

2011

Registration Document Annual Report





REGISTRATION DOCUMENT

ANNUAL REPORT



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* Message from the Chairman of the Board of Directors

Since 2008, the financial world has been struggling to regain its balance. The Greek crisis, then the Portuguese crisis, the Spanish crisis and the Italian crisis have weakened the Euro. S&P, one of the three rating agencies, downgraded French debt from AAA to AA+. All of this would be of little interest if financial markets were not as important, if they did not take precedence over the economy too often. Two years ago, I wrote: "With the recovery still fragile, now is not the time to break the enthusiasm of investors and consumers." The change in France's rating was anticipated by the markets, and therefore did not disrupt them, which was fortunate. Nevertheless, no matter what the outcome of the upcoming elections, France must monitor its deficit and cannot afford to be reckless.

A change in government policy could, however, have adverse consequences for the film industry on one particular issue – the fight against illegal downloading. The defense of intellectual property has become a pet project for the current French President, in particular through the creation of the HADOPI (*Haute Autorité pour la Diffusion des Œuvres et la Protection des Droits sur Internet*, the High Authority for the Broadcasting of Creative Works and Copyright Protection on the Internet). This is an issue on which François Hollande (the Socialist candidate for the French presidency) has yet to take a position.

Can we take stock of the fight against illegal downloading in France?

The answer is complex because, while the volume of illegal downloading on peer to peer file sharing networks is well identified, that on streaming sites is less known. The unanimous view is that the two technologies are each responsible for roughly half of the volume of illegal downloads. The joint actions of the ALPA (*Association de Lutte Contre la Piraterie Audiovisuelle*, the Association for Fighting Against Audiovisual Piracy) and the HADOPI are probably no strangers to this phenomenon.

During 2011, and for the audiovisual sector alone, the ALPA identified 110 million incidents and sent 8.7 million notices to the HADOPI. As of the end of 2011, the latter had issued, with regards to the audiovisual and music sector, 800,000 first warnings, i.e., 800,000 emails to offending subscribers and 70,000 registered letters with return receipts, while nearly 200 cases were being investigated by the Rights Commission. Some cases were referred to the prosecutor's office in January 2012. Furthermore, thanks to the means developed by the ALPA, three site administrators were given 6 to 12 month suspended prison sentences and fines between €130,000 and €500,000. A cam rip release source, the primary supply source of French films on the net prior to their DVD release, was arrested in May 2011 and, in early 2012, was given a nine-month suspended prison sentence and was ordered to pay €370,000 in damages. Between May 15 and December 15, 2011, no French film was downloaded from the Web.

The ALPA endeavored to remove streaming sites from search engine results. On September 12, 2011, and for the first time, Google agreed to do so and the Allo-streaming site saw its attendance drop from over one million to 100,000 visits from one weekend to another. After the US Department of Justice shut down Mega-Upload on January 20, 2012, four French streaming sites had the same fate.

On December 18, the SEVN (*Syndicat de l'Édition Vidéo Numérique*, the Digital Video Editing Union), the FNDF (*Fédération Nationale des Distributeurs de Films*, the French National Federation of Film Distributors) and the APC (*Association des Producteurs de Cinéma*, the Association of Film Producers) filed a complaint with the Court remove many streaming sites from search engine indices and internet service providers. This case is still under investigation.

All of these measures led music rights holders to believe that illegal downloading has decreased by 30% in France, while cinema rights holders, more optimistic, estimate a 50% drop. At the same time, legal film downloading has seen its audience double since the shutdown of many illegal streaming sites. It is worth recalling that, in spring 2012, some 6,300 films, including 3,000 American and 2,000 French, were available on approximately 20 legal video on demand sites. The HADOPI Law, thanks to or because of the many comings and goings between the National Assembly and the Senate during their deliberations, has established sophisticated processes aimed to guarantee individual freedom and communication confidentiality. At the time of writing, and noting that no subscriber was sanctioned, the copyright holders concerned believe that the HADOPI's educational mission is effective and it proves that the rule of law and respect for intellectual property go hand in hand. As any attempted solution to a complex issue, while not perfect, the HADOPI Law deserves better than the derogatory and inexperienced comments that some would like to have prevail.

The industry has improved its relations with the TV channels Arte and France Télévisions. Both entities are committed to increasing their film purchases and complying in form and substance with media chronology in exchange for a slot reserved for art house films on Wednesday evening. The API (*Association des Producteurs Indépendants*, the French Association of Independent Producers) signed an agreement with a majority of film technicians' unions but failed, to date, to attract other producers' associations. Legal proceedings are currently under way between certain producers, including Gaumont, and performing artists' unions and the ADAMI (*l'Administration des Droits des Artistes et Musiciens Interprètes*, the French Performing Artists' and Musicians' Rights Administration). Discussions to resolve the dispute, which concerns the compensation of performing artists for catalog films produced from 1961 to 1990, could not interrupt the proceedings.

The excellent level of national film attendance in 2011, after a good 2010, is primarily due to the dynamism of French film production, which accounted for 42% of the market.

From one year to another, the international situation is mixed: with an attendance substantially equal to half that of France (114 million versus 215 million), Italy did not lose viewers, although forty years ago the attendance level was three times higher (553 million versus 184 million). Cinema attendance in the US was down 5% to 1,275 million (compared to 1,639 million in 2002), while falling in Germany by 9% to 125 million (compared to 178 million in 2001) and remaining stable in Spain at 100 million (versus 147 million in 2001).

This trend shows that in all countries where American films represent a significant portion of the market, the number of viewers dropped due to a lack of great American popular films. Apart from a couple of outstanding hits such as *Titanic* and *Avatar*, both made by the same director, Jim Cameron, American films are more often than not sequels, blockbusters certainly, but they no longer capture the public imagination as they once did.

By contrast, American television, whose business model is less risky, has in recent years managed to attract new talent. Gaumont intends to grow in this area in France and in the US.

The film industry's economy does not resemble that of bankers, who see their forecasts materialize almost to the letter. It is an economy of ambitious entrepreneurs who have an appetite for risk. This is the business Gaumont chose over a century ago, and at which it has been, from time to time, quite successful.

Nicolas Seydoux, March 31, 2012





* Message from the Chief Executive Officer

2011 was a year of superlatives. For the first time since 1966, French cinema attendance reached 216 million viewers. Film production in France exceeded 270 films, 76% of which were French initiative. It was also a record year for Gaumont with over 22 million tickets, representing a 10% market share. *Untouchable*, released in November, has sold over 19 million tickets at the box office to date, allowing Gaumont to set a new record, higher than *The Visitors*, which drew about 14 million viewers. *Untouchable* is the third French box office hit of all times. Nominated at the 37th Césars Awards ceremony, Omar Sy won the Award for Best Actor.

Following a year 2010 that ended triumphantly with 207 million cinema tickets, thanks to *Avatar* and the arrival of 3D, 2011 started sluggishly. In the first half of the year, the American blockbusters were essentially sequels: *Harry Potter 7*, *Pirates of the Caribbean 4*, *Cars 2*, etc. The public, however, wanted novel, original plots. Two unexpected American films stood out through their specificity: *The King's Speech* and *Black Swan*. With regards to French films, *The Women on the 6th Floor* sold more than 2 million tickets, while *Nothing to Declare* was watched by more than 8 million viewers.

The second half of the year confirmed that the public was captivated by an eclectic mix of original plots, as evidenced by French films such as *Square One*, *The Artist*, *Poliss*, *Hollywood*, *Untouchable*, etc. The market share of French films reached an unprecedented 42% in 2011. American films remained top performers: *The Adventures of Tintin*, *Puss in Boots*, *Twilight - Chapter 4: Breaking Dawn - Part 1* and *Rise of the Planet of the Apes*.

Thus, 2011 was an exceptional year for Gaumont. Consolidated revenue amounted to €119.5 million, a more than 17% rise over 2010.

In this very dynamic market, Les Cinémas Gaumont Pathé pursued their theater renovation policy and completed the transition to digital cinema. Revenue of Les Cinémas Gaumont Pathé, 34%-owned by Gaumont, was €679.4 million in 2011, up by 6% thanks to an increase in the number of viewers, while net income stood at €58.1 million.

Revenue from the cinema distribution business amounted to €55.3 million for the 11 films released in 2011. Besides the success of *Untouchable*, which sold more than twice as many tickets as the second best film of 2011, *Nothing to Declare*, two more films passed the million-ticket threshold: *Jo's Boy* and *A Gang Story*.

Revenue from video distribution and video on demand in France amounted to €13.9 million, including €2.1 million from digital video, a 140% increase from the previous year. This strong growth offset the almost 10% decline in the market for video media.

Sales of broadcasting rights to French TV channels also remained strong, with more than 230 films sold in 2011, representing €20 million in revenues. The digital terrestrial channels, which broadcast many catalog films, continued their growth, reaching over 20% audience share.

In a more dynamic market, Gaumont's international sales were particularly good. Many films were pre-sold: *Untouchable*, *A Gang Story*, *The Chef*, etc. Catalog films remained highly sought-after and contributed significantly to revenue from international sales, which totaled €15.7 million in 2011.

Revenue from the television program production stood at €5.7 million. 2011 was a year dedicated to projects development. The TV program *I'm scared I'll forget*, produced by Léonis Productions and broadcasted by France 2, was a hit and Clémentine Célerié won the Award for Best Actress at the La Rochelle Festival for her role in the film. Alphanim produced and sold to France 3 the *Pok & Mok* series.

Net income more than doubled over 2010 to reach a near record level of €26.6 million.

2012 will not look like 2011... Each adventure is different because each film is a prototype. However, the verb "dare" still has great potential! Gaumont is striving to develop various projects for both television and cinema.

Gaumont continues to reap the benefits of *Untouchable*. More than 2.5 million tickets have been sold since January 2012, and international outlook is very good. Released in a number of European countries in early 2012, *Untouchable* has sold abroad over 13 million tickets to date.

In total, seven films will be released in 2012. Among them, *The Chef* by Daniel Cohen, which was released on March 7 and sold more than 350,000 tickets, *Porn in the Hood* by Franck Gastambide, *The Dandelions* by Carine Tardieu, *F.B.I. Frog Butthead Investigators* by Kad Merad and Olivier Baroux, *Camille Rewinds* by Noémie Lvovsky and *Paulette* by Jerome Enrico.

Gaumont is also pursuing growth in its television program production business and will produce its first international series in the United States, the 13-episode *Hemlock Groves*. In France, the pilot for *Claire's Law* with Michèle Laroque is on its way to production, while the animation series *Calimero*, *Pok & Mok 2*, *Gawayn 2* and *Spencer* are also planned for 2012.

I would like to thank all of the shareholders for their support and loyalty and all staff for their contribution to the various activities of the Company, such as those within the Works' Council or professional delegations who have contributed to the proper operation of the legal institutions and employee benefit schemes.

Untouchable allowed us to experience a moment of magic and grace. I wish Gaumont continued success and exciting cinematic experiences in the future.

Sidonie Dumas, on March 30, 2012







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2011 MANAGEMENT REPORT

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* Activities and results of the Gaumont group

Key figures

	2011		2010		Change
	in thousands of euro	as a % of revenue	in thousands of euro	as a % of revenue	
Revenue	119,504	100%	101,951	100%	17%
Operating income from films and series	33,107	28%	15,980	16%	107%
Operating income	6,000	5%	-11,446	-11%	na
Share of net income of companies accounted for using equity method	19,947	17%	25,166	25%	-21%
Consolidated net income	26,666	22%	12,356	12%	116%
Investments	36,738	31%	46,255	45%	-21%

In 2011, the Group's business was carried by the success of the film *Untouchable*, which sold more than 16.7 million tickets in France at the end of December, becoming the biggest success in theaters in the year 2011. Still in theaters in the first quarter 2012, *Untouchable* sold a total of more than 19 million tickets and has become the third biggest hit of all time in France.

Productions during the year

Feature films

Gaumont is a producer, co-producer and distributor of feature films. Eleven films were released in theaters during the year 2011, totaling a historical record of 22 million tickets sold by the end of December:

- *Jo's Boy* directed by Philippe Guillard, starring Gérard Lanvin, Olivier Marchal and Vincent Moscato, released on January 12;
- *Last Night* directed by Massy Tadjedin, starring Keira Knightley, Sam Worthington, Eva Mendes and Guillaume Canet, released on February 16;
- *The Straight Line* directed by Régis Wargnier, starring Rachida Brakni, Cyril Descours and Clémentine Célerié, released on March 9;

- *The Company Men* directed by John Wells, released on March 30 (distribution only);
- *The Adventures of Philibert* directed by Sylvain Fusée starring Jérémie Renier, Elodie Navarre, Manu Payet and Alexandre Astier, released on April 6;
- *The Conquest* directed by Xavier Durringer, starring Denis Podalydès, Florence Pernel and Bernard Le Coq, released on May 18;
- *Limitless* directed by Neil Burger, released on June 8 (distribution only);
- *Late Bloomers* directed by Julie Gavras, starring Isabella Rossellini and William Hurt, released on July 13;
- *A Happy Event* directed by Rémi Bezançon, starring Louise Bourgoïn and Pio Marmai, released on September 28;
- *Untouchable* directed by Eric Toledano and Olivier Nakache, starring François Cluzet and Omar Sy, released on November 2;
- *A Gang Story* directed by Olivier Marchal, starring Gérard Lanvin, Tchéké Karyo and Daniel Duval, released on November 30.

Television programs

Gaumont, through its subsidiaries Alphanim, Gaumont Télévision, Léonis Productions and Gaumont International Television in the United States, also produces and co-produces cartoon series and dramas for television channels. In 2011:

- 39 episodes of the first season of the cartoon series *Pok & Mok* produced by Alphanim were delivered to France 3;
- the 90 minute film for television called, *I'm scared I'll forget*, directed by Elisabeth Rappeneau and produced by Léonis Productions was delivered to France 2 and attracted 4.1 million television viewers when it was broadcast on September 21, 2011;
- the documentary *Wrecked Lives*, produced by Gaumont Télévision and coproduced with Christian Davin Productions, was delivered to Arte in December 2011.

Consolidated results

Revenue by business activity

Gaumont's consolidated revenue was up 17.2%, totaling k€119,504, compared to k€101,951 in 2010.

Movie production

Revenue from the the cinema business amounted to k€113,802 in 2011, compared to k€93,235 in 2010.

Cinema distribution

Revenue from the release of films in theaters in France totaled k€55,357 in 2011 compared to k€16,119 in 2010.

11 films were released in theaters during the year 2011, totaling a historical record of 22 million tickets sold by the end of December. *Untouchable*, directed by Eric Toledano and Olivier Nakache alone represented 16.7 million tickets. Two other films exceed one million tickets: *Jo's Boy*, directed by Philippe Guillard and *A Gang Story*, directed by Olivier Marchal.

By comparison, 11 films were released during the 2010 amounting to 6.7 million tickets including 2.8 million tickets for *The Roundup*.

Video publishing and video on demand

Revenue from video distribution and video on demand in France amounted to k€13,872 in 2011 compared to k€14,160 in 2010. These activities are mainly carried by the movies newly released on video in 2011, in particular *Point Blank* and *Jo's Boy*, and by the good performances in video sales of *The Roundup* since its release in September 2010.

Physical video sales in France were down 11% in 2011, in line with the industry overall, totaling k€11,739 in 2011 compared to k€13,267 in 2010. During 2011, Gaumont Vidéo published the following recent films: *In Gold We Trust*, *Twelve*, *Fair is Fair*, *Bacon on the Side*, *Point Blank*, *Jo's Boy*, *Last Night*, *The Straight Line*, *The Adventures of Philibert*, *The Conquest*, *Santa's Apprentice* and *Late Bloomers*. In addition, the video business for catalog items and the collection Gaumont Classiques or Gaumont Découverte were stable with nearly 1.2 million units sold.

Video on demand sales increased significantly compared to 2010 reaching k€133 in 2011 compared to k€893 in 2010, in particular due to the Orange portal for recent films and to the iTunes service for catalog films. Sales of recent films represented 74% of revenues.

Sale of television rights

Revenue from sales of distribution rights to French television channels amounted to k€21,858 in 2011, compared to k€31,757 in 2010.

Pre-sales of new films to television channels in 2011 (*The Straight Line*, *A Happy Event*) were lower than those in 2010 (*The Last Flight*, *Splice* and *Fair is Fair*) due to different methods of financing the films, Gaumont having emphasized fixed contributions for its recent productions.

Sales of catalog titles to so-called "historical" channels were lower than during the year, whereas those to digital terrestrial television channels continued to advance. 230 films were sold in 2011, including *The Corsican File*, *36 Quai des Orfèvres*, *The Closet*, *The Fifth Element*, *Ace of Aces*, *OSS 117: Cairo*, *Nest*

of Spies, *Follow That Guy with the One Black Shoe*, *The Big Blue*, *Asterix and the Big Fight*, *Asterix vs. Caesar*.

International sales of rights

Revenue from international sales reached k€15,719 in 2011, compared to k€25,794 in 2010.

The difference in revenue from one year to the next is due to the amount of sales made in 2010 due to three films made in English, *Splice*, *Twelve* and *Last Night*. Adjusted for this, sales both for recent films and catalog films were satisfactory.

Other businesses

Revenue from other businesses totaled k€6,996 in 2011, compared to k€5,405 in 2010, and correspond mainly to the Gaumont brand fee, to the sale of archival images by Gaumont Pathé Archives, to music publishing and sales of spin-off products.

Production of dramas and series for television

Revenue from the television programs business totaled k€5,702 in 2011, compared to k€8,717 in 2010. The decline comes mainly from Alphanim whose main production of cartoon series will be delivered in the two next years.

Operating income from films and series

Income from feature films, cartoon series and television dramas, exclusive of overheads, totaled k€33,107 in 2011, compared to k€15,980 in 2010.

The portion of this income attributable to feature films amounted to k€30,658 in 2011, compared to k€10,184 in 2010. Most of the increase comes from the income from recent films released in movie theaters in 2011, and in particular the hit *Untouchable*, which sold over 16.7 million tickets.

The portion of this income attributable to cartoon series and television dramas totaled k€2,449 in 2011 compared to k€5,798 in 2010. The drop comes mainly from Alphanim, of which several deliveries were extended into 2012 and development costs committed for the new production activity for television dramas in France and the United States.

Operating income

In 2011, operating income generated a k€6,000 profit, compared to a k€11,446 loss in 2010, and includes:

- the operating income from films and series as detailed above, a clear improvement over the previous year;
- income from the Gaumont brand fee for k€2,136 in 2011;
- overheads from different operating businesses and functional services in the amount of k€29,899 in 2011 compared to k€25,225 in 2010;
- the elements that make up the non-current operating income. This item includes income from sales of tangible and intangible assets other than films and series, impairment loss on goodwill and gains on bargain purchases. Non-current operating income shows a profit of k€656 in 2011 compared to a loss of k€2,204 in 2010.

Movie theater business: Les Cinémas Gaumont Pathé

During the 2011 fiscal year, Les Cinémas Gaumont Pathé continued their policy of opening and renovating movie theaters. The opening of the Pathé complex in Haarlem, the Netherlands in July brought the group eight new movie screens representing 1,277 seats. Les Cinémas Gaumont Pathé therefore operated a total of 969 screens at the end of December 2011, spread over three countries: France, the Netherlands and Switzerland.

Consolidated revenues of Les Cinémas Gaumont Pathé totaled k€679,361 in 2011, compared to k€640,744 in 2010.

Les Cinémas Gaumont Pathé sold 69.8 million tickets in 2011, an increase of 3.1% compared to 2010. This performance is different depending on the country in which the Group is established, thus:

- in France, tickets sold reached 52.8 million, a 3.9% increase, in a market up by 4.3%. The market share of Les Cinémas Gaumont Pathé is 24.4%;
- in Switzerland, tickets sales were stable compared to 2010 at 3.9 million tickets;
- in the Netherlands, attendance increased by 12.9% and reached 13.1 million tickets.

Operating income reached k€115,380 in 2011 compared to k€112,410 in 2010, up 2.6%.

Net financial expenses amounted to k€8,182 in 2011 compared to k€5,968 in 2010.

Non-recurring income in 2011 amounted to a loss of k€4,011, compared to a profit of k€14,435 in 2010. This 2010 non-recurring income included mainly the gains from the disposal of Italian entities and of some real-estate in France.

The consolidated net income, group share, totaled k€58,086 in 2011, compared to k€72,267 in 2010. The share of income attributable to Gaumont, after IFRS adjustments, thus reached k€19,707 in 2011, compared to k€24,640 in 2010.

As of December 31, 2011, equity of Les Cinémas Gaumont Pathé group totaled k€529,698, compared to k€490,184 as of December 31, 2010, with a balance sheet total of k€1,015,335 as of December 31, 2011 compared to k€974,143 as of December 31, 2010.

The group's net financial debt was k€125,505 as of December 31, 2011, compared to k€174,815 at December 31, 2010.

In 2011, investments by Les Cinémas Gaumont Pathé totaled €67.8 million compared to €75.9 million in 2010.

Net income

Net income totaled k€26,666 in 2011, compared to k€12,356 in 2010 and includes:

- operating profit of k€6,000 in 2011, compared to a loss of k€11,446 in 2010, as detailed above;
- the share of the net income of equity affiliates totaling k€19,947 in 2011 compared to k€25,166 in 2010. This corresponds mainly to the fraction of the net income of Les Cinémas Gaumont Pathé, as detailed above, which amounted to k€19,707 in 2011 compared to k€24,640 in 2010;
- the cost of net financial debt of k€2,734 in 2011, compared to k€2,593 the previous year;

- other financial income and expenses, including the financial interests incorporated in the cost of films calculated on the amounts invested by Gaumont since the first euro to the eve of their release in movie theaters;
- tax income of k€2,660 corresponding to profit on a carry back of losses on previous years in the amount of k€1,806 recorded in September 2011 and deferred tax income of k€913, of which k€789 is attributable to the Group's American operations.

The share of net income attributable to minority shareholders is a loss of k€60, compared to k€81 the previous year.

The Group's share of net income amounts to a profit of k€26,605, compared to k€12,275 in 2010.

Group financial structure and statement of cash flows

Financial structure

As of December 31, 2011, equity totaled k€254,994 compared to k€230,130 at December 31, 2010, for a balance sheet total of k€451,496, compared to k€410,166 the previous year.

The net financial debt of Gaumont at December 31, 2011 is k€96,982 or 38% of equity. It was k€99,077 as of December 31, 2010. Most sales pertained to the release of the movie *Untouchable* on November 2, 2011, were cashed in during the first quarter of 2012.

The film production business requires significant investments. Gaumont has had and will continue to have substantial capital requirements to finance:

- the production costs of feature films, cartoon series and television dramas;
- its involvement in co-productions *via* the payment of co-production contributions and guaranteed minima for distributions;
- the purchase of distribution rights on films not produced by Gaumont and, where applicable, the purchase of film catalogs.

Given its growth policy, Gaumont expects operating cash flows and bank loans to cover said financing requirements (excluding any purchases).

On July 28, 2008, Gaumont entered into a revolving credit line for a maximum of k€125,000, expiring on September 15, 2012. This line includes three financial ratios. As of December 31, 2011, the unused amount of this credit line amounted to k€32,000.

In anticipation of its expiration on September 15, 2012, Gaumont has begun negotiating with its banking partners to renew its credit line. The main characteristics of the new loan agreement are presented in note 6.8 to the consolidated financial statements.

On December 21, 2007, Gaumont entered into a separate redeemable loan agreement of an amount in principal of €25 million to finance the acquisition of Alphanim. Gaumont signed a rider to said agreement on July 28, 2008 in order to bring some of its clauses in line with the terms of the new revolving loan

agreement, particularly those pertaining to financial ratios. The amount outstanding as of December 31, 2011 is k€5,000.

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

Statement of cash flows

Cash flow from operating activities before cost of net financial debt and taxes amounted to k€58,066 as of December 31, 2011, compared to k€63,439 as of December 31, 2010.

Net cash flow related to investment activities amounted to k€41,845 in 2011, compared to k€43,809 in 2010.

In terms of financing activities, 2011 was marked by a dividend payout amounting to k€1,280, an increase in debt of k€274 and interest payment of k€2,384.

As of December 31, 2011 the Group had cash of k€7,029, compared to k€4,457 at the beginning of the year, a positive change of k€2,572.

Investments

Over the last two years, investments were as follows:

<i>(in thousands of euro)</i>	12.31.11	12.31.10
Intangible assets	35,715	39,631
Tangible assets	459	581
Financial assets	200	21
Impact of changes in consolidation scope	364	6,022
INVESTMENTS	36,738	46,255

These figures do not take into account the change in debt on the acquisition of assets.

Investments in 2011 concerned mainly:

- movie production, which represented k€2,933, compared to k€30,878 in 2010;
- and cartoon series and television dramas, which amounted to k€10,625, compared to k€8,601 in 2010, and which include k€7,059 for productions in progress at December 31, 2011.

Most of Gaumont's investments were made in France.

All of these investments were financed by a revolving credit line of a maximum amount of €125 million.

The impact of changes in scope in 2011 correspond to Gaumont's acquisition of the company Galaxy 7, an audiovisual company, in November 2011 for k€193 and to additional payments for investments in the Légende group in 2010.

Pre-sales and coverage rates

Movie production

The French regulatory system requires terrestrial TV channels and Canal+ to contribute to financing French cinema. Thus, Canal+ must "pre-buy" the TV broadcasting rights of films for a total minimum amount equivalent to a percentage of its annual revenues, and the terrestrial channels must participate in the co-production of feature films and pre-buy their broadcasting rights.

Gaumont uses this source of financing, among others, in order to secure its investments in the production or co-production of feature films.

Of the eleven films produced, co-produced or distributed by Gaumont in 2011, three were financed as executive producer or co-producer: *Last Night*, *The Straight Line*, *A Happy Event*; six as co-producer with a fixed contribution: *Jo's Boy*, *The Adventures of Philibert*, *The Conquest*, *Late Bloomers*, *Untouchable*, *A Gang Story*; and two solely as distributor: *The Company Men* and *Limitless*. Television broadcasting rights were pre-sold for two out of the three films financed as executive producer or co-producer.

Over the last two years, pre-sales of TV broadcasting rights for films released in cinemas during the year were as follows:

	2011			2010		
	Number of films	Amount <i>(in thousands of euro)</i>	As a % of the total	Number of films	Amount <i>(in thousands of euro)</i>	As a % of the total
TV channels						
Canal+		3,554	63%		3,737	69%
Historical channels		1,550	28%		850	16%
Digital terrestrial television channels, cable and satellite channels		502	9%		854	16%
TOTAL	2	5,606	100%	3	5,441	100%

Canal+ remains the leading contributor to pre-sales, at 63% of the total amount. Pre-sales to "historical" channels were made mainly to France Télévisions. Digital terrestrial television channels, cable and satellite contributed up to 9% of pre-sales of TV broadcasting rights.

Gaumont decides to produce a film only when the financial coverage forecast is deemed to be satisfactory, based on firm commitments (co-production contributions, pre-sales of rights to TV channels and pre-sales to foreign distributors).

For 2011, the global coverage rate of the three films produced, co-produced as executive producer or co-producer by Gaumont and released in movie theaters throughout the year stood at 73%.

In order to better manage investment volumes and underlying risks, Gaumont gives priority to fixed contribution co-productions. The bulk of the cost of the film and financing such as contributions and pre-sales, are then accounted for in the executive producer's books.

2011 MANAGEMENT REPORT

Activities and results of the Gaumont group

TV production

The Group produced and delivered three programs in 2011: a cartoon series, *Pok & Mok*; a documentary, *Wrecked Lives*; and a drama unit, *I'm scared I'll forget*. The total coverage rate of the three films stood at 99%.

Pre-sales of TV broadcasting rights on audiovisual productions delivered in 2011 break down as follows:

TV channels	2011		
	No. of works	Amount (in K€)	As a % of the total
Canal+		195	6%
Historical channels		2,949	93%
Digital terrestrial television channels, cable and satellite channels		29	1%
TOTAL	3	3,173	100%

Preliminary costs

Preliminary costs are all costs related to a film, cartoon series or television drama draft incurred prior to making the final decision to invest in said project. These may be copyrights, costs relating to re-writing the screenplay, finding a shooting location, documentary research, etc. The Group pays for said costs as soon as they have been incurred and they are in addition to investments.

For 2011, preliminary costs incurred for films amounted to k€3,624 compared to k€1,562 in 2010. Preliminary costs of k€939 were incurred for cartoon series and television dramas.

2012 Outlook

Gaumont is producer, co-producer or distributor of seven feature works scheduled for release in 2012:

- *Someday my Dad will come* by Martin Valente, released on January 4;
- *The Chef* directed by Daniel Cohen, starring Jean Reno and Michaël Youn, released on March 7;
- *The Dandelions* directed by Carine Tardieu, starring Agnès Jaoui and Denis Podalydès;
- *Porn in the Hood* directed by and starring Franck Gastambide;
- *F.B.I. Frog Butthead Investigators* directed by and starring Kad Merad and Olivier Baroux;
- *Camille Rewinds* directed by and starring Noémie Lvovsky;
- *Paulette* directed by Jérôme Enrico, starring Bernadette Lafont and Dominique Lavanant.

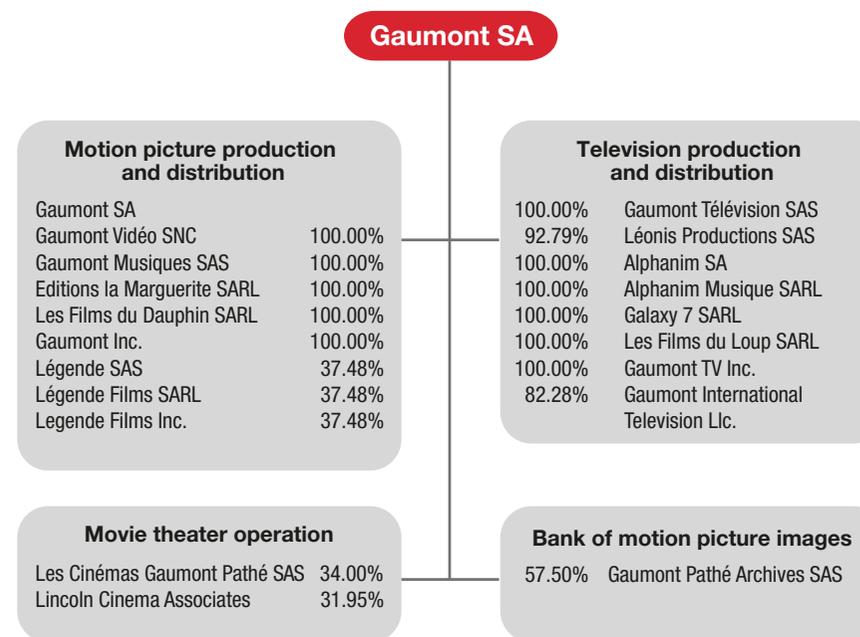
Gaumont Vidéo plans to release new DVD and Blu-ray during the year such as: *A Gang Story*, *Someday my Dad will come*, *The Chef*, *The Dandelions*, etc.; but also some new titles in the collection Gaumont Classiques and Gaumont Découverte.

Gaumont continues to develop its new television program production business:

- in the United States, in 2012, Gaumont will produce its first international series with 13 episodes, *Hemlock Groves*, pre-sold to Netflix. In addition, the 13-episode series *Hannibal* was bought by NBC;
- in France, in 2012, Gaumont will deliver the pilot of the series *Claire's Law*, with Michèle Laroque to M6, and will produce the cartoon series *Caliméro* for TF1, the second season of *Pok & Mok* for France 3 and of *Gawayn* for Canal+ and *Spencer* for Disney.

Change of scope

Organizational chart of Gaumont and its main subsidiaries on December 31, 2011



In July 2011, the company Léonis Productions conducted a capital increase that was entirely subscribed by Gaumont Télévision. Consequently, the Group's interest rate went from 75% to 92.79%.

In November 2011, Gaumont Télévision acquired 100% of the capital of Galaxy 7, an audiovisual production company formerly held by the Unimédia group.

In addition, the Group wound up SCI Forest and Alphanim Digital SAS without liquidation through the transfer of all assets to Gaumont SA and Alphanim SA respectively.

* Risk factors

Investors are requested to pay careful attention to the risk factors set out below, prior to making investment decisions.

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

Risks associated with the audiovisual industry

Risks related to the economic situation

The cinema industry is traditionally not very affected by economic crises. In France, since 2009, attendance in movie theaters as well as production has continued to rise, setting new records every year. In fact, in times of crisis, cinema remains a leisure activity accessible to households and attracting the public is easier when the offering is very diversified.

Risks associated with the motion picture market

Competitive environment and random nature of commercial success in the film world

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

Gaumont's presence in this sector dates back over a century. Through its experience and resources, it has a key position in the French market, where it competes with groups such as EuropaCorp, Pathé, Studio Canal, Studio 37 or UGC.

The Group believes that its expertise places it in a good position to pursue its growth policy.

Nonetheless, the Group cannot guarantee the commercial success of the films it produces, co-produces and distributes. This success depends on the artistic and technical qualities of the film but also on the same qualities of other competing films released at the same time. Moreover, the public may turn to other content forms.

Changes associated with the development of digital technologies

To date, France has over 3,600 digital movie screens, representing 65% of screens nationally, of which nearly two-thirds allow 3-D projection.

The law on financing the digital rollout requiring distributors to participate in the financing of digital equipment of movie theaters, and national and regional assistance has greatly favored this rapid expansion of the number of digital theaters.

The digital revolution is under way in the cinema sector, and the convergence between traditional content and digital technologies is substantially changing how films are produced and distributed, as well as the public's expectations regarding productions.

Gaumont was the first French distributor to propose its films in digital format. Accordingly, all new films distributed by Gaumont are available digitally. In addition, Gaumont is investing in the digitizing of its catalog.

The Group estimates that the risks associated with the emergence of new digital technologies are well understood.

Risk of pirating

The pirating of audiovisual products has increased with the expansion of internet access and the constant improvement of the connection speeds. The digitization of films moreover tends to facilitate the creation, the circulation and the sharing of unauthorized copies.

Piracy of intellectual works is a major concern for Gaumont. Although the effects of illegal downloading have thus far been less destructive for movies than for music, they have a negative impact on the Group's overall revenues.

Gaumont supports the development of the warning and penalty measures provided by the Law of June 12, 2009 creating the High Authority on the distribution and protection of creative works on the internet (HADOPI) and considers that this system promotes distribution and protection of creative works on the internet.

As a preventive measure, Gaumont uses copy marking techniques and has implemented general conditions for the security and traceability of copies with the laboratories, auditoriums and storage companies that it works with.

Moreover, Gaumont uses an encryption system to prevent illegal downloading of its films.

Contracts with video on demand operators and TV channels also systematically include a specific clause under which the third-party company undertakes to comply with Gaumont's video protection systems.

Risks associated with changes in the audiovisual market

For movie production

Television channels represent an important source of financing and outlets for cinematographic works.

The reduction in time slots for films in the program schedule, especially "historical" channels, could further complicate the pre-financing of new films and the sale of broadcasting rights for titles in the catalog.

Nonetheless, the French regulatory system requires French “historical” TV channels and Canal+ to buy and broadcast a minimum proportion of European-produced and French-language content, based on a percentage of their annual revenues.

This favors the pre-sale of rights and the financing of films, but the Group cannot guarantee that this favorable regulatory environment will continue in the future.

Moreover, terrestrial digital TV, cable and satellite channels successfully air an increasing number of works from the Gaumont catalog every year, partially offsetting the erosion in purchases by “historical” terrestrial channels.

For television production

Like the financing of motion picture productions, the financing of television productions (dramas, series and documentaries) essentially relies on television channels.

In France, terrestrial TV channels are legally bound to invest in drama programming. In the case of France Télévisions, the budget allocated to these investments is determined annually by the government. For the other groups, their obligation depends on their revenue. Faced with the increasing competition of digital terrestrial television channels, viewership, and consequently the advertising income from “historical” channels is declining and automatically reducing the budget of these players in the financing of productions. Moreover, the share of American dramas remains predominant in the programming schedules.

At the same time, the digital terrestrial channels that today represent over 20% of the market, and whose viewerships are constantly increasing, only contribute approximately 1% of investment in television productions.

In order to limit the impact of these developments on its revenue, the Group has diversified its offering by offering both French cartoon series, series and dramas and American productions, through Gaumont International Television. The Group, nonetheless, is not able to guarantee that the development of the audiovisual market will not have an impact on its business in the future.

Risks associated with French policies in support of audiovisual production

Support fund

The film industry is governed by complex regulations in France, the implementation of which is overseen by the *Centre national du cinéma et de l'image animée* or the CNC. Significant benefits flow to film and audiovisual companies from this French regulatory system, and to a lesser extent from the European system.

In addition to the obligation on French television channels to purchase a minimum quota of French language programs, the mission of the *Centre national du cinéma et de l'image animée* is to manage the support fund for motion picture and television activities:

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

- the financial support for the production of television works is chiefly financed through the tax on videos and television license tax. Both of these taxes go to support the movie industry and the COSIP (*Compte de soutien à l'industrie des programmes* – a specific fund to support television programs created in 1986 and managed by the CNC). The COSIP generated is redistributed to executive producers according to a range of mechanisms, on the basis of the program's length and genre. They can then reinvest the funds in future productions.

Gaumont cannot guarantee that this favorable regulatory environment, for both the film and television industries, will continue in the future. If French or European regulations in support of the cinema and audiovisuals sectors were to change, it could have a significant impact on the Group's results.

Media timeline

The rapidly developing array of often competing distribution media for audiovisual works represents additional sources of revenue. The proliferation of film broadcast modes has led to the implementation of a system intended to arrange the order in which films are broadcast following their release in movie theaters. Movie theaters, video recording publishers and French television channels are given dedicated operating windows.

Pursuant to the Order of July 9, 2009, enforcing Article 30-7 of the French Code of the Cinematographic Industry, the operating window for films on TV channels is ten months for subscription TV for the first showing, 22 months for terrestrial co-producer channels, and 30 months for non-co-producer channels, while the exploitation window for video and video on demand (VoD) is now four months.

If one of the factors of this timeline were to change, the Company's revenues and results could be affected.

Risks associated with the video media and new media market

Development of the market for physical video distribution market

The DVD market, after years of growth, is now declining.

The growth of the high definition Blu-ray medium and the implementation by retailers of consumer-friendly pricing has not offset the decline in DVD sales.

In order to limit the decline of business associated with these changes, the Group is developing new markets, in particular video on demand.

Development of new medias

The growth of on-line services delivering audiovisual works for home viewing or on the go has repercussions across the entire motion picture distribution and broadcasting chain. While revenue from VoD remains marginal relative to other broadcast modes (movie theaters, physical video and television), it constitutes a promising alternative to offset the erosion of earnings from video media (DVD and Blu-ray).

In Europe, the battle for video on demand has begun and the players are jostling to participate in this new mode of *à la carte* program consumption. Alongside the traditional television channels and cable and satellite operators, new players like telecommunications operators are here and the market is becoming increasingly competitive. The economic weight of a number of on-demand operators such as Orange

and iTunes may generate downward pressure on prices paid by consumers in the medium term, and as a result, reduce the margins of film operating rights holders.

However, Gaumont has written protections against such developments into its contracts in the short term, by including a minimum guaranteed amount per order and, as a result, earns additional revenues from this new distribution channel.

Risks associated with international film distribution

As part of its foreign distribution policy, the Group selects key partners in each country where its films are distributed and which with whom it has a history of cooperation. Gaumont also aims to diversify potential partners, particularly through regular contact with a range of operators internationally, during French or international film markets.

Risks associated with the Group's activities

Risks related to motion picture production

Capacity to finance production volume

The production and promotion of cinematographic works require significant capital, especially as average production budgets have increased significantly in the past ten years.

With a view to controlling its investment and financing capacities, Gaumont is engaged in productions across a range of budgets, alternating big-budget projects with more modest productions, and is also diversifying the type of contributions it makes, as described below:

- Gaumont may be involved as executive producer. As such, Gaumont is the owner of the intangible and tangible rights attached to the film, and makes all decisions as to the content of the work, as well as its artistic and financial aspects. Gaumont decides to produce an audiovisual work only when the financial coverage forecast is deemed to be satisfactory, taking into account the pre-financing obtained. Such pre-financing corresponds to co-production contributions, pre-sales to TV channels or to pre-sales to foreign distributors for films intended for the international market;
- Gaumont may be involved as executive co-producer. As such, Gaumont is generally the owner of at least 50% of the intangible and tangible rights attached to the film, and has a say in important decisions, along with the executive producer, regarding the content of the work, as well as its artistic and financial aspects. In cooperation with the executive producer, Gaumont makes sure that pre-financing is acquired to a satisfactory level prior to starting production;
- Gaumont may be involved as co-producer and may limit its contribution to a fixed amount. As Gaumont's commitment is limited to this contribution, the majority of the film costs and financing, such as contributions and pre-sales, are recognized in the accounts of the executive producer. Nonetheless, Gaumont makes sure that there is sufficient financing before making an investment decision.

- Finally, in exceptional circumstances, Gaumont may acquire the exploitation rights as distributor.

Of the 11 films produced, co-produced or distributed by Gaumont in 2011, three were financed as executive producer or co-producer: *Last Night*, *The Straight Line*, *A Happy Event*; six as co-producer with a fixed contribution: *Jo's Boy*, *The Adventures of Philibert*, *The Conquest*, *Late Bloomers*, *Untouchable*, *A Gang Story*; and two solely as distributor: *The Company Men* and *Limitless*. Television broadcasting rights were pre-sold for two out of the three films financed as executive producer or co-producer.

Gaumont decides to produce a film only when the financial coverage forecast is deemed to be satisfactory, based on firm commitments (co-production contributions, pre-sales of rights to TV channels and pre-sales to foreign distributors). For 2011, the total coverage rate of the three films produced, co-produced as executive producer or co-producer by Gaumont and released in movie theaters throughout the year stood at 73%.

The Group believes that improved management of investment volumes and underlying risks is possible with the diversification of financing methods, especially with the emphasis on fixed contributions over the past few years.

Production delays and production budget overruns

The specific risks of production delays may arise frequently in the sector, inflating production costs and generating increased financial charges related to the need to postpone the release of the film.

According to the various types of possible participation in film financing outlined above, control of the overall risk may be nuanced:

- as executive producer, Gaumont alone bears the risks related to increased production costs and financial charges, and is the sole beneficiary of any savings achieved. To limit the risk of increased costs as a result of production delays, the production budget includes a specific line for unforeseen circumstances, usually set at 10% of production costs. Insurance is taken out to cover accidental risks. Production supervision (budget monitoring, commitment of expenditure, shooting schedule and editing) is contracted to an executive producer by Gaumont. This executive producer may be either a Gaumont employee or an independent producer, and completes the assignment working in close collaboration with the film's director and Gaumont's director of production;
- as executive co-producer, Gaumont assumes the risk related to increased production costs and financial charges, due for example to significant delays in production, beyond unforeseen circumstances, pro rata to its participation. To limit this risk, the practices outlined above in terms of budgeting for unforeseen events, contracting production insurance policies or supervision of production by a producer are also implemented in this instance;
- as co-producer, Gaumont limits its contribution to a fixed amount so that no action can be initiated against it by third parties; however, payment of the costs of such overruns or delays shall not result in any modification whatsoever to the share of tangible and intangible rights and the rights to the proceeds assigned by the producer.

The Group believes that the risk associated with production cost overruns is well understood, regardless of the nature of its contribution to the production of a feature film.

Risks related to television production

From an artistic point of view, Gaumont endeavors to offer television channels select and original dramas or series to meet their needs. It has acknowledged expertise and experience in this sector through its acquisitions, Alphanim (cartoons), Léonis Productions (TV drama) or through in-house developments in Gaumont Télévision.

A financing plan is drawn up ahead of time for each new drama or series placed in production, primarily comprising pre-sales to TV channels, financial support for audiovisual production and the tax credit. The plan covers all costs and includes a margin.

The arrangements in place to control production costs in this sector are similar to those used for motion picture production, with a producer overseeing production working closely with the production manager and the production director.

Risks of fluctuating Group revenue

The Group is essentially concerned with the production and distribution of feature films, a highly volatile and cyclical business, the revenues from which may be irregular and random in nature, depending on the number of films released in movie theaters and their success with the public.

Nonetheless, Gaumont endeavors to cushion the irregularity of its revenue streams related to motion picture production. The exploitation of its substantial catalog of films that have already been depreciated, and the development of new television production activities with more regular revenue are important factors to be taken into consideration. Similarly, recurrent earnings from its 34% interest in one of the main movie theater chains, Les Cinémas Gaumont Pathé, also offset fluctuations in the Group's results.

Risks associated with the Group's growth

True to the pioneering spirit of French cinema in 1895, Gaumont remains first and foremost an independent French company whose activities are concentrated in the motion picture industry and therefore pursues acquisitions in the production and distribution of audiovisual works, cinema or more recently television.

In the motion picture industry, the Group carried out transactions on companies with recognized film catalog holdings, and on independent production companies in pursuit of long-term partnerships, such as the recent investment in the Légende group in 2010.

With a view to securing more regular revenue streams, Gaumont decided to develop television program production activities in France and the United States. The Group thus acquired Alphanim, a producer of films and cartoon series, and Léonis Productions, a producer of television series, both with recognized experience and expertise in their respective sectors.

In 2010, Gaumont partnered with the American company Evolution Media Capital, to create a subsidiary based in Los Angeles that produces series and drama in English.

Gaumont concentrates chiefly on internal growth. If necessary, however, external growth transactions aim to supplement business lines and requires moderate investments.

Risks of dependency with regard to certain customers or providers

Overview of the Gaumont group's main customers

In 2011, the Group's ten main customers accounted for 46.8% of consolidated revenue, and the main customers were movie theater circuits and television channels.

Customers	Consolidated revenue	
	<i>in thousands of euro</i>	<i>as a %</i>
1. Les Cinémas Gaumont Pathé group	15,132	12.7%
2. UGC group	7,547	6.3%
3. France Télévisions group	7,090	5.9%
4. TF1 group	6,931	5.8%
5. Canal+ group	5,296	4.4%
6. CGR group	5,122	4.3%
7. M6 group	2,885	2.4%
8. Fnac	2,865	2.4%
9. Soredic	1,722	1.4%
10. Amazon	1,408	1.2%
TOTAL	55,998	46.9%
Consolidated revenue	119,504	100.0%

Other possible dependency risks

Gaumont is not exposed to a risk of dependency in industrial, commercial or financial terms or in relation to industrial property rights (patents, licenses, etc.) that could have a major effect on the Group's business or profitability.

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

Legal Risks

Risks associated with film exploitation rights

The motion picture industry is exposed to legal risks, primarily including disputes relating to intellectual property rights and sharing proceeds from a work.

The Group declares in all cases, when it acts as executive producer of a film, that it owns the copyright allowing the production and exploitation of the film (the “chain of rights”) and ensures the safe keeping of the material.

On the other hand, when Gaumont is a co-producer or acquires the exploitation rights to a film, it is exposed to the risk of non-validity of the chain of rights. To mitigate this risk, Gaumont ensures the validity of the chain of rights by requiring delivery of contracts prior to the release of films, at the latest, and scrutinizes these contracts closely. In any case, Gaumont has recourse against third parties.

This chain of rights is one of the vital elements enabling the exploitation and quiet enjoyment of the rights. Given the size of Gaumont’s catalog, the Group cannot rule out infringements or parasitic acts by third parties.

On the date of filing of this Registration document, Gaumont is not aware of any break in the chain of rights that could threaten the exploitation of any of the films for which it has acquired the exploitation rights or for which it has a distribution contract.

The Group nor is aware of any break in the chain rights to films for which it was executive producer.

Litigation Risk

In addition to intellectual property risks, the motion picture industry may be exposed to other specific legal risks.

Litigation or legal rulings of any kind, whether in the Group’s favor or not, may generate significant costs and adverse publicity for the Group or the members of its Board.

A provision for risk is set aside as soon as the Group enters into an obligation with a third party, assuming an outflow of resources, and that the indemnity amount can be reliably estimated.

However, Gaumont cannot guarantee:

- that it will win any disputes in the defense of its rights, on account of the uncertainty intrinsic to legal proceedings; and
- that the final outcome of the legal proceedings would not lead to a conviction.

The Company, to the best of its knowledge, is not the subject of any ongoing or threatened governmental, legal or arbitration proceedings that could have a material effect on the Company or the Group’s financial position or profitability.

Financial risks

Market risks

Liquidity risk

On December 21, 2007, to finance the purchase of all shares in the share capital of Alphanim and the incidental costs, Gaumont signed a redeemable loan agreement with the banks Natixis and BNP Paribas for a principal amount of k€25,000 which is repayable in ten half-yearly installments of k€2,500 from June 21, 2008 and up to December 21, 2012. As of December 31, 2011 the balance of the debt is k€5,000.

On July 28, 2008 Gaumont took out a revolving loan agreement with a banking pool comprised of BNP Paribas, Natixis, West LB and Neuffize OBC, for a maximum amount of k€125,000, expiring on September 15, 2012. It is earmarked to finance its general requirements and those of its subsidiaries for their audiovisual operation and production business. As of December 31, 2011, k€93,000 has been drawn down, representing a 74.40% usage rate.

Simultaneously, Gaumont signed a rider to the redeemable loan agreement for a principal amount of k€25,000 to bring some of the agreement’s clauses into line with the terms of the new revolving loan agreement.

In anticipation of its expiration on September 15, 2012, Gaumont has begun negotiations with its banking partners to renew its credit line. The main characteristics of the new loan agreement are presented in note 6.8 to the consolidated financial statements.

The breakdown of the financial liabilities by contractual maturity is presented in note 3.12 to the consolidated financial statements.

The k€125,000 credit line and the k€25,000 loan agreement include financial ratios to be complied with half-yearly, determined based on the Group’s consolidated financial statements and calculated according to the methods specified in the agreements.

The k€125,000 credit line is accompanied by the following financial ratios complied with at 31 December 2011:

	Situation as of 12.31.11
R3: value of the Group's main assets ⁽¹⁾ /net debt > = 2.5	7.59
R4: financial liabilities/equity < or = 1	0.41
R5: value of Les Cinémas Gaumont Pathé/maximum authorized outstanding amount > or = 1.25	3.77

(1) Refers to, based on the consolidated financial statements: the value of Les Cinémas Gaumont Pathé shares held by Gaumont, plus the value of the film catalog, plus the gross value of the Group's real estate assets, plus the purchase price net of depreciation of Alphanim.

The loan agreement of an initial amount of k€25,000 is accompanied by the following financial ratios, complied with as of December 31, 2011:

	Situation as of 12.31.11
R3: value of the Group's main assets ⁽¹⁾ /net debt > = 2.5	7.59
R4: financial liabilities/equity < or = 1	0.41

(1) Refers to, based on the consolidated financial statements: the value of Les Cinémas Gaumont Pathé shares held by Gaumont, plus the value of the film catalog, plus the gross value of the Group's real estate assets, plus the purchase price net of depreciation of Alphanim.

The Company carried out a specific review of its liquidity risk and considers itself able to meet its future scheduled payments.

Interest rate risk

Schedule of financial assets and financial liabilities

	12.31.11	Maturity		
		less than one year	from one to five years	over five years
Fixed-rate financial assets	-	-	-	-
Variable-rate financial assets	7,391	7,391	-	-
Financial assets not exposed	-	-	-	-
Financial assets⁽¹⁾	7,391	7,391	-	-
Fixed-rate financial liabilities	-	-	-	-
Variable-rate financial liabilities	-102,472	-102,472	-	-
Financial liabilities not exposed	-1,901	-1,842	-46	-13
Financial liabilities⁽²⁾	-104,373	-104,314	-46	-13

(1) Cash and cash equivalents.

(2) Financial liabilities.

Interest rate derivatives

	12.31.11	Maturity			Market value
		Less than one year	from one to five years	over five years	
Interest rate swaps	55,000	10,000	45,000	-	-1,092
TOTAL	55,000	10,000	45,000	-	-1,092

Gaumont manages its exposure to interests rate risk using interest rate swap contracts.

As of December 31, 2011, the k€125,000 credit line was 44% hedged through an interest rate swap, based on a floating-for-fixed rate swap for a linear commitment of k€55,000.

Monitoring of interest rate risk and sensitivity

	Total	Fixed rate	Variable rate	Not exposed
Financial assets ⁽¹⁾	7,391	-	7,391	-
Financial liabilities ⁽²⁾	-104,373	-	-102,472	-1,901
Net position before hedging	-96,982	-	-95,081	-1,901
"Hedging"	-	-55,000	55,000	-
Net position after hedging	-96,982	-55,000	-40,081	-1,901
Sensitivity ⁽³⁾	-401	-	-401	-

(1) Cash and cash equivalents.

(2) Financial liabilities.

(3) Full-year impact.

Considering the interest rate hedging portfolio as of December 31, 2011, the net position after hedging is a fixed-rate debt of k€55,000 and a variable-rate debt of k€40,081.

Therefore, a momentary increase of one basis point in the interest rate would have a limited impact of k€-401 on the financial result.

Foreign exchange risk

The Group is exposed to foreign exchange risks on commercial transactions posted on the balance sheet and on likely future transactions.

The Group endeavors to ensure natural hedging between the collection and disbursement flows of foreign currencies, and investigates, on a case by case basis, the need for and feasibility of setting up a foreign exchange hedge to cover this risk (forward purchases or sales, options).

Monitoring and management of foreign exchange risks:

	Total	CAD	BRL	GBP	CHF	USD	MUR	CZK
Assets	10,348	236	3	7	9	10,072	4	17
Liabilities	-421	-	-	-17	-	-404	-	-
Off balance sheet	-10,762	-	-	-	-	-10,762	-	-
Net position before hedging	-835	236	3	-10	9	-1,094	4	17
"Hedging"	-	-	-	-	-	-	-	-
Net position after hedging	-835	236	3	-10	9	-1,094	4	17
Sensitivity	9	-2	-	-	-	11	-	-

Net exposure to foreign currencies countered valued in euros at prices listed at the end of the year totals k€ - 835 after accounting for hedges. Thus the sensitivity of the overall net position in currencies as a result of a uniform change of one euro cent against the basket of all currencies concerned would be an impact of k€9.

In 2011, revenue invoiced in foreign currencies, the breakdown of which is shown below, totaled k€5,775, i.e. 5% of consolidated revenue.

	Total	AUD	CAD	CHF	USD	SEK	GBP	JPY	Miscellaneous
Revenue	5,775	36	201	436	4,832	85	138	26	21

Credit risk

Exposure to the credit risk of non-depreciated current assets is as follows:

	12.31.11	Outstanding amount	Late					over 360 days
			less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	
Short term								
Trade receivables	67,571	48,394	15,279	817	421	831	645	1,184
Other current assets	28,945	28,503	-	39	-	320	50	33
Long term								
Trade receivables	691	691	-	-	-	-	-	-
Other current assets	697	697	-	-	-	-	-	-
TOTAL CURRENT ASSETS	97,904	78,285	15,279	856	421	1,151	695	1,217

Gaumont operates in France and internationally with the main market players and its credit risk is very limited in this respect.

Share risk

Gaumont and its subsidiaries are not engaged in speculative stock market operations.

On July 1st, 2010, Gaumont contracted Exane BNP Paribas to manage its securities as part of a liquidity contract in accordance with the AMAFI Code of Conduct, recognized by the Autorité des marchés financiers. The resources made available through this contract correspond to an amount of k€300 paid in July 2010 and increased by k€100 in November 2010. As of December 31, 2011, Gaumont held 6,772 own shares, corresponding to securities traded in the framework of its liquidity contract and representing an investment deducted from owners equity of k€297.

The risk of impairment of own shares related to volatility in the Gaumont share price remains marginal in view of the amounts invested.

Insurance and risk hedges

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

These policies are the following:

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

* Corporate social and environmental responsibility

This chapter was drawn up pursuant to Article L. 225-102-1 of the French Code of Commerce, specified in its implementation of Articles R. 225-104 and R. 225-105.

Employee data

Workforce, hires and layoffs

Permanent employees

As of December 31, 2011 the Group had 173 employees.

The average workforce in 2011 totaled 172 full-time equivalent workers. The breakdown in the Group's workforce is as follows:

Business segment	12.31.11			12.31.10			12.31.09		
	Executives	Supervisors	Employees	Executives	Supervisors	Employees	Executives	Supervisors	Employees
Gaumont SA	59	34	22	62	28	29	58	30	24
Film production and distribution subsidiaries ⁽¹⁾	12	7	6	15	6	7	15	7	8
Production of cartoon series and films	13	-	7	12	-	8	15	-	8
Production of television dramas and series	7	-	5	5	-	1	1	-	3
TOTAL WORKFORCE BY CATEGORY	91	41	40	94	34	45	89	37	43
France	88	41	37	90	34	45	89	37	43
United States	3	-	3	4	-	-	-	-	-
TOTAL GROUP WORKFORCE	172			173			169		

(1) Gaumont Pathé Archives is included in this scope.

The Group's workforce is stable in spite of the development of new television program production activities in France and the United States, since recruitments are offset by departures in other businesses.

Overall, the permanent workforce is made up 59% women and 41% men. Open-ended contracts (CDI) represent 90% of the total permanent workforce. Within each category of employment, the breakdown is as follows:

Category	open-ended contracts		fixed-term contracts	
	Men	Women	Men	Women
Executives	44	45	1	1
Supervisors	10	31	-	-
Employees	8	17	8	7
TOTAL GROUP WORKFORCE	62	93	9	8
as a % of the whole	36%	54%	5%	5%

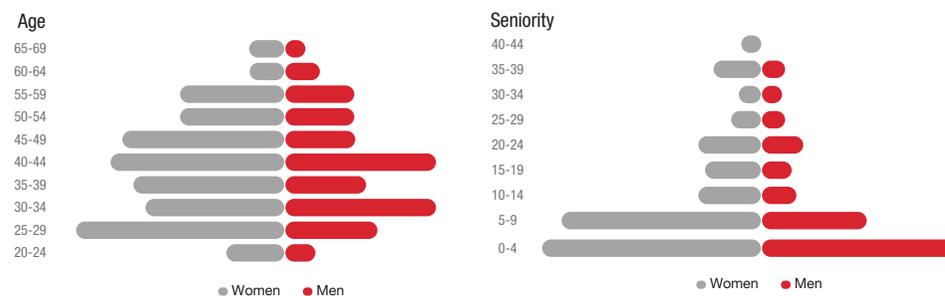
The part-time workforce includes one man and six women. Together they represent 3.38 equivalent full-time workers.

Age and seniority of the workforce

The average age of employees of the French entities of the Gaumont group in 2011 was 40.5 years old for both women and men. This figure should be viewed in relation to the average seniority of these employees, which is 11.5 years for women and 9.2 years for men. The average seniority of all employees of the Group is 10.2 years.

The evolution in these indicators over several years shows a younger workforce, which is due to the retirement or pre-retirement departures of a certain number of senior employees, and also the development of new businesses.

At the end of 2011, the age and seniority pyramids of the Group can be shown as follows:



Contract employment

The Gaumont group regularly uses contract workers in the production of movies and series. Contract workers usually can be classified into three professional categories: technicians, actors, and extras.

The Group's use of contract workers in the last two years is summarized in the table below.

Business segment	2011				2010			
	Number of contract workers by profession			Total full-time equivalents	Number of contract workers by profession			Total full-time equivalents
Technicians	Actors	Extras	Technicians		Actors	Extras		
Motion picture production	904	242	1,534	74	663	269	613	50
Production of cartoon series and movies	71	-	-	38	78	-	-	38
Production of television dramas and series	82	6	-	3	25	-	-	-
TOTAL	1,057	248	1,534	115	766	269	613	88
France	1,024	248	1,534	77	688	269	613	50
United States	-	-	-	-	-	-	-	-

Hires and departures over the year

The changes that affected the Group's permanent workforce in 2011 were as follows:

<i>Entries + / exits -</i>	Executives		Supervisors		Employees		Total	Men	Women
	Permanent contracts	Temporary contracts	Permanent contracts	Temporary contracts	Permanent contracts	Temporary contracts			
New hires	7	3	3	-	3	27	43	16	27
Conversions from temporary contracts to permanent contracts	-	-	-	-	-	-	-	-	-
Resignations	-	-	-	-	-1	-	-1	-	-1
Ends of contract	-	-2	-	-	-	-22	-24	-10	-14
Layoffs for economic reasons	-	-	-	-	-1	-	-1	-	-1
Layoffs for other reasons	-	-	-	-	-	-1	-1	-1	-
Contracts terminated by mutual agreement	-7	-	-1	-	-1	-	-9	-5	-4
Retirement	-	-	-	-	-1	-	-1	-1	-
Other	-2	-	-1	-	-	-	-3	-2	-1
TOTAL	-2	1	1	-	-1	4	3	-3	6
<i>Men</i>	-3	1	-	-	-	-1	-3		
<i>Women</i>	1	-	1	-	-1	5	6		

Hiring of interns

The Group is keen to be actively involved in training and integrating young people. The Group's companies therefore regularly receive school or university interns for internships that can last from one week to six months.

In 2011, the Group welcomed 66 interns, broken down as follows:

	Men	Women	Total number of interns	duration of internships
Initial training – high school level	10	14	24	from one week to one month
Initial training – college level	18	24	42	from two to six months
senior year internships	4	5	9	from four to six months
gap year	-	-	-	
Insertion/Reconversion/Reclassification	-	-	-	
Other	-	-	-	
TOTAL	28	38	66	

In total, interns represented approximately 4,300 days of work, or the equivalent of 16.7 full-time workers.

Employment and integration of disabled workers

The Group's companies wish to participate in integrating disabled workers and take steps to comply with the employment quotas imposed by public authorities. Nonetheless, in 2011, handicapped workers represented only 1% of the Group's average workforce.

In 2011, the largest employer in the Group, Gaumont SA, thus made a compensatory contribution of k€17 to the Association for the management of funds for professional insertion of handicapped persons (AGEFIPH) for failure to meet the 6% ratio.

In order to increase its commitment for the insertion of disabled workers, the Group now plans to use the services of establishments and services for assistance through employment (STA) as part of sub-contracting contracts.

Organization of working time and absenteeism

Organization of working time

In France

Most Group companies are part of an economic and social union (UES).

Within the UES, an agreement on the organization of work time concluded in March 2010 organizes the working time of employees according to their degree of independence.

"Independent" employees have true autonomy in the organization and their use of time, the nature of their duties does not require them to follow a collective schedule in a department and the duration of working time cannot be predetermined. These workers have an annual contract in days and they must sign a rider to their employment contract. The annual fixed number of days worked, subject to the acquisition of full rights to annual time off, is 218 days per year.

Other employees have their working time spread out over the year. They follow a collective schedule and work 36.80 hours, or 36 hours and 48 minutes, per week. In compensation for the hours worked over 35 weekly hours, they receive time-off days whose number varies depending on the contingencies of the calendar. These employees earned ten days of time off in 2011.

In addition, within the UES, the employees also have an extra day off for the Ascension holiday, Pentecost is also a day off, and every year five days off are organized around the legal holidays to allow employees to have long weekends.

In the United States

Gaumont has not signed any special agreement on the organization of working time for American employees. Employment contracts are governed by laws in the relevant states.

Absenteeism

The Group has a generally low level of absenteeism among its employees. The number of days of absence recorded in the previous two years is presented below.

in number of days	Total		Men		Women	
	2011	2010	2011	2010	2011	2010
Sick leave	693	618	118	126	575	492
Maternity/paternity leave	251	488	9	-	242	488
Occupational accident	31	43	31	16	-	27
Travel accident	-	-	-	-	-	-
Unpaid absences	234	243	79	11	155	232
Unplanned leave	26	14	7	8	19	6
TOTAL	1,235	1,406	244	161	991	1,245
Rate of absenteeism	2.79%	3.16%	1.34%	0.88%	3.82%	4.75%

Compensation policy and gender equality

Compensation and employee savings plan

Overall gross compensation

The overall amount of gross salaries paid in 2011 by Gaumont and its fully consolidated subsidiaries amounted to k€10,792, compared to k€9,955 in 2010, representing an average annual salary of k€63 in 2011, compared to k€58 in 2010.

The increase in average salary is linked, on the one hand, to the hiring of employees in the United States, where incomes are generally higher and, on the other hand, to the general allocation of a one-off bonus of k€2 in December 2011, following the box office success of *Untouchable*. Adjusted for these two non-recurring items, the average salary of French employees would be k€59 in 2011.

Incentive bonuses and Company Savings Plan

Employees in the UES benefit from an incentive bonus agreement representing 3% of consolidated net earnings before tax, minus the statutory employee profit sharing. The amounts are broken down among employees, for 50% uniformly and 50% in proportion with salaries.

The payment is made once per year in the calendar month following Gaumont's General Meeting of shareholders approval of the annual financial statements and no later than on the last day of the seventh month after the year end.

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

In 2011, overall incentive bonuses paid totaled k€385, representing an average of k€2 per employee. The employer contribution on amounts saved totaled k€55. The incentive bonus amount due in respect of 2011 earnings and provisioned in the accounts as of December 31, 2011 totaled k€655.

The employees of Gaumont Pathé Archives have a separate Company Savings Plan. It is funded by voluntary payments made by member employees within the maximum limit of 25% of their gross annual salary and a minimum of €160. At the beginning of each year, the member undertakes to make a monthly payment to the Company Savings Plan. Payments are made by monthly automatic deduction from salaries.

Apart from the voluntary monthly payments, each member may make at least two exceptional payments per year on the dates of his or her choice. Gaumont Pathé Archives makes an additional employer contribution to the voluntary payments of employees, which is capped at €1,829.39. In 2011, 14 employees signed up for this. The payments under the savings plan amounted to k€16 and the total of the employer contributions paid by the Company amounted to k€24.

Employee profit sharing

The employees in the UES also receive, in accordance with the law, a profit-sharing benefit calculated in accordance with legislation currently in effect. In 2011, the Group made an overall payment of k€266 and k€94 was accounted for as the provision for the period.

Allocation of stock options

Since 1987, Gaumont has set up eight stock option plans for a certain number of its employees, in particular for its executives. No new plan has been set up since 2008.

Details on the stock option plans that are still in effect as of December 31, 2011 are presented on page 102 of this Registration document.

Gender equality

Overall, the Group employs 59% women and 41% men. 46% of the Group's female employees occupy executive positions, compared to 62% of the men.

For an identical average age of 41 in 2011 regardless of the population concerned, it is noted that, on average, women have slightly more seniority than men. The proportion of men and women in the Group is also maintained in the most recent recruitments: workers with less than two years' seniority make up 44% of the men and 56% of the women.

The Directors Committee is composed of six women and ten men.

Professional relations and summary of collective agreements

The companies Gaumont, Gaumont Vidéo, Gaumont Télévision, Prestations et Services and Arkéion Films, organized in an Economic and social union (UES) as well as, individually Gaumont Pathé Archives and Alphanim, all have employee representative bodies with which the Group maintains a sustained policy of dialog.

The Group's trade union membership, for regular members seated on employee representative bodies, is as follows:

	2011	2010
CFDT	1	1
FO	1	1
CFTC	1	1
Unaffiliated	5	6

In 2011, 15 meetings were held with the different works councils or employee representatives, all entities combined.

A new collective agreement was signed in 2011 relating to the mandatory annual negotiations. In addition, three riders were signed in relation to previously existing agreements.

The agreement on annual required negotiations signed in December 2011 enacted a collective salary increase of 2% for employees whose gross yearly compensation was below k€90.

The riders signed in 2011 pertained to the composition of the UES and the regulatory updating of profit-sharing and incentive agreements.

Health and safety

Employee health and safety conditions are a constant focus for the Group. Within the UES, these subjects are addressed by the Health and Safety Committee during quarterly Meetings.

Permanent measures for improving the working environment and working conditions have been implemented. In 2011, the following steps were undertaken: measuring light in windowless offices, measuring air quality, and providing locker rooms for cleaning staff with showers and individual lockers.

In addition, regular sessions for training and skills maintenance relating to safety in the workplace are organized in the Group. In 2011, twenty-six people have benefitted from training or retraining in occupational first aid response.

The number of occupational accidents recorded in the Group is generally very low. In 2011, one work-related accident was recorded. This necessitated a 31-day absence from work.

Training

The Group offers employees continuous assistance in professional training to maintain or improve skills. Training wants and needs are reviewed at least once per year, during annual reviews.

The training hours followed as part of the Group's training plan total 1,667 in 2011, compared to 1,152 in 2010. These training courses cover all Group's businesses and are available to all categories of employees.

Among the training courses, 1,047 hours were taken by 50 employees as part of their individual right to training.

The most frequently taken training courses are those related to languages, computing, and finance.

Employee benefit schemes

The UES and Alphanim both have a Works Council that offers various social and cultural action services to the Group's employees, including, for example, participation in costs for sports or cultural activities, preferential rates on seats in movie theaters and for purchasing DVD films or even trips at special rates negotiated with travel agencies. The Works Councils also organize weekends and travel in France or abroad, including financial assistance.

In 2011, the total budget allocated to social and cultural activities amounted to k€155.

Gaumont also offers its employees the choice of restaurant tickets or an inter-company restaurant. In 2011, these two services represented an overall cost of k€113.

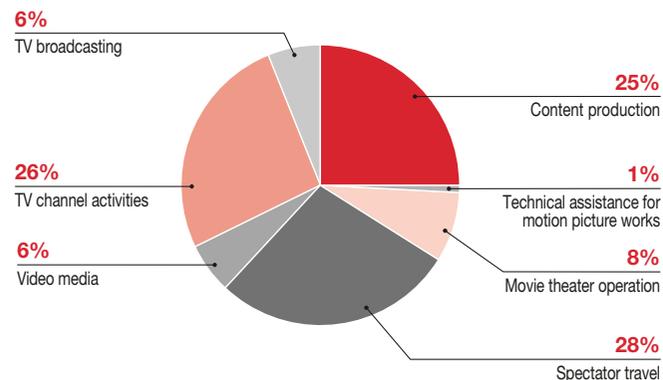
Environmental data

Impact of the business on the environment

The environmental impact of the audiovisual and motion picture sector is generally considered as marginal compared to other activity sectors. The industry however would like to take action and participate in the collective effort.

In 2011, a first study to evaluate the industry's carbon footprint of the sector was conducted by the company Carbone 4, mandated by the Ecoprod collective. The study shows that overall, the industry produces approximately 1 million metric tons of carbon dioxide equivalents per year. One quarter of these emissions come directly from the production of works, 44% come directly from their exploitation in movie theaters, their distribution on television channels and their video distribution and 25% of emissions are indirectly generated by the sector to the extent that they result from the travel of spectators to movie theaters.

The image below shows the detailed breakdown by business.



25 percent of emissions from content production breaks down into television production and movie production, at 16% and 9% respectively.

In the audiovisual sector, the Gaumont group acts directly as producer for cinema and television and as video distributor and, through its equity-accounted subsidiaries, as movie theater operator. Nonetheless, the Group indirectly contributes to other industry players' CO₂ emissions each time these players involved in the sector, distribute Gaumont works to the public.

Production of works

Gaumont and its subsidiaries, main business, producing works of drama, television, cartoon programs, series and feature films is the primary source of the Group's greenhouse gas emissions.

Gaumont produces most of its movies and series in France, thus limiting the environmental impact linked to transportation or equipment and shooting teams.

The manufacturing and maintenance of motion picture media

Support for movies only constitutes 1% of the industry's CO₂ emissions of the sector, or 10,000 metric tons of CO₂ equivalents, which is a very small contribution.

In addition, the increasing digitization of copies and the increasingly systematic use of digitized media tends to reduce this contribution.

Gaumont was the first French distributor to offer its movies in digital format and heavily invest in digitizing its catalog.

The manufacturing of DVDs and Blu-rays

The manufacturing of DVDs and Blu-rays represents 6% of the industry's emissions of the sector, or approximately 60,000 metric tons annually.

Gaumont produces approximately 2 million DVDs and Blu-rays annually. The manufacturing, storage and management of media at end-of-life are entirely subcontracted to specialized companies.

Consumption of natural resources, raw materials and energy

In addition to the consumption of energy used in production, the environmental impact of which is described above, Gaumont's consumption of natural resources is limited to its internal operating needs.

In order to optimize its energy consumption, the Group began work in early 2012 to replace the air conditioning system of its head office in Neuilly-sur-Seine.

Environmental objectives assigned to the subsidiaries

Gaumont does not assign any specific environmental objectives to its subsidiaries. However, given that the Group's operating management is centralized, Gaumont SA's decisions also apply to its subsidiaries.

Other environmental information

Internal organization of the Company relating to environmental risk

The Company's business activities do not involve any significant environmental risk.

Measures to prevent damage to the balance of nature and to natural environments and protected species

The Group's business activities do not damage the balance of nature, natural environments or protected species other than through their carbon footprint.

Measures for environmental certification

To date, the Group has not undertaken any measures to obtain environmental certification.

Measures to bring about environmental compliance

The Group is not subject to any specific environmental standard and has therefore not made any investment toward compliance.

Amount of provisions for environmental risks

No environmental risk has led to the establishment of any financial provision in 2011.

Compensation paid in execution of court decisions

No compensation has been paid in execution of any court decision resulting from any infraction of environmental regulations.

Social data

Territorial impact of business activities on employment and regional development

Gaumont actively participates in the preservation of French cinema.

Throughout its long existence, Gaumont has been a major player in the preservation of the French artistic and cultural patrimony, both through its own activities and through the partnerships that the Group maintains.

The function of the Gaumont Museum, founded in 1989, is to find, collect, preserve, and promote all objects and equipment related to the Company's business from its foundation in 1895.

Gaumont Pathé Archives was set up after the catalogs of Cinémathèque Gaumont and Pathé Archives were combined. This new venture is now the leading French image bank for black and white and color images illustrating the history of the twentieth and 21st centuries.

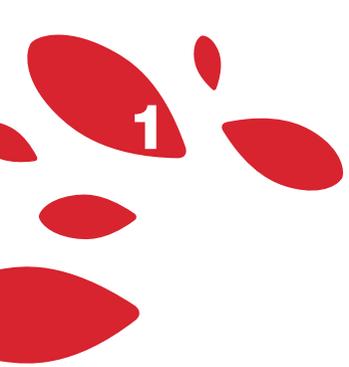
The Gaumont catalog, with more than 900 titles, is one of the richest catalogs in French cinema. In addition to regular broadcasts of movies on television, the Group facilitates access to its catalog through on-going programs for restoration and digitalization of its works, as well as through its Gaumont Découverte offering, which allows access to unreleased works via DVD.

One of Gaumont's most important partnerships is with the Cinémathèque française, in which the Group has always actively participated.

Subcontracting policy

The Group regularly resorts subcontracting, mainly for quality purposes and for specialized operations. The Group regularly uses recognized specialists for producing films, for making copies for movie theaters, for storing and maintaining its works as well as for producing video media and storing and selling videos.

The Group's subcontracting policy is based on long-term partnerships and depends on relationships of trust with the different players.





2

CONSOLIDATED FINANCIAL STATEMENTS

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* Consolidated statement of financial position

<i>Assets (in thousands of euro)</i>	<i>Note</i>	<i>12.31.11</i>	<i>12.31.10</i>	<i>12.31.09</i>
Goodwill	3.1	14,616	15,066	17,106
Films and audiovisual rights	3.2	74,179	79,732	104,428
Other intangible assets	3.3	491	571	708
Property, plant and equipment	3.4	31,454	32,302	33,322
Investments in associates	3.5	220,291	210,182	185,950
Other net financial assets	3.6	600	382	459
Non-current deferred tax assets	4.8	2,221	3,109	3,294
Non-current assets		343,852	341,344	345,267
Inventories	3.7	713	516	162
Trade receivables	3.8	68,262	36,144	33,999
Current tax assets	3.8	1,636	1,588	2,770
Other receivables and current financial assets	3.8	29,642	26,117	23,511
Cash and cash equivalents	3.9	7,391	4,457	9,413
Current assets		107,644	68,822	69,855
TOTAL ASSETS		451,496	410,166	415,122

Liabilities (in thousands of euro)	Note	12.31.11	12.31.10	12.31.09
Capital		34,180	34,180	34,172
Retained earnings and comprehensive income		218,021	193,234	182,407
Equity attributable to the shareholders of the parent company		252,201	227,414	216,579
Non-controlling interests		2,793	2,716	2,635
Equity	3.10	254,994	230,130	219,214
Non-current provisions	3.11	2,063	1,938	2,046
Non-current deferred tax liabilities	4.8	547	2,773	3,112
Non-current financial liabilities	3.12	59	5,138	9,862
Other non-current liabilities	3.13	1,436	1,631	1,562
Non-current liabilities		4,105	11,480	16,582
Current provisions	3.11	1,913	2,253	2,363
Current financial liabilities	3.12	104,314	98,396	100,427
Trade payables	3.13	12,204	21,492	16,992
Current tax liabilities	3.13	78	67	-
Other payables	3.13	73,888	46,348	59,544
Current liabilities		192,397	168,556	179,326
TOTAL EQUITY AND LIABILITIES		451,496	410,166	415,122

 Consolidated income statement

<i>(in thousands of euro)</i>	Note	2011	2010	2009
Revenue	4.1	119,504	101,951	93,666
Purchases		-2,111	-2,589	-2,883
Payroll	4.2	-27,461	-21,814	-22,014
Other current operating income and expenses	4.3	-50,760	-22,919	-16,128
Impairment, depreciation, amortization and provisions	4.4	-33,828	-63,871	-58,566
Current operating net income (loss)		5,344	-9,242	-5,925
Other non-current operating income and expenses	4.5	656	-2,204	968
Operating income		6,000	-11,446	-4,957
Income from cash and cash equivalents		54	21	42
Gross borrowing costs		-2,788	-2,614	-3,479
Net borrowing costs		-2,734	-2,593	-3,437
Other financial income and expenses	4.6	792	1,293	1,325
Share of net income of associates	4.7	19,947	25,166	17,475
Net income before tax		24,005	12,420	10,406
Income tax	4.8	2,661	-64	411
NET INCOME		26,666	12,356	10,817
Share attributable to non-controlling interests		60	81	-62
Share attributable to the shareholders of the parent company		26,606	12,275	10,879
Earnings per share attributable to the shareholders of the parent company				
• Average number of shares in circulation	4.9	4,272,530	4,272,060	4,271,516
• <i>In euro per share</i>		6.23	2.87	2.55
Diluted earnings per share attributable to the shareholders of the parent company				
• Average potential number of shares	4.9	4,272,530	4,273,476	4,271,516
• <i>In euro per share</i>		6.23	2.87	2.55

* Consolidated statement of comprehensive income

<i>(in thousands of euro)</i>	Note	2011	2010	2009
Net income		26,666	12,356	10,817
Currency translation adjustments of foreign operations		205	143	-84
Share in currency adjustments of foreign operations of associates		-32	-	-
Change in the fair value of available for sale financial assets		-	-	-
Change in the fair value of hedging instruments	3.14	-1,092	-	-
Income tax on gains and losses recognized directly in equity	4.8	373	-	-
Other elements of comprehensive income that could be reclassified later in net income		-546	143	-84
Change in the asset revaluation surplus		-	-	-
Actuarial gains and losses on defined benefit plans	3.11	-	-	-
Income tax on gains and losses recognized directly in equity	4.8	-	-	-
Other elements of comprehensive income that cannot be reclassified in net income		-	-	-
Total of other elements of comprehensive income after taxes		-546	143	-84
COMPREHENSIVE INCOME FOR THE YEAR		26,120	12,499	10,733
Share attributable to non-controlling interests		60	81	-62
Share attributable to the shareholders of the parent company		26,060	12,418	10,795

* Consolidated statement of changes in equity

Changes in equity <i>(in thousands of euro)</i>	Attributable to the shareholders of the parent company							Attributable to minority interests	Total equity
	Number of shares	Capital	Additional paid-in capital ⁽¹⁾	Treasury shares	Retained earnings	Other comprehensive income	Total		
AT DECEMBER 31, 2009	4,271,516	34,172	27,731	-	130,822	23,854	216,579	2,635	219,214
Net income for the year	-	-	-	-	12,275	-	12,275	81	12,356
Other comprehensive income	-	-	-	-	-	143	143	-	143
Comprehensive income for the year	-	-	-	-	12,275	143	12,418	81	12,499
Capital transactions ⁽²⁾	1,014	8	40	-	-	-	48	-	48
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-1,281	-	-1,281	-	-1,281
Elimination of treasury shares	-	-	-	-343	-7	-	-350	-	-350
Other	-	-	-	-	-	-	-	-	-
Transactions with shareholders	1,014	8	40	-343	-1,288	-	-1,583	-	-1,583
AT DECEMBER 31, 2010	4,272,530	34,180	27,771	-343	141,809	23,997	227,414	2,716	230,130
Net income for the year	-	-	-	-	26,606	-	26,606	60	26,666
Other comprehensive income	-	-	-	-	-	-546	-546	-	-546
Comprehensive income for the year	-	-	-	-	26,606	-546	26,060	60	26,120
Capital transactions	-	-	-	-	39	-	39	-	39
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-1,280	-	-1,280	-	-1,280
Elimination of treasury shares	-	-	-	46	-59	-	-13	-	-13
Other	-	-	-	-	-19	-	-19	17	-2
Transactions with shareholders	-	-	-	46	-1,319	-	-1,273	17	-1,256
AT DECEMBER 31, 2011	4,272,530	34,180	27,771	-297	167,096	23,451	252,201	2,793	254,994

(1) Issue premiums, contribution premiums, merger premiums, legal reserves.

(2) Exercise of stock options.

* Consolidated statement of cash flows

(in thousands of euro)	Note	2011	2010	2009
Operating activities				
Consolidated net income (including non-controlling interests)		26,666	12,356	10,817
Net allowances for depreciation, amortization and provisions	5.1	42,356	64,403	57,945
Impairment of goodwill	3.1	300	2,000	294
Gain on a bargain purchase	1.2	-973	-	-
Unrealized gains and losses related to changes in fair value	3.14	-254	-562	-277
Expenses and income related to stock options and similar		-	-	-546
Other calculated income and expenses		13	20	1
Gains (losses) on disposal of assets		-1	193	-965
Share of income of associates	4.7	-19,947	-25,166	-17,475
Dividends received from associates	5.2	9,833	7,538	2,185
Cash flow from operating activities after tax and net borrowing costs		57,993	60,782	51,979
Net borrowing costs		2,734	2,593	3,437
Tax expenses (including deferred tax)	4.8	-2,661	64	-411
Cash flow from operating activities before tax and net borrowing costs		58,066	63,439	55,005
Tax paid		1,535	3	-198
Change in working capital requirement related to the business	5.3	-12,057	-13,836	5,516
(A) Net cash flow from operating activities		47,544	49,606	60,323
Investment activities				
Proceeds from sales of fixed assets		52	1,397	1,290
Acquisition of fixed assets	5.4	-36,374	-40,233	-53,002
Change in liabilities on fixed assets	5.5	-5,159	1,049	1,766
Net impact of changes in scope, net of cash acquired	5.6	-364	-6,022	-747
(B) Net cash flow from investment activities		-41,845	-43,809	-50,693
Financing activities				
Gaumont SA capital increase	3.10	-	48	-
Dividends paid to Gaumont SA shareholders	3.10	-1,280	-1,281	-1,281
Dividends paid to non-controlling interests in consolidated companies		-	-	-172
Change in treasury shares		-13	-350	-
Change in borrowings	3.12	274	-6,705	2,765
Interest paid		-2,384	-2,286	-3,141
(C) Net cash flow from financing operations		-3,403	-10,574	-1,829
(D) Impact of changes in foreign exchange rates		276	198	-71
NET CHANGE IN CASH & CASH EQUIVALENTS: (A) + (B) + (C) + (D)		2,572	-4,579	7,730
Cash and cash equivalents at beginning of period		4,457	9,413	5,819
Bank overdraft at beginning of period		-	-377	-4,513
Cash position at beginning of period		4,457	9,036	1,306
Cash and cash equivalents at end of period	3.9	7,391	4,457	9,413
Bank overdraft at end of period	3.12	-362	-	-377
Cash position at end of period		7,029	4,457	9,036
NET CHANGE IN CASH & CASH EQUIVALENTS		2,572	-4,579	7,730

* Notes to the consolidated financial statements

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1. The Gaumont group

1.1. Group's businesses

The Gaumont group has been in the motion picture production and distribution business since 1895. The Group also produces television programs: cartoon films and series are produced by Alphanim; television dramas and series are produced by Léonis Productions, Gaumont Television and Gaumont International Television.

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

1.2. Scope of consolidation

Change in scope of consolidation

Acquisition of Galaxy 7

On November 25, 2011, as part of the Group's development of television production activities, Gaumont Télévision acquired 100% of the capital of Galaxy 7, an audiovisual company formerly held by the Unimédia group, for a total amount of k€193.

Taking into consideration the fair value of the assets and liabilities of Galaxy 7 on the date of acquisition, the transaction was a bargain for the Group, represented by the recognition of a non-current operating profit of k€973 in the consolidated financial statements.

At December 31, 2011, the preliminary allocation of the acquisition price was the following:

<i>(in thousands of euro)</i>	Book value	Fair value adjustment	Fair value
Television dramas and series	368	-362	6
Cartoon films and series	376	-246	130
Support fund for audiovisual production - receivable	-190	1,545	1,355
Provisions for risks and expenses	-130	47	-83
Operating receivables	92	-	92
Operating liabilities	-167	-	-167
Other miscellaneous assets and liabilities	-141	-10	-151
Cash	-16	-	-16
Net assets of Galaxy 7 at November 25, 2011	192	974	1,166
Acquisition price⁽¹⁾			193
PROFIT ON BARGAIN PURCHASES			973

(1) Acquisition expenses recognized in income amount to k€53

In accordance with revised IFRS 3, Galaxy 7 is consolidated in the Gaumont group from November 25, 2011.

Since the date of acquisition, Galaxy 7 had operating income of k€12 and contributed this same amount to consolidated net income.

Investment in the Légende group

On December 16, 2010, Gaumont acquired a non-controlling interest of 37.48% of the capital of Légende SAS, a company involved in the production and distribution of feature films and television series, in the amount of k€6,372, of which k€5,997 was payable on acquisition, with k€375 payable as earn-out by 2014 at the latest.

Gaumont exerts significant influence in this company, which is consolidated using the equity method from December 16, 2010. As the inclusion of the company in the scope of consolidation occurred close to December 31, no proportionate share of the income was taken into account by the Group for 2010.

At December 31, 2010, total transaction costs were estimated at k€6,572 including k€200 in share purchase costs.

The preliminary allocation of the purchase price at December 31, 2010 was as follows, in thousands of euro:

Cost of acquisition (A)	6,572
Net position after fair value adjustments	8,671
Interest acquired	37.48%
Net assets acquired after fair value adjustments (B)	3,252
GOODWILL (G=A-B)	3,320

At December 16, 2011, the final allocation of the acquisition price was the following:

Cost of acquisition (A)	6,552
Net position after fair value adjustments	8,723
Interest acquired	37.48%
Net assets acquired after fair value adjustments (B)	3,269
GOODWILL (G=A-B)	3,283

The equity value was measured at k€7,157 after the Group was brought into compliance with the accounting principles and methods set out in note 2 to the annual consolidated financial statements.

The equity value was at k€8,723 after revaluation at fair value of acquired asset and liability items.

Internal restructuring with no impact on the consolidated financial statements

As part of rationalization of the Group's legal structures, the following transactions occurred in 2011:

- on November 3, SCI Forest was wound up without liquidation by universal transfer of capital to Gaumont SA, which then became owner of the Group's head office, located at 30 avenue Charles de Gaulle in Neuilly-sur-Seine;
- on December 26, Alphanim Digital SAS was dissolved without liquidation by universal transfer of capital to Alphanim SA.

In addition, on November 29, 2011, Gaumont SA, as sole associate, decided to wind up Arkéion Films SAS without liquidation by universal transfer of capital. This transaction took place on January 5, 2012.

Main consolidated companies

Company and legal form	Registered office	Siren	% interest	% control	Consolidation method
Parent company:					
Gaumont SA	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	562 018 002	100.00		F.C.
French companies:					
Motion picture production and distribution:					
Les Films du Dauphin SARL	5, rue du Colisée, 75008 Paris	352 072 904	100.00	100.00	F.C.
Arkéion Films SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	382 651 123	100.00	100.00	F.C.
Gaumont Vidéo SNC	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	384 171 567	100.00	100.00	F.C.
Editions la Marguerite SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	602 024 150	100.00	100.00	F.C.
Gaumont Musiques SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	494 535 255	100.00	100.00	F.C.
Légende SAS	5, rue Lincoln, 75008 Paris	449 912 609	37.48	37.48	E.
Légende Films SARL	5, rue Lincoln, 75008 Paris	491 159 109	37.48	37.48	E.
Production of television dramas and cartoon series:					
Gaumont Télévision SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	340 538 693	100.00	100.00	F.C.
Les Films du Loup SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	322 996 257	100.00	100.00	F.C.
Léonis Productions SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	484 734 371	92.79	92.79	F.C.
Galaxy 7 SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	451 130 363	100.00	100.00	F.C.
Alphanim SA	8, avenue des Minimes, 94300 Vincennes	411 459 811	100.00	100.00	F.C.
Alphanim Musique SARL	8, avenue des Minimes, 94300 Vincennes	411 459 811	100.00	100.00	F.C.
Movie theater operations:					
Les Cinemas Gaumont Pathé SAS	2, rue Lamennais, 75008 Paris	392 962 304	34.00	34.00	E.
Bank of motion picture images:					
Gaumont Pathé Archives SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	444 567 218	57.50	57.50	F.C.
Foreign companies:					
USA:					
Gaumont Inc.	520 West 43 rd Street, New York, NY 10036	USA	100.00	100.00	F.C.
Lincoln Cinema Associates	1886 Broadway, New York, NY 10023	USA	31.95	31.95	E.
Legende Films Inc.	15233 Ventura Blvd Ste 610, Sherman Oaks, CA 91403	USA	37.48	37.48	E.
Gaumont Television Inc	200 West Sunset Boulevard, West Hollywood, CA 90069	USA	100.00	100.00	F.C.
Gaumont International Television Llc	200 West Sunset Boulevard, West Hollywood, CA 90069	USA	89.93	82.28	F.C.

F.C.: Full Consolidation.

E.: Equity Method

2. Accounting principles and methods

2.1. General principles

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002, Gaumont's consolidated financial statements for the year ended December 31, 2011 were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union and applicable on that date.

The accounting principles used to prepare the consolidated financial statements comply with IFRS and IFRS interpretations as adopted by the European Union at December 31, 2011 and available from the website: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The accounting principles used are consistent with those used to prepare the annual consolidated financial statements for the year ended December 31, 2010, excluding the IFRS and IFRIC interpretations applicable starting January 1, 2011. They result from the application:

- of all standards and interpretations endorsed by the European Union, mandatory as from January 1, 2011;
- options taken and exemptions used upon transition to IFRS:
 - fair value assessment at January 1, 2004 of certain land and buildings,
 - non-restatement of business combinations completed prior to January 1, 2004,
 - recognition in opening equity of all cumulative actuarial gains and losses related to pensions and other employee benefits existing at January 1, 2004,
 - non-restatement of stock options granted by the Group to certain employees or management on or before November 7, 2002,
 - reclassification in the consolidated reserves of translation reserves on January 1, 2004 relating to the conversion into euro of the financial statements of subsidiaries operating in a foreign currency.

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

The Group's consolidated financial statements at December 31, 2011 were approved by the Board of Directors on March 8, 2012. They will be submitted for shareholder approval at the General Meeting of May 3, 2012.

2.2. Effect of IFRS standards and IFRIC interpretations as from January 1, 2011

Standards and interpretations: new standards, amendments and revisions

Standard		Effective date ⁽¹⁾	Impact on the consolidated financial statements of the Gaumont group
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	07.01.10	No impact on the consolidated financial statements
Amendments to IAS 32	Classification of rights issues	02.01.10	No impact on the consolidated financial statements
Revised IAS 24	Related Party Disclosures	01.01.11	No impact on the consolidated financial statements
Amendments to IFRIC 14	Prepayment of a minimum funding requirement	01.01.11	No impact on the consolidated financial statements
Amendments to IFRS 1	Limited exemption from comparative IFRS 7 disclosures for first-time adopters	07.01.10	No impact on the consolidated financial statements

(1) Unless otherwise specified, applicable to years open at the date indicated (EU application date).

Improvement programs

The International Accounting Standards Board (IASB) published, on May 6, 2010, the final set of annual improvements of IAS/IFRS for the years 2008-2010. These improvements were adopted for Europe by Regulation (EC) no. 149/2011 of February 18, 2011. The 2010 annual improvements related to the following standards and interpretations.

Relevant standard	Object of the amendment	Effective date ⁽¹⁾	Impact on the consolidated financial statements of the Gaumont group
IFRS 1	Change in the accounting method for the first year of application of the international standards	01.01.11	No impact on the consolidated financial statements
	Revalued basis used as estimated cost	01.01.11	No impact on the consolidated financial statements
	Use of an estimated cost for activities with regulated rates	01.01.11	No impact on the consolidated financial statements
IFRS 3	Transitional provisions for a counterparty of a business combination occurring prior to the effective date of the version of the standard revised in January 2008	07.01.10	No impact on the consolidated financial statements
	Assessment of non-controlling interests	07.01.10	No impact on the consolidated financial statements
	Non-replacement and voluntary replacement of acquired rights, attributed by the acquired company to a payment founded on shares	07.01.10	No impact on the consolidated financial statements
IFRS 7	Clarification of disclosures	07.01.10 ⁽²⁾	No impact on the consolidated financial statements
IAS 1	Clarifications made to the statement of changes in equity	01.01.11	No impact on the consolidated financial statements
IAS 27	Transitional provisions of amendments made to IAS 21 "Effects of changes in foreign exchange rates", IAS 28 "Investment in associates" and IAS 31 "Investment in joint ventures" following the 2008 revision of IAS 27	07.01.10	No impact on the consolidated financial statements
IAS 34	Transactions and significant events	01.01.11	The interim financial information was revised to more specifically present the significant events and transactions during the year
IFRIC 13	Determination of the fair value of benefits granted as part of customer loyalty programs	01.01.11	No impact on the consolidated financial statements

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

(2) Some paragraphs applied at 01.01.11.

2.3. Texts endorsed by the European Union and not yet compulsory at December 31, 2011

Standard		Effective date ⁽¹⁾	Impact on the consolidated financial statements of the Gaumont group
Amendment to IFRS 7	Disclosures: Transfers of financial assets	07.01.11	The Group has not made any transaction involving transfer of financial assets

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

2.4. Consequences for the Group of standards, amendments and interpretations published by the IASB and not yet endorsed by the European Union at December 31, 2011

Standard		Effective date ⁽¹⁾	Impact on the consolidated financial statements of the Gaumont group
IFRS 9	Financial instruments	01.01.13	On hold – the process of adoption of this standard by the EU has been suspended
Amendments to IFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters	01.07.11	No impact on the consolidated financial statements
Amendments to IAS 12	Deferred tax – recovery of underlying assets	01.01.12	No impact on the consolidated financial statements
Revised IAS 27	Separate financial statements	01.01.13	Not applicable
IAS 28	Investments in associates and joint ventures	01.01.13	No impact on the consolidated financial statements
IFRS 10	Consolidated financial statements	01.01.13	No significant impact on the consolidated financial statements
IFRS 11	Joint agreements	01.01.13	No significant impact on the consolidated financial statements
IFRS 12	Disclosures of interests in other entities	01.01.13	No significant impact on the consolidated financial statements
IFRS 13	Fair value measurement	01.01.13	No significant impact on the consolidated financial statements
Amendments to IAS 19	Defined benefit plans	01.01.13	Change of accounting method for actuarial gains and losses. The financial impacts are currently being valued
Amendments to IAS 1	Presentation of items in other comprehensive income	01.07.12	No significant impact on the consolidated financial statements
Amendments to IAS 32	Offsetting of financial assets and financial liabilities	01.01.14	No impact on the consolidated financial statements
Amendments to IFRS 7	Disclosures: Offsetting financial assets and financial liabilities	01.01.13	No impact on the consolidated financial statements
Amendments to IFRS 9 and IFRS 7	Date of effect of IFRS 9 and disclosures on the transition	01.01.15	On hold – The process of adopting IFRS 9 by the EU has been suspended
IFRIC 20	Stripping costs in the production phase of a surface mine	01.01.13	Not applicable

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

Apart from the amendment of IAS 1 for which the *Autorité des marchés financiers* has recommended early adoption, Gaumont has decided to not use the option proposed by the European Commission for early application of some standards or interpretations not yet endorsed.

2.5. Basis of preparation of consolidated financial statements

The consolidated financial statements have been drawn up on the basis of the historical cost principle except for certain categories of assets and liabilities in accordance with the rules laid down by IFRS. The relevant categories are detailed in the notes below.

2.6. Use of estimates

When preparing the consolidated financial statements, Group Management made estimates and assumptions that could have an impact both on assets and liabilities at the reporting date and on income and expenses. The underlying estimates and assumptions are based on past experience and other factors deemed to be reasonable in view of the circumstances. They thus serve as a basis for determining the accounting value of assets and liabilities that cannot be obtained directly from other sources. The final amounts appearing in Gaumont's future consolidated financial statements may differ from the amounts currently estimated. Said estimates and assumptions are re-examined on an ongoing basis. The main estimates taken into account relate to the valuation of tangible and intangible assets, the amortization of films, the assessment of impairments on trade and other receivables, the recognition of deferred tax assets, and current and non-current provisions. Specifications relating to the estimates are provided in the notes below.

2.7. Consolidation

IAS 27 defines a subsidiary as an entity controlled by the parent company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Revised IAS 27 presents the consolidated financial statements of a Group as those of a single economic entity with two categories of owners: the owners of the parent, on the one hand (Gaumont SA's shareholders), and the holders of non-controlling interests on the other (minority shareholders in the subsidiaries).

A non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent company ("minority interests").

The consolidated financial statements include the financial statements of Gaumont and its subsidiaries, after the elimination of intra-group balances and transactions.

Investment in subsidiaries

Companies that Gaumont directly or indirectly controls are consolidated. The full consolidation method used is that whereby the assets, liabilities, income and expenses are fully consolidated.

The share of net assets and net profit attributable to non-controlling shareholders is shown separately as non-controlling interests on the consolidated statement of financial position and on the consolidated income statement.

Pursuant to the revised IAS 27, changes in the parent's interest share in a subsidiary which do not result in a loss of control only affect equity, because there is no change of control within the economic entity.

Accordingly, from January 1, 2010, when acquiring an additional interest in a consolidated subsidiary, the Group recognizes the difference between the acquisition price and the book value of the minority shareholdings under changes in equity attributable to the shareholders in Gaumont SA.

For disposals that result in loss of control of an entity, the proceeds of the disposal are recognized relative to the entire previous holding. If appropriate, the residual holding retained is measured at fair value on the date of loss of control.

Moreover, from January 1, 2010, the share of income of minority interests is attributed to them even if this results in a deficit balance.

Investments in associates

In accordance with IAS 28, companies in which Gaumont directly or indirectly has a significant influence are accounted for using the equity method. A significant influence is presumed when Gaumont holds more than 20% of the voting rights. The companies in which the Group exercises joint control are also accounted for using the equity method.

Losses by an equity-accounted entity that exceed the value of the Group's interest in said entity are not recognized unless:

- the Group has a contractual obligation to cover said losses; or
- the Group has made payments in the name of the associate.

When the equity-accounted entity returns to profit, the Group only starts to recognize its proportional share of profits when it exceeds its proportional share of unrecognized net losses.

2.8. Foreign currency translation

Financial statements of foreign subsidiaries

Foreign subsidiaries use their local currencies (currency of the economic environment in which the entity operates).

Their statement of financial position is translated into euro at the closing rate and their income statement is translated at the average exchange rate of the year ended. Differences resulting from the translation of the financial statements of said subsidiaries are recognized as "Translation adjustments" in the consolidated equity.

Foreign currency transactions

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

- transactions denominated in foreign currencies are translated into euro at the exchange rate on the date of the transaction;
- monetary items in the statement of financial position are translated at the closing rate at each reporting date and the relevant translation adjustments are recognized in income;

- translation adjustments on a monetary item that is part of a net investment in a foreign operation are recognized in other comprehensive income and reclassified in net income on disposal of the net investment.

2.9. Business combinations

The Group has chosen not to restate business combinations prior to the date of transition (January 1, 2004) in accordance with the option provided for under IFRS 1.

In accordance with IFRS 3, business combinations after January 1, 2004 are recognized according to the acquisition method.

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

A revision to this standard is applicable from January 1, 2010, without retroactive effect. As a result, the Group's acquisitions until December 31, 2009 remain measured according to the standards applicable on the acquisition dates.

Rules applicable to business combinations completed prior to December 31, 2009

The difference between the acquisition cost and the share of assets, liabilities and contingent liabilities measured at their fair value is recognized as goodwill.

Minority interests are measured according to their share in the identifiable net assets of the acquired company.

Subsequent earn outs give rise to recognition of goodwill.

The direct acquisition costs contribute to the total cost of the transaction and are included in goodwill.

In the case of staged acquisitions resulting in taking control of the entity, the proportionate shares of the staged acquisition are measured at the fair value of the elements of net assets, measured on the date of each acquisition. Shares previously held are not revalued.

In the case of a change in the percentage of interest subsequent to taking control, while retaining control of the acquired company, additional goodwill is recognized for the newly acquired share.

Rules applicable to business combinations completed from January 1, 2010

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

Earn outs are included in the acquisition price at fair value on the date of taking control. Subsequent adjustments to this value are recognized in goodwill, if they occur within the 12-month measurement period, or in profit or loss beyond this date.

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

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

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

2.10. Goodwill

The Group finalizes the analysis of the acquisition price allocation during the 12-month period following the acquisition date and at the end of which the allocation of the purchase price is considered final.

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

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

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

In the case of the cinema business and the cartoon films and series business:

- cash flow projections are based on two-year (minimum) business plans;
- cash flow projections beyond that timeframe are extrapolated by applying a "growth rate" of 2% to perpetuity;
- cash flows obtained are discounted using an appropriate rate for the type of business, *i.e.* 7.5%.

For the television dramas business:

- cash flow projections are based on two-year (minimum) business plans;
- cash flow projections beyond that timeframe are extrapolated over seven years without any terminal value, by applying a "growth rate" of 2%;
- cash flows obtained are discounted using an appropriate rate for the type of business, *i.e.* 10.5%.

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

In the case of movie theater operations, the Group applies a method that is in line with industry practice, which consists of determining the fair value less costs to sell using two measurement methods:

- one based on a multiple of revenue;
- the other based on a multiple of standard EBITDA less net debt.

Impairment losses on goodwill are irreversible.

Goodwill relating to investments in which the Group exercises significant influence are presented in the line “Investment in associates”, in application of IAS 28.

2.11. Property, plant, equipment and intangible assets

In accordance with IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets”, items are only recognized as assets if, and only if, it is probable that future economic benefits associated with the items will flow to the entity, and the cost can be measured reliably.

In accordance with IAS 36 “Impairment of assets”, when events or changes to the market environment indicate a risk of impairment losses on intangible assets with definite useful lives and on property, plant and equipment, such assets shall be reviewed in detail to determine whether their net carrying amount has fallen below their recoverable value defined as the higher of the fair value (less costs to sell) and the value in use. The value in use is determined by discounting the future cash flows expected from using the asset and from its sale.

In the event the recoverable amount is less than the net carrying value, an impairment loss is recognized for the difference between these two amounts.

Impairment losses on intangible assets with definite useful lives and on property, plant and equipment may be subsequently reversed where the net recoverable value rises back above the net carrying amount (by at most the amount of the initial impairment loss).

Gains or losses on the disposal of an intangible asset or an item of property, plant and equipment are determined as the difference between the proceeds from the sale and the net carrying value of the asset sold and is recognized under “Non-current operating income (loss)”.

Films and audiovisual rights

Films and audiovisual rights

The gross value of films and audiovisual rights, recognized in the statement of financial position, corresponds to the following items:

- productions of films of which the Group is executive producer, intended to be marketed in France or abroad, by all audiovisual means;
- French or foreign co-production shares;
- acquisition of rights allowing marketing of an audiovisual work;

and includes, as from the end of shooting:

- the amounts invested less contributions by co-producers to the films, when the Group was involved in the production as executive producer;
- the amounts invested as fixed contributions, when the Group was involved in the production as non-executive co-producer;
- the acquisition costs of rights when the Group was not involved in the production of the work.

The capitalized cost of films includes the interest expense incurred during the production period as well as a portion of overheads that are directly attributable to productions.

Amortization is calculated by applying the estimated revenue value method, which takes the net carrying value at January 1 and applies the ratio of net proceeds received for the year to total net proceeds. Total net proceeds include, over a period of ten years of operation from release date, Gaumont’s share of net proceeds received for the year and estimated net proceeds. Management reviews the estimated net proceeds regularly and adjusts them, if needs be, taking into account the operating profits of films, new contracts signed or planned and the audiovisual environment at the reporting date.

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

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

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

Cartoon series and television dramas

The gross amount of series includes the cost of the investment the Company made, less contributions by co-producers of series and dramas.

Series amortization is determined series by series, based on estimates of future proceeds over a seven-year period at most.

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

At the reporting date, the series is tested for impairment, consisting of comparing the net carrying value of the series with the estimates of the Company’s share of net proceeds. If the net carrying value is less than estimated sales, the evaluation is deemed to be satisfactory. If, on the other hand, the net carrying value exceeds the sales estimates, additional amortization or an impairment loss is recognized.

Preliminary costs

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

Productions in progress

Movies

The productions in progress include all direct costs and interest expense incurred to produce the film up to the end of filming as well as a portion of overheads that are directly attributable to productions.

Cartoon series and television dramas

The transfer of items from intangible assets “in progress” to “completed” intangible assets takes effect upon the delivery and “technical” acceptance of all episodes of the series by the broadcaster (television channel).

Other intangible assets

Other intangible assets include:

- purchased software, amortized over a period between one and three years;
- musical rights, amortized over two years: 75% the first year and 25% the next year or following the straight line method over five years in the case of the purchase of catalogs.

Property, plant and equipment

In accordance with IAS 16 “Property, plant and equipment”, the gross value of property, plant and equipment items corresponds to their acquisition cost, apart from certain items bought prior to December 31, 1976 that were revalued during the 1978 fiscal year.

Under IFRS 1, the Group took the option upon transition to IFRS to have land and buildings located in the heart of the Paris business district assessed at fair value. These include:

- Gaumont’s head office in Neuilly-sur-Seine;
- the building at 5 rue du Colisée, 75008 Paris;
- the Gaumont Ambassade cinema on the Avenue des Champs-Élysées in 75008 Paris.

Said revaluations were made based on independent appraisals.

IAS 16 provides in particular for:

- the depreciation of items of property, plant and equipment (PP&E) over their estimated useful life;
- the separate recognition and depreciation of major components of an asset.

The main depreciation periods used are as follows:

Useful life (in years)

Buildings ⁽¹⁾	25 to 40 years
Fittings and fixtures of buildings	5 to 10 years
Operating equipment and other PP&E	4 to 8 years

(1) Buildings that have been assessed at fair value, according to IFRS, are depreciated over 40 years as from the date of the reassessment.

2.12. Investments in associates

The item “Investments in associates” represents the share of net assets (including net income or loss for the year) of companies in which the Group exercises significant influence. Where applicable, this share is remeasured taking into account any valuation adjustments attributable to the assets and liabilities of the companies concerned.

Pursuant to IAS 28, this item also includes any goodwill recognized on the date of acquiring the investment, which is measured using the methods described in note 2.10.

Any impairment losses are recognized under “Share of net income (loss) of associates”.

2.13. Other financial assets

Investments in non-consolidated companies

They represent the Group’s interests in non consolidated companies.

In accordance with IAS 39 “Financial instruments”, equity interests in non consolidated companies are treated as being available for sale and are thus recognized at fair value. For listed securities, this fair value corresponds to the stock market price. If the fair value cannot be reliably determined, the securities are recognized at historical purchase cost. Changes in fair value are recognized directly in equity. If there is an objective indication that a financial asset may be impaired (in particular a significant or permanent decrease in its value), an impairment loss is recognized in income. This loss will be reversed in the income statement only when the securities are sold;

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

Their carrying value in the statement of financial position, measured at amortized cost, includes the outstanding capital and the unamortized share of purchase costs. An impairment loss may be recognized if there is an objective indication of impairment. The impairment representing the difference between the net carrying amount and the recoverable value is recognized in income and is reversible where there is an upswing in the recoverable value.

2.14. Impairment of assets

Under IAS 36 “Impairment of assets”, the carrying amount of goodwill, intangible assets and property, plant and equipment is tested whenever there is an indication of impairment, and reviewed at each reporting date. This test is carried out at least once a year for assets with indefinite useful lives, a category that for the Group is limited to goodwill.

Where there is an indication of impairment, the Group estimates the recoverable value of the asset. Where the carrying amount of an asset exceeds its recoverable value, an impairment loss is recognized to bring the carrying amount down to the recoverable value.

2.15. Inventories

DVD inventories are assessed at the lower of the purchase cost of the inventory and the net recoverable value.

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

2.16. Trade receivables and other receivables

Receivables are recognized at their nominal value, less impairment for non recoverable amounts. Impairment is estimated when it is no longer probable that the full amount of receivables can be recovered. Receivables are written off when they are identified as being irrecoverable.

2.17. Cash and cash equivalents

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

In accordance with IAS 39 “Financial instruments”, said investments in money market instruments are measured at fair value. Changes in fair value are systematically recognized in income (under “Income from cash and cash equivalents”).

2.18. Treasury shares

Pursuant to IAS 32, own equity instruments, including treasury shares, are deducted from equity, based on their purchase cost.

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

2.19. Current provisions

In accordance with IAS 37 “Provisions, contingent liabilities and contingent assets”, a provision for risks and expenses is recognized when the Group has a present obligation as a result of a past event, and when it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation.

2.20. Non-current provisions

Provisions for post employment benefits

Provisions for post employment benefits relate to the Group’s pension commitment to its employees.

This is limited to the pensions and other retirement benefits provided for under the collective agreements of the Group’s companies. In accordance with IAS 19 “Employee Benefits”, it is calculated, by independent actuaries, on the basis of the Projected Unit Credit Method having regard to the following assumptions:

- rights under agreements in relation to the seniority acquired by the various categories of personnel;
- an estimated retirement age of 63 for executives and supervisors and 62 for employees;
- the turnover rate;
- future salary and benefit levels that include a coefficient for applicable employer social security contributions;
- an annual rate of salary increase;

- mortality based on statistical tables;
- discount rate reviewed at each reporting date, based on long-term corporate bonds (“Euro zone AA rated corporate bonds +10 years”).

The annual expense includes the current service cost and actuarial gains and losses recognized in income and is recognized under “Personnel costs”.

The Company’s policy is for all actuarial gains and losses generated over the current period to be systematically recognized in income.

Seniority bonus

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

2.21. Stock option plan

Stock options are granted to certain executives and employees of the Group which, at the time of their exercise, give rise to the issuance of new shares by means of a capital increase. In accordance with the terms of IFRS 2 “Share-based payment”, the fair value of options granted is measured on the date they are granted based on the Black & Scholes model. Said fair value is recognized under “Personnel costs” on the basis of the straight-line method – over the vesting period – directly offset in equity.

In accordance with IFRS 1 “First-time adoption of International Financial Reporting Standards”, only plans granted after November 7, 2002, rights to which have not vested on January 1, 2004 are measured and recognized as “Personnel costs”. Plans prior to November 7, 2002 are not measured and are not recognized.

2.22. Deferred tax

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

Deferred tax assets from tax losses are recognized when it is considered that they are likely to be recovered, based on recent business forecasts.

An impairment loss on deferred tax assets is recognized when it is unlikely that they will be used in the future.

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

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

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

2.23. Derivatives

The Group uses derivatives to manage and reduce its exposure to the risk of changes in interest rates and foreign exchange rates. These instruments include interest rate swap agreements and foreign exchange options.

Derivatives are initially recognized at fair value on the date of inception of the contracts and are subsequently carried at fair value pursuant to IAS 39. The fair value of derivatives is shown on the statement of financial position as “Other receivables” or “Other payables”, depending on whether it results in an unrealized gain or loss.

Non-hedging derivatives

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

Hedging derivatives

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

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

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

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

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

2.24. Measurement of financial liabilities

In accordance with IAS 39, borrowings and other financial liabilities are measured at amortized cost, based on the effective interest rate of the transaction, including transaction costs.

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

For the “puts” issued up to December 31, 2009 the Group recognizes a financial liability along with a reduction in the share attributable to non-controlling interests and, where necessary, in goodwill for the remainder. Subsequent changes in the value of the liability, related to its discount rate, are recognized in financial expenses.

For the “puts” issued from January 1, 2010, pursuant to revised IAS 27, subsequent changes in value are recognized as reclassified amounts in equity without having an impact on net income.

2.25. Soficas

The “producers’ shares” of Soficas guaranteed by Gaumont are recognized at their nominal value in line with IAS 20 under liabilities on the statement of financial position in “Other current liabilities”. The payback of the share of proceeds to which they are entitled is directly allocated to this item.

2.26. Structure of the consolidated statement of financial position

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

The breakdown is as follows:

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

2.27. Operating segments

Segment information as defined by IFRS 8 must be based on internal management reporting, in particular the information made available to the Group’s highest management body. After identifying its operating segments and the corresponding figures made available to executive management, the Group presents segment information which meets the requirements of IFRS 8. The measurement methods for figures by operating segment are in line with the principles and policies used to prepare the consolidated financial statements.

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

- production and distribution of movies, which includes the various stages of marketing of a film: cinema distribution, sale to TV channels and on video both in France and internationally;
- audiovisual production and distribution of films, cartoon series and dramas *via* its subsidiaries Alphanim, Léonis Productions, Gaumont Television and Gaumont International Television LLC, which have different financing methods and production principles;
- operation of movie theaters *via* its interest in Les Cinémas Gaumont Pathé.

2.28. Revenue

Cinema production business

Proceeds from movies are recognized once rights have vested in accordance with the following criteria:

Cinemas France

Film rentals to cinemas are recognized on a weekly basis in accordance with the weekly box office.

Video France

Revenue generated from the use of video rights is recognized based on monthly sales.

At the reporting date, a provision is recognized for estimated returns and discounts granted to customers. Said provision is charged against revenue.

Video on demand France

Revenue from video on demand is recognized on the basis of monthly payments.

Television France

In accordance with IAS 18.14, sales of broadcasting rights to French television channels are recognized once the risks and economic benefits have been transferred. This transfer is deemed to have taken place when the following cumulative conditions have been met:

- signature of contracts;
- acceptance of the broadcasting material;
- vesting of rights.

An exception is made in the case of pre-sales, for which the risks and economic benefits are transferred as from the first release of the work in cinemas, on condition that contracts have been signed and the broadcasting material has been accepted.

International

In accordance with IAS 18.14, proceeds related to the international sale of rights are recognized once the risks and economic benefits have been transferred. This transfer is deemed to have taken place when the following cumulative conditions have been met:

- signature of contracts;
- acceptance of the broadcasting material;
- vesting of rights;
- and, rendering of accounts when the contract provides for the payment of a percentage on proceeds generated by the customer's use of the work.

An exception is made in the case of pre-sales, for which the risks and economic benefits are transferred as from the first release of the work in cinemas, on condition that contracts have been signed and the broadcasting material has been accepted.

Until all the aforementioned recognition criteria have been satisfied, revenue is recognized as prepaid income on the statement of financial position under the "Other payables" item.

Audiovisual production business - cartoon series and dramas

The proceeds from the sale of rights to series and audiovisual dramas are recognized in accordance with the following criteria:

Television France

In accordance with IAS 18.14, sales of broadcasting rights to French television channels are recognized once the risks and economic benefits have been transferred. This transfer is deemed to have taken place when the following cumulative conditions have been met:

- signature of contracts;
- acceptance of the broadcasting material;
- vesting of rights.

An exception is made in the case of pre-sales, for which the risks and economic benefits are transferred as from the delivery and acceptance of the distribution material, regardless of the rights period.

International

In accordance with IAS 18.14, proceeds related to the international sale of rights are recognized once the risks and economic benefits have been transferred. This transfer is deemed to have taken place when the following cumulative conditions have been met:

- signature of contracts;
- acceptance of the broadcasting material;
- vesting of rights;
- and, rendering of accounts when the contract provides for the payment of a percentage on proceeds generated by the customer's use of the work.

An exception is made in the case of pre-sales, for which the risks and economic benefits are transferred as from the delivery and acceptance of the distribution material, regardless of the rights period.

2.29. Financial support for the cinema industry and the audiovisual industry

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

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

2.30. Subsidies

Subsidies received, insofar as they are definitively vested, are recognized in income as from the date of the first release of the relevant films in cinemas, and from the date of delivery and acceptance of series and dramas by television broadcasters for audiovisual works.

2.31. Audiovisual and cinema tax credit

The cinema tax credit granted as from 2004 to encourage production companies to develop and produce their audiovisual and cinema works in France is recognized pro rata to the economic amortization in the consolidated financial statements as current operating income as from the first release of the relevant film in cinemas and from the date of delivery and acceptance of the relevant audiovisual work.

2.32. Operating income

Operating income includes current operating income as well as other non-current operating income or expenses, which include gains (losses) on the disposal of assets and impairment losses on non-current intangible assets (including goodwill) and on property, plant and equipment.

2.33. Net borrowing costs

Net borrowing costs include the interest expense on gross financial liabilities and income from cash and cash equivalents.

2.34. Other financial income and expenses

Other financial income and expenses primarily include the changes in fair value of financial instruments (assets, liabilities and derivatives), foreign exchange gains or losses (other than those related to operating transactions, classified in current operating income), dividends received from non consolidated companies, gains (losses) on the disposal of assets and the impairment of non current financial assets.

2.35. Share of net income of associates

Any impairment loss resulting from impairment tests on goodwill on investments accounted for using the equity method are included in the net income presented on this line.

2.36. Earnings per share

Earnings per share are determined by dividing the parent company's shareholders' share of earnings by the average weighted number of shares issued and outstanding over the reporting period.

Diluted earnings per share are calculated on the basis of the average weighted number of shares in circulation during the period ended, increased by the number of shares generated from the exercise of all dilutive stock options granted at the reporting date. In particular, for stock options, the difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price must be treated as an issue of ordinary shares with a dilutive effect.

When annual earnings are negative, diluted earnings per share are calculated on the basis of the number of shares at the reporting date, considering the accretive nature of the exercise of stock options.

3. Notes to the consolidated statement of financial position

3.1. Goodwill

	12.31.11	Movements of the period			12.31.10	12.31.09
		+	-	Others ⁽¹⁾		
Alphanim	15,794	-	-	-	15,794	15,794
Arkéion Films	241	-	-	-	241	241
Autrement Productions	53	-	-	-	53	53
Les Films du Dauphin	1,815	-	-	-	1,815	1,815
Léonis Productions	631	-	-	-151	782	822
LGM Participations	491	-	-	-	491	491
Gross value	19,025	-	-	-151	19,176	19,216
Les Films du Dauphin	-1,271	-	-	-	-1,271	-1,271
Accumulated amortization	-1,271	-	-	-	-1,271	-1,271
Alphanim	-2,000	-	-	-	-2,000	-
Arkéion Films	-241	-	-	-	-241	-241
Autrement Productions	-53	-	-	-	-53	-53
Les Films du Dauphin	-544	-	-	-	-544	-544
Léonis Productions	-300	-300	-	-	-	-
Accumulated impairment losses	-3,138	-300	-	-	-2,838	-838
CARRYING VALUE	14,616	-300	-	-151	15,067	17,107

(1) Changes in percentage interest.

Goodwill is tested for impairment at each reporting date, in accordance with the provisions of IAS 36 and under the assumptions described in note 2.10.

At December 31, 2011, indications of impairment led to the recognition of an impairment loss on goodwill related to Leonis Productions.

The sensitivity of impairment testing to changes in key assumptions is as follows:

- a 1% increase in the discount rate would cause the recoverable value to drop by k€3,650 and no additional impairment losses;
- a 1% decrease in the growth rate would cause the recoverable value to drop by k€2,850 and no additional impairment losses.

3.2. Films and audiovisual rights

	12.31.11	Movements of the period			12.31.10	12.31.09
		+	-	Others ⁽¹⁾		
Films and cinema rights	1,519,774	24,933	-112	-	1,494,953	1,481,078
Television dramas	17,354	2,123	-6	1,758	13,479	13,393
Cartoon films and series	131,057	1,443	-	5,626	123,988	110,167
Video games	1,525	-	-	-	1,525	1,525
Movies in production	-	-	-	-	-	192
Television dramas in production	227	306	-	-79	-	-
Cartoon films and series in production	7,855	6,753	-	-158	1,260	7,257
Gross value	1,677,792	35,558	-118	7,147	1,635,205	1,613,612
Films and cinema rights	-1,458,125	-36,234	112	77	-1,422,080	-1,389,937
Television dramas	-16,860	-2,239	6	-1,443	-13,184	-13,096
Cartoon films and series	-125,958	-2,591	-	-5,198	-118,169	-104,626
Video games	-1,525	-	-	-	-1,525	-1,525
Accumulated amortization	-1,602,468	-41,064	118	-6,564	-1,554,958	-1,509,184
Films and cinema rights	-134	-134	515	-	-515	-
Television dramas	-202	-	-	-202	-	-
Cartoon films and series	-809	-570	-	-239	-	-
Accumulated impairment losses	-1,145	-704	515	-441	-515	-
CARRYING VALUE	74,179	-6,210	515	142	79,732	104,428

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

As from January 1, 2011, the costs representing the variable portion of co-producers' compensation are recognized directly in income as they do not qualify as investments. Previously these costs were capitalized as part of the cost of the film and immediately amortized. The amounts recorded as assets totalled k€7,859 in 2010 and k€6,037 in 2009.

At December 31, 2011, the increase in the gross value of cinema and audiovisual rights was mainly driven by investments in films and series released during 2011 or those which have finished filming and that will be released during 2012.

Cartoon films and series in production consisted of series to be delivered in 2012 and 2013, notably *Pok & Mok 2*, *Gawayn 2* and *Spencer*.

At December 31, 2011 impairment losses amounting to k€704 were recognized for a film and a cartoon series, the estimated proceeds of which do not cover production costs.

The 2011 reassessment of residual values of films and cinema rights resulted in a k€2,419 decrease in amortization expense for the period.

3.3. Other intangible assets

	12.31.11	Movements of the period			12.31.10	12.31.09
		+	-	Others ⁽¹⁾		
Franchises, patents, licences, brands and software	2,371	156	-34	2	2,247	2,465
Musical productions	2,819	-	-	-	2,819	2,819
Other intangible assets	166	-	-	-6	172	480
Other intangible assets in progress	-	1	-	-	-1	37
Gross value	5,356	157	-34	-4	5,237	5,800
Franchises, patents, licences, brands and software	-1,971	-164	29	4	-1,840	-2,023
Musical productions	-2,798	-65	-	-	-2,733	-2,668
Other intangible assets	-96	-2	-	-	-94	-401
Accumulated amortization and impairment losses	-4,865	-231	29	4	-4,667	-5,092
CARRYING VALUE	491	-74	-5	-	570	708

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

3.4. Property, plant and equipment

	12.31.11	Movements of the period			12.31.10	12.31.09
		+	-	Others ⁽¹⁾		
Land	20,260	-	-	-	20,260	20,260
Buildings and fittings	29,705	173	-11	13	29,530	29,419
Operating equipment	1,742	28	-	17	1,697	1,625
Other PP&E	4,825	239	-439	-17	5,042	5,677
PP&E in progress	19	19	-	-13	13	-
Gross value	56,551	459	-450	-	56,542	56,981
Land	-310	-	-	-	-310	-310
Buildings and fittings	-19,090	-919	11	-	-18,182	-17,282
Operating equipment	-1,584	-75	-	-11	-1,498	-1,421
Other PP&E	-4,113	-313	437	13	-4,250	-4,646
Accumulated depreciation and impairment losses	-25,097	-1,307	448	2	-24,240	-23,659
CARRYING VALUE	31,454	-848	-2	2	32,302	33,322

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

3.5. Investments in associates

Company	% Interest	12.31.11	12.31.10	12.31.09
Les Cinémas Gaumont Pathé	34.00%	213,560	203,101	185,529
Lincoln Cinema Associates (USA)	31.95%	415	509	421
Légende	37.48%	6,316	6,572	-
Gross value		220,291	210,182	185,950
Accumulated impairment losses		-	-	-
CARRYING VALUE		220,291	210,182	185,950

On December 16, 2010, Gaumont acquired a 37.48% equity interest in Légende, a feature film and television series production and distribution company, managed by Alain Goldman.

The monitoring of the recoverable amounts did not show any impairment at December 31, 2011.

Summarized financial information of associates

The table below shows the Group's share in associates' summarized financials.

	Les Cinémas Gaumont Pathé	Lincoln Cinema Associates (USA)	Légende
% Interest	34.00%	31.95%	37.48%
Non-current assets	286,236	421	2,548
Current assets	58,977	16	4,610
Total assets	345,214	437	7,158
Equity	180,097	409	3,033
Non-current liabilities	70,906	-	856
Current liabilities	94,211	29	3,269
Total equity and liabilities	345,214	437	7,158
Revenue	230,983	1,319	4,023
Net income (loss)	19,707	331	-91

Transactions with associates

Only Gaumont SA enters into transactions with associated companies.

	12.31.11	12.31.10	12.31.09
Trade receivables	9,101	1,296	202
Other receivables	406	406	-
Other non-current liabilities	1,061	1,181	1,302
Other payables	173	169	120
Revenue and other current income	13,606	4,096	2,399
Other current expenses	698	-	-

3.6. Other financial assets

	12.31.11	Movements of the period			12.31.10	12.31.09
		+	-	Others ⁽¹⁾		
Investments in non-consolidated entities	3	-	-12	-	15	15
Loans	203	-	-19	-	222	266
Deposits and bonds	355	197	-	1	157	190
Other financial assets	39	3	-14	50	-	-
Gross value	600	200	-45	51	394	471
Investments in non-consolidated entities	-	-	12	-	-12	-12
Accumulated impairment losses	-	-	12	-	-12	-12
CARRYING VALUE	600	200	-33	51	382	459

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

Impairment testing of financial assets revealed no unrealized losses.

Investments in non-consolidated entities

The investments in non-consolidated entities are not material in relation to the Group's assets and liabilities, financial position and results. They relate to companies in which the Group holds less than 10%, that are non-trading or that are being wound up.

3.7. Inventories

	12.31.11	Movements of the period			12.31.10	12.31.09
		+	-			
Gross value	1,239	219	-	1,020	817	
Accumulated impairment losses	-526	-22	-	-504	-655	
CARRYING VALUE	713	197	-	516	162	

3.8. Trade receivables, other receivables, tax assets and other current financial assets

	12.31.11	12.31.10	12.31.09
Trade receivables	68,447	36,237	34,366
Current financial assets	165	440	3,234
Advances and prepayments to suppliers	2,270	590	641
Payroll receivables	58	9	45
Tax receivables	20,367	8,615	7,274
Current tax assets	1,636	1,588	2,770
Current accounts	1	8,913	8,904
Other receivables	7,306	17,165	12,760
Derivatives	222	-	-
Prepaid expenses	1,170	953	1,321
Gross value	101,642	74,510	71,315
Trade receivables	-185	-93	-367
Current accounts	-	-8,913	-8,904
Other receivables	-1,917	-1,657	-1,764
Accumulated impairment losses	-2,102	-10,663	-11,035
CARRYING VALUE	99,540	63,847	60,280
Maturities:			
• less than one year	98,152	72,950	69,773
• from one to five years	1,388	1,560	1,542
• over five years	-	-	-

The significant changes in trade receivables are mainly due to the blockbuster movie *Untouchable*. Receivables related to its commercial distribution in the movie theaters were collected during the first quarter of 2012.

The change in tax receivables represents a transfer from other receivables due to the reclassification of support fund receivables awaiting collection.

Current accounts at December 31, 2010, fully depreciated, consisted of a receivable that became uncollectible in 2011 following the liquidation of a non-consolidated foreign entity.

Breakdown of accumulated impairment losses

	12.31.11	Movements of the period			12.31.10	12.31.09
		+	-	Others ⁽¹⁾		
Trade receivables	-186	-128	36	-1	-93	-367
Current accounts	-	-9	8,494	428	-8,913	-8,904
Other receivables	-1,916		169	-428	-1,657	-1,764
ACCUMULATED IMPAIRMENT LOSSES	-2,102	-137	8,699	-1	-10,663	-11,035

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

3.9. Cash and cash equivalents

	12.31.11	12.31.10	12.31.09
Bank accounts and other cash and cash equivalents	7,391	4,457	9,413
TOTAL	7,391	4,457	9,413

The Group's cash and cash equivalents consist exclusively of bank accounts.

3.10. Equity**Share capital of the parent company**

At December 31, 2011, Gaumont SA's share capital consisted of 4,272,530 shares (including treasury shares) with a par value of €8, fully paid up.

No changes occurred in 2011.

	12.31.11	Movements of the period		12.31.10	12.31.09
		+	-		
Number of shares	4,272,530	-	-	4,272,530	4,271,516
Par value	€8	-	-	€8	€8
CAPITAL (IN EUROS)	34,180,240	-	-	34,180,240	34,172,128

Treasury stock

At December 31, 2011, Gaumont SA held 6,772 of its own shares, purchased under its liquidity contract. They are recognized against equity.

Dividends

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

(in euros)	2011	2010	2009
Dividends paid	1,279,886	1,281,455	1,281,455
Dividends per share	0.30	0.30	0.30

Stock options

Gaumont SA has set up eight stock option plans since December 1987 for some of its employees, in particular, its managing executives, except for the Chairman of the Board of Directors who does not benefit from any plan. All these plans are equity-settled.

No new stock plans were established in 2011.

The combined ordinary and extraordinary General meeting of Gaumont SA on May 3, 2011 approved a dividend of €0.30 per share paid on May 10, 2010, by drawing on the Company's discretionary reserves. In accordance with the legal provisions for the protection of all employees' rights, the offer price and number of shares still to be subscribed were adjusted.

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

Plans	Initial grant		Adjusted grant		Options at end of period			
	Price	Number	Price	Number	Canceled	Subscribed	Outstanding	Exercisable
Plan V (February 96)	€50.31	104,000	€49.07	106,671	38,977	59,588	8,106	8,106
Plan VI (March 98)	€64.03	168,000	€62.45	172,338	82,087	73,826	16,425	16,425
Plan VII (April 02)	€48.00	165,000	€46.82	169,371	106,988	39,733	22,650	22,650
Plan VIII (February 05)	€64.00	196,750	€62.54	201,902	75,166	2,053	124,683	124,683
TOTAL		633,750		650,282	303,218	175,200	171,864	171,864

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

Plan	Grant date	Exercise period		12.31.11	Movements of the period				12.31.10
		start	end		Adjusted	Granted	Canceled	Subscribed	
Plan V	2.15.96	2.15.01	2.14.46	8,106	54	-	-	-	8,052
Plan VI	3.12.98	3.12.03	3.11.48	16,425	125	-	-2,053	-	18,353
Plan VII	4.9.02	4.9.06	4.8.46	22,650	174	-	-1,448	-	23,924
Plan VIII	2.28.05	2.28.09	2.27.49	124,683	871	-	-2,054	-	125,866
TOTAL				171,864	1,224	-	-5,555	-	176,195

Plan	Grant date	Exercise period		12.31.10	Movements of the period				12.31.09
		start	end		Adjusted	Granted	Canceled	Subscribed	
Plan V	2.15.96	2.15.01	2.14.46	8,052	48	-	-	-	8,004
Plan VI	3.12.98	3.12.03	3.11.48	18,353	107	-	-	-	18,246
Plan VII	4.9.02	4.9.06	4.8.46	23,924	147	-	-307	-1,014	25,098
Plan VIII	2.28.05	2.28.09	2.27.49	125,866	755	-	-8,904	-	134,015
TOTAL				176,195	1,057	-	-9,211	-1,014	185,363

For the last three years, the amount recognized as personnel costs corresponding to the fair value of services provided by the employees in consideration for equity instruments received under stock option plans is as follows:

Plan	Grant date	Vesting period	Total fair value	Personnel costs		
				2011	2010	2009
Plan VIII	2.28.05	Four years	3,095	-	-	-546

Maximum personnel costs calculated based on the options' fair value were k€3,095. This expense was spread over the vesting period, *i.e.*, four years, which ended February 28, 2009. It has been adjusted for changes in the probability of achieving performance conditions or the actual departure rate during this period, and finally settled on the basis of the number of shares actually distributed after this period. For the record, the vesting period is complete for all plans. Consequently, no charge is recognized in the income statement in the respect.

The fair value of options has been calculated on the following assumptions:

Option plans	Model used	Reference price	Exercise price	Expected volatility	Average maturity	Risk-free rate	Dividend payout ratio	Unitary fair value
Plan VIII	Black & Scholes	64	63.3	30%	Six years	4%	1%	21.27

Equity attributable to non-controlling interests

The equity attributable to non-controlling interests represents shareholdings in Gaumont Pathé Archives. With regards to Gaumont International Television, Gaumont is committed to compensate any non-controlling interests having a deficit balance.

The Group has made an irrevocable commitment to repurchase the securities of its subsidiary Léonis Productions it does not yet hold. Consequently, no share of the equity concerned has been attributed to non-controlling interests. This commitment resulted in the recognition of a financial liability measured at fair value.

3.11. Current and non-current provisions

	12.31.11	Movements of the period				12.31.10	12.31.09
		Increases	Uses	Reversals ⁽¹⁾	Other ⁽²⁾		
Provisions for pensions and similar benefits	2,063	126	-	-1	-	1,938	2,046
Non-current provisions	2,063	126	-	-1	-	1,938	2,046
Provisions for legal proceedings	913	172	-82	-	83	740	753
Provisions for risks on investments in associates	-	-	-	-	-	-	-
Provisions for risks on films	36	-	-	-701	-	737	548
Provisions for labor risks	737	186	-	-	50	501	462
Other provisions for miscellaneous risks	100	-	-	-24	-50	174	50
Provisions for property-related expenses	-	-	-	-	-	-	200
Provisions for personnel costs	127	27	-	-	-	100	350
Current provisions	1,913	385	-82	-725	83	2,252	2,363
TOTAL	3,976	511	-82	-726	83	4,190	4,409
Impact on current operating income		511	-82	-726	-		
Impact on non-current operating income		-	-	-	-		
Impact on share of net income of associates		-	-	-	-		

(1) Unused amounts.

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

Provisions for pension and similar benefits

Analysis of the provision for pension and similar benefits:

	12.31.11	12.31.10	12.31.09
Pensions ⁽¹⁾	1,957	1,841	1,938
Seniority bonuses	106	97	108
TOTAL	2,063	1,938	2,046

(1) The Group's policy is for all actuarial gains and losses generated over the current period to be systematically recognized in income.

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

	2011			2010			2009		
	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total	Pensions	Seniority bonuses	Total
ACTUARIAL LIABILITY AT THE BEGINNING OF THE YEAR	1,841	97	1,938	1,938	108	2,046	1,627	162	1,789
Current service cost	137	7	144	135	8	143	124	7	131
Discounting effect	77	4	81	91	5	96	95	5	100
Benefits paid	-43	-10	-53	-57	-10	-67	-5	-2	-7
Amortization of past service cost	-	-	-	75	-	75	-	-	-
Actuarial (gains) losses	-55	8	-47	-341	-14	-355	97	-64	33
Net expense recognized in income	116	9	125	-97	-11	-108	311	-54	257
Changes in scope	-	-	-	-	-	-	-	-	-
ACTUARIAL LIABILITY AT THE END OF THE YEAR	1,957	106	2,063	1,841	97	1,938	1,938	108	2,046

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

	Pensions			Seniority bonuses		
	12.31.11	12.31.10	12.31.09	12.31.11	12.31.10	12.31.09
Discount rate	4.75%	4.50%	5.00%	4.75%	4.50%	5.00%
Expected return on plan assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Average expected increase in salaries	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

3.12. Financial liabilities

	12.31.11	Movements of the period			12.31.10	12.31.09
		+	-	Other ⁽¹⁾		
Credit line	92,805	91,013	-87,028	297	88,523	91,280
of which accrued interest payable	13	13	-28	-	28	82
Acquisition loans	4,936	4	-5,006	70	9,868	14,804
of which accrued interest payable	4	4	-6	-	6	12
Production loans	4,369	6,628	-5,322	-	3,063	1,531
Other loans	175	116	-	-147	206	394
Advances repayable on distribution proceeds	1,593	30	-181	-	1,744	1,765
Deposits received	133	3	-	-	130	138
Bank overdraft	362	346	-	16	-	377
TOTAL	104,373	98,140	-97,537	236	103,534	110,289
Maturities:						
• less than one year	104,314				98,396	100,427
• from one to five years	46				5,035	9,862
• over five years	13				103	-

(1) Changes in scope and amortization of borrowing costs.

Credit line

On July 28, 2008, Gaumont entered into a revolving loan agreement with a bank syndicate consisting of BNP Paribas, Natixis, West LB and Neuflyze OBC Entreprise, for a maximum of k€125,000, expiring on September 15, 2012. This loan is earmarked to finance the Group's general requirements and those of its subsidiaries in the course of their audiovisual operation and production business.

The loan is subject to guarantees (see note 6.3) and financial covenants (see note 6.4).

In anticipation of the September 15, 2012 expiration date, Gaumont started negotiations with its banking partners to renew its credit line. The main features of the new loan agreement are presented in the subsequent events (see note 6.8).

At December 31, 2011, k€93,000 had been drawn down under the credit line, which was covered by k€55,000 in interest rate hedging instruments. Gaumont's confirmed drawing right was therefore k€32,000.

Effective interest rate

At December 31, 2011, the effective interest rate of the outstanding borrowing was as follows:

	12.31.11	12.31.10	12.31.09
Before hedging	2.31%	2.04%	1.70%
After hedging	2.65%	2.24%	2.57%

Average interest rate

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

	2011	2010	2009
Before hedging	2.10%	1.47%	1.92%
After hedging	2.22%	2.05%	2.74%

Acquisition loans

On December 21, 2007, Gaumont entered into an installment loan agreement for k€25,000 to finance the acquisition of Alphanim and the incidental costs.

The loan is subject to guarantees (see note 6.3) and financial covenants (see note 6.4).

It is repayable in ten half yearly installments of k€2,500 as from June 21, 2008 up to December 21, 2012. The related interest rate hedging instrument expired on December 21, 2010.

Effective interest rate

At December 31, 2011, the effective interest rate of the outstanding borrowing was as follows:

	12.31.11	12.31.10	12.31.09
Before hedging	4.02%	2.92%	2.39%
After hedging ⁽¹⁾	-	-	3.25%

(1) The related interest rate hedging instrument expired on December 21, 2010.

Average interest rate

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

	2011	2010	2009
Before hedging	2.52%	1.97%	2.90%
After hedging ⁽¹⁾	-	2.67%	3.74%

(1) The related interest rate hedging instrument expired on December 21, 2010.

Production loans

Production loans include k€4,368 in factored receivables (under the French Dailly Act) out of an authorized total amount of k€7,000. These loans are intended to finance the production of cartoon films and series.

Effective interest rate

At December 31, 2011, the effective interest rate of the outstanding borrowing was as follows:

	12.31.11	12.31.10	12.31.09
Before hedging	2.33%	2.15%	2.45%
After hedging	-	-	-

Average interest rate

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

	2011	2010	2009
Before hedging	2.23%	1.90%	2.97%
After hedging	-	-	-

3.13. Other liabilities

	12.31.11	12.31.10	12.31.09
Tax liabilities	-	-	-
Current accounts	1,061	1,181	1,302
Payables on acquisitions	375	450	260
Other payables	-	-	-
Total other non-current liabilities	1,436	1,631	1,562
Trade payables	6,288	10,804	7,223
Liabilities on films and audiovisual rights	5,916	10,688	9,769
Advances and deposits received	206	245	176
Payroll liabilities	7,630	4,989	4,470
Tax liabilities	3,871	2,194	1,413
Current tax liabilities	78	67	-
Current accounts	120	120	120
Payables on acquisitions	-	145	35
Liabilities on other PP&E and intangible assets	18	215	50
Other payables	45,162	26,340	31,284
Derivatives	1,092	32	594
Deferred income	15,789	12,068	21,402
Total other current liabilities	86,170	67,907	76,536
TOTAL	87,606	69,538	78,098
Maturities:			
• less than one year	86,170	67,907	76,536
• from one to five years	842	925	742
• over five years	594	706	820

The sharp increase in other payables was driven by the blockbuster movie *Untouchable*. This item includes amounts due to the film's co-producers and other production partners.

3.14. Derivatives

The Group uses derivatives to manage and reduce its exposure to the risk of changes in interest rates and foreign exchange rates.

In 2011, the Group used interest rate swap agreements to reduce its exposure to the Euribor rate, which is the base rate for its credit line.

Derivatives are reported in the statement of financial position at their fair value at the reporting date.

	12.31.11		12.31.10		12.31.09	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	222	1,092	-	32	-	594
Foreign exchange derivatives	-	-	-	-	-	-
TOTAL	222	1,092	-	32	-	594

Until July 25, 2011, the derivative financial instruments used by the Group did not qualify as hedging instruments within the meaning of IAS 39 and therefore, any change in their fair value was recorded in financial income for the period.

On July 26, 2011, the Group terminated early its interest rate swap agreements and entered into new derivative agreements qualifying as cash flow hedges under IAS 39.

Derivatives designated as hedging instruments have the following characteristics:

	Start date	Expiration date	Notional amount (in thousands of euro)
Interest rate swaps	07.29.11	12.31.13	25,000
Interest rate swaps	07.29.11	12.31.15	20,000
Interest rate swaps	09.30.11	12.31.12	10,000
TOTAL			55,000

At December 31, 2011, the fair value of these instruments totaled k€1,092.

Changes in the fair value of derivatives were recorded in financial income or other comprehensive income, in accordance with the provisions of IAS 39. No ineffective portion was recognized in 2011.

	12.31.11	Other comprehensive income	Net income	12.31.10
Derivative instruments – assets	222	-	222	-
Derivative instruments – liabilities	-1,092	-1,092	32	-32
TOTAL	-870	-1,092	254	-32

4. Notes to the consolidated income statement

4.1. Revenue

	2011	2010	2009
Cinema production	113,802	93,235	79,499
France	97,754	67,069	67,004
Export	16,048	26,166	12,495
Television production	5,702	8,716	14,167
France	4,042	6,262	10,006
Export	1,660	2,454	4,161
TOTAL	119,504	101,951	93,666

4.2. Personnel costs

Personnel costs include salaries, bonuses, profit sharing, as well as pension expenses and similar benefits and those related to stock option plans.

	2011	2010	2009
Salaries	-19,113	-15,408	-15,685
Social security contributions	-7,864	-6,487	-6,618
Employee profit-sharing	-359	-	-
Pensions and similar benefits	-125	82	-257
Share based payments expense	-	-	546
TOTAL	-27,461	-21,813	-22,014

4.3. Other current operating income and expenses

	2011	2010	2009
Automatic financial support	7,413	13,496	8,375
Subsidies	1,113	1,401	1,458
Cinema tax credit	989	2,595	2,484
Re-billing of overheads to films	454	931	2,316
Other income	10,202	11,522	16,586
Expense transfers	4,602	3,060	1,328
Foreign exchange gains on operating activities	457	669	112
Income	25,230	33,674	32,659
Purchases of materials and supplies	-11,508	-14,371	-10,739
Subcontracting	-2,452	-4,198	-4,432
Rentals and rental expenses	-1,200	-1,306	-1,467
Maintenance and repairs	-947	-928	-1,282
Insurance premiums	-165	-140	-170
Other purchases of studies and services	-4,764	-4,231	-4,908
Outside personnel	-379	-391	-366
Fees	-4,609	-5,935	-5,442
Advertising, publications and public relations	-1,402	-1,696	-1,307
Transport	-313	-342	-295
Travel and entertainment expenses	-2,107	-2,054	-1,473
Postal costs and telecommunications costs	-377	-393	-365
Bank services	-220	-228	-259
Other external expenses	-305	-155	-142
Taxes and similar payments	-2,962	-2,813	-2,080
Purchase of rights and guaranteed minima	-26,496	-8,914	-4,501
Other expenses	-15,430	-8,279	-9,107
Foreign exchange losses on operating activities	-354	-219	-452
Expenses	-75,990	-56,593	-48,787
TOTAL	-50,760	-22,919	-16,128

The sharp increases in purchases of rights and guaranteed minima and in other expenses are related to the hit movie *Untouchable*. These items include amounts due to the film's authors, co-producers and other production partners.

4.4. Impairment, depreciation, amortization and provisions

	2011	2010	2009
Intangible assets			
• Reversals of impairment losses	515	67	816
• Amortization expense	-41,294	-62,932	-56,749
• Impairment losses	-704	-515	-361
Subtotal	-41,483	-63,380	-56,294
Property, plant and equipment			
• Reversals of impairment losses	-	174	-
• Depreciation expense	-1,307	-1,335	-1,564
• Impairment losses	-	-	-174
Subtotal	-1,307	-1,161	-1,738
Current assets			
• Reversals of impairment losses	8,699	627	216
• Impairment losses	-159	-95	-540
Subtotal	8,540	532	-324
Risks and expenses			
• Reversals of provisions	807	1,876	1,458
• Increases in provisions	-385	-1,738	-1,668
Subtotal	422	138	-210
TOTAL	-33,828	-63,871	-58,566

In 2010 and 2009, amortization expenses related to intangible assets did not include amortization of fees paid to co-producers, as they did not qualify as an investment.

The reversals of impairment losses on other receivables mainly concern current accounts and are related to a receivable that became uncollectible in 2011 following the liquidation of a non-consolidated foreign entity.

The 2011 restatement of residual values of films and cinema rights resulted in a k€2,419 decrease in the amortization expense for the period.

4.5. Other non-current operating income and expenses

	2011	2010	2009
Proceeds from disposals of assets	1	1,300	1,200
Carrying value of assets sold or retired	-18	-1,493	-232
Other expenses	-	-11	-
Impairment losses on goodwill	-300	-2,000	-
Gains on bargain purchases	973	-	-
TOTAL	656	-2,204	968

4.6. Other financial income and expenses

	2011	2010	2009
Income from investments	-	-	1
Interest expense capitalized	479	661	1,172
Other interest and similar income	-	-	-
Proceeds from disposals of financial assets	-	-	-
Reversals of impairment losses and provisions	12	-	192
Foreign exchange gains	63	99	59
Unrealized gains related to changes in fair value	254	562	277
Income	808	1,322	1,701
Interest and similar expenses	-13	-20	-
Carrying value of financial assets sold	-	-	-3
Impairment losses and increases in provisions	-	-9	-51
Foreign exchange losses	-3	-1	-129
Unrealized losses related to fair value changes	-	-	-
Other financial expenses	-	-	-193
Expenses	-16	-30	-376
TOTAL	792	1,292	1,325

The capitalized interest expenses stem from productions during the year.

4.7. Share of net income of associates

Company	% Interest	2011	2010	2009
Les Cinémas Gaumont Pathé	34.00%	19,707	24,639	17,009
Lincoln Cinema Associates (USA)	31.95%	331	527	466
Légende ⁽¹⁾	37.48%	-91	-	-
TOTAL		19,947	25,166	17,475

(1) Acquisition of Légende on December 16, 2010.

4.8. Income tax

Breakdown of the tax expense or benefit

	2011	2010	2009
Current income tax	1,747	-218	-86
Deferred tax	914	154	497
TOTAL INCOME TAX (EXPENSE) BENEFIT	2,661	-64	411

Current income tax

The current tax expense is equal to the amounts of income tax owed to the tax authorities for the year, under the tax law and rates in force in the various countries.

At December 31, 2011, the current tax benefit included k€1,806 related to loss carrybacks for which a refund was received in September 2011.

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

The tax consolidation group includes Gaumont Télévision SAS, Les Films du Dauphin SARL, Prestations et Services SARL, Alphanim SA, Alphanim Musique SARL, Gaumont Musiques SAS, Editions la Marguerite SARL and Les Films du Loup SARL.

Arkéion Films SAS and Alphanim Digital SAS exited the tax consolidation group in 2011 following the decisions about their dissolution *via* transfers of all assets and liabilities.

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

The tax consolidation generated tax savings of k€16 payable for the year.

Deferred tax

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

	12.31.11	12.31.10	12.31.09
Standard tax rate	33.33%	33.33%	33.33%
Reduced rate	0.00%	0.00%	0.00%

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

Analysis of deferred tax.

	12.31.11	Change	Other changes ⁽¹⁾	12.31.10	12.31.09
Deferred tax assets	2,221	-939	51	3,109	3,294
Deferred tax liabilities	-547	2,226	-	-2,773	-3,112
NET DEFERRED TAX	1,674	1,287	51	336	182

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

The origin of the net deferred tax is presented below.

	12.31.11	Change	Other changes ⁽¹⁾	12.31.10	12.31.09
Unused tax losses	16,987	2,456	51	14,480	25,200
Fair value of films	-1,474	606	-	-2,080	-2,543
Fair value of land and buildings	-7,461	72	-	-7,533	-7,604
Accelerated amortization of films	-6,668	-2,266	-	-4,402	-14,489
Long term capital gains on Les Cinémas Gaumont Pathé shares	-1,062	-	-	-1,062	-1,062
Other temporary differences	1,352	419	-	933	680
NET DEFERRED TAX	1,674	1,287	51	336	182

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

At December 31, 2011, the losses of the Gaumont tax consolidation group that could be carried over indefinitely and against which there is a probability of charging future profits amounted to k€87,967 (compared to k€88,263 at December 31, 2010 and k€107,667 at December 31, 2009).

Tax losses of the integrated group are recognized in the financial statements so that the net deferred tax assets of group companies do not exceed their net deferred tax liabilities, after using any deficits available prior to the fiscal consolidation. At December 31, 2011, the Group reported consolidated losses of k€47,133 (compared to k€40,449 at 2010 year-end and k€72,047 at 2009 year-end).

A total of k€1,225 in individual tax loss carryforwards related to fiscal years prior to tax consolidation were used at December 31, 2011.

At December 31, 2011, the net deferred tax assets of companies not within the scope of the tax consolidation group amounted to k€1,301, of which k€841 in respect of the US operations.

Reconciliation of recorded tax and theoretical tax

	2011	2010	2009
Net income of companies before tax	24,005	12,420	10,407
Current tax rate applicable to the parent company	33.33%	33.33%	33.33%
Theoretical tax	-8,001	-4,140	-3,469
Effect of reduced tax rate differentials	-	-	-
Share of net income of associates	6,539	8,213	5,670
Effect of permanent and temporary differences	3,516	-4,979	-2,589
Effect of tax rate differentials between France and abroad	85	-38	-29
Effect of the tax consolidation	16	15	-
Cinema tax credit ⁽¹⁾	506	865	828
Effective tax benefit (expense)	2,661	-64	411
Effective tax rate	-	0.51%	-

(1) The cinema tax credit appears under the "Income tax" item in the separate financial statements. In the consolidated financial statements, this credit is reclassified under "Other current operating income and expenses".

Income tax on other comprehensive income

Other comprehensive income	2011			2010		
	Gross amount	Tax effect	Carrying value	Gross amount	Tax effect	Carrying value
Translation adjustments for foreign operations	205	9	214	143	-	143
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-
Change in fair value of hedging financial instruments	-1,092	364	-728	-	-	-
Other asset revaluation adjustments	-	-	-	-	-	-
Actuarial gains (losses) on defined benefit plans	-	-	-	-	-	-
Share in other comprehensive income of associates	-32	-	-32	-	-	-
TOTAL	-919	373	-546	143	-	143

4.9. Earnings per share

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

	12.31.11	12.31.10	12.31.09
Number of shares at January 1	4,272,530	4,271,516	4,271,516
Capital increases relating to the exercise of stock options (<i>pro rata temporis</i>)	-	544	-
Average number of ordinary shares	4,272,530	4,272,060	4,271,516

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

	12.31.11	12.31.10	12.31.09
Average number of ordinary shares	4,272,530	4,272,060	4,271,516
Number of stock options with a dilutive effect	-	1,416	-
Average potential number of ordinary shares	4,272,530	4,273,476	4,271,516

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

5. Notes to the consolidated statement of cash flows**5.1. Analysis of net allowance to depreciation, amortization, provisions and impairment of non-current assets**

	2011	2010	2009
Intangible assets			
• Reversals of impairment losses	515	67	816
• Amortization expense	-41,294	-62,932	-56,749
• Impairment losses	-704	-515	-67
Subtotal	-41,483	-63,380	-56,000
Property, plant and equipment			
• Reversals of impairment losses	-	174	-
• Depreciation expense	-1,307	-1,335	-1,564
• Impairment losses	-	-	-174
Subtotal	-1,307	-1,161	-1,738
Financial assets			
• Reversals of impairment losses	12	-	3
• Impairment losses	-	-	-
Subtotal	12	-	3
Risks and expenses			
• Reversals of provisions	807	1,876	1,458
• Increases in provisions	-385	-1,738	-1,668
Subtotal	422	138	-210
TOTAL	-42,356	-64,403	-57,945

In 2010 and 2009, amortization expenses related to intangible assets did not include amortization of fees paid to co-producers, as they did not qualify as an investment.

5.2. Dividends received from associates

Company	% Interest	2011	2010	2009
Les Cinémas Gaumont Pathé	34.00%	9,249	7,067	1,693
Lincoln Cinema Associates (USA)	31.95%	471	471	492
Légende	37.48%	113	-	-
TOTAL		9,833	7,538	2,185

5.3. Change in net operating working capital requirement

	2011	2010	2009
Change in operating assets	-34,178	-3,923	1,280
Change in operating liabilities	21,784	-9,610	3,868
Current income tax expense	1,747	-218	-87
Tax paid	-1,535	-3	198
Pension and similar benefit expenses	125	-82	257
TOTAL	-12,057	-13,836	5,516

The table below details the change in operating assets constituting the working capital requirement net of impairment (impairment losses on items constituting the working capital requirement are deemed to be disburseable).

	12.31.11	Change in working capital requirement	Other changes ⁽¹⁾	12.31.10	Change in working capital requirement	Other changes ⁽¹⁾	12.31.09	Change in working capital requirement	Other changes ⁽¹⁾	12.31.08
Inventories	713	197	-	516	354	-	162	-108	-	270
Trade receivables	68,262	32,114	4	36,144	2,145	-	33,999	-1,973	50	35,922
Current financial assets	165	-225	-50	440	-2,794	-	3,234	2,001	-	1,233
Advances and prepayments to suppliers	2,270	1,680	-	590	-51	-	641	99	3	539
Payroll receivables	58	49	-	9	-36	-	45	14	-	31
Tax receivables	20,367	10,253	1,499	8,615	1,341	-	7,274	-5,136	34	12,376
Current tax assets	1,636	41	7	1,588	-1,182	-	2,770	350	-	2,420
Current accounts	1	1	-	-	-	-	-	-59	-	59
Other receivables	5,389	-10,149	30	15,508	4,514	-2	10,996	3,125	15	7,856
Prepaid expenses	1,170	217	-	953	-368	-	1,321	407	1	913
ASSETS CONSTITUTING THE WORKING CAPITAL REQUIREMENT	100,031	34,178	1,490	64,363	3,923	-2	60,442	-1,280	103	61,619

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

A decrease in receivables is reflected in the cash position by a collection. As a result, the negative change above is represented as an inflow in the statement of cash flows.

An increase in receivables is reflected in the cash position by a non collection. As a result, the positive change above is represented as an outflow in the statement of cash flows.

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The table below sets out the change in operating liabilities constituting the working capital requirement.

	12.31.11	Change in working capital requirement	Other changes ⁽¹⁾	12.31.10	Change in working capital requirement	Other changes ⁽¹⁾	12.31.09	Change in working capital requirement	Other changes ⁽¹⁾	12.31.08
Trade payables	6,288	-4,641	125	10,804	3,406	175	7,223	-2,496	79	9,640
Advances and deposits received	206	-39	-	245	70	-1	176	-126	1	301
Payroll liabilities	7,630	2,622	19	4,989	519	-	4,470	1,227	71	3,172
Tax liabilities	3,871	1,678	-1	2,194	781	-	1,413	-912	7	2,318
Current tax liabilities	78	-67	78	67	67	-	-	-53	-	53
Current accounts	1,181	-193	73	1,301	-121	-	1,422	-222	90	1,554
Other payables	45,162	18,790	32	26,340	-4,999	55	31,284	2,793	-116	28,607
Deferred income	15,789	3,634	87	12,068	-9,333	-1	21,402	3,657	152	17,593
LIABILITIES THAT CONSTITUTE THE WORKING CAPITAL REQUIREMENT	80,205	21,784	413	58,008	-9,610	228	67,390	3,868	284	63,238

(1) Changes in scope and foreign currency translation adjustments.

5.4. Breakdown of acquisitions of property, plant, equipment and intangible assets (excluding consolidated securities investments)

	Note	2011	2010	2009
Acquisition of intangible assets	3.2 & 3.3	35,715	39,631	52,683
Acquisition of property, plant and equipment	3.4	459	581	313
Acquisition of financial assets	3.6	200	21	6
TOTAL		36,374	40,233	53,002

5.5. Change in liabilities on property, plant, equipment and intangible assets

	12.31.11	Changes	Changes in scope	12.31.10	Changes	Changes in scope	12.31.09	Changes	Changes in scope	12.31.08
Liabilities on PP&E and intangible assets	5,934	-4,969	-	10,903	1,084	-	9,819	-	1,856	7,963
Payable on acquisition of Léonis Productions	-	-90	-30	120	-35	-40	195	195	-	-
Payable on acquisition of Arkéion Films	-	-100	-	100	-	-	100	-	-90	190
Payable on acquisition of Légende	375	-	-	375	-	375	-	-	-	-
TOTAL	6,309	-5,159	-30	11,498	1,049	335	10,114	195	1,766	8,153

5.6. Impact of changes in scope

	12.31.11		12.31.10		12.31.09
	Galaxy 7	Légende	Légende	Léonis Productions	
Price paid	193	155	6,022	585	
Cash acquired	16	-	-	162	
TOTAL	209	155	6,022	747	

6. Other information

6.1. Average workforce broken down by category

The table below gives the workforce of the companies consolidated using the full consolidation method:

	2011	2010	2009
Managers	91	90	89
Supervisors	41	36	37
Employees	40	42	43
TOTAL WORKFORCE	172	168	169

6.2. Compensation of corporate officers

Top management as defined by IAS 24 only includes individuals who are or were during the year members of the Supervisory Board, the Executive Board, the Board of Directors or the Executive Management.

The gross salaries and benefits prior to social security and tax deductions allocated by Gaumont with respect to the position of corporate officer broke down as follows:

	2011	2010	2009
Total gross compensation ⁽¹⁾	2,646	1,908	2,211
Post-employment benefits ⁽²⁾	-	-	6
Termination or end of contract benefits	-	-	-
Other long term benefits	-	-	-
Share-based payments ⁽³⁾	-	-	52

(1) Salaries, bonuses, indemnities, directors' fees and benefits in kind, payable for the year.

(2) Current service cost.

(3) Expense recognized in income for Gaumont stock option plans.

No compensation or attendance fees were paid to corporate officers by the controlled or controlling companies within the meaning of Article L. 233-16 of the French Commercial Code.

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

6.3. Commitments and contingent liabilities

Off statement of financial position commitments stemming from ordinary business activities

	12.31.11	12.31.10	12.31.09
Commitments given	46,161	27,672	20,633
Assignments of receivables as security for loans	-	-	-
Guarantees	-	23	28
Other commitments given:			
• Contracts to research and develop film projects	207	1,200	2,170
• Production of films and project development	44,819	26,449	18,435
• Commitments to employees	1,135	-	-
Commitments received	43,478	51,633	52,467
Undrawn credit line	32,000	36,000	33,000
Other commitments received:			
• Purchases of rights and financing of films and series	11,478	15,633	18,557
• Bills of exchange received as security for trade receivables	-	-	910

At December 31, 2011, Gaumont had a confirmed k€125,000 credit line, of which k€93,000 had been drawn down.

At December 31, 2011, Gaumont and its subsidiaries had committed k€44,819 for film production and project development. At the same time, the Group received commitments for the purchase of rights and contributions by co-producers of films of k€11,478.

Pledging of assets

On December 21, 2007, to finance the purchase of all shares in the share capital of Alphanim and the incidental costs, Gaumont signed an installment loan agreement with Natixis and BNP Paribas for a principal amount of k€25,000, which is repayable in ten half-yearly installments of k€2,500 from June 21, 2008 and up to December 21, 2012.

As a security, Gaumont signed an agreement pledging a financial instruments account comprising all shares held in Alphanim (less six shares that can be freely disposed of).

On July 28, 2008, Gaumont entered into a revolving loan agreement with a bank syndicate consisting of BNP Paribas, Natixis, West LB and Neuflyze OBC Entreprise, for a maximum of k€125,000, expiring on September 15, 2012. This loan is earmarked to finance the Group's general requirements and those of its subsidiaries in the course of their audiovisual operation and production business.

As security, Gaumont entered into an agreement pledging to the lenders a financial instruments account comprising all shares held in Les Cinémas Gaumont Pathé (i.e. 34% of Les Cinémas Gaumont Pathé's share capital).

Type of pledges/mortgages	Expiry date	12.31.11	12.31.10	12.31.09
On intangible assets		-	-	-
On tangible assets		-	-	-
On financial assets	2012	90,013	90,013	90,013
TOTAL		90,013	90,013	90,013
Total recognized on the statement of financial position of Gaumont SA		264,557	256,543	249,468
Relevant percentage		34.02%	35.09%	36.08%

Mortgage commitments

The k€25,000 installment loan agreement includes financial covenants.

In the event one of the financial covenants defined in note 6.4 is not complied with, Gaumont has undertaken to set up a mortgage in favor of Natixis and BNP Paribas for a principal of k€11,000 plus 10% for interest, commission, interest for late payment, costs and incidental costs related to the guaranteed obligations.

Seller warranties received

Gaumont continues to benefit from seller warranties granted by the sellers of shares in:

- Léonis Productions, on January 6, 2009 for an amount of k€210, which shall expire on January 6, 2012;
- Légende, on December 16, 2010, for k€1,200 after taking into account an excess of k€94, which will expire on June 16, 2012 for claims that are not connected to third party claims and on December 16, 2012 in other cases.

Exceptionally, the guarantee is brought to k€3,500 with no excess, when the claim relates to the amount of the debt or the off-statement of financial position commitments towards a third party, or to a cash item.

Complex commitments

The Group had not entered into any complex commitments at December 31, 2011.

Other contractual obligations

Contractual obligations	Total	Payments owed per period		
		Less than one year	Five years	Over five years
Operating leases	3,779	877	2,376	526
TOTAL	3,779	877	2,376	526

These obligations relate to real estate lease agreements.

Individual training rights

Gaumont and its French subsidiaries grant their employees an individual training right of at least 20 hours per calendar year, which may be cumulated over a maximum six-year period. At the end of this period and if not used, the rights will remain capped.

Said time credit is built into the Group's training plan and therefore no accounting provision is recognized for it.

The number of hours accumulated but not used at December 31, 2011 totaled 15,795 hours. The average use rate of vested rights was 22.92%.

6.4. Risks

Liquidity risk

On December 21, 2007, to finance the purchase of all shares in the share capital of Alphanim and the incidental costs, Gaumont signed an installment loan agreement with Natixis and BNP Paribas for a principal amount of k€25,000, which is repayable in ten half-yearly installments of k€2,500 from June 21, 2008 and up to December 21, 2012. At December 31, 2011, the outstanding balance of this loan came to k€5,000.

On July 28, 2008, Gaumont entered into a revolving loan agreement with a bank syndicate consisting of BNP Paribas, Natixis, West LB and Neuflyze OBC, for a maximum of k€125,000, expiring on September 15, 2012. This loan is earmarked to finance the Group's general requirements and those of its subsidiaries in the course of their audiovisual operation and production business. At December 31, 2011, k€93,000 had been used, i.e. a use rate of 74.40%.

Simultaneously, Gaumont signed a rider to the installment loan agreement for a principal amount of k€25,000 to bring some of the agreement's clauses into line with the terms of the new revolving loan agreement.

In anticipation of the September 15, 2012 expiration date, Gaumont started negotiations with its banking partners to renew its credit line. The main features of the new revolving loan agreement are presented in the subsequent events (see note 6.8).

The breakdown of the financial liabilities by maturity is presented in note 3.12.

The credit line of k€125,000 and the installment loan agreement of k€25,000 include financial covenants to be met half-yearly, determined on the basis of the Group's consolidated financial statements and discounted according to the methods specified in the agreements.

The credit line of k€125,000 includes the following financial covenants, complied with at December 31, 2011:

	At 31.12.11
R3: value of the Group's main assets ⁽¹⁾ /net financial liabilities > = 2.5	7.59
R4: financial liabilities/equity < = 1	0.41
R5: value of Cinémas Gaumont Pathé/maximum authorized outstanding amount > = 1.25	3.77

(1) Refers to, based on the consolidated financial statements, the value of Les Cinémas Gaumont Pathé shares held by Gaumont, plus the value of the film catalog, plus the gross value of the Group's real-estate property, plus the acquisition price less impairment losses on Alphanim.

The loan agreement of an initial amount of k€25,000 includes the following financial covenants, complied with at December 31, 2011:

	At 31.12.11
R3: value of the Group's main assets ⁽¹⁾ /net financial liabilities > = 2.5	7.59
R4: financial liabilities/equity < = 1	0.41

(1) Refers to, based on the consolidated financial statements, the value of Les Cinémas Gaumont Pathé shares held by Gaumont, plus the value of the film catalog, plus the gross value of the Group's real-estate property, plus the acquisition price less impairment losses on Alphanim.

Interest rate risk

Analysis of financial assets and financial liabilities by maturity

	12.31.11	Maturity		
		Less than one year	Five years	Over five years
Fixed-rate financial assets	-	-	-	-
Variable-rate financial assets	7,391	7,391	-	-
Financial assets not exposed	-	-	-	-
Financial assets⁽¹⁾	7,391	7,391	-	-
Fixed-rate financial liabilities	-	-	-	-
Variable-rate financial liabilities	-102,472	-102,472	-	-
Financial liabilities not exposed	-1,901	-1,842	-46	-13
Financial liabilities⁽²⁾	-104,373	-104,314	-46	-13

(1) Cash and cash equivalents.

(2) Borrowings.

Interest rate derivatives

	12.31.11	Maturity			Market value
		Less than one year	Five years	Over five years	
Interest rate swaps	55,000	10,000	45,000	-	-1,092
TOTAL	55,000	10,000	45,000	-	-1,092

Gaumont manages its exposure to the rate risk by using interest rate swap contracts.

On May 7, 2010, a contract for early exchange of interest rates was negotiated for the period from October 2010 to September 2012 for the credit line of k€125,000. This hedge consisted of a variable rate for fixed rate swap for a linear commitment of k€50,000.

On July 27, 2011, Gaumont canceled early its swap hedge and replaced it by three new hedges, with various nominal amounts and terms:

- a variable rate for fixed rate swap agreement for a linear commitment of k€10,000, maturing December 31, 2012;
- a variable rate for fixed rate swap agreement for a linear commitment of k€25,000, maturing December 31, 2013;
- a variable rate for fixed rate swap agreement for a linear commitment of k€20,000, maturing December 31, 2015;

At December 31, 2011, the total nominal amount of Gaumont's interest rate hedges was k€55,000.

Monitoring of interest rate risk and sensitivity

	Total	Fixed-rate	Variable rate	Not exposed
Financial assets ⁽¹⁾	7,391	-	7,391	-
Financial liabilities ⁽²⁾	-104,373	-	-102,472	-1,901
Net position before hedging	-96,982	-	-95,081	-1,901
"Hedging"	-	-55,000	55,000	-
Net position after hedging	-96,982	-55,000	-40,081	-1,901
Sensitivity ⁽³⁾	-401	-	-401	-

(1) Cash and cash equivalents.

(2) Borrowings.

(3) Full-year impact.

Considering the interest rate hedging portfolio at December 31, 2011, the net position after variable-rate hedging is a fixed-rate debt of k€55,000 and a variable-rate debt of k€40,081.

Thus, an instantaneous increase of 1% in the interest rate would have a negative impact on financial income of k€401, which would represent an increase in net borrowing costs of 14.7% for the entire 2011.

Foreign exchange risk

The Group is exposed to foreign exchange risks on commercial transactions recognized on the statement of financial position and on probable future transactions.

The Group endeavors to ensure natural hedging between the collection and disbursement flows of foreign currencies. The need for and the opportunity of setting up a foreign exchange hedge to cover this risk are assessed on a case-by-case basis (forward purchases or sales, options, etc.).

Monitoring and management of foreign exchange risks:

	Total	CAD	BRL	GBP	CHF	USD	MUR	CZK
Assets	10,348	236	3	7	9	10,072	4	17
Liabilities	-421	-	-	-17	-	-404	-	-
Off balance sheet	-10,762	-	-	-	-	-10,762	-	-
Net position before hedging	-835	236	3	-10	9	-1,094	4	17
"Hedging"	-	-	-	-	-	-	-	-
Net position after hedging	-835	236	3	-10	9	-1,094	4	17
Sensitivity	9	-2	-	-	-	11	-	-

The net exposure to foreign currencies translated in euros using the exchange rate on the reporting date after accounting for "hedges" was k€-835 at December 31, 2011. The sensitivity of the overall net position in foreign currencies to a uniform change of one euro cent across all other currencies concerned amounted to k€9.

During 2011, revenue invoiced in foreign currencies, the breakdown of which is set out below, amounted to k€5,775, i.e. 5% of consolidated revenue.

	Total	AUD	CAD	CHF	USD	SEK	GBP	JPY	Others
Revenue	5,775	36	201	436	4,832	85	138	26	21

Credit risk

Exposure to the credit risk of non-depreciated current assets is as follows:

	12.31.11	Outstanding amount	Late						
			less than 30 days	from 31 to 60 days	from 61 to 90 days	from 91 to 180 days	from 181 to 360 days	over 360 days	
Short term									
Trade receivables	67,571	48,394	15,279	817	421	831	645	1,184	
Other current assets	28,945	28,503	-	39	-	320	50	33	
Long term									
Trade receivables	691	691	-	-	-	-	-	-	
Other current assets	697	697	-	-	-	-	-	-	
TOTAL CURRENT ASSETS	97,904	78,285	15,279	856	421	1,151	695	1,217	

Gaumont operates in France and internationally with the main market players and in this respect its credit risk is very limited.

Equity risk

Gaumont and its subsidiaries are not engaged in speculative stock market operations.

On July 1, 2010, Gaumont contracted Exane BNP Paribas to manage its securities within the framework of a liquidity contract in accordance with the AMAFI Code of Conduct, recognized by the *Autorité des marchés financiers*. The contract is provisioned in the amount of k€300 paid in July 2010 and increased by k€100 in November 2010. At December 31, 2011, Gaumont held 6,772 treasury shares, corresponding to securities traded in the context of its liquidity contract, and representing an investment recognized as an offset to equity for k€297.

The risk of impairment of treasury shares related to volatility in the Gaumont share price remains marginal in view of the amounts invested.

Until the end of 2009, Gaumont was not exposed to equity risk, as its only securities investments consisted in surplus cash invested in money market funds.

6.5. Financial instruments

The table below compares, by category, the carrying amount and the fair value of all of the Group's financial instruments. Financial assets and liabilities are measured at fair value in the financial statements.

	12.31.11		Breakdown by category of instruments				
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables	Liabilities at amortized cost	Derivatives
Investments in non consolidated entities	3	3	-	3	-	-	-
Other non-current financial assets	597	597	-	-	597	-	-
Other current financial assets	165	165	-	-	165	-	-
Derivative instruments – assets	222	222	-	-	-	-	222
Cash and cash equivalents	7,391	7,391	7,391	-	-	-	-
Financial assets	8,378	8,378	7,391	3	762	-	222
Non-current financial liabilities	59	59	-	-	-	59	-
Current financial liabilities	104,314	104,314	-	-	-	104,314	-
Derivative instruments – liabilities	1,092	1,092	-	-	-	-	1,092
Financial liabilities	105,465	105,465	-	-	-	104,373	1,092

	12.31.10		Breakdown by category of instruments				
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables	Liabilities at amortized cost	Derivatives
Investments in non consolidated entities	3	3	-	3	-	-	-
Other non-current financial assets	380	380	-	-	380	-	-
Other current financial assets	440	440	-	-	440	-	-
Derivative instruments – assets	-	-	-	-	-	-	-
Cash and cash equivalents	4,457	4,457	4,457	-	-	-	-
Financial assets	5,280	5,280	4,457	3	820	-	-
Non-current financial liabilities	5,138	5,138	-	-	-	5,138	-
Current financial liabilities	98,396	98,396	-	-	-	98,396	-
Derivative instruments – liabilities	32	32	-	-	-	-	32
Financial liabilities	103,566	103,566	-	-	-	103,534	32

	12.31.09		Breakdown by category of instruments				
	Net carrying value	Fair value	Fair value through profit and loss	Available-for-sale assets	Loans and receivables	Liabilities at amortized cost	Derivatives
Investments in non consolidated entities	3	3	-	3	-	-	-
Other non-current financial assets	456	456	-	-	456	-	-
Other current financial assets	3,234	3,234	-	-	3,234	-	-
Derivative instruments – assets	-	-	-	-	-	-	-
Cash and cash equivalents	9,413	9,413	9,413	-	-	-	-
Financial assets	13,106	13,106	9,413	3	3,690	-	-
Non-current financial liabilities	9,862	9,862	-	-	-	9,862	-
Current financial liabilities	100,427	100,427	-	-	-	100,427	-
Derivative instruments – liabilities	594	594	-	-	-	-	594
Financial liabilities	110,883	110,883	-	-	-	110,289	594

6.6. Operating segments

Segment information as defined by IFRS 8 must be based on internal management reporting, in particular the information made available to the Group's highest management body. After identifying its operating segments and the corresponding figures made available to executive management, the Group presents segment information which meets the requirements of IFRS 8. The measurement methods for figures by operating segment are in line with the principles and policies used to prepare the consolidated financial statements.

Segment information

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

- the production and distribution of movies, which includes the various stages of marketing of a film: cinema distribution, sales to TV channels and video sales both in France and internationally;
- audiovisual production and distribution of films, cartoon series and dramas *via* its subsidiaries Alphanim, Léonis Productions, Gaumont Television and Gaumont International Television Llc, which have different financing methods and production principles;
- operation of movie theaters *via* its interest in the company Les Cinémas Gaumont Pathé.

Any segment used for financial information is related to an operating segment. The contribution of each operating segment is as broken down in the following tables:

Income statement

2011	Cinema production	Television production	Cinema operation	Non allocated	Total
Revenue	111,666	5,702	2,136	-	119,504
Operating income from films and television programs	30,659	2,448	-	-	33,107
Overheads	-24,328	-5,571	-	-	-29,899
Trademark royalties	-	-	2,136	-	2,136
Current operating income (loss)	6,331	-3,123	2,136	-	5,344
Other non-current operating income and expenses	-17	673	-	-	656
Net borrowing costs	-	-	-	-2,734	-2,734
Other financial income and expenses	-	-	-	792	792
Share of net income of associates	-91	-	20,038	-	19,947
Income tax	1,769	888	-	4	2,661
NET INCOME	7,992	-1,562	22,174	-1,938	26,666

2010	Cinema production	Television production	Cinema operation	Non allocated	Total
Revenue	93,235	8,717	-	-	101,951
Operating income from films and television programs	10,184	5,798	-	-	15,982
Overheads	-20,860	-4,364	-	-	-25,224
Current operating income (loss)	-10,676	1,434	-	-	-9,242
Other non-current operating income and expenses	-196	-2,008	-	-	-2,204
Net borrowing costs	-	-	-	-2,593	-2,593
Other financial income and expenses	-	-	-	1,293	1,293
Share of net income of associates	-	-	25,166	-	25,166
Income tax	-218	-	-	154	-64
NET INCOME	-11,090	-2,008	25,166	-1,146	21,598

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

2009	Cinema production	Television production	Cinema operation	Non allocated	Total
Revenue	79,499	14,167	-	-	93,666
Operating income from films and television programs	13,353	4,808	-	-	18,161
Overheads	-20,022	-4,064	-	-	-24,086
Current operating income (loss)	-6,669	744	-	-	-5,925
Other non-current operating income and expenses	964	4	-	-	968
Net borrowing costs	-	-	-	-3,437	-3,437
Other financial income and expenses	-	-	-	1,325	1,325
Share of net income of associates	-	-	17,475	-	17,475
Income tax	-86	-	-	497	411
NET INCOME	-5,791	4	17,475	-1,615	16,742

Consolidated statement of financial position

2011	Cinema production	Television production	Cinema operation	Non allocated	Total
Goodwill	491	14,125	-	-	14,616
Films and audiovisual rights	61,515	12,664	-	-	74,179
Other intangible assets	490	1	-	-	491
Property, plant and equipments	31,282	172	-	-	31,454
Investments in associates	6,316	-	213,975	-	220,291
Other financial assets	315	285	-	-	600
Non-current deferred tax assets	-	-	-	2,221	2,221
Inventories	713	-	-	-	713
Trade receivables	63,488	4,774	-	-	68,262
Current tax assets	1,535	101	-	-	1,636
Other receivables and current financial assets	18,294	9,212	2,136	-	29,642
Cash and cash equivalents	-	-	-	7,391	7,391
TOTAL ASSETS	184,439	41,334	216,111	9,612	451,496
Equity	-	-	-	254,994	254,994
Non-current provisions	1,899	164	-	-	2,063
Non-current deferred tax liabilities	-	-	-	547	547
Non-current financial liabilities	-	-	-	59	59
Other non-current liabilities	1,436	-	-	-	1,436
Current provisions	1,812	101	-	-	1,913
Current financial liabilities	-	-	-	104,314	104,314
Trade payables	11,231	973	-	-	12,204
Current tax liabilities	-	78	-	-	78
Other payables	68,268	5,620	-	-	73,888
TOTAL LIABILITIES	84,646	6,936	-	359,914	451,496
Investments in films and audiovisual rights	24,933	10,625	-	-	35,558

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

2010	Cinema production	Television production	Cinema operation	Non allocated	Total
Goodwill	491	14,575	-	-	15,066
Films and audiovisual rights	72,729	7,003	-	-	79,732
Other intangible assets	569	2	-	-	571
Property, plant and equipments	32,104	198	-	-	32,302
Investments in associates	6,572	-	203,610	-	210,182
Other financial assets	293	89	-	-	382
Non-current deferred tax assets	-	-	-	3,109	3,109
Inventories	516	-	-	-	516
Trade receivables	29,956	6,188	-	-	36,144
Current tax assets	1,588	-	-	-	1,588
Other receivables and current financial assets	16,781	9,336	-	-	26,117
Cash and cash equivalents	-	-	-	4,457	4,457
TOTAL ASSETS	161,599	37,391	203,610	7,566	410,166
Equity	-	-	-	230,130	230,130
Non-current provisions	1,797	141	-	-	1,938
Non-current deferred tax liabilities	-	-	-	2,773	2,773
Non-current financial liabilities	-	-	-	5,138	5,138
Other non-current liabilities	1,631	-	-	-	1,631
Current provisions	1,558	695	-	-	2,253
Current financial liabilities	-	-	-	98,396	98,396
Trade payables	20,278	1,214	-	-	21,492
Current tax liabilities	67	-	-	-	67
Other payables	42,260	4,088	-	-	46,348
TOTAL LIABILITIES	67,591	6,138	-	336,437	410,166
Investments in films and audiovisual rights	30,878	8,601	-	-	39,479

2009	Cinema production	Television production	Cinema operation	Non allocated	Total
Goodwill	491	16,615	-	-	17,106
Films and audiovisual rights	91,708	12,720	-	-	104,428
Other intangible assets	676	32	-	-	708
Property, plant and equipments	33,116	206	-	-	33,322
Investments in associates	-	-	185,950	-	185,950
Other financial assets	394	65	-	-	459
Non-current deferred tax assets	-	-	-	3,294	3,294
Inventories	162	-	-	-	162
Trade receivables	30,000	3,999	-	-	33,999
Current tax assets	2,732	38	-	-	2,770
Other receivables and current financial assets	16,196	7,315	-	-	23,511
Cash and cash equivalents	-	-	-	9,413	9,413
TOTAL ASSETS	175,475	40,990	185,950	12,707	415,122
Equity	-	-	-	219,214	219,214
Non-current provisions	1,875	171	-	-	2,046
Non-current deferred tax liabilities	-	-	-	3,112	3,112
Non-current financial liabilities	-	-	-	9,862	9,862
Other non-current liabilities	1,562	-	-	-	1,562
Current provisions	2,363	-	-	-	2,363
Current financial liabilities	-	-	-	100,427	100,427
Trade payables	15,811	1,181	-	-	16,992
Current tax liabilities	-	-	-	-	-
Other payables	23,595	35,949	-	-	59,544
TOTAL LIABILITIES	45,206	37,301	-	332,615	415,122
Investments in films and audiovisual rights	35,532	16,911	-	-	52,443

Information by region

Revenue

Revenue is broken down as follows:

	2011	2010	2009
France	101,796	73,331	77,010
• Europe	10,743	18,875	11,951
• Americas	3,358	5,387	2,479
• Asia/Russia	2,048	1,965	1,021
• Africa/Middle East	612	752	413
• Rest of the world	947	1,641	792
International	17,708	28,620	16,656
TOTAL	119,504	101,951	93,666

Non-current assets

Non-current assets (other than financial instruments, deferred tax assets and assets relating to post-employment benefits) are broken down depending on where the consolidated companies are located.

At December 31, 2010, the geographical distribution of non-current assets was as follows:

	12.31.11			12.31.10		
	France	Americas	Total	France	Americas	Total
Goodwill	14,616	-	14,616	15,066	-	15,066
Films and audiovisual rights	74,091	88	74,179	79,732	-	79,732
Other intangible assets	491	-	491	571	-	571
Tangible assets	31,423	31	31,454	32,263	39	32,302
Investments in associates	219,876	415	220,291	210,182	-	210,182
Other financial assets	578	22	600	361	21	382
TOTAL NON-CURRENT ASSETS	341,075	556	341,631	338,175	60	338,235

Until December 31, 2009 no non-current assets were realized outside France.

Information about the Group's major customers

The Group's top ten customers, primarily French movie theater networks and TV channels, represent almost 46.9% of the Group's consolidated revenue. The breakdown of revenue from these ten customers varies greatly from one year to the next.

In 2011, Les Cinémas Gaumont Pathé's revenue represented 12.7% of the Group's revenue, or k€15,132, of which k€12,996 related to cinema distribution and k€2,136 was from trademark royalties. No other single customer contributed accounted for more than 10% of the Group's revenue.

6.7. Statutory auditors' fees

The fees of the statutory auditors and members of their network paid by the Group in 2010 and 2011 are as follows:

	Total				Advolis				Ernst & Young			
	Amount		%		Amount		%		Amount		%	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<i>(in thousands of euro)</i>												
Auditing												
Statutory audit, certification, and review of separate and consolidated financial statements												
• Issuer	211	225	63%	56%	79	78	93%	58%	132	147	53%	56%
• Consolidated subsidiaries	102	106	31%	27%	6	7	7%	5%	96	99	39%	38%
Ancillary assignments and services directly related to the statutory audit engagement												
• Issuer	-	68	0%	17%	-	50	0%	37%	-	18	0%	7%
• Consolidated subsidiaries	16	-	5%	0%	-	-	0%	0%	16	-	6%	0%
Subtotal	329	399	99%	100%	85	135	100%	100%	244	264	98%	100%
Other services												
Legal, tax, labor												
• Issuer	-	-	0%	0%	-	-	0%	0%	-	-	0%	0%
• Consolidated subsidiaries	-	-	0%	0%	-	-	0%	0%	-	-	0%	0%
Other												
• Issuer	-	-	0%	0%	-	-	0%	0%	-	-	0%	0%
• Consolidated subsidiaries	4	-	1%	0%	-	-	0%	0%	4	-	2%	0%
Subtotal	4	-	1%	0%	-	-	0%	0%	4	-	2%	0%
TOTAL	333	399	100%	100%	85	135	100%	100%	248	264	100%	100%

The Group deems that the information prescribed by Decree 2008-1487 of December 30, 2008 responds to the stipulations of Article 222-8 of the French Financial Markets Authority General Regulations.

6.8. Subsequent events

On January 5, 2012 Arkéion Films was dissolved without liquidation through transfer of all its assets and liabilities to Gaumont.

At the beginning of March 2012, Gaumont SA obtained the formal approval of its banking partners for the renewal of its credit line, under the following terms:

- a revolving syndicated loan agreement concluded for four years and for maximum degressive amounts of k€125,000 until December 31, 2013, k€110,000 until December 31, 2014 and k€100,000 until December 31, 2015;

- variable, Euribor-based interest;
- a credit line subject to financial covenants to be met semi-annually;
- a pledge of shares in Alphanim SA and Gaumont Television SAS, as well as the main films of the Gaumont catalog.

* Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2011

To the Shareholders,

Pursuant to the mission entrusted to us by your General Meeting of the shareholders, we hereby submit our report relating to the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Gaumont, as appended to this report;
- the basis for our assessment;
- the specific verification required by law.

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

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France: those standards require that we plan and perform the audit to obtain reasonable assurance as to 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 annual 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 the Group formed by the companies and other entities included within the consolidation scope, and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

II. Basis for our assessment

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) on the basis of our assessment, we bring to your attention the following matters:

- as stated in note 2.11 to the consolidated financial statements "intangible and tangible assets", your Group recognizes as an intangible asset all costs of films that meet the criteria provided for under IFRS as adopted by the European Union, and recognizes, as from 2011, a residual value for certain blockbuster films. We have reviewed profitability forecasts underlying the appropriateness of this recognition in intangible assets, as well as policies applied for their amortization and for the verification of the recoverable value of the films, and we have checked that note 2.11 contains appropriate disclosures;

- your Group, at each year-end, systematically carries out an impairment test on goodwill and assets with indefinite lives (see note 2.10 "Goodwill") and also assesses whether there are indications of impairment of non-current assets. We have assessed the data and assumptions used for their estimates, particularly, the cash flow forecasts. As part of our audit, we have assessed the reasonableness of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and thus contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As provided for by law, and in accordance with French professional standards, we also specifically verified the information on the Group presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Défense, March 19, 2012

The statutory auditors

ADVOLIS
Patrick Iweins

ERNST & YOUNG *et Autres*
Bruno Bizet



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INFORMATION ON CORPORATE OFFICERS

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* Positions and terms of office of the Board of Directors

Nicolas Seydoux

Born July 16, 1939

French national

Number of Gaumont SA shares held at December 31, 2011: 26

Voting rights at December 31, 2011: 52

Business address

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

Biography

Graduate of the Institut d'Etudes Politiques (IEP) in Paris. Bachelor's degrees in law and economics. Chief Counsel at the Compagnie Internationale pour l'Informatique (CII) in Paris (1967-1970). Financial analyst at Morgan Stanley & Co. Inc. in New York (1970-1971), and Morgan & Cie International SA in Paris (1971-1974). Gaumont group: Vice-Chairman and Chief Executive Officer (1974), Chairman and Chief Executive Officer (1975-2004), Chairman of the Supervisory Board (2004-2010) and Chairman of the Board of Directors (since May 6, 2010). Chairman of the Association de lutte contre la piraterie audiovisuelle (ALPA) (since 2002). Vice-Chairman of the Supervisory Board of Arte (since 2003). Chairman of the Association Forum d'Avignon (since 2008).

Family relationships with other Board members

Husband of Marie Seydoux, Vice-Chairwoman of the Board of Directors, father of Sidonie Dumas, Vice-Chairwoman of the Board of Directors and Chief Executive Officer, father of Pénélope Seydoux and brother of Michel Seydoux, Board members.

Independent director: no

Positions or terms of office performed within Gaumont SA

- **Chairman of the Board of Directors** since May 6, 2010 (date of first appointment). End of term of office: with the General Meeting called to approve the financial statements for the year ending December 31, 2013
- **Chairman of the Compensation and Nomination Committee**

Other positions or terms of office performed within the Group

- **Chairman** of Ciné Par, Gaumont's controlling shareholder
- **Chairman** of Gaumont Inc. (USA), Gaumont Distribution Inc. (USA) and The Visitors Inc. (USA)
- **Member of the Board of Directors** of Gaumont International Television Llc (USA)
- **Member of the Management Committee** of Les Cinémas Gaumont Pathé

Other positions or terms of office performed outside the Group

- **President** of SCA Grands Vins de Pazac
- **President** of the Association Forum d'Avignon, the Association de lutte contre la piraterie audiovisuelle and the Fondation C Génial
- **Vice-Chairman of the Supervisory Board** of Arte France
- **Board member** of the Société Civile du Val Richer and the Fondation des Diaconesses de Reuilly

Previous positions or terms of office during the last five years

- **Chairman of the Supervisory Board** of Gaumont (until May 2010)
- **President** of Socipar (until July 2010)
- **Board member** of the Cinémathèque Française (until June 2010)
- **Board member** of Schlumberger Ltd (Netherlands Antilles)

Marie Seydoux

Born on October 4, 1941

French national

Number of Gaumont SA shares held at December 31, 2011: 500

Voting rights at December 31, 2011: 700

Business address

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

Family relationships with other Board members

Wife of Nicolas Seydoux, Chairman of the Board of Directors, mother of Sidonie Dumas, Vice-Chairwoman of the Board of Directors and Chief Executive Officer, mother of Pénélope Seydoux and sister-in-law of Michel Seydoux, Board members.

Independent director: no

Positions or terms of office performed within Gaumont SA

- **Board member and Chairwoman of the Board of Directors** since May 6, 2010 (date of first appointment). End of term of office: with the General Meeting called to approve the financial statements for the year ending December 31, 2013

Other positions or terms of office performed within the Group

- None

Other positions or terms of office performed outside the Group

- None

Previous positions or terms of office during the last five years

- **Vice-Chairwoman of the Supervisory Board** of Gaumont (until May 2010)
-

Sidonie Dumas

Born April 28, 1967

French national

Number of Gaumont SA shares held at December 31, 2011: 10

Voting rights at December 31, 2011: 20

Business address

30, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

France

Biography

In 1988, while studying law, Sidonie Dumas started her career in the film industry as an intern at Luc Besson's production company, Les Films du Loup, where she worked on the film *Atlantis*. After working in acquisitions and in feature film production at Warner in Los Angeles, she returned to Europe where she worked on the post-synchronisation of Ettore Scola's *The Voyage of Captain Fracassa*. She then discovered the world of film directing on Philippe de Broca's *The Keys to Paradise*. In 1991, she joined Gaumont as a project supervisor (screenplay development). Since 1998, she set out to promote new talent by producing first feature films and chose to produce *Milestones*, by Alain Beigel. In 2001, she was appointed director of Gaumont Production and in 2003 oversaw the production of *Father and Sons* by Michel Boujenah. From July 2004 to May 2010, she was Chairwoman of the Executive Board of Gaumont. She boldly encourages the production of films of all genres, including first films such as *Virgil* by Mabrouk El Mechri (2005), *You are so beautiful* by Isabelle Mergault (2006), *OSS 117: Cairo, Nest of Spies* by Michel Hazanavicius (2006), to name just a few, as well as other films by renowned filmmakers such as *The Science of Sleep* by Michel Gondry. Since May 6, 2010, she is Chief Executive Officer of Gaumont and has produced many films whose attendance exceeded millions of spectators, including: *Untouchable*, which alone attracted nearly 20 million viewers, becoming not only Gaumont's biggest blockbuster, but also one of the most successful French box office films since 1945 (in addition to receiving the César award for Best Actor), *A Gang Story* by Olivier Marchal, *The Conquest*, *Jo's Boy* and *The Roundup*, all acclaimed by movie theater audiences.

Family relationships with other Board members

Daughter of Nicolas Seydoux, Chairman of the Board of Directors, and Marie Seydoux, Vice-Chairman of the Board of Directors, sister of Pénélope Seydoux and niece of Michel Seydoux, Board members.

Independent director: no

Positions or terms of office performed within Gaumont SA

- **Board member and Vice-Chairwoman of the Board of Directors** since May 6, 2010 (date of first appointment). End of term of office: with the General Meeting called to approve the financial statements for the year ending December 31, 2013
- **Chief Executive Officer** since May 6, 2010, for an indefinite term

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Positions and terms of office of the Board of Directors

Other positions or terms of office performed within the Group

- **Legal representative** of Gaumont, Manager of Gaumont Vidéo
- **Legal representative** of Gaumont, President of Gaumont Musiques
- **Permanent representative** of Gaumont, Member of the Management Committee of Les Cinémas Gaumont Pathé
- **Manager** of Editions La Marguerite, Les Films du Dauphin, Les Films du Loup, Prestations et Services, Alphanim Musique and Galaxy 7 (since November 2011)
- **Member of the Management Committee** of Gaumont Pathé Archives
- **Member of the Board of Directors** of Gaumont International Television Llc (USA)
- **Chairwoman of the Board of Directors** of Alphanim
- **President** of Gaumont Télévision and Léonis Productions
- **President** of Gaumont TV Inc. (USA)

Other positions or terms of office performed outside the Group

- None

Previous positions or terms of office during the last five years

- **President** of Alphanim Digital (until December 2011)
- **Manager** of SCI Forest (until November 2011)
- **Chairwoman of the Executive Board** of Gaumont (until May 2010)

Thierry Dassault

Born March 26, 1957

French national

Number of Gaumont SA shares held at December 31, 2011: 500

Voting rights at December 31, 2011: 528

Business address

9, rond-point des Champs-Élysées Marcel Dassault

75008 Paris

France

Biography

Thierry Dassault has extensive experience in high technology and media, having previously been in charge of civilian equipment at Électronique Serge Dassault in Brazil (1979-1981), Chief Executive Officer of an alarm systems company (1982-1984), and Associate producer and director of advertising and institutional films at Claude Delon Productions (1985-1993). From 1994 to 2006 he was President of Dassault Multimedia. In 2004, he led the foundation of Keynectis (the French leader in digital certification), of which he is Chairman. In 2006, he established the investment company TDH, specialized in emerging technologies (and which holds shares of Aquarelle, Bernardaud, Keynectis, Halys, I-Ces, L Capital, Oletis, Wallix and YouScribe.com). He is President of the 58th National Session of the IHEDN, a French national defense academy and think tank. He is *Chevalier de la Légion d'Honneur* and is an air force Colonel of the French military reserve.

Family relationships with other Board members

None

Independent director: yes

Positions or terms of office performed within Gaumont SA

- **Board member** since May 6, 2010 (date of first appointment). End of term of office: with the General Meeting called to approve the financial statements for the year ending December 31, 2013

Other positions or terms of office performed within the Group

- None

Other positions or terms of office performed outside the Group

- **Chairman and member of the Board of Directors** of Keynectis
- **Board member** of Dassault Médias (formerly Socpresse)
- **Member of the Supervisory Board and Deputy Chief Executive Officer** of the Groupe Industriel Marcel Dassault
- **Member of the Supervisory Board** of Particulier et Finances Editions and Véolia Eau
- **Member of the Board of Directors** of Société du Figaro

- **Permanent Representative** of SC TDH to the Boards of Directors of Halys and IF Research (Wallix)
- **Non-voting member of the Board of Directors** of Véolia Environnement
- **Member of the Management Committee** of I-Ces

Previous positions or terms of office during the last five years

- **Vice-Chairman** of Groupe Industriel Marcel Dassault (until 2011)
- **Member of the Supervisory Board** of Gaumont (until May 2010)

Antoine Gallimard

Born April 19, 1947

French national

Number of Gaumont SA shares held at December 31, 2011: 400

Voting rights at December 31, 2011: 410

Business address

5, rue Sébastien Bottin

75007 Paris

France

Biography

After starting his career as a journalist, Antoine Gallimard joined the family-managed publishing company in October 1972, where he was in charge with pocket-format series (“*L’Imaginaire*”, “*Folio*”, and “*Tel*”). He was appointed Chief Executive Officer in 1981, then Group Chairman and Chief Executive Officer in 1988.

Family relationships with other Board members

None

Independent director: yes

Positions or terms of office performed within Gaumont SA

- **Board member** since May 6, 2010 (date of first appointment). End of term of office: with the General Meeting called to approve the financial statements for the year ending December 31, 2013
- **Member of the Compensation and Nomination Committee**

Other positions or terms of office performed within the Group

- None

Other positions or terms of office performed outside the Group

- **Board member, Chairman and Chief Executive Officer** of Madrigall and Editions Gallimard
- **Board member** of the Eyrolles SA Group
- **Board member** of the public institutions Scérén and BNF
- **Permanent Representative** of Editions Gallimard to the Board of Directors of POL Editeur
- **Permanent Representative** of Madrigall to Conseils des Editions de la Table Ronde et de Mercure de France
- **Member of the Supervisory Board** of Electre SA
- **Member of the Supervisory Board** of SOFEDIS SAS

Previous positions or terms of office during the last five years

- **President** of Eden Livres (until 2011)
- **Member of the Supervisory Board** of Gaumont (until May 2010)
- **Board member** of Electra SA
- **President** of Gallimard Jeunesse (until March 2009)

INFORMATION ON CORPORATE OFFICERS

Positions and terms of office of the Board of Directors

Michel Seydoux

Born September 11, 1947

French national

Number of Gaumont SA shares held at December 31, 2011: 580

Voting rights at December 31, 2011: 644

Business address

19, rue de la Trémoille

75008 Paris

France

Biography

Michel Seydoux began his career as assistant to the President of Organisation Centrale des Camps et Activités de Jeunesse (OCCAJ), from 1968 to 1970. In 1971, he founded Camera One, of which he was the Manager. Former Chairman of Air Littoral Holding, he currently serves as the Chairman of the football club Losc Lille Métropole and is a Member of the Management Committee of Pathé. He has produced or co-produced several films, including: *F as in Fairbanks* by Maurice Dugowson (1976), *Don Giovanni* by Joseph Losey (1979), *Hôtel de France* by Patrice Chéreau (1987), *Cyrano de Bergerac* by Jean-Paul Rappeneau (1990), *Urga* by Nikita Mikhalkov (1991), *Prospero's book* by Peter Greenaway (1991), *Toxic Affair* by Philomène Esposito (1993), *Smoking/No Smoking* by Alain Resnais (1993), *Anna and Burnt by the Sun* by Nikita Mikhalkov (1994), *Same Old Song* by Alain Resnais (1997), *The Barber of Siberia* by Nikita Mikhalkov (1999), *René* by Alain Cavalier (2005), *The Filmmaker* by Alain Cavalier (2005), *Ambitious* by Catherine Corsini (2006), *Leaving* by Catherine Corsini (2008), *Irène* by Alain Cavalier (2008) and *Pater* by Alain Cavalier (2011).

Family relationships with other Board members

Brother of Nicolas Seydoux, Chairman of the Board of Directors, uncle of Sidonie Dumas, Vice-Chairwoman of the Board of Directors and Chief Executive Officer, uncle of Pénélope Seydoux, Board member, and brother-in-law of Marie Seydoux, Vice-Chairwoman of the Board of Directors.

Independent director: no

Positions or terms of office performed within Gaumont SA

- **Board member** since May 6, 2010 (date of first appointment). End of term of office: with the General Meeting called to approve the financial statements for the year ending December 31, 2013
- **Member of the Compensation and Nomination Committee**

Other positions or terms of office performed within the Group

- None

Other positions or terms of office performed outside the Group

- **Chairman** of MSI
- **Chairman** of Citadelle Invest
- **Chairman** of Les Cabrettes SAS (formerly SC Société Nouvelle Les Cabrettes) (since November 2011)

- **Chairman of the Board of Directors** of LOSC Lille Métropole
- **Chairman of the Board of Directors** of Socle
- **Board member** of the Luchin Group
- **Board member** of Financière Bon (since October 2011)
- **Member of the Management Committee** of Pathé
- **Member of the Management Committee** of Gaya Rive Gauche
- **Member of the Supervisory Board** of Foot Production (since April 2011)
- **Member of the Supervisory Board** of Grand Lille TV (since October 2011)
- **Manager** of Camera One
- **Manager** of JSI
- **Manager** of SCI Domaine de Luchin
- **Manager** of SNC FMS
- **Representative** of MSI, Board member of Airport Communication
- **Representative** of MSI, Managing Partner of MSEB et Cie
- **Managing Partner** of Liberté 25 Citadelle
- **Proxy holder** of the Société Navale Industrielle et de Plaisance SAS

Previous positions or terms of office during the last five years

- **Chairman** of Les Cabrettes (until November 2011, following the merger-acquisition of Société Nouvelle Les Cabrettes, which became Les Cabrettes)
- **Manager** of Groupement Forestier Les Cabrettes (until June 2011, following conversion to SAS)
- **Manager** of SC Société Nouvelle Les Cabrettes (June 2011 to November 2011)
- **Manager** of SEBI (until March 2011)
- **Member of the Management Committee** of Lepapivore (until February 2011)
- **Member of the Supervisory Board** of Gaumont (until May 2010)

Pénélope Seydoux

Born on May 25, 1966

French national

Number of Gaumont SA shares held at December 31, 2011: 385

Voting rights at December 31, 2011: 395

Business address

Chemin de Haute Brise 1A

1012 Lausanne

Switzerland

Family relationships with other Board members

Daughter of Nicolas Seydoux, Chairman of the Board of Directors, and Marie Seydoux, Vice-Chairwoman of the Board of Directors, sister of Sidonie Dumas, Vice-Chairwoman of the Board of Directors and Chief Executive Officer, and niece of Michel Seydoux, Board member.

Independent director: no

Positions or terms of office performed within Gaumont SA

- **Board member** since May 6, 2010 (date of first appointment). End of term of office: with the General Meeting called to approve the financial statements for the year ending December 31, 2013

- **Member of the Audit Committee**

Other positions or terms of office performed within the Group

- None

Other positions or terms of office performed outside the Group

- **Board member** of UMA Food and Beverages

Previous positions or terms of office during the last five years

- **Member of the Supervisory Board** of Gaumont (until May 2010)
- **Chairwoman** of Léman Hélicoptères (Switzerland) (until 2009)

Bertrand Siguier

Born June 10, 1941

French national

Number of Gaumont SA shares held at December 31, 2011: 350

Voting rights at December 31, 2011: 360

Business address

191, rue de l'Université

75007 Paris

France

Biography

Graduated of the Institut d'Etudes Politiques (IEP) in Paris and holder of a Bachelor's degree in law, Bertrand Siguier began his career as a financial analyst at the Neuflyze, Schlumberger, Mallet bank (NSM) from 1967 to 1969. In 1970, he joined Publicis-Conseil as advertising manager, team leader (1971-1972) and later team director (1973-1974). From 1975 to 1979, he was deputy director and international coordinator of the Publicis-Intermarco-Farner Group. From 1980 to 1982, he was Chief Executive Officer of the McCormick Publicis agency in London. From 1982 to 1988, he became director of Publicis-Conseil. From 1988 to 2008, he was Vice-Chairman of Publicis FCB Communication, which became Publicis Communication. From 1999 to 2008, he was Member of the Executive Board of Publicis Groupe.

Family relationships with other Board members

None

Independent director: yes

Positions or terms of office performed within Gaumont SA

- **Board member** since May 6, 2010 (date of first appointment). End of term of office: with the General Meeting called to approve the financial statements for the year ending December 31, 2013

- **Member of the Audit Committee**

Other positions or terms of office performed within the Group

- None

Other positions or terms of office performed outside the Group

- **Director** of Beacon Communications (Japan), Capital Advertising (India), Saatchi & Saatchi (Korea) and Publicis Yorum (Turkey)

Previous positions or terms of office during the last five years

- **Board member** of HM Editions (until 2011)
- **Member of the Supervisory Board** of Gaumont (until May 2010)
- **Member of the Executive Board** of the Publicis Group (until March 2008)
- **Chairman and Chief Executive Officer** of Multi Market Services France (until 2008)
- **Board member** of Publicis Technology SA (until 2008) and Gantois SA (until end 2008)

INFORMATION ON CORPORATE OFFICERS

Positions and terms of office of the Board of Directors

- **Director** of Publicis Canada, Multi Market Services Ltd (UK), Publicis Hellas Advertising (Greece), Publicis Graphics Group Holding (Luxembourg), Publicis Communication Ltd (New Zealand), Publicis Mojo Ltd (New Zealand), Publicis Communication Espana (Spain), Publicis Publicidade Lda (Spain), Publicis Sp. z.o.o. (Poland), Publicis Wet Desert Sdn Bhd (Malaysia), Publicis Communication (Pty) Ltd (South Africa) (until 2008)
- **Deputy Chairman** of iSe, International Sports and Entertainment AG (Switzerland) (until 2008)

Marc Tessier

Born July 21, 1946

French national

Number of Gaumont SA shares held at December 31, 2011: 494

Voting rights at December 31, 2011: 494

Business address

27, rue d'Orléans

92200 Neuilly-sur-Seine

France

Biography

Graduated from the Ecole Nationale d'Administration (ENA), Marc Tessier was an auditor for the French Ministry of Finance (*Inspecteur des Finances*) in 1971, director of seminar at the Institut d'Etudes Politiques (IEP) in Paris from 1972 to 1974 and special advisor to the Department of External Economic Relations (DREE) from 1976 to 1978. He became assistant to the General Director for Energy and Raw Materials at the French Ministry of Industry from 1978 to 1979 then deputy Chief of staff of André Giraud (Minister of Industry) from 1980 to 1981. In 1982, he joined the Havas Agency as Chief Financial Officer (1982-1983) and Chief Executive Officer (1983-1987). At the same time, he was Chief Executive Officer of Canal+ from 1984 to 1986. From 1987 to 1989 he was advisor to the Chairman of Canal+ and Chief Executive Officer of the Société pour l'Etude et l'Exploitation des Télévisions par Satellite (SEETS), then Chief Executive Officer of Canal+ International from 1989 to 1993 and Chief Executive Officer and Business Development Officer of Canal+ from 1993 to 1995. He served as General Director of the French National Center for Cinematography (CNC) from 1995 to 1999. Marc Tessier was Chairman of the Institut de l'Audiovisuel et des Télécommunications en Europe (IDATE) from 1998 to 2000. From 1999 to 2005 he was Chairman of France Télévisions and then of France Télévisions group. In January 2006, he joined the Netgem Group where he held various positions including Chief Executive Officer of Netgem Média Services, Chief Executive Officer of Glowria and, since May 2009, Chairman of Video Futur. He is Vice-Chairman of IDF1, the regional TV channel of Ile-de-France. He currently serves as Chairman of the Forum des Images. Since July 2011, he is Advisor to the Chairman of Video Futur.

Family relationships with other Board members

None

Independent director: yes

Positions or terms of office performed within Gaumont SA

- **Board member** since May 6, 2010 (date of first appointment). End of term of office: with the General Meeting called to approve the financial statements for the year ending December 31, 2013
- **Chairman of the Audit Committee**

Other positions or terms of office performed within the Group

- None

Other positions or terms of office performed outside the Group

- **Vice-Chairman** of Ensemble TV SAS (a French simplified limited liability company that produces the local channel IDF1)
- **Permanent representative** of J2H to the Board of Directors of Netgem SA
- **Board member** of Netgem SA, VFEG (Video Futur), Ediradio (RTL), Le Monde SA, Fondation de France
- **Non-voting member** of the Board of Directors of G7 Entreprises SA
- **Chairman** of Forum des Images (an association constituted in accordance with the French Law of 1901 concerning non-profit organizations)

Previous positions or terms of office during the last five years

- **Chairman** of Video Futur Entertainment Group SA (until July 2011)
- **Permanent Representative** of Netgem to the Board of Directors of Mediaxim SA (Belgium)
- **Member of the Supervisory Board** of Gaumont (until May 2010)
- **Chairman** of Ensemble TV SAS (a French simplified limited liability company that produces the local channel IDF1)
- **Board member** of Editis, Alternative Media Initiative (Canada)
- **Honorary Board member** of IDATE
- **Chief Executive Officer** of Netgem Media Services SA

Jean Todt

Born February 25, 1946

French national

Number of Gaumont SA shares held at December 31, 2011: 500

Voting rights at December 31, 2011: 680

Business address

2, rue des Granges

1204 Geneva

Switzerland

Biography

Jean Todt began his career as a Rallyes team mate from 1966 to 1981. In 1982, he became director of Peugeot Rally Championship where he created Peugeot Talbot Sport. He was director of the PSA Peugeot-Citroën Sports division from 1990. In 1993, he joined Ferrari (a Fiat Group company) as director of the Ferrari and Maserati sports management. Appointed Board member in 2001, he became Chief Executive Officer in 2004 then Deputy Administrator in 2006. He left Ferrari in March 2009. In October 2009 he was appointed as Chairman of the FIA (Fédération Internationale de l'Automobile).

Family relationships with other Board members

None

Independent director: yes

Positions or terms of office performed within Gaumont SA

- **Board member** since May 6, 2010 (date of first appointment). End of term of office: with the General Meeting called to approve the financial statements for the year ending December 31, 2013

Other positions or terms of office performed within the Group

- None

Other positions or terms of office performed outside the Group

- **Member of the Board of Directors** of the Lucien Barrière Group and of the Société des Amis du Musée d'Art Moderne de la Ville de Paris (Friends of the City of Paris Modern Art Museum Society)
- **Member of the Supervisory Board** of Compagnie financière Saint-Honoré SA (a French corporation, member of the Compagnie Financière Edmond de Rothschild group)
- **Chairman** of the FIA (Fédération Internationale de l'Automobile) and eSafety Aware (FIA)
- **Vice-Chairman** of the Fondation ICM – Institut du Cerveau et de la Moelle épinière (Institute for brain and spinal cord disorders)
- **Member of the Board of Trustees** of the FIA Foundation for the Automobile and Society
- **Member of the Advisory Board** of Hangar Bicocca (Italy)

Previous positions or terms of office during the last five years

- **Member of the Supervisory Board** of Gaumont (until May 2010)
- **Board member** of Ferrari SpA (Italy)
- **Chairman of the Board of Directors** of Ferrari Asia Pacific (Shanghai) and Ferrari West Europe

INFORMATION ON CORPORATE OFFICERS

Compensation and benefits of all nature paid to Corporate Officers

* Compensation and benefits of all nature paid to Corporate Officers

Group commitments given to executive Corporate Officers

Table 10 of the AMF recommendation of December 22, 2008

	Position	Start of term	Employment contract	Supplementary pension plan	Compensation or benefits due upon leaving office	Compensation relative to a noncompetition clause
		End of term				
Nicolas Seydoux	Chairman of the Board of Directors	05.06.10 2014 General Meeting	no	no	no	no
Sidonie Dumas	Chief Executive Officer	05.06.10 indefinite term	no	no	no	no

At December 31, 2011, the directors and Corporate Officers did not benefit from any supplementary pension plan or special payment on leaving office.

Compensation and benefits paid to executive Corporate Officers

Tables 1 and 2 of the AMF recommendation of December 22, 2008

Directors and Corporate Officers include, within the meaning of Article L. 225-185 of the French Commercial Code, the Chairman of the Board of Directors, the Chief Executive Officer, Deputy Chief Executive Officers, Executive Board members or the Manager(s) of a corporation.

(in euros)	Position	Remuneration ⁽¹⁾	2011		2010	
			Amounts paid ⁽²⁾	Amounts recognized	Amounts paid ⁽²⁾	Amounts recognized
Nicolas Seydoux ⁽⁶⁾	Chairman of the Board of Directors	Fixed remuneration	450,000	450,000	305,771	305,771
		Variable remuneration ⁽⁴⁾	551,453	1,077,000	-	551,453
		Attendance fees	20,405	20,263	-	20,405
	Corporate Officer subtotal		1,021,858	1,547,263	305,771	877,629
	TOTAL		1,021,858	1,547,263	305,771	877,629

INFORMATION ON CORPORATE OFFICERS
Compensation and benefits of all nature paid to Corporate Officers

3

(in euros)	Position	Remuneration ⁽¹⁾	2011		2010		
			Amounts paid ⁽²⁾	Amounts recognized	Amounts paid ⁽²⁾	Amounts recognized	
Sidonie Dumas	Chairwoman of the Executive Board	Fixed remuneration	-	-	38,677	38,677	
		Variable remuneration ⁽⁴⁾	-	-	230,792	-	
		Stock option grant ⁽⁷⁾	-	-	-	-	
	Chief Executive Officer	Fixed remuneration	350,000	350,000	230,792	230,792	
		Variable remuneration ⁽⁴⁾	275,726	538,500	-	275,726	
		Stock option grant ⁽⁷⁾	-	-	-	-	
	Board member, Vice-Chairwoman	Attendance fees	14,055	15,263	-	14,055	
	Corporate Officer subtotal			639,781	903,763	500,261	559,250
	Director	Fixed remuneration	-	-	65,348	65,348	
Variable remuneration ⁽⁴⁾		-	-	-	-		
Benefits in kind		-	-	-	-		
Stock option grant ⁽⁷⁾		-	-	-	-		
Employee subtotal			-	-	65,348	65,348	
TOTAL			639,781	903,763	565,609	624,598	
Christophe Riandee ⁽⁵⁾	Member of the Executive Board	Fixed remuneration	-	-	32,546	32,546	
		Variable remuneration ⁽⁴⁾	-	-	230,792	-	
		Stock option grant ⁽⁷⁾	-	-	-	-	
	Corporate Officer subtotal			-	-	263,338	32,546
	Director	Fixed remuneration	-	-	65,490	65,490	
		Variable remuneration ⁽⁴⁾	-	-	-	-	
		Benefits in kind ⁽³⁾	-	-	1,562	1,562	
		Stock option grant ⁽⁷⁾	-	-	-	-	
	Employee subtotal			-	-	67,052	67,052
TOTAL			-	-	330,390	99,598	

(1) Before social security and tax deductions.

(2) Amount paid = all amounts paid by Gaumont during the year. The variable portion earned for a year is actually paid during the following year.

(3) Benefits in kind consist in the provision of a company car.

(4) The basis for the calculation of variable compensation is identical to that set for employee incentive bonus. It consists of the prior year consolidated net income attributable to owners of the parent company, before taxes and non-recurring items. The percentage used is set and remains the same since 2005. The rate decided by the Supervisory Board on November 18, 2004 was renewed by the Board of Directors on July 27, 2010.

(5) M. Christophe Riandee holds the position of Deputy Chief Executive Officer since May 6, 2010, with the status of an employee who is not a Corporate Officer. The amounts shown therefore exclusively concern the period from January 1 to May 6, 2010.

(6) M. Nicolas Seydoux serves as Chairman of the Board of Directors since May 6, 2010. Previously, he served as Chairman of the Supervisory Board and did not have the status of an executive within the meaning of Article L. 225-185 of the French Commercial Code.

(7) Valued using the Black & Scholes method.

On July 27, 2010, on the recommendation of the Compensation Committee, the Board of Directors decided on a fixed annual compensation amount plus a variable portion for the Chairman and Chief Executive Officer, to be determined on the basis of a percentage of the prior year's consolidated net income attributable to owners of the parent company, before taxes and non-recurring items. The variable portion of the compensation earned for a year is actually paid during the following year.

INFORMATION ON CORPORATE OFFICERS

Compensation and benefits of all nature paid to Corporate Officers

Attendance fees and other compensation paid to non-executive Corporate Officers

Table 3 of the AMF recommendation of December 22, 2008

(in euros)	Position on the Supervisory Board ⁽¹⁾	Position on the Board of Directors ⁽¹⁾	Compensation ⁽²⁾	2011		2010	
				Amounts paid ⁽³⁾	Amounts recognized	Amounts paid ⁽³⁾	Amounts recognized
Nicolas Seydoux ⁽⁷⁾	Chairman		Fixed	-	-	144,229	144,229
			Variable ⁽⁵⁾	-	-	461,584	-
			Attendance fees ⁽⁴⁾	-	-	22,172	-
			TOTAL	-	-	627,985	144,229
Marie Seydoux	Vice-Chairwoman	Board member, Vice-Chairwoman	Fixed ⁽⁶⁾	-	-	16,026	16,026
			Attendance fees ⁽⁴⁾	15,405	65,263	17,172	15,405
			TOTAL	15,405	65,263	33,198	31,431
Thierry Dassault	Member	Board member	Attendance fees ⁽⁴⁾	14,054	13,947	15,656	14,055
Antoine Gallimard	Member	Board member	Attendance fees ⁽⁴⁾	20,405	20,263	23,156	20,405
Michel Seydoux	Member	Board member	Attendance fees ⁽⁴⁾	20,405	20,263	19,672	20,405
Pénélope Seydoux	Member	Board member	Attendance fees ⁽⁴⁾	20,405	20,263	20,656	20,405
Bertrand Siguier	Member	Board member	Attendance fees ⁽⁴⁾	20,405	20,263	24,672	20,405
Marc Tessier	Member	Board member	Attendance fees ⁽⁴⁾	20,405	20,263	19,672	20,405
Jean Todt	Member	Board member	Attendance fees ⁽⁴⁾	14,054	13,947	17,172	14,055

(1) From May 6, 2010, Gaumont SA is governed by a Board of Directors.

(2) Before social security and tax deductions.

(3) Amount paid = all amounts paid by Gaumont during the year. The variable portion earned for a year is actually paid during the following year.

(4) Attendance fees allocated for the year and paid during the following year.

(5) The basis for the calculation of variable compensation is identical to that set for employee incentive bonus. It consists of the prior year consolidated net income attributable to owners of the parent company, before taxes and non-recurring items. The percentage used is set and remains the same since 2005. The rate decided by the Supervisory Board on November 18, 2004 was renewed by the Board of Directors on July 27, 2010.

(6) Remuneration relates exclusively to the term of office as Vice-Chairwoman of the Supervisory Board.

(7) From May 6, 2010, Nicolas Seydoux serves as Chairman of the Board of Directors. The remuneration received by Nicolas Seydoux for this position is shown in the summary of remuneration paid to executive Corporate Officers.

Attendance fees paid in 2011 by Gaumont SA to its executive and non-Executive Board members totaled €230,000.

No compensation or attendance fees have been paid to Corporate Officers by the controlled or controlling companies within the meaning of Article L. 233-16 of the French Commercial Code.



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SHARE CAPITAL AND SHAREHOLDERS

Shareholders 98

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 Shareholders

Shareholders holding over 5% of voting rights and treasury shares

Change in shareholding

Shareholders	12.31.11				12.31.10				12.31.09			
	Breakdown of capital		Breakdown of voting rights ⁽¹⁾		Breakdown of capital		Breakdown of voting rights ⁽¹⁾		Breakdown of capital		Breakdown of voting rights ⁽¹⁾	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Ciné Par ⁽²⁾	2,729,402	63.88	5,112,822	69.92	2,729,402	63.88	5,112,822	69.94	2,585,065	60.52	4,930,036	67.10
Socipar ⁽²⁾	-	-	-	-	-	-	-	-	140,752	3.29	220,752	3.00
First Eagle Investment Management LLC (USA)	478,050	11.19	478,050	6.54	478,050	11.19	478,050	6.54	478,050	11.19	478,050	6.51
Financière du Loch ⁽³⁾	408,852	9.57	817,704	11.18	408,852	9.57	817,704	11.19	408,852	9.57	814,373	11.08
Groupe Industriel Marcel Dassault	232,670	5.45	465,340	6.36	232,670	5.45	465,340	6.37	232,670	5.45	465,340	6.33
Public	416,784	9.75	438,182	5.99	416,823	9.76	436,278	5.97	426,127	9.98	438,994	5.98
Shares held by Gaumont SA	6,772	0.16	-	-	6,733	0.16	-	-	-	-	-	-
TOTAL	4,272,530	100.00	7,312,098	100.00	4,272,530	100.00	7,310,194	100.00	4,271,516	100.00	7,347,545	100.00

(1) The fully paid up shares justifying a non-transferable registration for at least three years in the shareholder's name, who must be either of French nationality, a citizen of the European Union, or from a country participating in the European Economic Area, receive double voting rights.

(2) Company controlled by Nicolas Seydoux.

(3) Company controlled by Vincent Bolloré.

To Gaumont's knowledge, no shareholder other than those mentioned in the above table held directly, indirectly or together more than 5% of the share capital or voting rights.

To date, Gaumont was unable to estimate the exact number of its shareholders. At December 31, 2011, the number of registered shareholders was 88.

At December 31, 2011, Gaumont held, as part of its liquidity contract, 6,772 treasury shares with a par value of €8, representing an investment of €296,982. These shares constituted 0.16% of the capital and carried no voting rights or dividend rights.

No controlled entity owns Gaumont shares.

Significant events that had an impact on shareholding structure during the last three years

On April 10, 2009, Arnhold and S. Bleichroeder Advisers Llc, following a purchase of 11,579 shares, held on behalf of the fund it managed a total of 478,050 Gaumont shares representing an equal number of voting rights, *i.e.* 11.19% of the Company's capital (4,271,516 shares) and 6.51% of its voting rights (7,344,508) as on the purchase date.

As from July 1, 2010, under the liquidity contract with Exane BNP Paribas, Gaumont is required to hold its own shares. Gaumont's transactions in its own shares are detailed below.

On December 31, 2010, following the transfer in September 2010 of all assets and liabilities of Socipar to Ciné Par and the subsequent dissolution of Socipar, Ciné Par held 2,729,402 Gaumont shares representing 63.88% of the Company's capital (4,272,530 shares) and 69.94% of its voting rights (7,310,194) as on the transaction date. Ciné Par is not entitled to the double voting rights that were attached, prior to the transaction, to the 140,752 Gaumont shares transferred by Socipar.

Breaching of shareholding thresholds

To Gaumont's knowledge, no shareholding thresholds were exceeded during 2011 or up to the reporting date.

Trading in the Company's own shares

On July 1, 2010, Gaumont contracted Exane BNP Paribas to manage its securities within the framework of a liquidity contract in accordance with the AMAFI Code of Conduct, recognized by the *Autorité des marchés financiers*.

The liquidity contract is managed by Exane BNP Paribas, which is authorized to assess the need to intervene in the market solely for:

- facilitating the listing of the securities;
- improving the distribution of the share ownership;
- improving the security's liquidity in the market.

The initial contributions of k€300 were supplemented by an additional k€100 in November 2010.

At December 31, 2011, resources allocated to this contract included 6,772 treasury shares and €39,179.67 in cash.

Gaumont carried out the following transactions in its own shares with regards to the liquidity contract:

	2011	2010
Number of shares purchased	11,289	8,928
Average purchase price (<i>in euros</i>)	44.99	51.53
Number of shares sold	11,250	2,195
Average sale price (<i>in euros</i>)	43.96	50.08
Trading fees	-	-
Number of shares held on December 31	6,772	6,733
Value of shares held on December 31 (<i>in euros</i>)	296,982	342,754
Percentage of capital held on December 31	0.16%	0.16%
Par value of shares (<i>in euros</i>)	8	8

Employee and executive shareholding in the Company

Executive shareholders

To Gaumont's knowledge, the members of its Board of Directors together held directly, as at December 31, 2011, 3,675 shares representing 0.09% of the capital and 0.06% of the voting rights.

Trading in the Company's shares by Executive Officers and directors

No transactions in the Company's shares were carried out by Executive Officers or directors in 2011.

Employee shareholders

To Gaumont's knowledge, two of its employees together held 28 shares as at December 31, 2011.

To Gaumont's knowledge, there was no savings plan or fund invested in the Company's shares for the benefit of its current or former employees.

Dividend policy

The distribution policy in relation to future dividends is based on various criteria, in particular, the Company's investment requirement, its financial position and market practices.

Unclaimed dividends are forfeited five years after they become payable, as provided by Article 2224 of the French Civil Code (*Code civil*). Such unclaimed dividends are paid to the French Treasury, pursuant to Article L. 1126-1 of the French Public Property Code (*Code de propriété des personnes publiques*).

Gaumont paid out the following dividends over the last five years:

Year	Number of shares paid	Dividends paid for the fiscal year (in euros)		
		Net	Tax credit	Total
2006	4,247,801	1.00	-	1.00
2007	4,269,917	0.30	-	0.30
2008	4,271,516	0.30	-	0.30
2009	4,271,516	0.30	-	0.30
2010	4,265,797 ⁽¹⁾	0.30	-	0.30

(1) Excluding treasury shares.

Factors likely to have an impact in the event of a public offering

Reference shareholders

Gaumont's reference shareholder is Ciné Par, a company controlled by Nicolas Seydoux, which held 63.88% of the capital and 69.92% of the voting rights as on December 31, 2011.

The presence of independent members on the Company's Board of Directors (five out of ten members on the Board) and the fact that certain decisions are submitted to the Board of Directors for prior approval, aim to ensure that the control of the Company is properly exerted and not abused. In particular, the Board's prior approval is required for certain transactions carried out by Executive Management.

Shareholders' agreements

To the Company's knowledge, there is no agreement between shareholders (in particular between management) that could limit the transfer of shares and the exercise of voting rights.

Lock-up agreement

On March 17, 2008, Nicolas Seydoux, Anne-Marie Cahen-Salvador (married Seydoux), Pénélope Seydoux, Sidonie Seydoux (married Dumas) and Ciné Par renewed their collective share lock-up agreement, initially concluded on February 4, 2004 pursuant to Article 787-B of the French General Tax Code (*Code général des impôts*, or CGI), covering 2,346,975 Gaumont shares held by them, which represented, as on December 31, 2011, 54.93% of the capital of the Company and 64.19% of the voting rights. This agreement has a term of two years and is automatically renewable.

To the Company's knowledge, there is no other provision that could delay, defer or prevent a change in its control.

Pledging of shares

There were no Gaumont shares pledged as collateral as on December 31, 2011 nor have any such shares been pledged to date.

Changes in share capital and share rights

Any change in the share capital or the rights attached to each share or each class of shares is subject to compliance with applicable laws. The Articles of Incorporation do not place any conditions or restrictions on such transactions.

Company agreements with a specific change of control clause

To Gaumont's knowledge, the agreements that are amended or that end in the event of change of control of the Company, are as follows:

- an installment loan agreement of an amount of k€25,000 signed on December 21, 2007, as amended on July 28, 2008;
- a loan agreement of a maximum amount of k€125,000 signed on July 28, 2008.

* Information on share capital

Changes in Gaumont SA's share capital

On December 31, 2011, Gaumont's share capital stood at €34,180,240, divided into 4,272,530 shares with a par value of €8 each, which have all been fully paid up and are all of the same class.

In all, there were 7,312,098 voting rights attached to shares, 3,039,568 shares of which held double voting rights.

The Company had not issued any securities other than equity securities.

The following table presents the events that impacted the Company's share capital during the last three years.

Date on which it was noted	Event	Number of shares	Par value of shares	(in euros)			Cumulative number of shares
				Resulting share capital	Additional paid-in capital	Share capital after transaction	
12.31.10	Exercise of stock options	1,014	8	8,112	50,785	34,180,240	4,272,530

Potential capital

On December 31, 2011, 171,864 shares could potentially be issued upon the exercise of stock options granted to employees of Gaumont and other affiliated companies.

Of the 171,864 options outstanding, none showed a dilutive effect as on December 31, 2011.

The following table shows the effects on capital and earnings per share of exercising all the options that are dilutive.

	12.31.11	12.31.10	12.31.09
Average number of shares	4,272,530	4,272,060	4,271,516
Consolidated net income attributable to owners of the parent (in thousands of euro)	26,605	12,275	10,879
Net income per share (in euros)	6.23	2.87	2.55
Number of stock options with a dilutive effect	-	1,416	-
Average potential number of shares	4,272,530	4,273,476	4,271,516
Diluted net income per share (in euros)	6.23	2.87	2.55
Percentage of dilution (in %)	-	0.03	-

History of stock option plans

Since December 1987, Gaumont has set up eight stock option plans for some of its employees and in particular its executives, except for the Chairman of the Board of Directors who does not benefit from any plan.

In accordance with the legal provisions for the protection of all employees' rights, the offer price and number of shares still to be subscribed were adjusted pursuant to Article R. 228-91 of the French Commercial Code. These adjustments are made following dividend distributions.

In accordance with the provisions of Article L. 225-184 of the French Commercial Code, the information on options granted and exercised during 2011 with respect to Corporate Officers as well as the top ten employees that do not hold corporate offices is set out in the special report submitted by the Board of Directors to the General Meeting.

Stock option plans outstanding at December 31, 2011

Table 8 of the AMF recommendation of December 22, 2008

Plans I and II expired December 2, 2002 and December 22, 2003, respectively.

All options granted under the plans III and IV were exercised.

Plans V through VIII were still outstanding as on December 31, 2011. They have the following characteristics:

	Plan V	Plan VI	Plan VII	Plan VIII
Date of General Meeting	06.02.94	04.25.96	04.30.98	04.29.04
Grant date	02.15.96 ⁽¹⁾	03.12.98 ⁽¹⁾	04.09.02 ⁽¹⁾	02.28.05 ⁽²⁾
Type of option	Subscription	Subscription	Subscription	Subscription
Starting date of exercise of options	02.15.01	03.12.03	04.09.06	02.28.09
Expiry date	02.14.46	03.11.48	04.08.46	02.27.49
Exercise price (in euros)	50.31	64.03	48.00	64.00
Adjusted exercise price (in euros)	49.07	62.45	46.82	62.54
Total number of options granted	104,000	168,000	165,000	196,750
Total adjusted number of options granted	106,671	172,338	169,371	201,902
Aggregate number of options cancelled at December 31, 2011	38,977	82,087	106,988	75,166
Aggregate number of options exercised at December 31, 2011	59,588	73,826	39,733	2,053
NUMBER OF OPTIONS OUTSTANDING AT DECEMBER 31, 2011	8,106	16,425	22,650	124,683
Including number of options that corporate officers may subscribe to	1,026	2,053	3,078	30,760
• Sidonie Dumas	1,026	2,053	3,078	30,760
Including the number that may be subscribed to by the top ten employees with the highest number of options this granted⁽³⁾	7,080	14,372	11,853	60,524

(1) Board of Directors.

(2) Executive Board.

(3) When more than ten employees are concerned in equal terms, the number specified takes account of all concerned parties (including individuals who left the Company).

Number of options held by top ten employees granted the largest number of options

Table 9 of the AMF recommendation of December 22, 2008

During 2011, no share purchase or subscription options were granted to employees of Gaumont SA or any of its subsidiaries.

No options were exercised by these employees during the period.

Authorizations granted by the General Meeting to the Board of Directors with respect to capital transactions

	Current authorizations			Authorizations to be submitted to the GM of May 3, 2012			
	General Meeting (GM) (Resolution no.)	Term (expiry date)	Maximum amount or maximum ceiling	2011 Uses	Resolution No.	Term	Maximum ceiling
INCREASE IN SHARE CAPITAL⁽¹⁾ (5)							
While maintaining the preferential subscription right per issue:							
• of shares, securities or marketable securities	GM 05.03.11 (13)	26 months (07.02.13)	k€100,000	Not used			
• of debt securities	GM 05.03.11 (13)	26 months (07.02.13)	k€150,000	Not used			
By capitalization of reserves, profits or premiums	GM 05.03.11 (14)	26 months (07.02.13)	k€100,000	Not used			
Reserved to employees of the Group, members of the Company Savings Plan ⁽⁶⁾	GM 05.03.11 (15)	26 months (07.02.13)	200,000 shares	Not used	10	26 months	200,000 shares
COMPANY BUYBACK OF ITS OWN SHARES							
Company's purchase of its own shares ⁽²⁾	GM 05.03.11 (6)	18 months (11.02.12)	k€17,090	Used	6	18 months	k€17,090
Reduction of share capital by cancellation of treasury shares	GM 05.03.11 (12)	18 months (11.02.12)	10% of the capital on the date of the General Meeting	Not used	8	18 months	10% of the capital on the date of the General Meeting
SHARE SUBSCRIPTION OR PURCHASE OPTION PLANS							
Grant of share subscription and/or purchase options ⁽³⁾ (6)	GM 04.10.09 (11)	38 months (06.09.12)	Legal limit ⁽⁴⁾	Not used	9	38 months	Legal limit ⁽⁴⁾

(1) Share capital capped at a total nominal amount of k€150,000.

(2) Within the limit of 5% of the number of shares in the Company's capital at the time of purchase.

(3) In favor of employees and Corporate Officers of the Company and/or those affiliated to it.

(4) Articles L. 225-182 and R. 225-143 of the French Commercial Code: the total amount of options granted and outstanding may not exceed one third of the capital.

(5) Authorizations and delegations transferred to the Board of Directors by the General Meeting of May 6, 2010.

(6) Authorization voted by the General Meeting of May 3, 2012 pursuant to Article L. 225-129-6 of the French Commercial Code.



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ADDITIONAL INFORMATION

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Persons responsible for information 107

2012 financial reporting timetable

Publication of revenue

February 15: 2011 full-year consolidated revenue

April 27: First quarter of 2012 consolidated revenue

October 26: Third quarter of 2012 consolidated revenue

Publication of the financial statements

March 9: 2011 full-year results

July 26: 2012 half-year results

General Meeting of shareholders

May 3: Combined Ordinary and Extraordinary General Meeting called to approve the financial statements for the year ended December 31, 2011

* Persons responsible for information

Person responsible for the Registration Document

Name and position of the person responsible for the Registration Document

Sidonie Dumas

Chief Executive Officer

Certificate

After taking all reasonable measures to this effect, I certify that, to the best of my knowledge, the information contained in this Registration Document is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all entities included in the consolidated group, and that the management report provides a true and fair view of the business trends, results and financial position of the Company and all entities included in the consolidated group, together with a description of the main risks and uncertainties that they face.

I have obtained from the statutory auditors a completion report, in which they state that they have verified the information relating to the financial position and financial statements provided in this Registration Document and that they have read the entire document.

Neuilly-sur-Seine, April 23, 2012

Sidonie Dumas

Chief Executive Officer

* Persons responsible for auditing

Acting statutory auditors

Advolis

- Member of the Compagnie régionale de Paris
- Address: 13, avenue de l'Opéra 75001 Paris
- Represented by Patrick Iweins
- First appointment: General Meeting of May 2, 2005, taking over from KPMG, formerly RSM Salustro Reydel.

Ernst & Young et Autres

- Member of the Compagnie régionale de Versailles
- Address: 1-2, place des Saisons 92400 Courbevoie - Paris-La Défense 1
- Represented by Bruno Bizet
- First appointment: General Meeting of May 3, 2011, taking over from Ernst & Young Audit.

Alternate statutory auditors

Damien Bourg

- Member of the Compagnie régionale de Paris
- Address: 13, avenue de l'Opéra 75001 Paris
- First appointment: General Meeting of May 3, 2011, taking over from Patrick Iweins.

Auditex

- Member of the Compagnie régionale de Versailles
- Address: 1-2, place des Saisons 92400 Courbevoie - Paris-La Défense 1
- First appointment: General Meeting of May 3, 2011, taking over from Dominique Thouvenin

The terms of all statutory auditors will expire after the General Meeting called to approve the financial statements for the year ended December 31, 2016.

Person responsible for financial information

Fabrice Batieau

Chief Financial Officer

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A French limited company with share capital of €34,180,240

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