and cash equivalents	211.5	199.3			211.5	199.3
Financial assets	**237.1**	**229.0**			**237.1**	**229.0**
Other borrowings	488.6	452.8	126.3	123.5	615.0	576.3
Financial liabilities	**488.6**	**452.8**	**126.3**	**123.5**	**615.0**	**576.3**

Debt contracted by subsidiaries is denominated in local currency and is at fixed rates.

In 2013, as in 2012, interest rate risk arose solely on the floating-rate syndicated loan denominated in euros.

- Fixed-rate financial assets and liabilities exposed to the risk of a change in value:

		2012 maturities		
(in € millions)	2012	Less than one year	One to five years	More than five years
Loans and receivables	29.6	29.6		
Marketable securities and cash and cash equivalents	199.3	199.3		
Fixed-rate financial assets	**229.0**	229.0		
Other borrowings	452.8	413.1	38.9	0.8
Fixed-rate financial liabilities	**452.8**	413.1	38.9	0.8

		2013 maturities		
(in € millions)	2013	Less than one year	One to five years	More than five years
Loans and receivables	25.6	25.6		
Marketable securities and cash and cash equivalents	211.5	211.5		
Fixed-rate financial assets	**237.1**	237.1		
Other borrowings	488.6	458.5	26.4	3.7
Fixed-rate financial liabilities	**488.6**	458.5	26.4	3.7

- Floating-rate financial assets and liabilities exposed to the risk of a change in value:

		2012 maturities		
(in € millions)	2012	Less than one year	One to five years	More than five years
Loans and receivables				
Marketable securities and cash and cash equivalents				
Floating-rate financial assets				
Other borrowings	123.5	13.4	110.2	
Floating-rate financial liabilities	**123.5**	13.4	110.2	

(in € millions)	2013	2013 maturities		
		Less than one year	One to five years	More than five years
Loans and receivables				
Marketable securities and cash and cash equivalents				
Floating-rate financial assets				
Other borrowings	126.3	47.5	78.4	0.5
Floating-rate financial liabilities	**126.3**	47.5	78.4	0.5

The breakdown of gross borrowings by type of interest rate is shown below:

(in € millions)	2012	Fixed rate	Floating rate
Gross borrowings	**576.6**	**452.8**	**123.5**
%		78.6%	21.4%

(in € millions)	2013	Fixed rate	Floating rate
Gross borrowings	**615.0**	**488.6**	**126.3**
%		79.5%	20.5%

Analysis of sensitivity to interest rate risk

In light of the Group's fixed/floating rate mix, a sudden 100 basis point increase or decrease in interest rates based on average monthly debt would have had a full-year impact of €6.4 million on pre-tax consolidated net income in 2013, compared with an impact of €3.3 million in 2012.

All other market variables were assumed to remain unchanged for the purpose of the sensitivity analysis.

30.2 Exposure to foreign exchange risk

The outstanding notional amounts of instruments used by the CFAO Group to manage its foreign exchange risk were as follows:

(in € millions)	31.12.2013	31.12.2012
Currency forwards and currency swaps	163.2	219.5
TOTAL	**163.2**	**219.5**

The Group primarily uses forward currency contracts to hedge commercial import/export risks and financial risks stemming in particular from inter-company refinancing transactions in foreign currencies.

Some of the Group's local subsidiaries, mainly in Morocco, Kenya and New Caledonia record forward purchase contracts in their accounts. As of December 31, 2013, outstanding notional amounts under these agreements totaled €37.4 million.

These derivative financial instruments were analyzed with respect to IAS 39 hedge accounting eligibility criteria. As of December 31, 2013, derivative instruments documented as hedges were as follows:

(in € millions)	31.12.2012	Japanese yen	US dollar	Euro	Other
Fair value hedges					
Forward purchases and forward purchase swaps	457.8	117.0	296.3	39.9	4.5
Forward sales and forward sale swaps	(238.3)	(2.9)	(235.4)		
TOTAL	**219.5**	**114.1**	**60.9**	**39.9**	**4.5**

(in € millions)	31.12.2013	Japanese yen	US dollar	Euro	Other
Fair value hedges					
Forward purchases and forward purchase swaps	334.2	83.2	221.2	23.4	6.3
Forward sales and forward sale swaps	(171.0)	(2.8)	(168.1)		0.0
TOTAL	**163.2**	**80.4**	**53.1**	**23.4**	**6.3**

The "Other" column mainly reflects transactions carried out in South African rands and pounds sterling.

Foreign exchange derivatives are recognized in the statement of financial position at their market value as of the end of the reporting period.

As of December 31, 2013, the exposure to foreign exchange risk on the statement of financial position was as follows:

(in € millions)	31.12.2013	Euro	US dollar	Japanese yen	Other	31.12.2012
Central purchasing offices						
Central purchasing receivables	114.5		112.5	1.6	0.4	130.7
Central purchasing payables [1]	164.1		117.3	45.8	1.0	283.9
Gross exposure in the statement of financial position – central purchasing	**(49.6)**	**0.0**	**(4.8)**	**(44.2)**	**(0.6)**	**(153.1)**
Customer orders	63.7		62.4	1.2	0.0	105.9
Supplier orders	124.5		83.6	37.0	3.9	121.3
Projected gross exposure – central purchasing	**(60.9)**	**0.0**	**(21.2)**	**(35.7)**	**(3.9)**	**(15.4)**
Gross exposure before hedging – central purchasing	**(110.4)**	**0.0**	**(26.0)**	**(79.9)**	**(4.5)**	**(168.5)**
Hedging instruments – central purchasing	119.4		34.3	79.9	5.2	168.1
Net exposure after hedging – central purchasing	**9.0**	**0.0**	**8.3**	**0.0**	**0.7**	**(0.4)**

(1) Including USD 0.7 million in loans to subsidiaries.

CFAO's central purchasing offices hedge the foreign exchange risk arising on the statement of financial position (trade receivables/payables) and on forecast transactions (confirmed supplier and customer orders) with respect to their reporting currency (euro).

(in € millions)	31.12.2013	Euro	US dollar	Japanese yen	Other	31.12.2012
Subsidiaries (excluding central purchasing)						
Subsidiaries that use hedging instruments						
Receivables due to subsidiaries hedging foreign exchange risk	**0.0**					1.7
Payables owed by subsidiaries hedging foreign exchange risk	**37.4**	23.4	12.3	0.5	1.1	53.0
Gross exposure in the statement of financial position	**(37.4)**	**(23.4)**	**(12.3)**	**(0.5)**	**(1.1)**	(51.3)
Gross projected exposure of subsidiaries hedging foreign exchange risk	**0.0**					
Gross exposure before hedging	**(37.4)**	**(23.4)**	**(12.3)**	**(0.5)**	**(1.1)**	(51.3)
Hedges set up by subsidiaries	37.4	23.4	12.3	0.5	1.1	51.3
Net exposure after hedging of foreign exchange risk by subsidiaries	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	0.0

Certain subsidiaries may use financial instruments to hedge the foreign exchange risk between their debt in US dollars, euros or Japanese yen and their reporting currency (Moroccan dirhams, Kenyan shillings).

(in € millions)	31.12.2013	Euro	US dollar	Japanese yen	Other	31.12.2012
Subsidiaries (excluding central purchasing)						
Subsidiaries that do not use hedging instruments						
Receivables due to subsidiaries	3.6	0.9	2.4	0.4	(0.1)	2.4
Payables owed by subsidiaries	140.6	45.8	95.6	1.4	(2.1)	163.6
Cash	68.2	11.9	34.6	21.6	0.1	31.8
Borrowings	60.0	6.0	33.9	19.9	0.2	23.0
Gross exposure in the statement of financial position	**(128.8)**	**(39.1)**	**(92.5)**	**0.8**	**2.0**	**(152.3)**
Hedging instruments	6.5		6.5			
Net exposure after hedging – central purchasing	**(122.4)**	**(39.1)**	**(86.0)**	**0.8**	**2.0**	**(152.3)**
10% depreciation in local currency	(12.9)	(3.9)	(9.3)	0.1	0.2	(15.2)

Subsidiaries excluding central purchasing offices that do not use foreign exchange hedging instruments owing to regulatory constraints are exposed to the risk of changes in the value of their reporting currency against operating and financial receivables and payables denominated in euros or US dollars.

The above table does not include the exposure of euro-denominated assets and liabilities of subsidiaries in the CFA zone, since the exchange rate of this currency is fixed against the euro. These items amounted to €81.8 million as of December 31, 2013.

The following table summarizes the Group's net consolidated position:

(in € millions)	31.12.2013	Euro	US dollar	Japanese yen	Other	31.12.2012
CFAO Group						
Receivables	117.6	0.9	114.3	2.0	0.4	134.9
Payables	419.2	146.3	225.1	47.7	0.0	559.8
Cash	68.7	11.9	35.1	21.6	0.1	31.8
Borrowings	64.7	10.7	33.9	19.9	0.2	34.7
Gross exposure in the statement of financial position	**(297.5)**	**(144.3)**	**(109.6)**	**(43.9)**	**0.3**	**(427.8)**
Customer orders	63.7	0.0	62.4	1.2	0.0	105.9
Supplier orders	124.5	0.0	83.6	37.0	3.9	121.3
Projected gross exposure	**(60.9)**	**0.0**	**(21.2)**	**(35.7)**	**(3.9)**	**(15.4)**
Gross exposure before hedging	**(358.4)**	**(144.3)**	**(130.8)**	**(79.6)**	**(3.7)**	**(443.2)**
Hedging instruments	163.2	23.4	53.1	80.4	6.3	219.5
Net exposure after hedging	**(195.2)**	**(120.9)**	**(77.8)**	**0.8**	**2.7**	**(223.7)**

Analysis of sensitivity to foreign exchange risk

Based on year-end market data, the negative impact of a sudden 10% increase in the exchange rate of unhedged purchasing currencies against local currencies (excluding the CFA franc) would have been €-12.9 million in 2013.

This analysis excludes the impacts of translating the financial statements of each Group entity into the Group's presentation currency (euro).

The sensitivity analysis assumes that all other market variables remain unchanged.

30.3 Credit risk

The Group uses derivative instruments solely to reduce its overall exposure to foreign exchange risk arising in the normal course of business. All transactions involving derivatives are carried out over the counter.

At December 31, 2013, the counterparties are Société Générale, Natixis, Crédit Agricole and Barclays.

30.4 Derivative instruments at market value

As of December 31, 2013 and 2012, and in accordance with IAS 39, the market values of derivative financial instruments were recognized in assets under "Other current financial assets" and in liabilities under "Other current financial liabilities".

The fair values of foreign exchange derivatives were recognized in other current financial assets or liabilities.

(in € millions)	31.12.2013	Interest rate risk	Foreign exchange risk	Other market risks	31.12.2012
Derivative assets	5.7		5.7		7.6
Non-current					
Current	5.7		5.7		7.6
Fair value hedges	5.7		5.7		7.6
Derivative liabilities	14.6		14.6		23.3
Non-current					
Current	14.6		14.6		23.3
Fair value hedges	14.6		14.6		23.3
TOTAL	(8.9)		(8.9)		(15.7)

30.5 Liquidity risk

Liquidity risk management for the Group and each of its subsidiaries is closely monitored and periodically assessed by CFAO, using Group financial reporting procedures.

The analysis below covers contractual commitments regarding borrowings and trade payables, including interest due.

Forecast cash flows relating to interest payable are included in "Other borrowings" and calculated up to the contractual maturity of the borrowings to which they relate. Floating-rate interest payable at future dates is fixed based on the interest rate at the end of the reporting period.

The future cash flows presented have not been discounted.

	2012				
(in € millions)	Carrying amount	Cash flow	Less than one year	One to five years	More than five years
Non-derivative financial instruments					
Other borrowings	576.3	(581.0)	(426.5)	(153.5)	(0.9)
Trade payables	695.3	(695.3)	(695.3)		
TOTAL	1,271.7	(1,276.3)	(1,121.8)	(153.5)	(0.9)

	2013				
(in € millions)	Carrying amount	Cash flow	Less than one year	One to five years	More than five years
Non-derivative financial instruments					
Other borrowings	615.0	(618.9)	(506.0)	(108.5)	(4.3)
Trade payables	619.9	(619.9)	(619.9)		
TOTAL	1,234.9	(1,238.8)	(1,125.9)	(108.5)	(4.3)

NOTE 31

Net debt

Group net debt breaks down as follows:

(in € millions)	31.12.2013	31.12.2012
Gross borrowings	(615.0)	(576.3)
Cash	211.5	199.3
NET DEBT	**(403.5)**	**(377.0)**

NOTE 32

Accounting classification and market value of financial instruments

The basis of measurement for financial instruments and their market values as of December 31, 2013 are presented below:

	31.12.2012					
(in € millions)	Carrying amount	Market value	Available-for-sale assets	Loans and receivables	Amortized cost	Derivatives qualifying for hedge accounting
Non-current assets						
Non-current financial assets	50.8	50.8	6.5	36.2	8.2	
Current assets						
Trade receivables	488.1	488.1			488.1	
Other current financial assets	8.7	8.7			1.0	7.6
Cash and cash equivalents	199.3	199.3	3.7		195.6	
Non-current liabilities						
Non-current borrowings	149.8	149.8			149.8	
Current liabilities						
Current borrowings	426.5	426.5			426.5	
Other current financial liabilities	27.5	27.5			4.2	23.3
Trade payables	695.3	695.3			695.3	

	31.12.2013					
(in € millions)	Carrying amount	Market value	Available-for-sale assets	Loans and receivables	Amortized cost	Derivatives qualifying for hedge accounting
Non-current assets						
Non-current financial assets	64.8	64.8	7.9	45.7	11.2	
Current assets						
Trade receivables	553.5	553.5			553.5	
Other current financial assets	6.0	6.0			0.3	5.7
Cash and cash equivalents	211.5	211.5			211.5	
Non-current liabilities						
Non-current borrowings	109.0	109.0			109.0	
Current liabilities						
Current borrowings	506.0	506.0			506.0	
Other current financial liabilities	19.0	19.0			4.3	14.6
Trade payables	619.9	619.9			619.9	

Assets and liabilities recognized at fair value are measured as follows:

- Level 1: prices quoted in an active market.

  Where available, prices quoted in an active market are used as the preferred method for determining market value. No instruments were included in level 1 of the fair value hierarchy as of December 31, 2013;

- Level 2: internal models using valuation techniques drawing on observable market inputs.

  These techniques are based on standard mathematical calculations incorporating observable market inputs such as futures prices, yield curves, etc. Most derivatives traded on markets are measured based on models commonly used by market practitioners in pricing these financial instruments;

- Level 3: internal models based on non-observable inputs.

  The fair values used to determine the instruments' carrying amounts represent reasonable estimates of their market values. This method chiefly concerns non-current financial assets. Non-current financial assets are described in Note 19.

No changes were made to the methods used to measure the fair values of financial assets and liabilities in 2013.

NOTE 33
Notes to the statement of cash flows

As of December 31, 2013, cash and cash equivalents net of bank overdrafts and cash current accounts with a credit balance stood at a negative €243.1 million, representing total cash and cash equivalents as shown in the statement of cash flows.

(in € millions)	31.12.2013	31.12.2012
Cash and cash equivalents as reported in the statement of financial position	**211.5**	**199.3**
Bank overdrafts	(454.6)	(394.2)
Cash current accounts with a credit balance	(0.0)	(0.7)
CASH AND CASH EQUIVALENTS AS REPORTED IN THE STATEMENT OF CASH FLOWS	**(243.1)**	**(195.6)**

33.1 Cash flow from operating activities

Cash flow from operating activities breaks down as follows for 2013 and 2012:

(in € millions)	31.12.2013	31.12.2012
Net income from continuing operations	**144.4**	**171.2**
Gains/(losses) on asset disposals, net of tax	(4.5)	(3.0)
Deferred tax	1.8	(2.7)
Share in earnings (losses) of associates	(1.6)	(2.3)
Dividends received from associates	1.7	1.4
Other non-cash income and expenses	72.4	58.0
CASH FLOW FROM OPERATING ACTIVITIES	**214.2**	**222.6**

33.2 Purchases of property, plant and equipment and intangible assets

Purchases of property, plant and equipment and intangible assets totaled €99.7 million in 2013, versus €94.3 million in 2012.

33.3 Acquisitions and disposals of subsidiaries

(in € millions)	31.12.2013	31.12.2012
Acquisitions of subsidiaries, net of cash acquired	(3.9)	(47.7)
Proceeds from disposals of subsidiaries, net of cash transferred	(2.5)	6.4
TOTAL	**(6.3)**	**(41.3)**

In 2013, acquisitions correspond to the buy out of non controlling interests in Eurapharma division in particular on Assene Laborex Nigeria.

Most acquisitions in 2012 were carried out by Eurapharma, chiefly reflecting Missionpharma in Denmark and Assene Laborex Nigeria.

33.4 Debt issues and redemptions

(in € millions)	31.12.2013	31.12.2012
Bond issuances	24.6	56.0
Bond redemptions	(39.5)	(24.1)
Increase/decrease in other borrowings	(14.9)	31.9

NOTE 34 Contingent liabilities, contractual commitments not recognized and other contingencies

34.1 Commitments given following asset disposals

The main vendor warranties given by the Group on the sale of companies are summarized below:

Disposals	Vendor warranties
June 2009 Sale of Dil Maltex to Heineken	Guarantee on 2008 accounts, capped at €6.2 millions, expiring on December 31, 2013. Guarantee on pension funds uncapped and unlimited.
September 2010 Sale of Fantasia, Comamussy et Sud Participations	Guarantee on compliance of provisions related to income tax, VAT and customs duties, capped at €7,3 million, expiring on September 8, 2015

In addition to the vendor warranties described above, vendor warranty agreements with standard terms were set up for the purchasers of the other companies sold by the Group.

34.2 Other commitments given

34.2.1 Contractual obligations

The table below shows all of the Group's contractual commitments and obligations, excluding employee benefit obligations presented in the preceding notes.

(in € millions)	Payments due by period				
	Less than one year	One to five years	More than five years	2013	2012
Non-current borrowings	0.0	104.8	4.2	109.0	149.8
Operating lease agreements	33.5	43.7	17.5	94.7	78.6
Binding purchase commitments	139.8	0.0	0.0	139.8	157.7
TOTAL COMMITMENTS GIVEN	**173.3**	**148.4**	**21.7**	**343.4**	**386.1**

Binding purchase commitments consist mainly of commitments undertaken with regard to suppliers.

Operating leases

Contractual obligations presented under "Operating lease agreements" represents future minimum lease payments under operating leases for the period, which cannot be canceled by the lessee. These mainly include non-cancelable rental payments in respect of showrooms, logistics hubs and other buildings (headquarters and administrative offices).

The rental charge in respect of minimum lease payments amounted to €33.5 million in 2013 (versus €33.9 million in 2012). There was no charge for contingent payments either in 2013 or 2012.

34.2.2 Guarantees and other collateral

Guarantees and other collateral granted by the Group break down as follows:

(in € millions)	Pledge start date	Pledge expiration date	Amount of assets pledged at Dec. 31, 2013	Carrying amount in the statement of financial position	Corresponding%	Amount of assets pledged at Dec. 31, 2012
Intangible assets			**1.3**			**1.3**
	09.01.2004	17.12.2017	0.8	0.1		0.8
	05.06.2007	20.03.2017	0.6	0.1		0.6
Property, plant and equipment			**5.6**			**3.8**
	28.11.2012	28.11.2015	5.6	7.1		3.8
Non-current financial assets						
Total non-current assets pledged as collateral			**7.0**	**7.3**	**96.2%**	**5.2**
Inventories			0.0			
Trade receivables			0.0			0.0
Total current assets pledged as collateral			**0.0**			**0.0**

34.2.3 Individual training entitlement

Pursuant to French Law no. 2004-391 of May 4, 2004 on vocational training, all employees of the Group's French companies receive a 20-hour training credit each year, which can be accumulated over six years and is capped at 120 hours. Any training courses followed within the framework of this training entitlement are deducted from the number of training hours accumulated.

The total unused cumulative training entitlement accrued by employees represented 95,328 hours as of December 31, 2013 (93,389 hours as of December 31, 2012).

34.2.4 Other commitments

Other commitments break down as follows:

(in € millions)	Payments due by period			31.12.2013	31.12.2012
	Less than one year	One to five years	More than five years		
Confirmed lines of credit		400.0		400.0	300.0
Letters of credit	0.0			0.0	
Discounted notes not yet due	1.4			1.4	2.3
Sale of receivables – Other programs				0.0	0.0
Other guarantees received	27.8	12.1	18.8	58.7	48.2
Total commitments received	**29.2**	**412.1**	**18.8**	**460.1**	**350.5**
Bank guarantees	62.9		0.0	62.9	55.6
Rent guarantees, property guarantees	10.1	0.0	0.0	10.2	10.3
Tax guarantees	0.0			0.0	0.2
Customs securities	68.1	3.4	0.2	71.7	64.7
Other commitments	456.8	29.6	2.7	489.1	614.2
Total commitments given	**598.1**	**32.9**	**2.9**	**633.9**	**745.0**

Other commitments relate mainly to letters of credit provided on behalf of suppliers, in order to guarantee the Group's compliance with its contractual obligations. They include also commitments given following assets disposal indicated in Note 34.1.

The confirmed credit line commitment reflects the amount of the syndicated loan, on which €65.0 million had been drawn down as of December 31, 2013.

To the best of the Group's knowledge, there are no other significant commitments given or contingent liabilities.

34.2.5 Other guarantees given

CFAO has given a guarantee to four banks mainly regarding the representations made in the various documents prepared in connection with its stock market listing (offering circular and prospectus).

34.3 Dependence on patents, licenses and supply contracts

The Group is not significantly dependent on any patents, licenses or supply contracts.

However, a significant portion of CFAO's product range is geared to several "strategic" suppliers. Generally speaking, the Group's distribution activities require it to enter into short- and medium-term agreements. In light of the number of suppliers and the volumes purchased, the Group considers that it is significantly dependent on its main suppliers.

34.4 Litigation

Group companies are involved in a number of lawsuits or disputes arising in the normal course of business, including litigation with tax, social security and customs authorities. Provisions have been set aside for the probable costs, as estimated by the Group's entities and their counsel. According to the Group's legal counsel, no litigation currently in progress is likely to have a material impact on normal or foreseeable operations or the planned development of the Group or any of its subsidiaries. The Group believes there is no known litigation likely to have a potential material impact on its net assets, activity or financial position that is not adequately covered by provisions recorded at the end of the reporting period.

No litigation that the Company considers as well grounded, taken alone, is material for the Company or the Group.

No litigation or arbitration that the Company considers as well grounded, taken alone, has had in the recent past or is likely to have a material impact on the financial position, the activity or the results of the Company or of the Group.

NOTE 35
Transactions with related parties

35.1 Party exercising significant influence over the Group

Up until December 4, 2009, CFAO was controlled by Discodis, which in turn is wholly-owned by Kering formely PPR. Discodis owned 99.93% of CFAO's capital and 99.93% of its voting rights up to that date.

On December 4, 2009, Discodis sold a 57.94% interest in CFAO in connection with CFAO's initial public offering.

In 2012, a dividend of €22.2 million was paid to Discodis in respect of 2011.

Toyota Tsusho Corporation (TTC) owns 97.59% of the CFAO Group's voting rights, further to its tender offer on CFAO shares in 2012. In 2013, a dividend of €54.1 million was paid to TTC in respect of 2012.

CFAO Group purchased in 2013 Toyota cars and spare parts to TTC group companies for an amount of 5.8 millions of euros.

35.2 Associates

In the normal course of business, the Group enters into transactions with associates on an arm's length basis.

The main transactions with associates are summarized in the following table:

(in € millions)	31.12.2013	31.12.2012
Non-current loans and receivables due from non-consolidated investments	8.0	3.0
Trade receivables	12.9	15.9
Other current assets		
Other current liabilities	11.1	14.3
Sales of goods and services	19.0	14.7

35.3 Management remuneration

The table below shows remuneration paid to members of the Management Board and Executive Committee:

(in € millions)	31.12.2013	31.12.2012
Short-term benefits	10.3	10.6
Post-employment benefits	0.5	0.4
Other long term benefits		
Share-based payments	1.2	1.3
Retirement bonuses	2.9	3.2
TOTAL	**14.8**	**15.5**

Short-term benefits relate to amounts recognized during the year and include employer taxes.

Throughout 2012, the Executive Committee comprised 20 members. Further to the TTC transaction, the Committee now comprises 23 members.

NOTE 36
Subsequent events

No subsequent events had a material impact on the consolidated financial statements for the year ended December 31, 2013.

NOTE 37
List of consolidated companies as of December 31, 2013

The list of Group subsidiaries is as follows:

Consolidation method		
	Full consolidation	G
	Equity method	E

Companies	% interest 31.12.2013		% interest 31.12.2012	
CFAO		**Parent company**		
C.F.A.O.	G	100.00	G	100.00
France		0.00		
ACTIDIS	G	99.68	G	99.68
CIDER-ACDM	Liquidation			34.98
CONTINENTAL PHARMACEUTIQUE	G	83.33	G	83.25
COTAFI	G	100.00	G	100.00
ECS	G	99.68	G	99.68
PROPHARMED FRANCE	E	34.87	E	34.87
DOMAFI	G	100.00	G	100.00
E.P. DIS	G	99.68	G	99.68
EP HEALTHCARE SERVICES	G	99.68	G	99.68
RESSOURCETHICA	E	34.89	E	34.89
EURAPHARMA	G	99.68	G	99.68
GEREFI	G	100.00	G	100.00
HDS	G	100.00	G	100.00
ALIOS FINANCE	E	24.27	E	24.27
HOLDINTER	G	100.00	G	100.00
HOLDINTER AND CIE	G	100.00	G	100.00
PROMOTION DT	E	34.87	E	34.87
SECA	G	99.69	G	99.69
SEI	G	100.00	G	100.00
SEP	G	100.00	G	100.00
SEROM	G	99.90	G	99.90
CFAO TECHNOLOGIES	G	100.00	G	100.00
S.F.C.E.	G	100.00	G	100.00
United Kingdom				
EURAFRIC TRADING COMPANY LIMITED	G	100.00	G	100.00
MASSILIA HOLDINGS LIMITED	G	100.00	G	100.00
Switzerland				
PROPHARMED INTERNATIONAL	E	34.87	E	34.87
VECOPHARM	G	99.68	G	69.68
EURALAB	G	99.66	G	99.66

Companies	% interest			
	31.12.2013		31.12.2012	
CFAO	Parent company			
French overseas departments and territories				
ALMAMETO (New Caledonia)	G	100.00	G	74.04
CMM (Réunion)	G	98.28	G	98.28
CMR (Réunion)	G	100.00	G	100.00
CP HOLDING (New Caledonia)	G	100.00	G	74.00
EPDEP (Antilles)	G	83.33	G	83.25
EPDEP (Réunion)	G	83.33	G	83.25
INTERMOTORS (New Caledonia)	G	100.00	G	74.26
LABOREX SAINT MARTIN (Antilles)	G	73.89	G	73.89
LOCAUTO (New Caledonia)	E	36.27	E	36.27
MENARD AUTOMOBILE (New Caledonia)	G	100.00	G	74.01
NCCIE (Guiana)	G	100.00	G	100.00
NEW CALEDONIA MOTORS (New Caledonia)	G	100.00	G	74.00
O.C.D.P. (New Caledonia)	E	33.11	E	33.11
PERFORMANCE AUTOS (French Polynesia)	G	100.00	G	100.00
PRESTIGE AUTO SERVICE (French Polynesia)	G	100.00	G	100.00
PRESTIGE MOTORS (New Caledonia)	G	100.00	G	74.01
PRESTIGE LEASE (New Caledonia)	E	36.26	E	36.26
SAPAS (New Caledonia)	G	100.00	G	74.00
SCI DU BAIN LOTI (French Polynesia)	G	100.00	G	100.00
SEIGNEURIE OCEAN INDIEN (Réunion)	E	49.00	E	49.00
SOCIETE PHARMACEUTIQUE DES CARAIBES (Antilles)	G	81.74	G	81.74
SOREDIP (Réunion)	G	67.36	G	67.36
SPA (Antilles)	G	47.86	G	47.86
SPG (Guiana)	G	57.96	G	55.97
TAHITI PHARM (French Polynesia)	G	88.67	G	88.67
Denmark				
GIN INVEST 1 APS	G	99.68	G	74.76
MIFAMED MEDICAL PVT LTD	G	99.68	G	74.76
MIFAMED APS	G	99.68	G	74.76
MISSIONPHARMA GROUP APS	G	99.68	G	74.76
MISSIONPHARMA AS	G	99.68	G	74.76
MISSION PHARMA LOGISTIC INDIA	G	99.68	G	74.76
MISSION PHARMA PROPERTIES AS	G	99.68	G	74.76
P GINNERUP APS	G	99.68	G	74.76
PHARMA DANICA AS	G	99.68	G	74.76
Portugal				
STOCKPHARMA	G	79.75	G	79.75
Algeria				
CFAO TECHNOLOGIES (EX ALBM)	G	69.94	G	99.84
ASIAN HALL ALGERIE	G	100.00	G	100.00
BAVARIA MOTORS ALGERIA	G	100.00	G	100.00
DIAMAL	G	60.00	G	60.00
E.P. DIS ALGERIE	G	69.78	G	69.78
PROPHARMAL	G	48.84	G	48.84
Angola				
LABOREX ANGOLA	G	94.66	G	94.66
SONCAR	G	79.00	G	79.00
Benin				
CFAO MOTORS BENIN	G	99.27	G	99.27
PROMO – PHARMA	G	50.83	G	50.83

Companies	% interest			
	31.12.2013		31.12.2012	
CFAO	Parent company			
Burkina Faso				
CFAO MOTORS BURKINA	G	73.09	G	73.09
CFAO TECHNOLOGIES BURKINA	G	100.00	G	100.00
LABOREX BURKINA	G	86.53	G	86.43
Cameroon				
CAMI	G	67.41	G	67.41
COMPAGNIE EQUATORIALE DES PEINTURES	E	24.19	E	24.19
CFAO TECHNOLOGIES CAMEROUN	G	89.19	G	89.19
ICRAFON SOCIETE INDUSTRIELLE DES CRAYONS	G	52.00	G	52.00
LABOREX – CAMEROUN	G	65.69	G	65.31
SOCADA	G	100.00	G	100.00
CFAO EQUIPEMENT CAMEROUN	G	100	G	100
SUPERDOLL	E	45.00	E	45.00
Central African Republic				
CFAO MOTORS CENTRAFRIQUE	G	100.00	G	100.00
Congo				
BRASSERIES DU CONGO	G	50.00	G	50.00
CFAO CONGO	G	100.00	G	100.00
LABOREX – CONGO	G	76.55	G	76.08
Ivory Coast				
CFAO COTE D'IVOIRE	G	95.80	G	95.80
CFAO TECHNOLOGIES COTE D'IVOIRE	G	100.00	G	100.00
CIDP TOYOTA CI	MERGED	0.00		100.00
COPHARMED CI	G	60.55	G	59.62
MANUFACTURE IVOIRIENNE DES PLASTIQUES	G	100.00	G	100.00
SARI	MERGED	0.00		89.77
SGI	G	100.00	G	100.00
CFAO EQUIPEMENT CI	G	100.00	G	100.00
Egypt				
SICEP SOCIETE INDUSTRIELLE DES CRAYONS	SOLD			30.77
Gabon				
CFAO MOTORS GABON	G	96.87	G	96.87
CFAO TECHNOLOGIES GABON	G	100.00	G	100.00
KIA GABON	G	100.00	G	100.00
SOCIETE PHARMACEUTIQUE GABONAISE	G	51.20	G	51.20
CFAO EQUIPEMENT GABON	G	100.00	G	100.00
Gambia				
CFAO GAMBIA	G	78.98	G	78.98
Ghana				
CFAO (GHANA) LIMITED	G	94.43	G	94.43
CFAO GHANA EQUIPEMENT	G	100.00	G	100.00
LOXEA GHANA	G	94.43	G	94.43
GOKALS LABOREX LTD	G	64.79	G	54.83
PENS AND PLASTICS (GHANA) LIMITED	G	100.00	G	100.00
Guinea-Bissau				
CFAO GUINEE BISSAU	G	100.00	G	100.00
Guinea-Conakry				
CFAO MOTORS GUINEE	G	100.00	G	100.00
LABOREX GUINEE	G	71.66	G	71.66

Companies	% interest			
	31.12.2013		31.12.2012	
CFAO	Parent company			
Equatorial Guinea				
CFAO MOTORS GUINEA ECUATORIAL	G	100.00	G	100.00
Mauritius				
EASTPHARMA LTD	G	99.68	G	99.68
CAPSTONE	G	100.00	G	100.00
CAPSTONE INTERNATIONAL	G	60.00	G	60.00
ELDO MOTORS LIMITED	G	100.00	G	100.00
ELDO MOTORS INTERNATIONAL		100.00	G	100.00
INTERCONTINENTAL PHARM	G	64.79	G	54.83
IMC	G	100.00	G	100.00
LOXEA HOLDING	G	100.00	G	100.00
Kenya				
DT DOBIE KENYA	G	100.00	G	100.00
E.P.D.I.S KENYA LIMITED	G	99.68	G	99.68
KVM	E	32.50	E	32.50
LABOREX KENYA	G	99.68	G	99.68
CICA MOTORS KENYA LIMITED	G	100.00	G	100.00
Madagascar				
AUSTRAL AUTO	G	100.00	G	100.00
NAUTIC ILES			E	24.01
SICAM	G	55.91	G	55.91
SIGM	G	99.96	G	99.96
SIRH	G	100.00	G	100.00
SME	G	99.00	G	99.00
SOCIMEX	G	100.00	G	100.00
SOMADA	G	56.00	G	56.00
SOMAPHAR	G	89.30	G	89.30
Malawi				
CFAO MALAWI LIMITED	G	100.00	G	100.00
CICA MOTORS MALAWI	G	100.00	G	100.00
Mali				
CFAO MOTORS MALI	G	90.00	G	90.00
CFAO TECHNOLOGIES MALI	G	100.00	G	100.00
IMACY	G	100.00	G	100.00
LABOREX MALI	G	55.76	G	55.76
Morocco				
ASIAN HALL MAROC	G	100.00	G	100.00
CFAO MOTORS MAROC	G	100.00	G	100.00
SALSABILA	G	100.00	G	100.00
SIAB	G	100.00	G	100.00
DIMAC	G	100.00	G	100.00
Mauritania				
CFAO MOTORS MAURITANIA	G	100.00	G	100.00
LABOREX MAURITANIE	G	99.41	G	99.41
Niger				
CFAO MOTORS NIGER	G	99.85	G	99.85
LABOREX NIGER	G	69.35	G	68.64
Nigeria				
ALLIANCE AUTOS NIGERIA	G	100.00	G	100.00
CFAO CICA NIGERIA LIMITED	G	99.52	G	99.52

Companies	% interest			
	31.12.2013		31.12.2012	
CFAO	Parent company			
ASSENE LABOREX LTD	G	79.75		59.81
G&I DISTRIBUTION LTD	E	46.38	E	46.29
CFAO EQUIPEMENT NIGERIA LTD	G	100.00	G	100.00
CFAO TRUCKS & TYRES NIGERIA LTD	G	100.00	G	100.00
CFAO NIGERIA	G	100.00	G	100.00
CFAO MOTORS NIGERIA LTD	G	100.00	G	100.00
NIGERIAN BALL POINT PEN INDUSTRIES LTD	G	94.66	G	94.46
SOFITAM		100.00	G	100.00
Uganda				
LABOREX OUGANDA	G	99.68	G	99.68
CFAO MOTORS UGANDA LTD	G	100.00	G	100.00
Democratic Republic of Congo				
CFAO MOTORS RDC	G	100.00	G	100.00
Sao Tome				
CFAO MOTORS STP	G	100.00	G	100.00
Senegal				
CFAO MOTORS SENEGAL	G	89.70	G	89.70
CFAO EQUIPEMENT SENEGAL	G	94.61	G	89.83
CFAO TECHNOLOGIES SENEGAL	G	100.00	G	100.00
LABOREX SENEGAL	G	60.72	G	60.72
PM II	G	100.00	G	100.00
Tanzania				
ALLIANCE AUTOS LTD (TANZANIA)	G	100.00	G	100.00
CFAO MOTORS TANZANIA LTD	G	100.00	G	100.00
LABOREX TANZANIE	G	99.63	G	99.63
Tchad				
CFAO MOTORS TCHAD	G	98.11	G	98.11
LABOREX TCHAD	G	50.79	G	52.42
Togo				
CFAO MOTORS TOGO	G	69.72	G	69.72
TOGO UNIPHART	G	59.33	G	59.01
Zambia				
CFAO ZAMBIA LTD		100.00	G	100.00
VEHICLE CENTER ZAMBIA LTD		100.00	G	100.00
China				
OPENASIA EQUIPMENT LTD	G	75.00	G	75.00
Vietnam				
AUTOMOTIVE ASIA	G	75.00	G	75.00
LIEN A	G	60.00	G	60.00
OPENASIA HEAVY EQUIPMENT LTD	G	75.00	G	75.00
Zimbabwe				
NISSAN ZIMBABWE USD	G	75.00	G	75.00
AUTOMOTIVE DISTRIBUTOR INCORPORATED	G	75.00	G	75.00

20.3.2. Parent company financial statements

Presentation of the parent company financial statements and the measurement methods used

The parent company financial statements for the year ended December 31, 2013 have been prepared and presented in accordance with the provisions of the French accounting law of April 30, 1983, and the implementing decree of November 29, 1983. In accordance with the provisions of Article L. 232-6 of the French Commercial Code, the parent company financial statements have been prepared using the same accounting rules and measurement methods as for 2012.

Results of operations of the parent company

CFAO S.A. is a holding company and does not carry on any operating activities. Net operating expense came in at €4.0 million in 2013 compared to €1.41 million in 2012, primarily due to a 5% decrease in operating income combined with an increase in operating expenses.

Net financial income dropped by 7.6% compared to 2012, from €94.13 million to €86.98 million. This item comprises dividends received from entities in the investment portfolio, amounting to €125 million, and provisions for the impairment of equity investments, amounting to €39.97 million. Consequently, net recurring income decreased by 10%.

Net non-recurring expense for 2013 came in at €3.78 million compared to €28.57 million in 2012 and mainly reflects write-offs of receivables and various costs incurred in relation or subsequent to TTC's acquisition of CFAO. As a result, net income (after tax and employee profit-sharing) stood at €87.71 million compared to €66.06 million in 2012.

As at December 31, 2013, cash and cash equivalents and marketable securities stood at €23.24 million versus €33.32 million at the end of 2011.

In accordance with Article L. 441-6-1 of the French Commercial Code, it is noted that trade payables amounted to €0.62 million at December 31, 2013 (compared to €0.54 million at December 31, 2012). All trade payables fall due in less than 60 days (as at December 31, 2012)

Balance sheet at December 31, 2013 and December 31, 2012

ASSETS

(in thousands of euros)	Notes	2013 Gross	2013 Depreciation, amortization and provisions	2013 Net	2012 Net
Intangible assets	2.1	3,169	2,741	428	519
Property, plant and equipment	2.2	3,179	2,513	666	709
Equity investments	2.3	382,033	142,893	239,140	250,080
Other investments	2.3	2,714	580	2,134	983
Receivables due from investments	2.4	12,844	4,067	8,777	12,028
Other financial fixed assets	2.5	161	137	25	59
Non-current assets		**404,099**	**152,930**	**251,169**	**264,378**
Trade receivables	2.6.1	785	783	2	2
Other receivables	2.6.2	153,952	1,629	152,323	158,327
Marketable securities and cash and cash equivalents	2.6.3	23,244	0	23,244	33,320
Prepayments and other accruals	2.6.4	2,867	0	2,867	591
Current assets	**2.6**	**180,848**	**2,412**	**178,436**	**192,240**
TOTAL ASSETS		**584,947**	**155,342**	**429,605**	**456,618**

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	2013	2012
Share capital		10,277	10,255
Legal reserves		1,850	1,850
Additional paid-in capital		155	97
General reserve		-	-
Unavailable reserve		5,976	5,976
Retained earnings		115,279	104,562
Net income for the year		**80,708**	**66,056**
Shareholders' equity	**2.7**	**214,245**	**188,796**
Provisions for contingencies and losses	**2.8**	**33,536**	**13,854**
Borrowings		65,355	90,213
Trade payables		618	536
Other payables		110,869	156,070
Deferred income and other accruals		4,983	7,149
Liabilities	**2.9**	**181,824**	**253,968**
TOTAL EQUITY AND LIABILITIES		**429,605**	**456,618**

Income statement for the years ended December 31, 2013 and 2012

(in thousands of euros)	Notes	2013	2012
Other income		26,199	27,646
Operating income		**26,199**	**27,646**
Payroll expenses		(15,154)	(15,586)
Other operating expenses		(14,614)	(13,036)
Net charges to depreciation and amortization		(450)	(429)
Net charges to provisions		0	0
Operating expenses		**(30,218)**	**(29,052)**
Net operating income (expense)	**2.12**	**(4,019)**	**(1,406)**
Net financial income	**2.13**	**86,982**	**94,137**
Net recurring income		**82,963**	**92,732**
Net non-recurring income (expense)	**2.14**	**(3,781)**	**(28,578)**
Employee profit-sharing		(1,059)	(1,011)
Income tax		2,585	2,913
NET INCOME FOR THE YEAR		**80,708**	**66,056**

Notes to the parent company financial statements of CFAO SA for the years ended December 31, 2013 and 2012

The accompanying notes are an integral part of the 2013 financial statements.

2013 Highlights

Appointment of Mr Richard Bielle as Chairman of the Management Board of CFAO on December 16, 2013.

Signature of a new syndicated credit facility in December 2013 with a €400 million increase in the amount available and an extension of the five-year maturity.

NOTE 1 Basis of measurement and presentation

The financial statements for the year ended December 31, 2013 have been prepared in accordance with the provisions of the French Commercial Code (Code de commerce) and the French General Chart of Accounts.

1.1 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are measured at purchase cost in accordance with accounting rules. The basis of measurement remains the same.

In accordance with rules pertaining to property, plant and equipment and intangible assets (CRC 2002-10 and CRC 2004-06), the company has identified no material component. The depreciation periods applied reflect the useful lives of the property and, accordingly, they have not been changed in 2013.

The purchase cost for property, plant and equipment and intangible assets comprises the purchase price and all directly attributable costs. Intangible assets are measured at purchase cost or contribution value, and are amortized over the statutory amortization period or their effective useful lives, whichever is shorter. Intangible assets mainly comprise software, which is amortized on a straight-line basis over three years.

Property, plant and equipment are recorded in the balance sheet at purchase cost.

Fixed assets other than land are depreciated on a straight-line basis over their probable useful lives. The depreciation rates used vary between 5% and 25%.

1.2 Long-term investments

Equity investments are recorded in the balance sheet at purchase cost. Equity investment costs are included in the cost for property, plant and equipment and intangible assets. An allowance brings them down to their present value if it is lower. The present value is determined based on several measurement factors, such as net assets at end of year for all companies concerned, their level of profitability, their outlook and their market value. Where applicable, impairment provisions are recognized to reduce the value of equity investments, and provisions for contingencies are recognized for the amount of any negative net equity. Unrealized gains are not recognized.

1.3 Receivables and payables

Receivables and payables are recognized at face value. Provisions for impairment of receivables are recorded when there is a risk of non-collection.

1.4 Foreign currency transactions

Transactions denominated in foreign currency are recognized at the exchange rate in force at the transaction date or at the hedging rate. Foreign currency receivables and payables outstanding at year-end on unhedged transactions are recognized and measured at the closing exchange rate.

1.5 Related parties

All fully consolidated entities are considered "related parties" in the notes below. (See the notes to the consolidated financial statements)

1.6 Stock option and performance share plans

In accordance with French generally accepted accounting principles (GAAP): provisions are recognized for stock options and performance share plans settled in existing shares bought back by the Company. No provisions are recognized for plans that are settled by issuing new shares. The payment method – and accordingly the decision on whether to recognize a provision – is assessed based on decisions of management and/or the Shareholders' Meeting in force at the end of the reporting period.

► NOTE 2

Notes to the balance sheet and income statement

2.1 Intangible assets

Intangible assets mainly include IT-related expenses for €3,168.7 thousand. Accumulated amortization recognized in respect of these items at December 31, 2013 amounted to €2,740.9 thousand.

2.2 Property, plant and equipment

Property, plant and equipment mainly includes IT equipment and furniture for €2,282.2 thousand, and fixtures and fittings at the Company's head office at 18, rue Troyon for €896.4 thousand. At December 31, 2013, accumulated depreciation recognized in respect of these items amounted to €1,816.1 thousand and €636.1 thousand, respectively.

2.3 Equity investments and other investments

(in thousands of euros)	Gross	Provisions	Net
Balance – January 1, 2013	377,580.0	(126,517.3)	251,062.7
Disposals and restructurings	(3,816.4)	-	(3,816.4)
Acquisitions/Capital increase	10,982.7	-	10,982.7
Charges to provisions for the year	0.0	(20,044.7)	(20,044.7)
Reversals from provisions for the year	0.0	3,089.5	3,089.5
BALANCE AT DECEMBER 31, 2013	**384,746.3**	**(143,472.5)**	**241,273.8**

Main movements in equity investments (in thousands of euros)		
CFAO Sénégal Equipement	Capital increase	1,067.4
CFAO Ghana Equipement	Capital increase	500.0
Alliance Auto Tanzania	Capital increase	310.6
SMP	Acquisition	4,502.0
Lusitana Sao Tome	Capital increase	650.0
Investment fund	Acquisition	1,150.7
CFAO (liquidity agreement)	Acquisition	2,802.0
CFAO (performance share plans)	Delivery of shares	(591.6)
CFAO (liquidity agreement)	Disposal of shares	(3,222.8)
Movements in 2013		7,168.3

Main movements in provisions during the year

Charges to provisions for the year (in thousands of euros)	
CFAO Motors Centrafrique	865.3
CFAO Motors Guinée	762.2
CFAO Motors Nigeria	1,247.7
Alliance Motors Nigeria	1,211.0
CFAO Motors Maroc	5,064.7
CFAO Motors Gabon	990.6
Cica Kenya	1,079.0
Openasia Equipement	755.9
CFAO Ghana Equipement	996.5
CMM	2,195.5
DIMAC	753.1
CFAO Motors Reunion	2,000.0
Lusitana Sao Tome	538.0
Other	1,585.2
BALANCE AT DECEMBER 31, 2013	**20,044.7**

Reversals for the year (in thousands or euros)	
SEP	1,275.0
MIPA	561.5
CFAO Technologies Algeria	656.3
Other	596.7
BALANCE AT DECEMBER 31, 2013	**3,089.5**

2.4 Receivables due from investments

(in thousands of euros)	2013	2012
Related parties	11,344.1	13,586.8
Third parties	1,499.6	1,499.6
TOTAL, GROSS	**12,843.7**	**15,086.4**
Related impairment	(4,066.6)	(3,057.7)
NET	**8,777.1**	**12,028.7**

Changes in receivables due from investments and impairment are primarily related to CFAO Motors Maroc.

2.5 Other financial fixed assets

	2013			2012
(in thousands of euros)	Gross	Provisions	Net	Net
Loans	141.9	(136.9)	5.0	39.8
Other	19.5	0.0	19.5	19.5
TOTAL	**161.4**	**(136.9)**	**24.5**	**59.3**

Loans to non-Group entities amounted to €141.9 thousand at December 31, 2013.

Provisions recorded in respect of these loans at December 31, 2013 amounted to €136.9 thousand, which represents the impairment of loans granted under the statutory building aid program (aide à la construction).

2.6 Current assets

2.6.1 Trade receivables

(in thousands of euros)	2013	2012
Third parties, gross	785.0	785.0
Provisions for third parties	(782.8)	(782.8)
TOTAL, GROSS	**2.2**	**2.2**

2.6.2 Other receivables

(in thousands of euros)	2013	2012
Related parties	149,477.1	152,577.4
Third parties	4,475.2	7,379.2
Total	153,952.3	159,956.6
Provisions	(1,628.9)	(1,628.9)
TOTAL	**152,323.4**	**158,327.7**

Other receivables have maturities of less than one year and include current accounts, cash advances to subsidiaries and accrued income. The year-on-year decrease in this item is mainly due to cash advances to subsidiaries representing €6,031.2 thousand.

2.6.3 Cash and cash equivalents

(in thousands of euros)	2013	2012
Investments	0.0	31,783.8
Cash on hand	23,244.0	1,536.5
TOTAL	**23,244.0**	**33,320.3**

2.6.4 Prepayments and other accruals

(in thousands of euros)	2013	2012
Prepaid expenses	2,866.6	591.4
Foreign exchange losses	-	-
TOTAL	**2,866.6**	**591.4**

Prepaid expenses comprise an insurance premium for the first half of the subsequent year for €370.8 thousand and financing expenses for €2.250 thousand relating to the opening of the syndicated credit facility for the period running from December 17, 2013 to December 17, 2018.

2.7 Shareholders' equity

At December 31, 2013, share capital amounted to €10,277,498 following a capital increase of 134,623 shares created under the performance share plan by withdrawing €22,438 from the Company's reserves. The share capital is comprised of 61,664,983 fully paid-up shares with a par value of €0.17; this value was of €1 in 2008 and was divided by six in 2009.

Net income for the year came in at €80,707,530.70 and retained earnings amounted to €115,278,933.44 at the year-end.

Changes in shareholders' equity can be analyzed as follows:

(in thousands of euros)	2012	Capital increase	Net income	Appropriation of net income	2013
Share capital	10,254.7	0.4	22.4	-	10,277.5
Additional paid-in capital	96.9	58.1	-	-	155
Legal reserve	1,850.3	-	-	-	1,850.3
Merger premiums	-	-	-	-	-
Unavailable reserve	5,975.7	-	-	-	5,975.7
Retained earnings	104,562.4	-	(22.4)	10,739.0	115,279.0
Net income for the year	66,056.4		80,707.5	(66,056.4)	80,707.5
Dividends	-	-	-	55,317.4	0.0
SHAREHOLDERS' EQUITY	**188,796.4**	**58.5**	**80,707.5**	**0.0**	**214,245.0**

2.8 Provisions

(in thousands of euros)	Amount January 1, 2013	Charges in income statement			Reversals (utilized provisions) in income statement			Amount at 31.12.2013
		Operating	Financial	Non-recurring	Operating	Financial	Non-recurring	
Provisions recorded under assets								
Loans	3,159.7		1,383.5	95.9		374.6	-	4,264.5
Equity portfolio	126,517.3		20,044.7			3,089.5		143,472.5
Trade receivables	782.8							782.8
Other receivables	1,628.9							1,628.9
Total provisions recorded under assets	**132,088.7**	**0.0**	**21,428.2**	**95.9**	**0.0**	**3,464.1**	**0.0**	**150,148.7**
Provisions recorded under liabilities								**0.0**
Contingencies and losses	13,854.1		19,923.4	0.0		185.8	56.1	33,535.6
GRAND TOTAL	**145,942.8**	**0.0**	**41,351.6**	**95.9**	**0.0**	**3,649.9**	**56.1**	**183,684.3**

Provisions for contingencies and losses concern the following items:

(in thousands of euros)	2013	2012
Restructuring costs	0.0	0.0
Negative equity of subsidiaries	33,070.7	13,333.0
Provisions for risks on disputes and other	465.0	521.1
TOTAL	**33,535.7**	**13,854.0**

The main movements in provisions for negative net equity of subsidiaries break down as follows:

(in thousands of euros)	
Holdinter	1,987.6
CFAO Technologies	4,225.8
Holdinter & Cie	2,953.7
CFAO Gabon	2,930.9
Bavaria Motors	2,777.8
CFAO Equatorial Guinea	1,321.0
Performance Tahiti	793.0
Domafi	588.3
CFAO Motor Reunion	850.6
Other	1,253.2
Balance at December 31, 2013 net charges	19,681.7

2.9 Liabilities

2.9.1 Maturity schedule of borrowings at December 31, 2012

(In thousands of euros)	2013	Less than one year	2 to 5 years
Borrowings			
Accrued interest	51.1	51.1	
Syndicated credit facility	65,000.0		65,000.0
Other bank borrowings	303.6	303.6	
Total	**65,354.7**	**354.7**	**65,000.0**
Trade payables	**617.5**	**617.5**	
Other payables			
Tax and employee-related liabilities	13,156.6	13,156.6	
Other liabilities			
• Related parties	92,822.2	92,822.2	
• Third parties	4,890.5	4,890.5	
Accrued expenses	4,983.0	4,983.0	
Total	**115,852.2**	**115,852.2**	**0.0**
GRAND TOTAL	**181,824.4**	**116,824.4**	**65,000.0**

Other liabilities chiefly correspond to current accounts with subsidiaries.

Trade payables fall due in less than 60 days.

2.9.2 Borrowings

Movements in borrowings during the year can be analyzed as follows:

(in thousands of euros)	Syndicated credit facility	Bank borrowings	Interest	Total
At January 1, 2013	90,000.0	626.6	41.6	90,668.2
Repayment of borrowings	(90,000.0)	(626.6)	(41.6)	(90,668.2)
New borrowings	65,000.0	405.8	(51.1)	65,354.7
AT DECEMBER 31, 2012	**65,000.0**	**405.8**	**(51.1)**	**65,354.7**

2.10 Income tax

On December 15, 2009, CFAO SA and several of its subsidiaries opted for the tax consolidation scheme introduced by Article 68 of the French Finance Act of 1988.

The tax consolidation agreement entered into on July 29, 2010 between CFAO SA and its subsidiaries and sub-subsidiaries took effect on January 1, 2010. As at December 31, 2013, the scope included 18 companies.

Under this scheme, CFAO SA collects income tax from its subsidiaries and is alone liable for such tax.

The income tax is broken down as follows:

- the tax paid by each subsidiary is the same as the tax it would have borne had it not been consolidated in a tax group;
- CFAO SA immediately takes into account the tax expense or savings generated by the difference between the amount of tax which should have been paid by each company as if they had paid their own income tax and the amount of tax due in respect of the taxable income of the whole group.

At December 31, 2013, tax consolidation led to an income tax saving totaling €2,585.1 thousand in CFAO's financial statements.

2.11 Off-balance sheet commitments

(in thousands of euros)	2013	2012
A) Off-balance sheet commitments		
1 – Commitments given	**76,695.2**	**75,826.2**
Endorsements and guarantees given on behalf of related parties	54,524.0	49,070.0
Miscellaneous endorsements and guarantees given	13,444.0	24,345.0
Commitment to repurchase shares	5,933.0	
Retirement indemnities	2,492.5	1,936.0
Long-service awards	301.7	475.2
Individual training entitlement (accumulated hours)	7,539 hours	7,349 hours
2 – Commitments received	**361,816.0**	**237,144.7**
Undrawn confirmed lines of credit	335,000.0	210,000.0
Clawback clauses (return-to-profit)	26,816.0	27,144.7
B) Operating leases		
None		

2.12 Net operating income (expense)

2.12.1 Other income

Other income corresponds to support and administration expenses invoiced to CFAO SA subsidiaries.

2.12.1 Other operating expenses

Other operating expenses mainly include:

(in thousands of euros)	2013	2012
Audit and consulting fees	3,137.7	3,253.6
Rental and related expenses	1,772.3	1,277.5
Other external IT costs	2,132.5	1,835.5
Taxes and levies other than on income	1,262.8	1,084.4
Travel expenses	1,384.7	926.3
TOTAL	**9,689.9**	**8,377.3**

2.13 Net financial income

(in thousands of euros)	2013	2012
Income from investments	125,840.7	108,226.5
Other interest and similar income	3,327.2	2,264.3
Translation gains	0.0	10.3
Reversals of provisions for equity investments, loans, risks and other (see Note 2.8)	3,649.9	14,913.7
Interest and similar expenses	(4,297.3)	(4,341.0)
Translation losses	(186.6)	(100.3)
Charges to provisions for investments and other (see Note 2.8)	(41,351.5)	(26,836.8)
TOTAL	**86,982.3**	**94,136.7**

2.13.1 Income from investments

Income from investments consists of dividends received from entities in the investment portfolio. The main items are shown below:

(in thousands of euros):	2013	2012
Brasseries du Congo	25,942.8	19,886.2
Eurapharma	20,838.7	19,164.2
Cami	760.6	2,281.5
Capstone Corporation	31,289.2	20,948.0
Capstone International	2,950.0	2,950.0
Socimex	1,099.6	1,724.8
CP Holding	1,195.5	1,860.1
Nissan Zimbabwe	507.1	775.6
Imc	902.5	742.7
CFAO Motors Burkina	1,184.6	1,042.5
CFAO Congo	1,389.1	422.1
CFAO Côte d'ivoire	4,317.3	489.9
Cidp	0.0	646.6
CFAO Motors Benin	680.5	1,071.2
CFAO Motors Mali	0.0	647.2
Nccie	1,283.2	1,383.4
SFCE	19,786.5	24,228.3
Seigneurie Ocean Indien	614.5	491.6
CFAO Equatorial Guinea	633.6	0.0
CFAO Togo	467.2	535.1
Dobie Tanzanie	932.3	894.7
CFAO Motors Zambia	1,143.5	1,085.8
CFAO Zambia	812.9	
Ppgl	578.6	0.0
Dobie Kenya	1,939.2	1,196.6
Splv Gabon	647.9	0.0
CFAO Tchad	902.5	
Opens Asia	1,151.0	
CFAO RDC	613.2	632.1
Other	1,277.1	3,126.3
TOTAL	**125,840.7**	**108,226.5**

2.13.2 Other interest and similar income

(in thousands of euros)	2013	2012
Interest on investments	0.0	93.4
Interest on loans and current accounts with subsidiaries	3,327.2	2,170.9
TOTAL	**3,327.2**	**2,264.3**

2.13.3 Reversals of provisions for equity investments, receivables and other

(in thousands of euros)	2013	2012
Investments	3,089.5	7,282.9
Loans	374.6	6,863.8
Provisions for contingencies	185.8	767.0
TOTAL	**3,649.9**	**14,913.7**

Reversals of provisions for equity investments mainly concern the following entities:

Provisions for equity investments (in thousands of euros):	2013
SEP	1,275.0
MIPA	561.5
CFAO Technologies Algeria	656.3
Other	596.7
Balance at December 31, 2013	3,089.5

Reversals of provisions for loans relate to the company SEP.

Reversals of provisions for contingencies mainly concern the following entity:

(in thousands of euros):	2013
CFAO Technologies Algeria	113.5
Other	72.3
Balance at December 31, 2013	185.8

2.13.4 Charges to provisions for equity investments, receivables and other

(in thousands of euros)	2013	2012
Investments	20,044.7	21,913.3
Loans	1,383.5	374.6
Provisions for contingencies	19,923.4	4,605.1
TOTAL	**41,351.6**	**26,893.0**

Entities

Charges to provisions for equity investments mainly concern the following entities:

(in thousands of euros)	2013	2012
CFAO Motors Nigeria	1,247.7	6,752.3
Sep	0.0	3,330.2
CMM	2,195.5	906.3
CFAO Motors Malawi	0.0	620.1
CFAO Gabon	990.6	1,630.9
Alliance Motors Nigeria	1,211.0	5,291.3
CFAO Equipement Cameroun	0.0	1,005.7
CFAO Motors Centrafrique	865.3	
CFAO Motors Guinée	762.2	
CFAO Motors Maroc	5,064.7	
Cica Kenya	1,079.0	
Openasia Equipement	755.9	
CFAO Ghana Equipement	996.5	
Dimac	753.1	
CFAO Motors Reunion	2,000.0	
Lusitana Sao Tome	538.0	
Other	1,585.2	2,376.5
TOTAL	**20,044.7**	**21,913.3**

Provisions for contingencies

Charges to provisions for contingencies mainly concern:

(in thousands of euros)	2013	2012
Provisions for contingencies on net negative equity	19,923.4	4,549.0
Provisions for non-Group contingencies and disputes	0.0	56.1
Other	0.0	0.0
TOTAL	**19,923.4**	**4,605.1**

2.14 Net non-recurring income (expense)

The net non-recurring expense of €3,781.2 thousand chiefly breaks down as follows:

(in thousands of euros):	2013	2012
Write-off of receivables and clawback clause (return-to-profit)	327.7	(21,287.3)
Disposals of equity investments	(534.9)	1,038.8
Charges to provisions for claims and litigation	(39.9)	184.0
Costs related to changes in governance	(3,038.4)	
Donations and patronage	(347.8)	(344.5)
Other [(1)]	(147.8)	(8,169.3)
TOTAL	**(3,781.1)**	**(28,578.3)**

(1) The various costs incurred in 2012 in relation or subsequent to TTC's acquisition of CFAO are included in other non-recurring expenses in the amount of €8,214.1 thousand.

Gains and losses on disposals of equity investments mainly correspond to the following entities:

(in thousands of euros):	2013	2012
Sale of Sicep	0.0	720.2
CFAO (liquidity agreement)	(534.9)	318.6

2.15 Average headcount during the year

The average headcount is 102 people; the headcount as at December 31, 2013 was 114 people (66 men and 48 women).

2.16 Compensation paid to members of the administrative and management bodies

The gross compensation paid to CFAO corporate officers in 2013 amounted to €3,703,784.

2.17 Fees paid to the Statutory Auditors

	Statutory Auditors – DELOITTE and KPMG			
	Amount (excl. VAT)		%	
(in thousands of euros)	2013	2012	2013	2012
Audit				
Statutory audit, certification, review of parent company and consolidated financial statements				
DELOITTE	201.0	201.0	50%	50%
KPMG	201.0	201.0	50%	50%
Other audit-related services				
DELOITTE	0.0	0.0	0%	0%
Sub-total	402.0	402.0	100%	100%
Other services				
Legal, tax and labor related services				
Other				
DELOITTE	0.0	0.0	0%	0%
KPMG	0.0	0.0	0%	0%
Sub-total	0.0	0.0	0%	0%
TOTAL	402.0	402.0	100%	100%

2.18 Subsidiaries and investments to be transferred by the consolidation

Subsidiaries and investments	Currency	Share capital	Currency	Reserves and retained earnings before income appropriation	% capital held
A – Detailed information concerning subsidiaries and investments.					
1 – Subsidiaries (more than 50% owned by CFAO)					
ALBM 16, rue Payen – Hydra Algiers (Algeria)	DZD	86,064,000	DZD	(29,885,000)	69.94
ALLIANCE AUTOS NIGERIA 2 & 4 Apapa Industrial Layout, Amuwo Odofin Lagos (Nigeria)	NGN	287,410,000	NGN	(59,405,000)	89.56
ALLIANCE AUTOS TANZANIE P.O. Box 40798 – Dar es Salaam (Tanzania)	TZS	328,000,000	TZS	634,264,000	100.00
BAVARIA MOTORS ALGERIE 150, rue de Tripoli – Hussein Dey Algiers (Algeria)	DZD	300,000,000	DZD	(221,915,000)	80.00
CAMI – Cameroon Motors Industries BP 1217 – Douala (Cameroon)	XOF	5,441,680,000	XOF	6,995,787,000	67.41
CAPSTONE CORPORATE LTD Jamalac Building Vieux Conseil Street – Port Louis (Mauritius)	EUR	15,000,000	EUR	259,000	100.00
CFAO MOTORS BURKINA Rue Patrice Lumumba – Ouagadougou (Burkina Faso)	XOF	990,180,000	XOF	2,696,634,000	73.08
CFAO MOTORS CENTRAFRIQUE Avenue du Tchad – Bangui (Central African Republic)	XOF	550,000,000	XOF	39,723,000	99.99
CFAO CONGO BP 247 – Avenue Paul Doumer – Brazzaville (Congo)	XOF	1,450,000,000	XOF	515,801,000	100.00
CFAO COTE D'IVOIRE Rue Pasteur Carrefour CHU de Treichville – Abidjan (Ivory Coast)	XOF	9,068,595,000	XOF	8,437,630,000	95.80
CFAO GHANA EQUIPEMENT 6 Olublohum Road, Accra (Ghana)	GHS	3,050,000	GHS	(579,000)	100.00
CFAO MOTORS GABON ZI D'Oloumi – BP 2181 – Libreville (Gabon)	XOF	2,140,090,000	XOF	(1,692,082,000)	96.87
CFAO GAMBIA LTD Mamadi Manyang Highway Kanifing PO Box 297 – Banjul (Gambia)	GMD	4,180,000	GMD	2,723,000	78.98
CFAO GHANA LTD House no. 8 (Formerly house no. 714) High Street – Accra (Ghana)	GHS	1,596,000	GHS	21,040,000	94.43
CFAO MOTORS GUINEE 6e Avenue BP 4400 – Conakry (Guinea)	GNF	3,001,000,000	GNF	3,410,077,000	100.00
CFAO GUINEE BISSAU Avenue Pansau Batiment Ordmag Guinea Bissau	XOF	150,000,000	XOF	(32,465,000)	100.00
CFAO MALAWI PO Box 49, Blantyre (Malawi)	MWK	287,188,000	MWK	1,443,810,000	100.00
CFAO MOTORS BENIN BP 147 Cotonou (Benin)	XOF	26,140,000	XOF	737,603,000	99.12
CFAO MOTORS MALI BP 1655 – Quinzambougou – Bamako (Mali)	XOF	156,000,000	XOF	2,111,742,000	89.99
CFAO MOTORS MAROC 15, rue Omar Slaoui – Casablanca (Morocco)	MAD	284,468,000	MAD	(39,175,000)	100.00
CFAO MOTORS MAURITANIE Nouakchott Mauritania	MRO	1,172,880,000	MRO	(619,148,000)	100.00
CFAO MOTORS NIGERIA No. 4a, Ljora Causeway 234 Lagos (Nigeria)	NGN	3,093,892,000	NGN	(2,774,052,000)	53.46
CFAO MOTORS RDC 6/8 Avenue du Lieutenant-Colonel Lukusa – Kinshasa (Dem. Rep. of Congo)	CDF	106,207,000	CDF	16,208,119,000	99.00

Carrying amount of shares		Outstanding loans granted by the company	Endorsements and guarantees given by the company	Last published revenue	Last published net income	Dividends received by the Company in the year	At Dec. 31, 2013 Notes
Gross	Net						
2,827,968	936,809	27,681		22,530,577	756,884	0	R/E: (29,885,000)
6,502,271	0	2,106		21,098,725	(1,496,913)	0	R/E: (1,270,732,000)
463,100	268,761	9,688		4,437,255	(335,260)	0	R/E: (36,086,000)
2,429,647	0	18,243		29,084,042	(3,798,061)		R/E: (221,915,000)
4,420,932	4,420,932	668,701		99,819,825	2,399,589	760,554	
15,000,000	15,000,000	24,926,589		453,927,000	22,911,000	31,289,229	
2,742,713	2,742,713	296,045		54,653,486	2,576,012	1,184,630	
3,607,107	0	171,977		5,546,940	(3,690,547)	0	R/E: (164,142,000)
3,060,311	3,060,311	431,167		60,665,080	1,289,670	1,389,093	
9,541,299	9,541,299	104,764		96,821,284	5,188,541	4,317,342	
1,250,250	0	38,144		7,673,848	(1,347,395)	0	R/E: (579,000)
2,621,544	0	3,678,811		45,659,700	(2,314,165)		R/E: (2,684,479,000)
567,945	0	32,808		3,142,573	(763,720)		
2,901,119	2,901,119	262,607		41,959,024	939,516	0	
589,996	589,996			11,694,284	787,523	0	
228,659	174,890	19,239		1,865,641	(11,409)	0	R/E: (32,465,000)
4,787,979	3,826,209	865,964		13,955,158	964,347	0	
1,172,329	1,172,329	97,477		12,960,961	229,546	680,544	
237,833	237,833	188,780		33,048,005	(547,278)	0	
29,984,241	223,613	3,148,780		91,022,651	(7,728,907)	0	R/E: (160,560,000)
3,207,718	1,073,745	28,847		3,826,137	(325,440)	0	R/E: (619,148,000)
8,000,000	0	1,673		39,795,283	(1,682,765)	0	R/E: (2,774,052,000)
218,808	218,808	578,722		90,579,801	1,343,457	613,162	

Subsidiaries and investments	Currency	Share capital	Currency	Reserves and retained earnings before income appropriation	% capital held
CFAO MOTORS TCHAD BP 474 N'Djaména (Chad)	XOF	1,750,000,000	XOF	279,824,000	98.10
CFAO MOTORS UGANDA Plot 180, 6th Street – Industrial Area – Kampala (Uganda)	UGX	1,291,000,000	UGX	(1,558,127,000)	100.00
CFAO MOTORS NIGER Route de l'Aéroport – BP 204 – Niamey (Niger)	XOF	847,280,000	XOF	755,255,000	99.85
CFAO NIGERIA LTD 1, Davies Street – Lagos – (Nigeria)	NGN	208,000,000	NGN	4,887,527,000	100.00
CFAO MOTORS SENEGAL Km 2,5 Bd du Centenaire – BP 2631 – Dakar (Senegal)	XOF	3,663,100,000	XOF	1,208,061,000	89.70
CFAO MOTORS TOGO 5 Av Tokmake, BP 332 – Lomé (Togo)	XOF	1,061,455,000	XOF	722,998,000	69.72
CFAO ZAMBIE P.O. Box 32665 – Lusaka (Zambia)	ZMK	10,000	ZMK	42,042,000	99.99
CMM – Compagnie Marseille de Madagascar 20, rue Lislet Geoffroy – Sainte Clotilde (Reunion)	EUR	2,670,000	EUR	4,369,000	98.28
CMR 18, rue Lislet Geoffroy – Sainte Clotilde (Reunion)	EUR	2,000,000	EUR	(4,629,000)	100.00
CP HOLDING 216 rue Roger Gervelino, PK 5, Magenta – Nouméa (New Caledonia)	XPF	5,824,080,000	XPF	26,065,000	74.00
DIAMAL CW No. 31, Les Annassers Bir Mourad Raïs – Algiers (Algeria)	DZD	1,440,000,000	DZD	779,241,000	59.98
DIMAC Aïn Sebaa Route No. 110 km 11,5 – Casablanca (Morocco)	MAD	1,495,000	MAD	6,960,000	99.65
DT DOBIE KENYA P.O. Box 30160 Lusaka Road – Nairobi (Kenya)	KES	35,000,000	KES	1,830,540,000	99.98
DOMAFI 18 rue Troyon – 92310 Sèvres (France)	EUR	79,200	EUR	(641,000)	100.00
CFAO MOTORS TANZANIA LTD 217/205 Nkrumah Gereziani Dar Es Sallam (Tanzania)	TZS	991,195,000	TZS	15,581,436,000	100.00
ELDOMOTORS 2nd Floor, Fairfax House, No. 21 Mgr Gonin Street Port Louis (Mauritius)	MUR	11,137,000	MUR	31,245,000	100.00
EURAPHARMA Le Grand Launay 8 Av Paul Doumer 76120 Le Grand Quevilly (France)	EUR	2,799,750	EUR	19,417,000	99.68
HOLDINTER SARL 18 rue Troyon – 92316 Sèvres Cedex (France)	EUR	314,292	EUR	(4,754,000)	99.99
HOLDINTER ET CIE 18 rue Troyon – 92316 Sèvres Cédex (France)	EUR	878,700	EUR	(12,962,000)	60.00
ICRAFON – Société Industrielle des Crayons et Fournitures BP 2040 – ZI Bassa Magzi – Douala (Cameroon)	XOF	2,000,000,000	XOF	2,361,370,000	52.00
IMACY BP 95 – Boulevard Cheik Zayed – Bamako (Mali)	XOF	10,000,000	XOF	(18,834,000)	99.85
I.M.C. P.O. Box 654 Bell Village – Motorway M2, Pailles – Mauritius	MUR	87,000,000	MUR	32,124,000	100.00
CFAO MOTORS STP Rue Domao 11 Sao Tome and Principe CP 605	STD	25,190,000,000	STD	(18,293,104,000)	98.85
MASSILIA Cunard Building Liverpool L3 IDS (United Kingdom)	GBP	2,750,000	GBP	1,995,000	100.00
MIPA – Manufacture Ivoirienne des Plastiques Africains ZI De Yopougon Banco Nord – Abidjan (Ivory Coast)	XOF	774,000,000	XOF	(79,215,000)	99.98

Carrying amount of shares		Outstanding loans granted by the company	Endorsements and guarantees given by the company	Last published revenue	Last published net income	Dividends received by the Company in the year	At Dec. 31, 2013 Notes
Gross	Net						
3,248,565	3,248,565	114,830		23,405,795	793,349	902,460	
378,220	0	433,337		129,316	(368,642)		R/E: (1,558,127,000)
130,021	130,021	112,456		17,223,100	229,895	358,651	
17,578,269	17,578,269	61,696		1,106,295	5,796,293	0	
5,536,738	5,536,738	0		54,862,669	795,238		
2,569,692	2,545,278	133,831		20,168,731	901,003	467,188	
1,855,838	1,855,838	203,867		25,072,019	1,682,532	812,945	
11,993,775	5,354,994	747,530		91,058,000	1,205,000	129,269	
2,000,000	0	5,811,004		60,545,000	(4,375,000)		R/E: (4,629,000)
36,117,633	36,117,633			0	3,981,967	1,195,494	
611,109	611,109	327,197		398,705,283	43,748	0	
1,233,261	0	165,324		4,888,986	(2,330,522)	0	
6,689,499	6,689,499	521,410		99,069,961	5,371,745	1,939,164	
363,674	0			0	(821,000)		R/E: (652,000)
1,535,791	1,535,791	59,727		25,010,855	899,957	932,332	
344,706	344,706	23,832		3,710,417	(261,620)		
26,339,853	26,339,853	40,381,305		0	23,210,000	20,838,750	
5,336,043	0			0	(1,973,000)		R/E: (4,796,000)
5,163,651	0	2,564,309		0	(4,939,000)	0	R/E: (12,962,000)
3,484,961	2,792,260	49,088		9,507,384	338,781	202,140	
1,374,951	0			0	0	0	R/E: (20,834,000)
2,903,533	2,903,533	88,220		14,761,540	164,237	902,502	
1,596,785	111,982	73,920		1,460,444	(483,067)		R/E: (18,293,104,000)
35,952,814	5,387,094			0	(101,153)	0	
2,451,813	1,607,305	766,667		9,781,249	682,084	0	R/E: (1,133,450,000)

Subsidiaries and investments	Currency	Share capital	Currency	Reserves and retained earnings before income appropriation	% capital held
NCCIE – Nouveau Comptoir Caraïbe d'Importation et d'Exportation PK 2, route de Baduel 97300 Cayenne (Guyana)	EUR	2,036,000	EUR	1,055,000	99.99
NISSAN ZIMBABWE PRIVATE LTD Building 9, Arundel Office Park, Mount Pleasant HARARE (Zimbabwe)	USD	0	USD	1,001,000	75.00
OPENASIA EQUIPMENT LTD 34/F, the lee gardens 33 hysan av causeway bay (Hong Kong)	USD	1,000	USD	8,714,000	50.99
PENS AND PLASTICS LTD Block XI Plot No. 1, 2 RING RD – Accra (Ghana)	GHS	2,518,000	GHS	4,686,000	100.00
CFAO GUINEE EQUATORIALE BP 127 Bata (Equatorial Guinea)	XOF	500,000,000	XOF	(215,370,000)	99.99
S.E.P. – Société Européenne des Peaux 31 rue Jean Chatel – 97400 Saint-Denis (Reunion)	EUR	675,000	EUR	271,000	99.99
S.F.C.E. – Société Française de Commerce Extérieur 18 rue Troyon – 92316 Sèvres Cédex (France)	EUR	12,114,240	EUR	4,433,000	100.00
SGI Commune de Marcory, bd VGE 01, BP 2114 Abidjan (Ivory Coast)	XOF	2,113,900,000	XOF	(76,416,000)	100.00
SIAB 166 Boulevard Moulay Ismaël Casablanca (Morocco)	MAD	80,500,000	MAD	(6,307,000)	100.00
SIGM BP 44-17 rue Rabefiraisana Analakely – Antananarivo (Madagascar)	MGA	20,000,000	MGA	885,073,000	99.40
SIRH BP 44-17 rue Rabefiraisana Analakely – Antananarivo (Madagascar)	MGA	20,000,000	MGA	19,521,000	99.50
LOXEA HOLDING 1st Floor Anglo Mauritius House Intendance Street – Port Louis (Mauritius)	EUR	11,000	EUR	4,423,000	100.00
SOCIMEX BP 44-17 rue Rabefiraisana Analakely – Antananarivo (Madagascar)	MGA	86,400,000	MGA	4,974,826,000	99.42
SOCADA Boulevard du Général Leclerc – BP 4080 – Douala (Cameroon)	XOF	3,900,000,000	XOF	(1,110,565,000)	100.00
CFAO EQUIPEMENT CI Boulevard de Vridi 01 BP 2114 Abidjan 01 (Ivory Coast)	XOF	100,000,000	XOF	404,599,000	99.97
CFAO EQUIPEMENT GABON Boulevard de l'Indépendance BP 7661 – Libreville (Gabon)	XOF	300,000,000	XOF	1,203,584,000	99.99
CFAO EQUIPEMENT CAMEROUN Boulevard du Général Leclerc – BP 4080 – Douala (Cameroon)	XOF	1,600,000,000	XOF	(507,271,000)	99.99
PERFORMANCE AUTOS rue Paul Bernière BP 51564 Pirae (Tahiti)	XPF	48,915,000	XPF	(318,735,000)	99.82
CICA MOTORS KENYA LIMITED (Tridecon) Lusaka Road – Nairobi (Kenya)	KES	2,700	KES	186,751,000	99.26
VEHICLE CENTER ZAMBIA LTD 1637 Malambo Road, Industrial Area – Lusaka	ZMK	327,000	ZMK	26,989,000	100.00

Carrying amount of shares		Outstanding loans granted by the company	Endorsements and guarantees given by the company	Last published revenue	Last published net income	Dividends received by the Company in the year	At Dec. 31, 2013 Notes
Gross	Net						
4,005,561	3,991,632	203,539		23,719,000	1,133,000	1,283,203	
1,691,661	1,691,661	41,620		17,788,570	388,525	507,060.02	
7,686,649	2,666,422			1,662,525	(155,862)	1,151,038.30	
1,788,135	1,788,135	45,639		6,703,015	775,761	578,592.10	
762,199	0	328,167		18,583,660	(1,647,806)	633,658	R/E: (313,841,000)
4,850,670	2,184,854			0	5,251,000		
12,312,268	12,312,268	28,492,106		480,742,000	20,112,000	19,786,470	
490,000	490,000			0	(198,406)	0	R/E: (76,416,000)
12,576,231	12,576,231	1,177,832		59,090,648	655,683	0	R/E: (8,584,000)
952,597	952,597	1,980,478		430,953	202,253	0	
956,125	956,125			1,966	930	0	
4,502,001	4,502,001			0	(12,000)		
2,256,836	2,256,836	39,654		6,477,745	648,591	1,099,622	
2,439,184	2,189,952	327,064		39,362,949	78,180		R/E: (1,641,656,000)
152,403	152,403	575,041		12,618,002	181,259	0	
2,176,509	2,176,509	140,503		21,398,753	1,558,169	647,908	
2,438,910	1,518,872	981,779		14,078,272	470,336	0	R/E: (507,271,000)
1,527,208	0	379,748		5,026,349	(660,931)	0	R/E: (393,486,000)
8,991,199	818,947			1,774,030	(672,308)	0	
4,238,785	4,238,785	137,016		11,551,954	726,160	1,143,523	

Subsidiaries and investments	Currency	Share capital	Currency	Reserves and retained earnings before income appropriation	% capital held
2 – Investments (10% to 50% owned by CFAO)					
BRASSERIES DU CONGO Rue Du Nouveau Port – BP 105 – Brazzaville (Congo)	XOF	24,135,748,000	XOF	58,610,050,000	50.00
CEP – Compagnie Equatoriale des Peintures Zone industrielle de Bassa – Douala (Cameroon)	XOF	446,400,000	XOF	2,640,870,000	24.15
ALIOS FINANCE 8 rue de Berry 75008 Paris (France)	EUR	10,699,282	EUR	6,430,000	24.27
CFAO SENEGAL EQUIPEMENT KM 2,5 Bd de la Commune de Dakar – BP 27306 – Dakar (Senegal)	XOF	1,490,000,000	XOF	(684,291,000)	47.65
SEIGNEURIE OCEAN INDIEN ZAC chemin Finette II – 97490 Sainte Clotilde (Reunion)	EUR	508,200	EUR	5,005,000	48.97
SUPERDOLL B.P 4382 – Douala (Cameroon)	XOF	200,000,000	XOF	(642,866,000)	45.00
B – General information concerning other subsidiaries and investments					
1 – Subsidiaries not listed in section A					
a – French subsidiaries (all)					
b – Non-French subsidiaries (all)					
2 – Investments not listed in section A					
a – French investments (all)					
b – Non-French investments (all)					

R/E: Retained earnings.
P/L: Provision for loans.

Exchange rate: 1 euro in foreign currency	Fixing Dec. 31, 2013 Balance Sheet	Average Dec. 31, 2013 Income statement
CDF Congolese franc	1,266.420	1,222.956
DZD Algerian dinar	106.906	105.423
EGP Egyptian pound	9.553	9.163
GBP Pound sterling	0.834	0.850
GHS Ghanaian cedi	2.986	2.650
GMD Gambian dalasi	54.388	47.028
GNF Guinean franc	9,570.950	9,181.510
KES Kenyan shilling	119.223	114.367
MAD Moroccan dirham	11.231	11.156
MGA Malagasy ariary	3,077.260	2,929.784
MRO Mauritanian ouguiya	412.770	399.238
MUR Mauritian rupee	41.580	40.911
MWK Malawian kwacha	600.659	500.325
NGN Nigerian naira	213.730	206.744
STD Sao Tome and Principe dobra	24,500.000	24,500.000
TZS Tanzanian shilling	2,169.540	2,127.718
UGX Ugandan shilling	3,490.710	3,435.568
USD US dollar	1.379	1.328
VND Vietnamese dong	29,010.750	27,802.450
XPF CFP franc	119.332	119.332
XOF CFA franc	655.957	655.957
ZMK Zambian kwacha	7.602	7.206

Carrying amount of shares		Outstanding loans granted by the company	Endorsements and guarantees given by the company	Last published revenue	Last published net income	Dividends received by the Company in the year	At Dec. 31, 2013 Notes
Gross	Net						
7,873,153	7,873,153	42,714		211,944,153	59,708,129	25,943,438	
687,932	687,932	0		18,041,696	1,710,233	395,969	
3,402,277	3,402,277	0		0	2,264,000	82,828	
1,082,372	1,082,372	136,865		3,971,658	(240,343)	0	R/E: (684,291,000)
653,496	653,496	0		11,632,000	1,321,000	614,460	
1,491,683	0	327,765		0	0	0	R/E: (662,866,000)
5,003,149	114,660	5,376,213				2,950,000	Provision for losses: €4,390,436
479,394	98,213	564,338				0	
20,257	20,000	0				0	Provision for losses: €3,010
1,706,988	682,692	0				108,168	

Five-year financial summary

(in thousands of euros)	2009	2010	2011	2012	2013
INDICATORS					
1. Share capital at year-end (in thousands of euros)					
Share capital	10,254	10,254	10,254	10,255	10,255
Number of shares outstanding	61,524,360	61,525,860	61,525,860	61,528,110	61,664,983
Number of bonds convertible into shares					
2. Results of operations (in thousands of euros)					
Revenue (excl. VAT)	26,178	27,884	24,916	27,646	26,199
Net income before tax, depreciation, amortization and provisions	78,871	84,175	106,724	74,311	115,240
Income tax	(2)	138	654	2,913	2,585
Net income after tax, depreciation, amortization and provisions	65,476	95,138	84,029	66,056	80,708
Dividends paid	77,111	47,989	50,451	52,785	55,317
3. Per share data (in euros)					
Earnings per share after tax, but before depreciation, amortization and provisions	1.28	1.37	1.75	1.26	1.91
Net income after tax, depreciation, amortization and provisions	1.06	1.55	1.37	1.07	1.31
4. Employee data					
Number of employees	84	91	89	95	102
Total payroll	6,332	7,840	8,493	9,174	10,227
Total employee benefits paid during the year (social security, donations, etc.)	2,900	4,264	4,208	6,412	4,928

(Article 133-135 and 148 of the French decree of March 23, 1967 regarding commercial companies).

Tax-deductible donations, sponsorships and patronage

Humanitarian work (in euros)	
Association Baobas donations	5,000
Scholarships	37,837
Sida Entreprises donations	51,100
Agrisud International donations	55,000
CFAO Solidarité donations	50,000
Care France donations	100,000
Club Santé Afrique donations	100,000
Balance at December 31, 2013	398,937

20.4 Verification of financial information

20.4.1 Statutory Auditors' reports for 2013

Statutory Auditors' report on the financial statements

Year ended December 31, 2013

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying financial statements of CFAO;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Management Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we hereby inform you that the assessments which we have performed covered the appropriateness of the accounting policies adopted and the reasonableness of material estimates made, as well as the overall presentation of the financial statements, in particular relating to the measurement of investments and provisions for contingencies and liabilities.

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

III. Specific verifications and information

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

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris La Défense and Neuilly-sur-Seine, April 17, 2014

The Statutory Auditors

KPMG Audit A division of KPMG SA	Deloitte &Associés
Hervé CHOPIN *Partner*	Alain PENANGUER *Partner*

Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2013

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2012, on:

- the audit of the accompanying consolidated financial statements of CFAO;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

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

- Asset impairment

  The Company systematically carries out impairment tests at each year-end on goodwill, intangible assets with an indefinite useful life such as brands, and CGUs or groups of CGUs, in accordance with the methods described in Note 2.7 to the consolidated financial statements. We have examined the methods used to carry out these impairment tests as well as the corresponding cash flow forecasts and assumptions, and have verified that Note 17 to the consolidated financial statements provides appropriate disclosures.

- Provisions

  The Company sets aside provisions for litigation as described in Notes 2.12 and 27 to the consolidated financial statements.

  Our work consisted in assessing the information and assumptions upon which these estimates were based and verifying the calculations made by the Company.

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

III. Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

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

Paris La Défense and Neuilly-sur-Seine, April 17, 2014

The Statutory Auditors

KPMG Audit A department of KPMG SA Hervé CHOPIN *Partner*	Deloitte &Associés Alain PENANGUER *Partner*

20.4.2 Additional information verified by the Statutory Auditors

The Statutory Auditors verified the related party agreements entered into in 2013 or which remained in effect during 2013, and will issue a special report on these agreements to the Annual General Meeting. They also reviewed the report by the Chairman of the Supervisory Board on corporate governance and internal control, and issued a related report which can be found in Chapter 16 of this Registration Document.

20.5 Date of the most recent financial information

The date of the most recent financial information is December 31, 2013.

20.6 Interim financial information

The Company has not published any interim financial information since the date of its most recent audited financial statements.

20.7 Dividend policy

The table below sets out the net per-share dividends paid by the Group over the course of the last three years:

	Year in which dividends were paid		
(In €)	2011	2012	2013
Net dividend per share	0.82	0.86	0.90
Fully eligible for the tax reduction of	40%	40%	40%

CFAO's dividend policy takes into account the Company's profits and losses, its financial position and the dividend policies of its main subsidiaries. The Group's aim is to pay out approximately 40% to 60% of the Group's attributable net income for the year. However, this aim is in no way an obligation for CFAO and the payment of future dividends will depend on the Group's objectives, its financial position and any other factor considered to be relevant by CFAO's Management Board.

At CFAO's Annual General Meeting to be held in 2014 to approve the 2013 financial statements, the shareholders will be asked to approve a dividend payment of €0.81 per share.

20.8 Litigation and arbitration

The Group may be involved in legal, administrative, or regulatory proceedings in the ordinary course of its business. The Group sets aside provisions for the probable costs of such litigation to CFAO or its subsidiaries. The following section only describes the most material proceedings and litigation to which the Group is party.

20.8.1 Tax litigation

- The Group company Diamal has been audited by the Algerian tax administration (proposition of adjustment dated December 22, 2008) in connection with the payment of taxes of 741,709,586 Algerian dinars, or €7,166,789, for the fiscal years from 2004 to 2007. This tax audit relates

to the accounting methods and the accounting treatment of certain transactions. The Group believes this tax adjustment is not justified and is in discussions with the Algerian tax administration to defend its arguments. The Company received the final tax deficiency notice in 2009 and has filed a claim with the Algerian tax administration to challenge the tax adjustment. This claim has been reviewed and rejected on November 20, 2013 by the Algerian tax administration, a claim has been filed on March 17, 2014.

- Brasseries du Congo has filed a claim with the Congolese administration concerning a special corporate tax amounting to 5,158,433,300 CFA francs, i.e. €7,863,981 in respect of 2012. The company believes that it is exempt from this tax due to its establishment agreement. This claim has been referred to a higher administrative authority.

For more information on the amount of provisions set aside for tax litigation, see section "Tax risks related to the geographical location of the Group's activities" in section 4.1 "Risks relating to the business and regulatory environment" of chapter 4 "Risk factors" of this Registration Document.

20.8.2 Civil and criminal litigation

Starting in 1996, various minority shareholders of SCOA (which became CFAO following its merger with the latter in 1997) filed various claims in civil and criminal courts relating to certain reorganization transactions involving SCOA that were conducted between 1993 and 1996. The disputed transactions include SCOA's subscription in 1993 to the capital increase of two of its subsidiaries for a total amount of 337,000,000 francs (i.e., €51,375,318.80) paid up by offsetting against receivables, and the subsequent sale by SCOA for a token franc of its shares in these two subsidiaries.

- Regarding the criminal proceedings and to the best of CFAO's knowledge (CFAO not being party to any of these proceedings), Mr Pouillet, certain entities that were related to him and another SCOA shareholder filed several criminal actions against persons unnamed and other named persons including CFAO, accusing SCOA of preparing falsified financial statements for 1992, 1993 and 1995, obstruction of justice, criminal association, circulating false or misleading financial information, insider trading and fraud. To the best of the Company's knowledge, these claims have not resulted in the investigation of CFAO or of its managers, nor have these individuals been called as assisted witnesses. Two dismissal orders have been issued in these cases. Certain other claims are still pending in court.
- Mr Pouillet and/or his group and Mr Poulet also filed several claims between 1997 and 2004 in civil courts:
  - on December 10, 1996 and September 22, 1997, Mr Pouillet, the company GLP vins and Mr Poulet filed proceedings against CFAO in the Commercial Court of Nanterre seeking to annul SCOA's Extraordinary Shareholders' Meetings of December 10, 1996 and September 22, 1997, which approved the merger with CFAO. These two proceedings were joined and are now before the Commercial Court of Versailles. The plaintiffs have requested a stay of proceedings pending the outcome of the criminal proceedings described above. In May 2011, the Court rescheduled hearings for this case. The case is still pending before the Commercial Court;
  - on February 27, 2004, Mr Pouillet and other plaintiffs filed proceedings against CFAO (and various other parties) before the Commercial Court of Paris seeking to cancel SCOA's reorganization transactions carried out between 1993 and June 1996 (including the capital increases and the sale of the two subsidiaries mentioned above). Mr Pouillet is requesting the Court to order CFAO, certain of its shareholders and other defendants, jointly and severally, to pay the sum of €674,750,000 in damages as compensation for the loss of his investment in SCOA due to the reduction of capital to zero followed by the capital increase carried out in 1997 in which he did not participate, all of the unpaid dividends attributable to his former shares in SCOA and the non-pecuniary damage that he claims to have suffered. The case is still pending before the Commercial Court. CFAO believes that Mr Pouillet's claims have no merit.

The Group has not set aside any provisions with respect to the disputes between the Group and Mr Pouillet.

At the filing date of this Registration Document, there is no other governmental, judicial or arbitration proceedings (including any proceedings of which CFAO is aware, that are pending or threatened) other than those described in this Chapter, that could have or have had in the past twelve months a material effect on the Group's or CFAO's financial position or profitability.

No litigation that the Company considers as well grounded, taken alone, is material for the Company or the Group. No litigation or arbitration that the Company considers as well grounded, taken alone, has had in the recent past or is likely to have a material impact on the financial position, the activity or the results of the Company or of the Group.

20.9 Significant changes in financial or trading position

To the best of CFAO's knowledge, at the filing date of this Registration Document, there have been no significant changes in the Group's financial or trading position since December 31, 2013, with the exception of the information set out in Chapter 12: "Trend information and objectives".

OPERATIONS RELATING TO THE COMPANY'S STOCK

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21.1 Share capital

21.1.1 Issued capital and authorized capital

As of the date of this Registration Document, the Company's share capital totals €10,277,498, divided into 61,664,983 fully paid-up shares. There is only one class of shares. The shares have no face value. Each share represents a portion of share capital, "the par" which is obtained by dividing the amount of capital by the number of existing shares.

The Shareholders' Meeting of May 25, 2012 granted several delegations and financial authorizations to the Management Board to carry out capital increases, which since the date of this Shareholders' Meeting have not been used. These delegations and authorizations were renewed at the Shareholders' Meeting on June 12, 2013 for a period of twenty-six (26) months, expiring in August 2015.

The tables below summarize the currently valid delegations and authorizations granted by the shareholders during the General Meeting of June 12, 2013.

Summary of delegations and financial authorizations granted to the Management Board

Date of AGM and No. of resolution	Type of authorization	Duration and expiration
June 12, 2013 *Resolution No. 11*	Authorization to the Management Board to reduce the share capital by canceling treasury shares, within the limit of 10% of the capital per 24-month period	26 months August 12, 2015
June 12, 2013 *Resolution No. 12*	Delegation of authority to the Management Board to decide to increase the share capital through the issue (with preferential subscription rights being maintained) of shares and/or securities that give access to the Company's capital and/or the issue of securities entitling their holders to the allotment of debt securities, within the limit of €4 million (and within the global limit of €4 million for all authorizations to increase the capital)	26 months August 12, 2015
June 12, 2013 *Resolution No. 13*	Delegation of authority to the Management Board to decide to increase the share capital through the issue (without preferential subscription rights) of shares and/or securities that give access to the Company's capital and/or the issue of securities entitling their holders to the allotment of debt securities, within the limit of €2 million (and within the global limit of €4 million for all authorizations to increase the capital)	26 months August 12, 2015
June 12, 2013 *Resolution No. 14*	Delegation of authority to the Management Board to decide to increase the share capital through the issue (without preferential subscription rights) of shares and/or securities that give access to the Company's capital and/or the issue of securities entitling their holders to the allotment of debt securities via an offer, as referred to in Article L. 411-2, II of the French Monetary and Financial Code (Code monétaire et financier), made in particular to qualified investors or a restricted circle of investors, within the limit of €2 million (and within the global limit of €2 million for capital increases without preferential subscription rights, as provided in Resolution No. 13, and a global limit of €4 million for all authorizations to increase the capital)	26 months August 12, 2015
June 12, 2013 *Resolution No. 15*	Authorization to the Management Board to issue shares and/or securities that give access to the share capital (without preferential subscription rights), as compensation for contributions in kind involving equity shares or securities that give access to capital, within the limit of 10% of the share capital (and within the limit of €2 million for capital increases without preferential subscription rights, as provided in Resolution No. 13, and a global limit of €4 million for all authorizations to increase the capital)	26 months August 12, 2015
June 12, 2013 *Resolution No. 16*	Authorization to the Management Board to determine the issue price of shares and/or securities that give access to the share capital, within the limit of 10% of the capital per year, in connection with a capital increase, without preferential subscription rights	26 months August 12, 2015

Date of AGM and No. of resolution	Type of authorization	Duration and expiration
June 12, 2013 *Resolution No. 17*	Delegation of authority to the Management Board to decide to increase the share capital by incorporating premiums, reserves, profits or others within the limit of €2 million (and within the global limit of €4 million for all authorizations to increase the capital)	26 months August 12, 2015
June 12, 2013 *Resolution No. 18*	Delegation of authority to the Management Board to increase the number of shares to be issued in the case of a capital increase, with or without preferential subscription rights, within the limit of 15% of the initial issue (and within the global limit of €4 million for all authorizations to increase the capital)	26 months August 12, 2015
June 12, 2013 *Resolution No. 19*	Delegation of authority to the Management Board to decide to increase the share capital through the issue of shares and/or securities that give access to the capital reserved for members of a savings plan, with the cancellation of preferential subscription rights in favor of those members, within the limit of 3% of the share capital (and within the global limit of €4 million for all authorizations to increase the capital)	26 months August 12, 2015
June 12, 2013 *Resolution No. 20*	Delegation of authority to the Management Board to decide to increase the share capital by incorporating premiums, reserves, profits or others as a result of the granting of performance shares to some Group employees and corporate officers implying the waiver of the preferential subscription rights by the shareholders within the limit of 0.5% of the share capital (and within the global limit of €4 million for all authorizations to increase the capital)	26 months August 12, 2015
June 12, 2013 *Resolution No. 21*	Delegation of authority to the Management Board to grant performance shares (existing or to be issued) to all or some Group employees and corporate officers implying the waiver of the preferential subscription rights by the shareholders, within the limit of 0.5% of the share capital (and within the global limit of €4 million for all authorizations to increase the capital)	38 months August 12, 2016
June 12, 2013 *Resolution No. 22*	Delegation of authority to the Management Board to grant stock subscription or purchase options to all or some Group employees and corporate officers implying the waiver of the preferential subscription rights by the shareholders, within the limit of 0.5% of the share capital (and within the global limit of €4 million for all authorizations to increase the capital)	38 months August 12, 2016
June 12, 2013 *Resolution No. 23*	Delegation of authority to the Management Board to decide to increase the share capital through the issue of redeemable equity warrants (BSAARs) to employees and corporate officers of the Group without preferential subscription rights, within the limit of 0.5% of the share capital (and within the global limit of €4 million for all authorizations to increase the capital)	18 months December 12, 2014

21.1.2 Securities not representing capital

On March 31, 2014 the Company had not issued any securities which did not represent capital.

21.1.3 Holding and repurchase of treasury shares

On June 31, 2013, CFAO directly held 23,700 shares (excluding liquidity agreement) assigned to cover the 2011 performance share awards. On July 18, 2013 the company distributed all these shares to the beneficiaries of the 2011 plan. For more information concerning these plans see Chapter 15: "Compensation and benefits" of this Registration Document.

On June 30, 2013, 2013 CFAO held 44,362 treasury shares purchased under its share repurchase program: all the shares were held by a third party on its behalf under its liquidity agreement described below. As of December 31, 2013 CFAO held 41,782 treasury shares purchased under its share repurchase program.

No CFAO shares are held by any of its subsidiaries or by a third party on its behalf (except under the liquidity agreement described below).

a) Use of the repurchase authorizations granted by the shareholders in May 2012 and in June 2013

Liquidity agreement

In connection with these authorizations granted in 2011 and 2012, CFAO entered into a liquidity agreement with Crédit Agricole Cheuvreux, relating to CFAO shares which are listed on Euronext Paris, in accordance with the applicable regulations, independence rules and practices. In order to implement this agreement, the Company allocated €6 million to the liquidity account. No shares were contributed.

Under this agreement, in 2013, 82,114 shares were acquired at an average price of €33.58 and 78,066 shares were sold at an average price of €33.88.

On March 31, 2014, 28,149 shares were hold in the liquidity account.

Repurchase of shares by the Company

CFAO did not acquire any treasury shares in 2013 within the scope of the above authorizations.

As mentioned previously, following the distribution of all shares assigned to cover the performance share awards, CFAO owned no share (excluding liquidity agreements) as at December 31, 2013. On December 31, 2013, CFAO did not hold any shares following these operations (outside the liquidity agreement). In 2013 and up to the date of this Registration Document, CFAO did not use derivatives on treasury shares, nor did it purchase or sell treasury shares through the exercise or at the expiration of derivatives.

The Shareholders' Meeting of May 25, 2012 authorized the Management Board to implement a share repurchase program for 10% of the Company's share capital and a maximum purchase price of €42 per share. As this authorization was given for a period of 18 months, expiring in November 2013, it was replaced by a new authorization by the Shareholders' Meeting on June 12, 2013 to the Management Board to purchase the Company's shares within a limit of 10% of the share capital. This authorization was used for the liquidity agreement entered into with Crédit Agricole Cheuvreux, which has been in force since February 4, 2010. CFAO did not purchase any shares in 2013. This authorization was granted for a period of 18 months and is thereby still in force.

The purposes of the repurchase program are the following:

- to implement a Company stock purchase plan, in accordance with the provisions of the French Commercial Code (*Code de commerce*), or other similar plan;
- to allot or sell shares to employees in connection with profit-sharing or the implementation of a Company or Group savings plan (or similar plan) in accordance with the law;
- to grant performance shares in accordance with the provisions of the French Commercial Code;
- to deliver shares in connection with the exercise of rights attached to securities that give access to the Company's capital by redemption, conversion, exchange, presentation of a warrant or by any other means;
- to cancel all or part of the securities thus repurchased;
- to deliver shares (for exchange, payment or otherwise) in connection with an acquisition, merger, spin-off or contribution;
- to stimulate the secondary market or the liquidity of the CFAO share through an investment services provider within the framework of a liquidity agreement in accordance with the professional code of conduct recognized by the French financial markets authority (*Autorité des marchés financiers* – AMF).

Purchases of shares in the Company are subject to the following limits:

- the number of shares purchased by the Company during the repurchase program must not exceed 10% of the shares that make up the Company's share capital at any given time; this percentage applies to the capital that is adjusted based on transactions carried out after the Shareholders' Meeting of May 25, 2012 (as an indication, 61,525,860 shares as of this date), it being specified that the number of shares purchased to be held and subsequently delivered within the framework of a merger, spin-off or contribution must not exceed 5% of the share capital;
- the number of shares held by the Company at any time must not exceed 10% of the shares that make up the Company's capital on the date in question.

The maximum purchase price per share is fixed at €42. The total amount allocated to the share repurchase program shall not exceed €230 million.

It should also be noted that the Shareholders' Meeting on June 12, 2013 authorized the Management Board to reduce the share capital by canceling shares which had been previously purchased in the share purchase program. This authorization renders the unused part of the authorization by the Ordinary and Extraordinary General Meeting of May 25, 2012 ineffective (9th resolution). This authorization was not used. The new share repurchase program, which was submitted for approval at the Shareholders' Meeting on June 10, 2014, is described in section b) below.

b) Description of the repurchase program proposed to the Annual General Meeting held on June 2014

Pursuant to Article 241-2 of the AMF's General Regulations, this section describes the share repurchase program that will be submitted for approval at the next Annual General Meeting to be held on June 10, 2014.

Pursuant to article L. 225-209 of the French Commercial Code, the Management Board will propose that the Annual General Meeting authorizes the Board to set up a new share repurchase program, such authorization terminating the current share repurchase program to replace it by a new one, under which the execution of the liquidity agreement mentioned in section a) above will be pursued.

Objectives of the repurchase program

The purposes of the repurchase program are the following:

- to implement a Company stock purchase plan, in accordance with the provisions of the French Commercial Code (*Code de commerce*), or other similar plan;
- to allot or sell shares to employees in connection with profit-sharing or the implementation of a Company or Group savings plan (or similar plan) in accordance with applicable law;
- to implement a Company performance share plan in accordance with the provisions of the French Commercial Code, or other similar plans;
- to deliver shares in connection with the exercise of rights attached to securities that give access to the Company's capital by redemption, conversion, exchange, presentation of a warrant or by any other means;
- to cancel all or some of the securities thus repurchased (subject to the approval of the corresponding resolution included in the agenda of the Shareholders' Meeting of June 12, 2013);
- to deliver shares (for exchange, payment or otherwise) in connection with an acquisition, merger, spin-off or contribution in accordance with applicable regulation and recognized market practice;
- to stimulate the secondary market or encourage the liquidity of the CFAO share through an investment services provider within the framework of a liquidity agreement in accordance with the professional code of conduct recognized by the AMF.

This program is also intend d to enable the implementation of all market practices that may be authorized by the AMF in the future and, more generally, to enable the completion of any other transaction in accordance with applicable regulations. In such event, the Company will inform its shareholders by an official statement.

Maximum fraction of the share capital, maximum number and nature of the shares that the issuer intends to buy and the maximum purchase price

Purchases of shares in the Company are subject to the following limits:

- the number of shares purchased by the Company during the repurchase program cannot exceed 10% of the shares that make up the Company's capital at any given time; this percentage applies to the capital that is adjusted based on transactions carried out after this General Meeting (as an indication, 61,664,983 shares as of the date of this Registration Document), it being specified that as regards the number of shares acquired under a liquidity agreement, the number of shares taken into account in the calculation of the 10% limit corresponds to the number of shares purchased, less the number of shares sold during the authorization period;
- the number of shares held by the Company at any time must not exceed 10% of the shares that make up the Company's capital on the date in question.

The shares which will be repurchased under this program are ordinary shares of the Company. The maximum purchase price per share shall be €49 and the total amount allocated to the repurchase program shall not exceed €300 million.

Term of the repurchase program

The repurchase authorization submitted for approval at the Shareholders' Meeting on June 10, 2014 would be granted for an 18-month period starting from that date, i.e., until December 9, 2015.

Cancellation of repurchased shares

The Management Board's authorization to cancel, where appropriate, all or some of the shares repurchased under the repurchase program and to reduce the share capital accordingly will also be submitted for approval at the Shareholders' Meeting on June 10, 2014.

21.1.4 Other securities giving access to the Company's share capital

On the date of this Registration Document, the Company has not issued any securities giving access to the capital. It should be noted that the General Meeting of shareholders authorized the Management Board to issue such securities in the future (see paragraph 21.1.1 above).

The Company awarded stock subscription options in 2010 and performance shares in 2010, 2011, and 2012. For more information concerning these allotments see Chapter 15 "Compensation and benefits" of this Registration Document.

21.1.5 Terms and conditions governing any acquisition rights and/or obligations on authorized but unissued capital or undertaking to increase the capital

Non applicable.

21.1.6 Share capital of any member of the Group's companies which is subject to an option or an agreement to be put under option

As some of the Group's subsidiaries are not wholly owned, agreements between shareholders exist that may provide for preemptive rights for shareholders in the event a shareholder sells its interest, makes commitments to sell or disposes of its obligations. These different rights are mentioned in Chapter 7: "Organization of the Group" of this Registration Document for the Group's large subsidiaries which are described in the said Chapter.

21.1.7 Change in share capital

There was no change in the Company's share capital between January 1, 2006 and December 2010. In December 2010, only 1,500 shares were issued due to the exercise of stock options by the heirs of a deceased beneficiary. In 2012, 2,250 shares were issued due to the exercise of stock options by the heirs of two deceased beneficiaries.

On January 1, 2013 the share capital amounted to €10,254,685 divided into 61,528,110 shares. On July 18, 2013, the company issued 134,623 new shares created by incorporating profits, as part of the capital increase to distribute shares from the 2012 free share plan. A sum of €22,438 corresponding to the nominal value of newly created shares was deducted from the retained earnings account. The share capital was increased to €10,277,498 and now comprises 61,664,983 shares. The share capital has remained the same since this date.

21.1.8 Pledges, guarantees and other collateral

At the date of this Registration Document, no shares in registered form were pledged, and the Company had no knowledge of pledges on other shares comprising its capital. The shares held by CFAO in its subsidiaries are not pledged.

For more information on pledges of the Group's assets and other Securities see Note 34.2.2 to the consolidated financial statements "Guarantees and other collateral" of this Registration Document.

21.2 Memorandum of association and by-laws

21.2.1 Corporate purpose (Article 3 of the by-laws)

The purposes of the Company are:

- the purchase, production, transport, importation, distribution, commercialization and sale of any goods or services, of any kind, for its own account or for the account of third parties and by any means;
- the purchase, construction, exploitation, management, lease or sale of any land, plant, warehouse, dealership site or other real estate assets;
- and, more generally, any commercial, financial, industrial, agricultural, securities or real estate transactions in direct or indirect relation with the above-mentioned activities or any other similar or related activities, or those likely to facilitate their operation and implementation.

To this effect, the Company may in particular create, purchase or exploit any designs, trademarks, models, patents or processes, acquire any stake or interest in any company or enterprise with any purpose, and may operate in any country, directly or indirectly, alone or through an association, a company or any other form of entity or enterprise.

21.2.2 Administrative, management and supervisory bodies (Articles 10 and 11 of the by-laws)

21.2.2.1 Management Board (Article 10 of the by-laws)

Appointment of the members of the Management Board

The Management Board, a collegial body, is composed of a minimum of two members and a maximum of seven members, appointed by the Supervisory Board, which designates one of them as Chairman. No member of the Management Board can be over 70. Any member of the Management Board in office who reaches an age exceeding this limit is deemed to have resigned, unless the Supervisory Board authorizes him or her to remain in his or her position until the expiration of his or her term of office. During his or her term of office, each member of the Management Board must own at least 150 registered shares of the Company, no later than three (3) months after his or her appointment.

The Management Board is appointed for a three-year term. In the event of vacancy due to death, resignation or dismissal, the Supervisory Board may replace the vacant position in accordance with the legal conditions.

Dismissal of members of the Management Board

The members of the Management Board may be dismissed from office by the Shareholders' Meeting, as well as by the Supervisory Board.

Deliberations of the Management Board

A member of the Management Board may give a proxy to another member to represent him or her at a meeting of the Board, under the same conditions as for the Supervisory Board. In order to hold valid deliberations, at least half of the members of the Management Board must be present. The decisions are made with a majority of the votes of present or represented members; in the event of a tied vote, the Chairman has the casting vote. The Management Board may adopt internal rules outlining its operating mode, including, where appropriate, attendance of meetings *via* videoconference or conference calls.

Chairman of the Board – Executive Management

The Chairman of the Board represents the Company in its relations with third parties. The Supervisory Board may grant the same power of representation to one or several members of the Management Board who are then referred to as "Chief Executive Officer" (*Directeur Général*). The Chairman and, as the case may be, the Chief Executive Officer(s) may delegate part of their powers, with or without powers of subdelegation, when they deem it appropriate, to any special representatives they may designate.

Powers and duties of the Management Board

Without prejudice to the powers of the Supervisory Board and to the decisions which shall be first approved by the Supervisory Board, the Management Board has the broadest powers with regards to third parties to act under any circumstances in the name of the Company within its corporate purpose, and subject to the powers expressly reserved to the shareholders. The Management Board may delegate part of its powers, with or without powers of subdelegation, when it deems it appropriate to any special representative it may designate.

Apart from for certain operations stipulated in the statutory and regulatory provisions – guarantees, endorsements and securities to third parties and sale of buildings, total or partial disposal of interests and constitution of the sureties – the Management Board can only take or perform certain actions or decisions with the prior authorization of the Supervisory Board, as stated in Chapter 16: "Role and activities of the management and supervisory bodies" of this Registration Document in section III "Limitations imposed on the powers of the Management Board".

21.2.2.2 Supervisory Board (Article 11 of the by-laws and internal rules of the Supervisory Board)

The provisions of the by-laws and the Supervisory Board's internal rules on the composition and functioning of the Board are described in Chapter 16: "Role and activities of the management and supervisory bodies" of this Registration Document in the Chairman's report on corporate governance and internal control (section 16.1 "Report of the Supervisory Board Chairman on Corporate Governance, Internal Control and Risk Management".

21.2.3 Rights and obligations attached to shares

Each share entitles the holder to a share in the Company's assets, profits and liquidation dividend proportional to the fraction of the share capital the share represents.

Every time a certain number of securities have to be possessed to exercise any right whatsoever notably regarding the exchange, conversion, regrouping or allotment of securities or any capital increase or reduction or merger or any other operation, the securities below the required number do not give any rights to their owner with respect to the Company and shareholders are personally responsible for obtaining the required number of securities or a multiple of them and article L. 228-6 of the French Commercial Code applies to odd-lots.

The ownership of one share automatically triggers compliance with the by-laws and the decisions of the Shareholders' Meetings. The shares are in registered form or in bearer form, at the option of the shareholders, except when otherwise required by law.

21.2.4 Modification of shareholders' rights

The modification of the rights attached to the shares shall be made in accordance with legal provisions.

21.2.5 Shareholders' Meetings

Notice and admission to the Shareholders' Meetings

Shareholders' Meetings are convened and deliberate under the conditions provided for by the law and the by-laws. The meetings take place at the registered office or any other place indicated in the notice.

Any shareholder may attend these meetings, in person or by proxy, and in accordance with the legal provisions, upon proof of his or her identity and of his or her share ownership by registering these shares in his or her name or in the name of the intermediary registered for his or her account within the regulatory deadlines, either in the registered share accounts held by the Company, or in the bearer share accounts held by the authorized intermediary. The shareholders may, under the legal and regulatory provisions, send their proxy or voting form for the Shareholders' Meeting by mail. The Management Board specifies in the notice the deadlines for sending the proxy and voting forms and may, if necessary, reduce the regulatory deadlines applicable for all shareholders.

Quorum – vote – number of votes

Upon decision of the Management Board published in the notice convening the Shareholders' Meeting, the shareholders attending the meeting by videoconference or by other means of telecommunication permitting their identification in accordance with the law and regulations shall be deemed present for the calculation of the quorum and of the majority.

The voting right attached to the shares is proportionate to the fraction of capital represented. Except for cases where the unanimity of shareholders is required, the voting right attached to a share is exercised by the beneficial owner (*usufruitier*) of the share at Ordinary Shareholders' Meetings and by the bare owner (*nu-propriétaire*) at Extraordinary Shareholders' Meetings, unless the beneficial owner and the bare owner agree otherwise and jointly notify the Company at the latest five days before the meeting date.

Votes shall be cast at Shareholders' Meetings in accordance with the terms indicated by the Management Board in the notice.

Chairman of Shareholders' Meetings

The Shareholders' Meeting is chaired by the Chairman of the Supervisory Board, or in his absence, by the Vice-Chairman of the Supervisory Board, or in his absence, by a member of the Supervisory Board specially designated to this effect by the Supervisory Board.

21.2.6 Provisions of the by-laws likely to have an impact in the event of a change of control

To the Company's knowledge, the by-laws do not include any provision that could delay, defer or prevent a change in control of the Company.

21.2.7 Crossing of thresholds and identification of shareholders

Crossing of thresholds

In addition to the thresholds provided for by law, any physical or legal person, acting alone or in concert with others, who directly or indirectly acquires a number of shares or voting rights representing more than 3% of the capital or voting rights, and then each supplementary fraction of 0.5% (even when above the legal thresholds) must inform the Company. The notice to the Company shall indicate the same information as the information required by the General Regulations of the AMF when a legal threshold is crossed, and shall be sent to the Company by registered letter with return receipt requested, within four trading days from the date the threshold was crossed. The obligation to notify the Company also applies when the shareholder's share, in capital or voting rights, falls below each of the above-mentioned thresholds for any reason. The legal sanctions for not declaring the crossing of legal thresholds also apply for not declaring the crossing of a threshold required by the by-laws. One or several shareholders holding at least 5% of the capital or the voting rights of the Company may make such request which is recorded in the minutes of the Shareholders' Meeting. Subject to the above-mentioned provisions, this obligation contained in the by-laws is governed by the same provisions as those governing the legal obligation, including as regards to the cases of legal assimilation provided for by legal and regulatory provisions.

Identification of shareholders

The Company is authorized to, at any time, use the statutory and regulatory provisions regarding the identification of shareholders and securities giving an immediate or future voting right at Shareholders' Meetings in accordance with articles L. 228-1 to L. 228-3-4 of the French Commercial Code.

21.2.8 Special provisions governing changes in share capital

The share capital of the Company may be increased or reduced by any means and in any manner authorized by the law. The Shareholders' Meeting may decide, in relation to any reduction of capital, that this reduction be realized in kind through the remittance of Company securities or assets, or by repurchase and cancellation, exchange, conversion of securities, with or without balancing cash adjustment, or in any other manner, with the obligation for the shareholders, where applicable, to form a group to obtain a whole number of securities or assets or to be able to exercise a right.

21.3 Market information

CFAO has been listed on Compartment A of Euronext Paris since December 3, 2009 (ISIN code: FR0000060501).

HISTORY OF MARKET PRICES (IN €) AND TRADING VOLUMES OF CFAO SHARES SINCE DECEMBER 3, 2009

	Volume of shares traded	Final share price for the month	Highest share price for the month	Lowest share price for the month
Dec. 2009	6,784,974	28.67	28.67	26.13
Jan. 2010	2,641,680	29.00	31.20	28.10
Feb. 2010	1,465,848	28.23	29.90	27.16
March 2010	3,268,802	27.59	30.00	29.54
April 2010	3,959,181	26.00	29.25	24.00
May 2010	2,547,053	23.93	26.30	25.72
June 2010	2,602,954	22.17	24.00	22.51
July 2010	1,849,468	23.47	24.85	24.23
Aug. 2010	1,009,628	24.00	26.23	25.50
Sept. 2010	2,262,233	29.20	29.78	29.18
Oct. 2010	2,884,772	31.93	34.40	32.65
Nov. 2010	1,185,671	30.38	32.98	29.53
Dec. 2010	801,290	32.57	33.69	33.30
Jan. 2011	1,787,409	26.80	33.50	27.63
Feb. 2011	1,611,736	26.49	30.01	25.70
March 2011	1,534,240	29.15	29.16	25.48
April 2011	922,201	27.15	29.35	26.68
May 2011	1,440,115	28.57	28.85	26.54
June 2011	1,201,085	29.88	30.05	26.87
July 2011	1,095,369	29.84	30.12	26.66
Aug. 2011	1,048,966	28.60	30.69	25.26
Sept. 2011	1,115,094	26.89	29.42	24.18
Oct. 2011	976,008	28.00	29.53	25.48
Nov. 2011	575,823	26.59	28.09	23.60
Dec. 2011	651,901	26.18	27.49	24.52
Jan. 2012	1,967,409	26.07	26.50	24.95

	Volume of shares traded	Final share price for the month	Highest share price for the month	Lowest share price for the month
Feb. 2012	1,533,944	29.50	30.45	25.90
March 2012	1,692,947	32.22	32.42	29.47
April 2012	1,733,479	32.58	33.11	30,675
May 2012	1,763,637	34.34	35.40	32.00
June 2012	1,585,802	37.33	37.52	32.17
July 2012	2,448,981	38.47	41.20	36.88
Aug. 2012	2,222,894	37.28	39.69	36.37
Sept. 2012	3,369,328	37.27	37.49	37.22
Oct. 2012	8,438,188	37.215	37.35	37.11
Nov. 2012	2,730,121	37.3	38.35	37.17
Dec. 2012	784,931	36.65	40.98	35.20
Jan. 2013	448,804	35.27	37.44	33.15
Feb. 2013	94,390	35.45	36.12	35.00
March 2013	77,892	33.9	36.50	33.27
April 2013	88,902	31.50	34.88	31.50
May 2013	272,658	33.78	34.34	30.60
June 2013	126,410	31.70	34.86	31.70
July 2013	211,239	33.70	34.04	31.50
Aug. 2013	33,332	32.79	34.50	32.79
Sept. 2013	102,030	34.85	34.85	32.50
Oct. 2013	42,672	34.40	34.95	34.00
Nov. 2013	21,972	33.90	34.40	33.15
Dec. 2013	26,354	33.60	34.50	32.90
Jan. 2014	26,601	33.30	33.60	31.90
Feb. 2014	26,841	32.76	33.50	31.60
March 2014	47,761	33.50	34.80	31.40

Source: Reuters.

22 MATERIAL CONTRACTS

During the last two years, Group companies have been party to the following material contracts:

- the agreement dated December 6, 2010 between the Group and Toyota pertaining to the importation and distribution of vehicles in certain African countries;
- the agreements between the Group and Nissan for different territories in which the Group distributes its vehicles; as mentioned in Chapter 4 "Risk Factors", the Renault Nissan Group has informed some CFAO Group companies that their importation and distribution contracts will not be renewed. These contract non-renewals will take effect on different dates, staggered between the end of December 2013 and October 2014, depending on the country;
- the agreement dated January 1, 2006 between the Group and General Motors pertaining to the importation and distribution of its vehicles in Algeria.

The aforementioned contracts are included due to the high volume of business that they represent. As already stated in Chapter 4 of this Registration Document, the Toyota, General Motors (including Chevrolet and Opel) and Nissan brands together represented approximately 30.6% and 40.4% of the Group's consolidated revenue in 2012 and 2013, respectively.

A description of these agreements is provided in section 6.5.1.3.4 "Agreements with Automobile Manufacturers" of the Registration Document (pages 85 *et seq.*) prepared in the context of the Company's IPO and registered on October 7, 2009 by the AMF under number I.09-079, this paragraph being incorporated by reference in this Registration Document. The Group's distribution contracts contain customary clauses for early termination or non-renewal, which mainly concern the Company's failure to fulfill certain obligations, such as its obligation to maintain the ownership structure and the management teams of certain Group entities:

- the reusable multi-currency syndicated credit facility agreement of €400 million entered into on December 17, 2013 with Barclays Bank Plc, Crédit Agricole Corporate and Investment Bank, Société Générale Corporate & Investment Banking, Natixis. A description of this agreement is set out in Chapter 10 "the group's cashflow and capital resources" of this Registration Document under section 10.2.2.1 "Outstanding borrowings at December 31, 2013";
- the agreements entered into with the Heineken group regarding the Brasseries du Congo (operating breweries in Congo). A description of these agreements is contained in Chapter 7 of this Registration Document in the "CFAO Industries" paragraph of section 7.2.3.4 "Distribution subsidiaries". Brasseries du Congo generates around 70% of the Group's revenue in the Congo, which itself accounted for 8.5% of CFAO's consolidated revenue in 2013 and 7.9% in 2012.

In the normal course of their business, Group companies may enter into other contracts that are deemed material in terms of revenue or geographical coverage.

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THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

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Non applicable.

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DOCUMENTS ON DISPLAY 24

24.1 Place where documents are available

Throughout the entire period of validity of this Registration Document, the following documents are available at the company's headquarters at 18, rue Troyon, 92316 Sèvres:

- the by-laws, minutes of Shareholders' Meetings, and any assessment or declaration prepared by an expert at the Company's request, if part of said document is included or referred to in this Registration Document;
- the Company's historical financial information and all other documents which must be made available to shareholders in accordance with legal provisions.

Moreover, CFAO shall disseminate regulated information in electronic format *via* a professional distributor meeting the criteria set by the General Regulations of the French market regulator (*Autorité des marchés financiers*) and place said regulated information online (www.cfaogroup.com) as soon as it has been disseminated. This information is also available on the French market regulator's website (www.amf-france.org).

Copies of this document are available free of charge from CFAO. This Registration Document can also be read on CFAO's website.

24.2 Information managers/contacts

The information managers are:

- **Olivier Marzloff,** Member of the Management Board, Executive Vice President and Corporate Secretary;
- **Sébastien Desarbres,** Director of Communications and Investor Relations.

To obtain documents published by the Company, as well as for all financial information, please contact Investor Relations by telephone on +33 (0)1 46 23 56 51, or by e-mail at ir@cfao.com.

24.3. Indicative timetable for financial communication

Timetable for 2014

- 2014 First quarter revenue: April 30, 2014.
- 2014 Half-year revenue and results: July 28, 2014.

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INFORMATION ON EQUITY INTERESTS

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Information regarding companies in which the Company owns a percentage of the share capital that is likely to have a material impact on the assessment of its assets and liabilities, financial position or results is provided in this Registration Document under Chapter 7 "Group Organization", under Chapter 20 "Financial information concerning the assets and liabilities, financial position and profits and losses of CFAO", and in Note 37 to the consolidated financial statements. In addition, Note 2.18 to the parent company financial statements in Chapter 20 of the Registration Document contains information on the direct subsidiaries of CFAO SA.

The subsidiaries of the CFAO Group generating more than 10% of consolidated net income (attributable to owners of the parent) are SFCE, Brasseries du Congo and Capstone Corporation Ltd. SFCE and Capstone are central purchasing offices of the Group. Brasseries du Congo has an industrial activity which is the production of beverages in the Congo. These subsidiaries are described in Chapter 7 "Group Organization" of this Registration Document.

The subsidiaries comprising the sub-group Eurapharma, under the joint stock corporation Eurapharma, represent more than 10% of attributable net income. Eurapharma is described in Chapter 7 of this Registration Document. The activity and the results of Eurapharma and of the sub-subsidiaries in which Eurapharma holds all or part of the capital are described in detail in Chapters 6 "Business overview" and 9 "Operating and financial review" of this Registration Document, in the sections relating to the Group's pharmaceutical activities.

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REGISTRATION DOCUMENT CROSS REFERENCE TABLE

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For the purposes of clarity, the cross-reference table below identifies:

1. the information included in the annual financial report that must be published by all listed companies in accordance with the provisions of the French Monetary and Financial Code (Art. L. 451-1-2-I),and which reflects the transposition of European Directive 2004/109/EC, known as the "Transparency Directive";
2. the information included in the management report which must be prepared by the Management Board of CFAO pursuant to Articles L. 225-100 et seq. of the French Commercial Code;
3. the information relating to the environmental and social consequences of CFAO's activities as required by Articles L. 225-102-1, R.225-104 and R.225-105-2 of the French Commercial Code.

As for the cross-reference table with the headings of Annex I of European Regulation (EC) 809/2004, as specified in the comment to the table of contents on page 6 of this Registration Document, said table of contents uses the nomenclature set forth in Annex I of European Regulation (EC) 809/2004 implementing the European Directive known as Prospectus » 2003/71/CE.

Annual financial report cross-reference table

Annual financial report	Corresponding sections and chapters of the annual report	Page No.
Statement of the person responsible for the registration document	**Chapter 1**	**9**
Management report	**See below**	
Financial statements		
• Company financial statements	Chapter 20, section 20.3.2	247
• Statutory Auditors' report on the Company financial statements	Chapter 20, section 20.4.1	269
• Consolidated financial statements	Chapter 20, section 20.3.1	189
• Statutory Auditors' report on the consolidated financial statements	Chapter 20, section 20.4.1	270
• Statutory Auditors' fees	Chapter 2, section 2.3	12
• Report by the Chairman of the Supervisory Board on the composition, the conditions of preparation and organization of the Board's work and the internal control and risk management procedures implemented by the Company	Chapter 16, section 16.1	140
• Statutory Auditors' report on the report prepared by the Chairman of the Supervisory Board	Chapter 16, section 16.2	152

Management report reconciliation table (Art. L. 225-100 et seq. of the French Commercial Code)

Annual management report (French Commercial Code)	Corresponding sections and chapters of the annual report	Page No.
1. Group management report	Chapters 6 and 9	39 and 77
2. Business and results of operations of the parent company, CFAO SA	Chapters 7 and 20	67 and 187
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