



2008 Annual Report

A French limited company¹ with an Executive Board and a Supervisory Board with share capital of €34,172,128
Head office: 30 avenue Charles de Gaulle 92200 Neuilly-sur-Seine
Nanterre Trade and Companies Registry under SIREN² number 562 018 002

(1) Translator: Société Anonyme

(2) Translator: company identification number in France

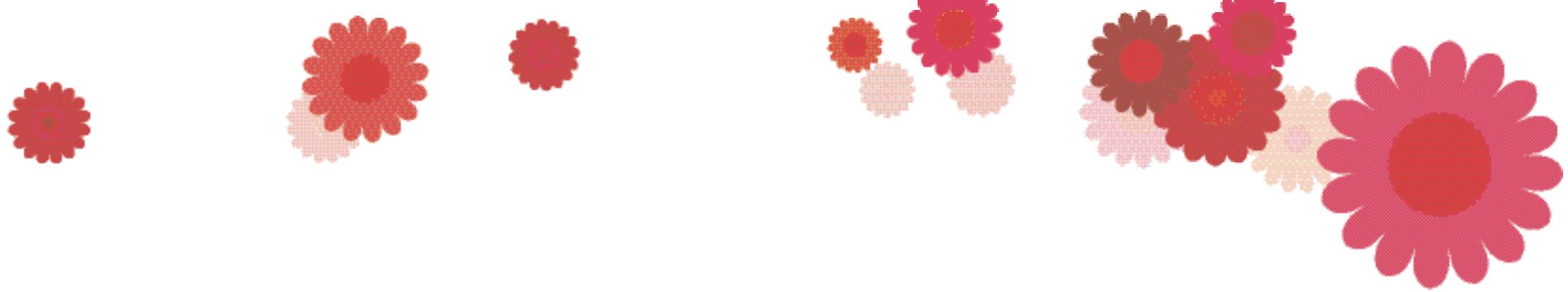
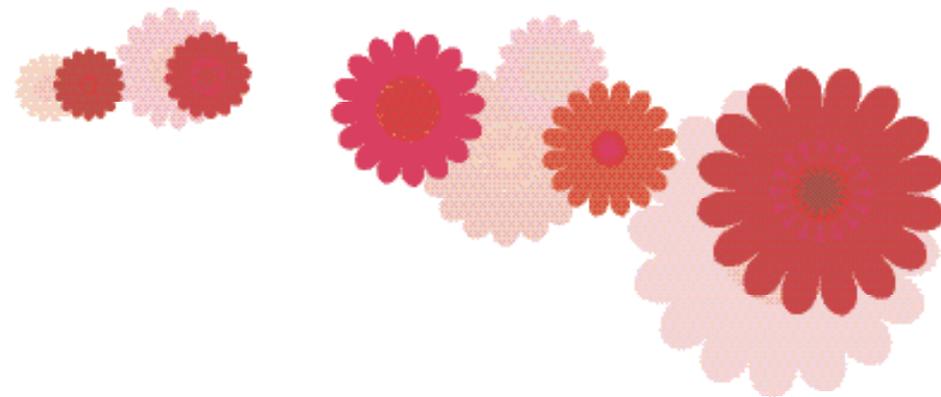




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Message from the Chairman of the Supervisory Board

The Chairman of the Gaumont Supervisory Board is optimistic by nature and as a citizen. If he weren't, he could take up other duties. Optimism is in short supply at the beginning of 2009. The consequences of the financial crisis are still being assessed; new information, often scandal tainted, affecting key individuals and institutions taken by surprise, is coming to light.

Certain economic sectors are directly and severely affected. They will overcome the crisis only through innovation, which in my opinion is still in the offing. Economic sectors, like the automobile industry, play an essential role in employment in France; the crisis affecting these sectors will have severe repercussions.

Faced with this panorama, which is not wonderful, are there any positive signs?

The election of Barack Obama at the head of the world's greatest power is one such sign. Most probably, some people will expect too much. However, the crisis originated in the United States and if they cannot overcome the crisis single-handed, yet US financial regulations will surely have a heavy impact on regulations applicable in other legal systems.

Moreover, the economic recovery in the US will be the motor of recovery for the rest of the world and only the US can, through a different, dynamic and innovative policy, work towards a possible range of solutions to the crisis in the Middle East, in particular, with new relations to be established with Iraq, Iran and Israel.

To a general surprise, French presidency of the European Union in the second half of 2008 was a success, most certainly in France and even more so abroad. Nicolas Sarkozy was at the helm and, as Hubert Védrine said it so well, he showed that he had talent, in other words, he was effective, courageous, obstinate and tenacious. Could he be an architect [of new regulations]? Time was in short supply. He had the merit though of showing that the old Europe could be a source of dynamism and initiative, in particular, with the initiative of the G 20 summit. The summit planned for 2 April 2009 is essential. One cannot solve all problems but trend indicators coming to the fore will be keys to the re-organization of a dynamic capitalism or false measures that will not solve any of the structural problems facing the world.

Two things are sure: financial capitalism has shown its limits when the regulations were circumvented or lax. It must be re-organized as quickly as possible to stop such a situation happening again. The US and the rest of the world re-organized financial capitalization after the 1929 crisis under the impetus of Franklin Delano Roosevelt, I cannot see why his successors would not be able to do so today.

There is no alternative to the market economy. The Russian Confederation and China are now capitalist regimes. Collectivist regimes everywhere have shown their inability to adapt themselves. Cuba, the last of these regimes, is a sad living example thereof. This certitude does not authorize all drifts of liberalism that confuse thirst for success and fraud, enrichment and embezzlement, intelligence and turpitude. Thirst for over profit kills profit. No company can generate quarterly results over the long term that increase 20% per year. Men and women are unemployed. The unemployment will not stop.

It is urgent that together we find appropriate solutions or otherwise the social fabric of democracies, in particular, the French democracy, risks breaking up. We are in the middle of the ford. I place a wager on optimism - that we will reach the other bank without having lost all our reserves on the way over.

What is happening to our microscopic sector in this maelstrom?

The cinema has always had the reputation of being anti-cyclical; to date this prognosis rings true. Apart from the very first days of January when potential filmgoers were chilled to the bone, the number of people going to the cinema at the beginning of 2009 was good. If flops reach a level that could not be envisaged a few years ago, the bonus is stronger than ever for "successful" comedies.

It is too early to analyze the consequences of the reform of France Télévision, with its new program schedule in operation since Monday, 5 January. The ten-minute advance of the main evening program has not, to date, changed viewers' habits. The cinema hopes that those in charge of the public service television will devote more financial means and more slots in their program schedules.

The cinema has been in negotiations with Orange for several months now. To date, they have not been a success. In fact, it is thanks to the CSA that the cinema obtained that the minimum income per subscriber paid to the cinema by Orange is at the same level as that of Canal + when the TV channel totals three million subscribers. On other matters, if each of the parties made small concessions, it is conceivable that an agreement on on-line television could be reached within a reasonable time. On the other hand, regarding the other methods of broadcasting, the situation is much more complex as, without a known economic model, it is very difficult for each of the parties to see the future with the least error possible.

The importance of the agreement with Orange is not to do with what Orange now represents for the cinema but is to do with the fact that the agreements with Canal + expire at the end of the year and that any concession made to Orange should be made to Canal+... In addition, in my opinion it is not in the interest of cinema to have very tense relations between these two companies as they seem to communicate only through the courts.

The financial crisis has slowed down cinema digitization. The antagonism between the most dynamic on this subject, the CGR group, and the most partisan of a wait and see attitude, UGC, is total with a CNC that wants to move on without noticing the professional differences. Despite the crisis that curtails a certain momentum, more than 8% of French cinemas, i.e. 400 cinemas out of 5,000 were equipped at the end of 2008.

A tax credit of four million euro was adopted for international shooting compared to one million for the shooting of national films. The reform of the CNC and the re-organization of the French Cinema Code (*Code du Cinéma*) via Ordinances have been decided.

The role of the French Creation and Internet Act "*Loi Création et Internet*," with respect for individual freedoms, is to "discourage" Internet browsers from downloading illegal files.

The structure of the legal arsenal is sophisticated. The keystone is the liability of the subscriber who, in the event of the inappropriate use of his subscription, may have it suspended.

An administrative authority, the Hadopi, has been established. This Authority has the necessary wherewithal to warn and punish in the event Internet subscribers repeatedly make an inappropriate use of their subscription. The Hadopi, contacted by performing rights companies that detect the downloading of protected musical or audiovisual works, requests internet service providers to provide it with the contact details of subscribers. It then sends to an e-mail informing them of the relevant legal provisions. If within a given period, the subscriber continues his illegal downloading, the Hadopi may then temporarily suspend his subscription.

In the Autumn of 2008, the French Senate, apart from Communist group, which abstained, unanimously voted in favor of the text proposed by the Government, completed by a few provisions with no effect on the essence of the Act.

The French Parliament began examining the text on March 11. Given the new "alternate agenda" procedure, proceedings were interrupted the next day and are to resume at the end of March. The main provisions of the text have still not been voted on.

Amendments provide for re-organization of the chronology of media distribution. This subject is essential to ensure the best distribution of each work. The sole difference between films and other audiovisual works is their initial projection in a dark room before viewers that decide whether it is a success or a flop. The film cannot simultaneously or in a very short time be presented in another medium without pushing many potential viewers to wait for its distribution on said cheaper support. The life of the film in each of the other media depends on its success in the cinema. To risk its success in the cinema is to impair the value of the work.

Outside cinemas, the French film is most often pre-bought by Canal + which has exclusive rights prior to and after its broadcasting on the TV channel. Even if it is understandable that the French Parliament, as it tries to substantially decrease illegal downloading, wishes to offer internet browsers guarantees relating to the increase and quality of the legal offer, the professionals will have to be intelligent enough to find suitable solutions that do not lessen viewers' desire to go to see the work in cinemas.

I dare to hope that the main provisions of the text voted by the French Parliament shall be close to that voted by the Senate and that it will be adopted when your Annual Shareholders' Meeting is held.

The vote of said Act must serve to strengthen the existing distribution sectors and to develop an abundant, attractive and lucrative offer on the web. A wind of optimism will then carry the cinema and many of its players, especially Gaumont.

Nicolas Seydoux, March 16, 2009

Message from the Chairwoman of the Executive Board

Gaumont's consolidated revenues stood at €105 million in 2008 compared to €73 million in 2007.

Essentially, this increase is attributable to

- increase for Gaumont in the number of cinema tickets sold from 4 million in 2007 to 5.2 million in 2008, in particular, thanks to the success of *Enfin veuve*, totaling close to 2.3 million tickets sold and *MR 73* totaling close to 915,000 tickets;
- a more than 21% increase in video revenues;
- a significant increase in revenues from sales to French TV channels of close to 53%.

In a dynamic market, Europolaces expanded its growth in the four countries where the group is established. The consolidated revenues increased from €427 million in 2007 to €468 million in 2008, i.e. a rise of close to 10%. The Europolaces net result decreased from €35.3 million in 2007 to €34.6 million in 2008.

Gaumont produced and distributed 8 films during 2008. *Enfin veuve* directed by Isabelle Mergault is a great success, *MR 73* directed by Olivier Marchal and *Cliente* directed by Josiane Balasko are pretty successes.

Revenues from sales to French TV channels stood at €52 million in 2008 compared to €34 million in 2007. The reason for this increase is:

- the posting of pre-sales on two films released in cinemas in 2007 in the first quarter of 2008;
- the arrival of a new player, Orange Cinéma Séries, that offsets the drop in revenues of certain historic TV channels;
- the posting of Alphanim's consolidated revenues of close to €3 million in the consolidated financial statements.

For video, Gaumont is a partner of Paramount Home Entertainment since March 1, 2008 as it has terminated its collaboration with its previous partner, Columbia Tristar Home Vidéo. Gaumont Vidéo contributed more than €13 million for France to the group's consolidated revenues.

Revenues from digital distribution, set up in May 2007 in order to develop the Gaumont catalogue on all new media (EST, VOD), stood at €0.5 million.

Revenues from international sales rose by 60% from €13 million to €21 million. *MR 73* and *JCVD* sold very well on international markets.

The revenues of Gaumont Pathé Archives rose slightly from €2.7 million in 2007 to close to €3 million in 2008.

The net result, group share, thus moves from a loss of €7.1 million to a profit of €2.1 million.

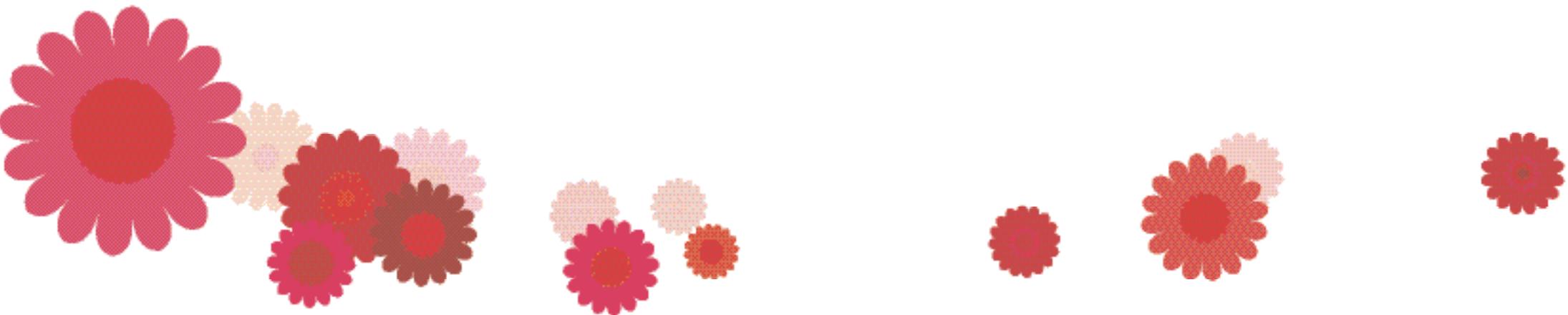
Gaumont is continuing to diversify into the production of formats for television and in 2009 it acquired a 75% interest in the Léonis company. The Company is also developing international projects.

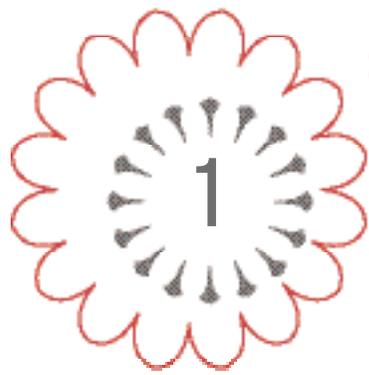
Gaumont and its subsidiaries are continuing their development efforts. Europolaces is to open four multiplexes in France: in Le Havre, Rouen, Vaulx-en-Velin and close to Melun.

Eight new films produced, co-produced or distributed are to be released during 2009: *La guerre des Miss* directed by Patrice Leconte was released on January 14, 2009. The others will follow throughout the year: *OSS 117, Rio ne répond plus* directed by Michel Hazanavicius with Jean Dujardin is to be released on April 15; *Ferrata* directed by Abel Ferry; *Mary et Max* directed by Adam Elliot; *Splice* directed by Vincenzo Natali with Adrian Brody; *Diamants sur ordonnance* directed by Christophe Campos with Omar Sy and Fred Testot; *Le dernier vol* directed by Karim Dridi with Marion Cotillard and Guillaume Canet and *Le caméléon* directed by Jean-Paul Salomé with Marc-André Grondin.

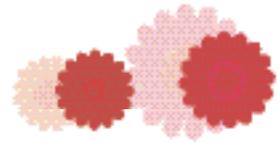
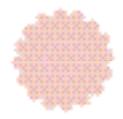
In the name of the Executive Board, I wish to thank all shareholders for their support and loyalty and all of the personnel for its contribution to the various activities of the Company as well as all those who contributed to the proper operating of legal institutions, works' council, employee benefit schemes and professional delegations.

Sidonie Dumas, March 12, 2009





Corporate Governance





Corporate Governance

Supervisory Board

- ▶ Nicolas Seydoux, Chairman
- ▶ Marie Seydoux, Vice-Chairwoman
- ▶ Thierry Dassault
- ▶ Antoine Gallimard
- ▶ Michel Seydoux
- ▶ Bertrand Siguier
- ▶ Pénélope Tavernier
- ▶ Marc Tessier
- ▶ Jean Todt

Executive Board

- ▶ Sidonie Dumas, Chairwoman
- ▶ Christophe Riandée, Chief Executive Officer

In charge of account auditing

Principal statutory auditors

- ▶ Advolis
13, avenue de l'Opéra 75001 Paris

Represented by Olivier Salustro

1st appointment: the Annual General Meeting of May 2, 2005 replacing KPMG formerly RSM Salustro Reydel, represented by Jean-Michel Charpentier.

- ▶ Ernst & Young Audit
Faubourg de l'Arche
11, allée de l'Arche 92037 Paris-La Défense Cedex

Represented by Bruno Perrin

1st appointment: Annual General Meeting of June 2, 1988.

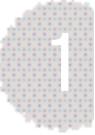
Deputy statutory auditors

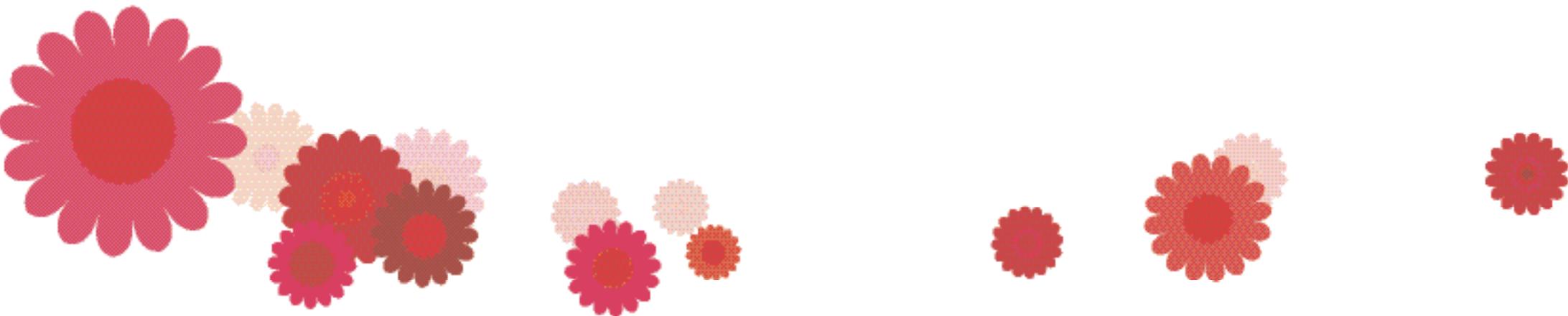
- ▶ Patrick Iweins
Membre de la compagnie régionale de Paris
21, rue du Général-Foy 75008 Paris

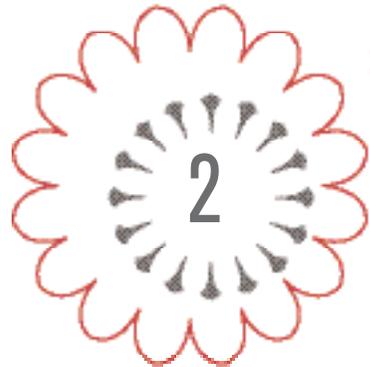
1st appointment: the Annual General Meeting of May 2, 2005 replacing Hubert Luneau.

- ▶ Dominique Thouvenin
Membre de la compagnie régionale de Versailles
Faubourg de l'Arche
11, allée de l'Arche 92037 Paris-La Défense Cedex

1st appointment: Annual General Meeting of June 2, 1988.







Management report by the Executive Board

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Management report by the Executive Board

Gaumont and its subsidiaries

Gaumont's consolidated results

Gaumont's consolidated revenues stood at €105,063,000 in 2008 compared to €72,891,000 in 2007, i.e. an increase of 44.1 %. On a same consolidation basis³, this increase was 29.4 % for revenues of €94,305,000.

- Gaumont sold more than 5.2 million cinema tickets in 2008 compared to 4.0 million in 2007, notably with *Enfin veuve* (2.3 million tickets), *MR 73* (914,000 tickets) and *Cliente* (701,000 tickets).
- video revenues increased by 21.5 %. This clear improvement can be attributed to the success of new films *Un jour sur Terre*, with more than 120, 000 videos sold, by the good performances of films released at the beginning of the year and of catalogue films.
- with revenues of €52,276,000 in 2008, the 52.9 % increase of sale to French TV channels can be attributed to:
 - the posting of pre-sales on two films released in cinemas in 2007 in the first quarter of 2008;
 - the arrival of a new player, Orange Cinéma Séries, that offsets the drop in revenues of certain historic TV channels;
 - the posting of Alphanim's consolidated revenues of €2,868,000 in the consolidated financial statements.

Considering the acquisition of Alphanim, it was decided, as from FY 2008, to present the results, apart from overheads, of films and series for all subsidiaries and to show the overheads separately.

The result posted for films and cartoons is a profit of €18,982,000 compared to a loss of €1,243,000 in 2007 using the new presentation (€3,384,00 according the financial statements published in 2007 which included the overheads of Gaumont Pathé Archives and of Arkeion).

The share of said profit attributed to cartoons is €4,286,000 and that of feature films is €14,696,000. It includes a provision for loss in value of €816,000 for films programmed during the next year, the estimated proceeds of which do not cover productions, compared to €2,000,000 in 2007.

Overheads amounted to €25,892,000 in 2008 compared to €20,509,000 in 2007. They include:

- Alphanim's overheads for the first year, i.e. €3,652,000;
- the cost of the departures of several employees in 2008;
- expenses directly related to the result, such as the business tax and the profit sharing of employees and corporate officers in 2007, which logically have increased compared to 2007;
- and a substantial saving in expenditure on several services, in particular, after an internal company was set up to distribute films in cinemas on July 1, 2007, which is less expensive than that of GIE Gaumont Columbia Tristar Films.

The current operating result, even though still negative, has improved by €14,844,00 and shows a loss of €6,910,000 compared to €21,754,000 in 2007.

The cost of the net financial indebtedness stood at €6,122,000 in 2008 compared to €2,902,000 in 2007. This increase is attributable:

- an average indebtedness level of €86,680,000 in 2008 compared to €62,863,000 in 2007;
- the acquisition of Alphanim, financed by a loan contracted on December 21, 2007 and whose interest expense stood at €1,354,000 for FY 2008.

The item "Other income and interest expense" mainly shows the interest income invoiced to films calculated on amounts that Gaumont invested from the first euro to the eve of their release in cinemas. They dropped from €4,240,000 in 2007 to €3,237,000 in 2008, correlatively to the drop in investments in films, in number and in amount invested per film.

The share of the net results of companies carried at equity stood at €12,127,000 in 2008 compared to €12,200,000 in 2007. It corresponds, in the main, to the fraction of the net result, group share, of EuroPalaces owed to Gaumont, which amounted to €11,683,000 in 2008 compared to €11,905,000 in 2007.

The income tax amounted to €374,000 in 2008 compared to €1,901,000 in 2007 and is comprised of:

- deferred tax income of €701,000 (€2,230,000 in 2007);
- a current tax expense of €327,000 (€329,000 in 2007).

The net result thus moved from a loss of €6,901,000 in 2007 to a profit of €2,291,000 in 2008.

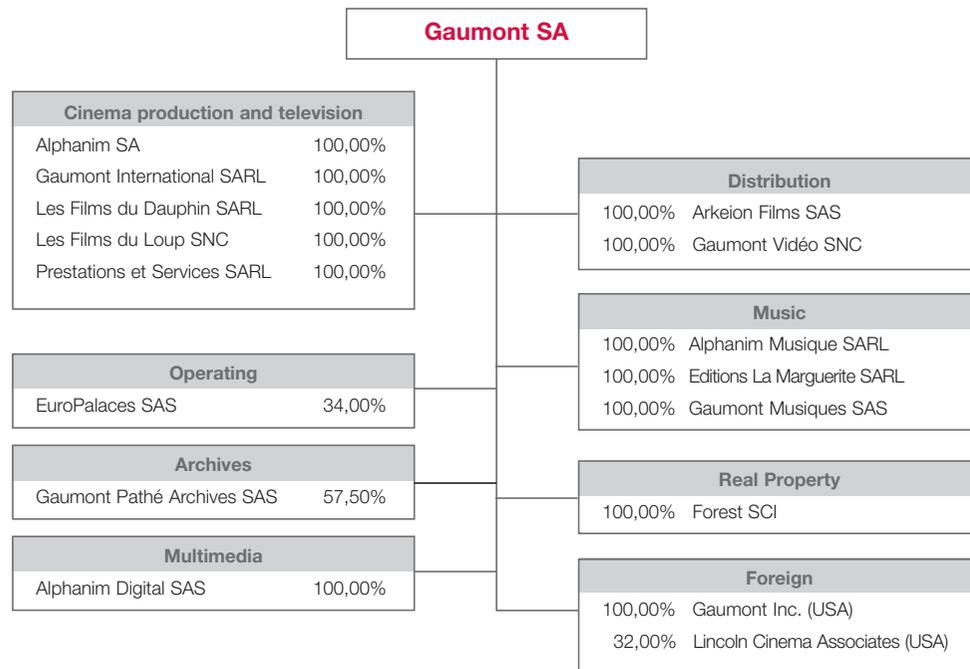
The share of the net profit attributable to minority shareholders, exclusively the share in Gaumont Pathé Archives, is a profit of €195,000 in 2008 compared to a profit of €153,000 in 2007.

The net result, group share, shows a profit €2,096,000 in 2008 compared to a loss of €7,054,000 in 2007.

⁽³⁾ Impact in Gaumont's consolidated income statement of the takeover of Arkeion Films on July 6, 2007 and of Alphanim and its subsidiaries, Alphanim Musique and Alphanim Digital on January 1, 2008.



Organization chart of Gaumont and of its subsidiaries at December 31, 2008



Gaumont's business

The production of cinema films

Gaumont produced or co-produced eight films released in cinemas during 2008:

- *Enfin veuve* directed by Isabelle Mergault with Michèle Laroque and Jacques Gamblin, released on January 16;
- *MR 73* directed by Olivier Marchal, with Daniel Auteuil and Olivia Bonamy, released on March 12;
- *15 ans et demi* directed by François Desagnat and Thomas Sorriaux, with Daniel Auteuil and Juliette Lamboley, released on April 30;
- *JCVD* directed by Mabrouk El Mechri with Jean-Claude Van Damme, released on June 4;
- *Leur morale... et la nôtre* directed by Florence Quentin with André Dussollier and Victoria Abril, released on August 27;
- *Cliente* directed by Josiane Balasko with Nathalie Baye, Isabelle Carré, Eric Caravaca, Josiane Balasko and Marilou Berry, released on October 1;
- *Bouquet final* directed by Michel Delgado, with Didier Bourdon, Marc-André Grondin, Bérénice Béjo, Marthe Keller and Gérard Depardieu, released on November 5;
- *The broken* directed by Sean Ellis, with Lena Headey and Melvil Poupaud, released on November 26.

Investment in production stood at €37,243,000 in 2008 (€72,215,000 in 2007).

The production of cartoon series

To diversify into the production of formats for television, Gaumont acquired Alphanim, a cartoon series producer, at the end of 2007.

Alphanim produced or co-produced four series delivered in 2008:

- *Galactick football* - season 2, comprised of 26 episodes of 26 minutes and broadcast on France 2;
- *Matt et les monstres*, comprised of 52 episodes of 13 minutes and broadcast on M6;
- *Gawayn*, comprised of 52 episodes of 13 minutes and broadcast on France 3;
- *Mouss et Boubidi*, a short one-minute series in 52 episodes, broadcast on France 3.



Cinema distribution

With eight new films released in cinemas, all produced or co-produced by Gaumont, 5.2 million cinema tickets were sold in 2008 compared to 4 million in 2007, of which 300,000 tickets were for films released in cinemas in 2007, but whose distribution continued into the next year.

The three hits of the year were: *Enfin veuve* (2.3 million tickets), *MR 73* (914,000 tickets) and *Cliente* (701,000 tickets).

Video publishing: Gaumont Vidéo

Gaumont Vidéo has been the Group's video publisher since April 1, 2003.

Gaumont terminated its distribution agreement with Gaumont Columbia TriStar Home Video, after a 25-year partnership, to join Paramount Home Entertainment, for a 3-year period, as from March 1, 2008.

The video consolidated revenues increased from €11,608,000 in 2007 to €14,107,000 in 2008 for France. Gaumont Vidéo contributed €13,650,000 for France to the Group's consolidated revenues. The subsidiary's international sales are included in the international revenues.

In a context of a continuous drop in the market of -23%⁴ in value over four years, Gaumont Vidéo was able to transform the group's recent hits in cinemas into video hits, with more than 120,000 videos sold in 2008 for *Un jour sur Terre*, 86,000 videos for *Enfin veuve* and 65,000 videos for *MR 73*. During 2008, Gaumont Vidéo also published the following titles:

- *3 amis*, *Vent mauvais*, *Regarde moi*, *Darling*, *Chrysalis*, *Les deux mondes*, *Big city*, the series *Planète Terre*, *15 ans et demi* and *JCVD* for recent films;
- *Les amaqueurs*, volume 1 of the box set "Cinéma Premier", a compilation of the first films of the Gaumont catalogue, the box set Francesco Rosi, volumes 2 and 3 of Michel Deville for DVD releases of catalogue films;
- and for the first time in Blu Ray Disc, the box set Pagnol with *Le château de ma mère* and *La gloire de mon père* as well as *Les visiteurs* and *Le dîner de cons*.

(4) Source: video barometer Centre National de la Cinématographie - GfK: The video market in 2008

New distribution media

The role of the "New Media" Department set up in May 2007 is to develop the Gaumont catalogue on new media and in particular, video on demand (VoD).

Digital distribution revenues stood at €580,000 in 2008, including €576,000 in VoD (not significant in 2007) et correspond to 250,000 orders of recent films over 14 titles and to 115,000 orders of catalogue films.

Sale of rights to television companies and international sales

Sales of rights to French TV channels stood at €52,276,000 compared to €34,201,000 in 2007:

- Alphanim contributed €2,661,000 for new series and €207,000 for catalogue series to said revenues;
- financing by French TV channels is on the increase, thanks, in particular, to the posting of pre-sales in 2008 for two films released in cinemas at the end of 2007;
- sales of catalogue films have increased slightly again this year.

International revenues stood at €21,266,000 compared to €13,139,000 last year. For the first time, they include Gaumont Vidéo international sales for €1,352,000 and the revenues of Alphanim and its subsidiaries for €7,293,000 including 78.3% for the new series.

They also post a slight decrease for new films and remain stable for catalogue films.

Sale of news pictures: Gaumont Pathé Archives

On October 1, 2003, Gaumont and Pathé pooled their news pictures catalogues within a joint company Gaumont Pathé Archives, in which Gaumont has a 57.5% interest and in which Pathé has a 42.5% interest.

Gaumont Pathé Archives's contribution to the consolidated revenues is, as over these last two years, slightly up, easing from €2,718,000 in 2007 to €2,960,000 in 2008. The operating result increased from €444,000 in 2007 to €584,000 in 2008.



Other businesses

Revenues generated by other businesses rose and stood at €1,668,000 in 2008 compared to €1,558,000 in 2007. This growth is attributable to the consolidation of Alphanim and of Arkeion in the consolidated financial statements, as with the same consolidation scope, said revenues stood at €1,401,000.

Cinema operation: EuroPalaces

EuroPalaces continued its cinema acquisition and opening policy during 2008:

- on January 19, opening of the Pathé Vaise multiplex in Lyon;
- on July 16, acquisition of Rex which wholly owns the capital of Variétés Cinéma, holder of the CDEC⁵ for a multiplex in Dammarie-Les-Lys close to Melun;
- on September 12, opening of the Pathé Saran multiplex in Orléans, operated by Martroi, under a business lease granted by Pathé Saran S.A.S, following the closing on September 2 of Le Sélect cinema, operated by the same company;
- on November 5, opening in Rennes of the Cinéma Gaumont Rennes and closing on the same day of the old cinema.

In Europe, EuroPalaces:

- opened the Pathé Spuimarkt multiplex in The Hague (the Netherlands) on April 17;
- opened the Pathé Westside multiplex in Berne (Switzerland) on October 8.

EuroPalaces also decided to develop a new business and to diversify its commercial offer by acquiring 97% of the capital of Ciel Ecran, a company specialized in the video-transmission of sports and cultural events by satellite, on October 29, 2008.

The consolidated revenues of EuroPalaces stood at €467,521, 000 compared to €426,787,000 in 2007.

EuroPalaces's ticket sales totaled 54.3 million, a 9.8% increase compared to 2007. This increase is general and applies to the four countries where the group is established.

In France, ticket sales totaled 42.2 million, i.e. an increase of 11%, which is attributable to the opening of three multiplexes and a 6% market increase, mainly on account of the success of *Bienvenue chez les Ch'tis*.

In Switzerland, ticket sales rose by 5.9%, thanks to the opening of the Pathé Westside in Berne.

(5) Commissions Départementales d'Équipement Commercial (Business Facilities Commission)

In Holland, ticket sales rose by 3.7%, thanks to the opening of the Pathé Spuimarkt multiplex in The Hague.

In Italy, the opening of the Rome site in 2007 continues to bring results and once again this year a 21.9% increase in ticket sales has been posted.

In these three countries, the average price rose by 2.5%.

The operating result thus moved from €66,210,000 in 2007 to €68,694,000 in 2008.

The net interest expense rose by 11.3%, from €12,690,000 in 2007 to €14,119,000 in 2008, as the decrease in net indebtedness cannot offset the rise in interest rates.

The extraordinary result is a profit of €3,679,000 in 2008 compared to €1,397,000,000 in 2007. It mainly corresponds to capital gains made on the sale of tangible and intangible assets.

The consolidated net result stood at €34,572,000 in 2008, compared to €35,269,000 in 2007, after factoring in minority interests of €6,937,000 in 2008 and of €6,289,000 in 2007.

Gaumont's share of the result, after IFRS reprocessing, amounted to €11,683,000 in 2008 compared to €11,905,000 in 2007.

At December 31, 2008, the equity capital stood at €372,733,000 compared to €330,866,000 at December 31, 2007, with a total balance sheet of €926,956,000 at December 31, 2008 compared to €866,369,000 at December 31, 2007.

The group's net financial indebtedness stood at €289,467,000 at December 31, 2008 compared to €323,972,000 at December 31, 2007.

In 2008, investments totaled €52.7 million compared to €85.3 million in 2007.

On January 28, 2009, EuroPalaces acquired an additional 17% of the capital of Talent Group Communication, bringing its interest from 34% to 51%.

Moreover, the Company plans to open the following multiplexes in 2009:

- Pathé Carré de Soie, Lyon (15 cinema halls / 3,700 seats), planned for April 1;
- Pathé Rouen (14 cinema halls / 3,050 seats), planned for the spring;
- Gaumont Docks Vauban, Le Havre (12 cinema halls / 2,400 seats), planned for the summer;
- Dammarie-Les-Lys in the outskirts of Melun, planned for the end of 2009 (10 cinema halls / 2,000 seats).



Financial structure and statement of cash flow

Financial structure

At December 31, 2008, the equity capital stood at €210,480,000 compared to €208,459,000 at December 31, 2007, with a total balance sheet of €400,944,000 at December 31, 2008 compared to €413,160,000 at December 31, 2007.

The group's net financial indebtedness stood at €105,204,000 at December 31, 2008, i.e. 49.9% of the equity capital, compared to €119,733,000 at December 31, 2007.

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

- the production costs of features films and cartoon series;
- its involvements in co-productions via the payment of co-production contributions and guaranteed minima for distributions;
- the purchase of film rights on films not produced by Gaumont and, where applicable, the purchase of film catalogues.

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

On July 28, 2008, Gaumont entered into a revolving loan agreement for a maximum amount of €125,000 that expires on September 15, 2012, to:

- firstly, refinance a revolving loan agreement of €100,000,000 entered into on December 20, 2005 and that expires on September 15, 2008,
- and secondly, finance its general requirements and those of its subsidiaries for their audiovisual operating and production business.

This line has three financial ratios.

At December 31, 2008, €41,000,000 of said credit line was unused.

On December 21, 2007, Gaumont entered into a separate redeemable loan agreement of an amount in principal of €25,000,000 to finance the acquisition of Alphanim. Gaumont signed a supplemental agreement to said agreement on July 28, 2008 to bring some of its clauses into line with the terms of the new revolving loan agreement, in particular, those relating to financial ratios.

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

Statement of cash flow

The cash flow prior to cost of the net financial indebtedness and taxes amounted to €65,775,000 at December 31, 2008, compared to €32,985,000 at December 31, 2007.

Investments totaled €52,491,000 in 2008 compared to €107,701,000 in 2007.

Regarding financing operations, in FY 2008, a dividend of €1,281,000 was paid for 2007, financial debts were reimbursed in the amount of €10,702,000 and interest of €6,122,000 was paid.

The Group's net cash flow at December 31, 2008 is positive and stands at €1,306,000 compared to a negative cash flow of €2,694,000 at December 31, 2007.

Investment policy

Most of Gaumont's investments are made in France.

Over the last two years, Gaumont's investments were as follows:

<i>(in thousands of euro)</i>	12.31.08	12.31.07
Intangible fixed assets	50,638	72,982
Tangible fixed assets	971	2,454
Financial assets	792	32,265
Investments	52,401	107,701

Gaumont's main business is the cinema film production and distribution. Gaumont invests each year in films; the value thereof depends on the results of the cinema release, proceeds generated by the sale of DVD and prospects of sales of rights to French television companies and international sales.

Intangible and tangible investments of 2008 mainly concerned:

- €37,243,000 for films, including €450,000 for productions in progress;
- and €13,085,000 for cartoon series, including €2,819,000 for the series in progress.

Moreover, Gaumont invests on a one-off basis in companies with major catalogues of film rights.

All of said investments were financed by a revolving credit line of a maximum amount of €125,000,000.



Preliminary costs

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

For 2008, preliminary costs of €3,684,000 (compared to €3,520,000 in 2007) were incurred for films, i.e. 9.9% of investments in production or co-production of feature films (4.9% in 2007).

Preliminary costs of €385,000 were incurred for cartoon series, i.e. 2.4% of investments.

Pre-sales and coverage rate

Terrestrial TV channels and Canal +, following the signing of an inter-trade agreement, which is updated from time to time, must finance the 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 to secure its investments in production or co-production of feature films. Thus, out of the eight films that the Group produced or co-produced and which were released in cinemas in 2008, six benefited from contracts covering pre-sales of TV broadcasting rights entered into directly with Gaumont.

One of them also benefited from said pre-sales but with the executive producer of the film (as Gaumont was a simple co-producer).

On the last two years, the pre-sales of TV broadcasting rights developed as follows (for films released in cinemas during the year):

	2008			2007		
	Number of films	Amount (thousands of €)	In % of the total	Number of films	Amount (thousands of €)	In % of the total
TV channels						
Canal + / TPS		12,550	61%		13,460	62%
Terrestrial channels		6,595	32%		7,024	33%
Cable and satellite channels		1,450	7%		1,140	5%
Pay per view		30	-		60	-
Total	6	20,625	100%	8	21,684	100%

Pre-sales of TV broadcasting rights to films released in cinemas in 2008 amounted to €20,625,000. The allocation of said pre-sales between the various TV channels is stable between 2007 and 2008. Canal+/TPS, with 61% of the amount of pre-sales, i.e. an average of almost €2,100,000 per film, has the majority share. In 2007, regarding terrestrial channels, only TF1 had contributed to the pre-sales of films. In 2008, 25% of pre-sales were to TF1 and 7% to the France Télévisions group (France 2 and France 3). The cable and satellite channels account for 7% 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) on the date of its release in cinemas.

For 2008, the global coverage rate of films produced or co-produced and released in cinemas over the year stood at 54% on the date of their release in cinemas.

2009 – 2010 Prospects

Nine films have already been programmed in 2009 and 2010.

La guerre des Miss directed by Patrice Leconte, with Benoit Poelvoorde and Olivia Bonamy, was released in cinemas on January 14 and has posted tickets sales of 170,000.

Four films that Gaumont produced or co-produced in French shall be released in cinemas in 2009:

- *OSS 117 – Rio ne répond plus* directed by Michel Hazanavicius, with Jean Dujardin and Louise Monot, is planned for April 15;
- *Ferrata* directed by Abel Ferry, with Fanny Valette, is planned for July 8;
- *Diamants sur ordonnance* directed by Christophe Campos, with Pio Marmai, Omar Sy and Fred Testot, is planned for October 14;
- *Le dernier vol* directed by Karim Dridi, with Marion Cotillard and Guillaume Canet, is planned for November 25.

Two films that Gaumont co-produced in English shall also be released:

- *Splice* directed by Vincenzo Natali, with Adrian Brody, Sarah Polley and Delphine Chanéac, is planned for September 2009;
- *Last night* directed by Massy Tadjedin, with Keira Knightley, Eva Mendès, Guillaume Canet and Sam Worthington, is planned for February 2010.

Gaumont also bought the distribution rights of:

- *Mary and Max*, an Australian cartoon film directed by Adam Elliot, is planned for June 2009;
- *Le caméléon* directed by Jean-Paul Salomé, with Marc-André Grondin, Famke Janssen and Ellen Barkin, is planned for December 2009.



Management report by the Executive Board

Gaumont's financial statements

Gaumont Vidéo will publish DVD of recent films a few months after their release in cinemas and catalogue films, including, in 2009, *La traversée de Paris* directed by Claude Autant-Lara, *Du rififi chez les hommes* directed by Jules Dassin, *Razzia sur la chnouf* directed by Henri Decoin and *Les yeux sans visage* directed by Georges Franju. Moreover, Gaumont Vidéo will publish eight catalogue films including *Les tontons flingueurs*, *Le cinquième élément* and *36, quai des Orfèvres* in Blu Ray Disc. Lastly the subsidiary will continue to publish its collections, with for 2009: Luc Besson, Georges Lautner, Gérard Oury and Yves Robert.

In 2009, Alphanim, a TV production subsidiary, plans to deliver:

- three cartoon series:

- *Les blagues de Toto*, 52 episodes of 13 minutes, broadcast by M6;
- *Alfred le hérisson*, 52 episodes of 13 minutes, broadcast by France 5;
- *La petite géante*, 52 episodes of 13 minutes, broadcast by Gulli;

- and a cartoon feature film: *Le secret d'Éléonore* distributed by Haut et Court.

Lastly, Léonis Productions, of which Gaumont acquired 75% of the capital on January 6, 2009, will produce *L'internat*, an adaptation of the Spanish series *El internado*, in co-production with Marathon, which shall be broadcast on M6.

The TV fiction *Le bouddha d'Aubervilliers* and the series *Carthagène* are also projects.

Gaumont's financial statements

Gaumont's financial statements reflect some of the Group's business only. In fact, the production subsidiaries co-produce some of Gaumont's films and in this respect bear some of the investment. Moreover, Alphanim produces cartoon series and films; Gaumont Vidéo is responsible for the video business; Gaumont Pathé Archives sells photos from its photo library and EuroPalaces, a company consolidated by the equity method, operates cinemas.

Revenues stood at €79,045,000 in 2008 compared to €59,613,000 in 2007.

Cinema proceeds totaled €12,150,000 compared to €9,597,000 in 2007. More than 5.2 million tickets were sold for films in 2008 with, notably, the success of *Enfin veuve* (2.3 million tickets), *MR 73* (914,000 tickets) and *Cliente* (701,000 tickets). Films had totaled 4 million tickets in 2007.

Video and video on demand posted a clear increase in revenues on account, notably, of *Un jour sur Terre*, good video performances of the cinema hits of the beginning of the year and sale of catalogue films, similar to those in 2007.

Sales of rights to French TV channels reached €49,408,000, compared to €34,169,000 in 2007. This increase can be attributed to:

- the posting on the first quarter of 2008 of TV pre-sales on films released at the end of 2007, on account of their being posted upon acceptance of the broadcasting material.
- the arrival of a new player, Orange Cinéma Séries, that offsets the drop in revenues of certain historic TV channels;

International sales stood at €12,784,000 compared to €12,912,000 during the previous year. New films performed slightly less better than last year.

Revenues from other business stood at €853,000 compared to €897,000 in 2007.

The operating result posted a loss of €10,754,000 in 2008 compared to a loss of €25,533,000 in 2007, mainly on account of the €19,432,000 increase in revenues.

The financial result showed a profit of €315,000 in 2008, compared to a profit of €3,812,000 in 2007.

This decrease results from the combined effects of:

- the increase in the interest expense of €6,142,000 in 2008 compared to €3,396,000 in 2007. This can be explained, in particular, by an average level of indebtedness for the highest credit lines that increased from €62,863,000 in 2007 to €86,680,000 in 2008 as well as the acquisition of Alphanim, financed by a loan contracted on December 21, 2007, the interest expense of which stood at €1,354,000;
- the decrease in income from equity shares amounting to €3,506,000 in 2008 compared to €4,497,000 in 2007;
- the decrease of interest expense invoiced to films, calculated on the amounts that Gaumont invested from the first euro up to the eve of their release in cinemas. They moved from €4,240,000 in 2007 to €3,237,000 in 2008, correlatively to the decreased investment in films, in number and amount invested per film.

Thus the pre-tax current result posted a loss of €10,439,000 in 2008 compared to €21,721,000 in 2007.

The extraordinary result moved from a profit of €1,973,000 in 2007 to a loss of €12,458,000 in 2008. In particular, it posts:

- an allowance for the accelerated depreciation of films of €12,509,000 in 2008 compared to a write back of €2,207,000 in 2007;
- a capital gain on the sale of intangible and tangible assets of €241,000 in 2008 compared to €160,000 in 2007.



The net result moved from a loss of €17,868,000 in 2007 to a loss of €21,967,000 in 2008, after factoring in income tax of €1,880,000 in 2007 and of €930,000 in 2008 comprised mainly of the tax credit for cinema production expenditure called "cinema tax credit", of €1,850,000 in 2007, compared to €928,000 in 2008.

Gaumont's subsidiaries

Corporate officers: parent company - subsidiaries

Sidonie Dumas and Christophe Riandee are the only corporate officers of Gaumont that hold like offices in the Group's subsidiaries.

Parent company - subsidiaries

Parent company's services for its subsidiaries

Gaumont provides its French subsidiaries:

- apart from EuroPalaces, with general management services;
- apart from Alphanim and EuroPalaces, with ordinary support services: administration and finances, legal, human resources and IT services that the subsidiaries need for a remuneration that amounted to €166,000 in 2008 compared €158,000 in 2007.

Apart from Gaumont Pathé Archives, EuroPalaces, Alphanim and Arkeion Films for the first half year, the French subsidiaries rent premises in Gaumont SA's offices. This rent amounted to €203,000 in 2008 compared to €120,000 in 2007. Moreover, Gaumont rents an office building located at 5 rue du Colisée, Paris 75008 to Gaumont Columbia TriStar Films for a rent of € 253,000 from January 1 to June 30, 2007, date of the termination of the consortium.

The parties shared the costs of winding up and ending the consortium on a 50/50 basis.

Gaumont Vidéo, as Gaumont's video publisher, pays the latter fees based on sales, which amounted to €3,092,000 in 2008 compared to €1,823,000 in 2007.

Gaumont assigns an employee to chair Gaumont Pathé Archives in consideration of € 50,000 per year.

Cash agreement

Gaumont and its French subsidiaries, apart from Alphanim and EuroPalaces, have entered into a current account agreement, with recharging of interest at the average market rate.

Tax consolidation agreement

Gaumont S.A. "Group head", Gaumont International S.A.R.L., Les Films du Dauphin S.A.R.L., Prestations et Services S.A.R.L., Arkeion Films SAS, Alphanim SA, Alphanim Musique SARL and Alphanim Digital SAS companies have entered into a tax consolidation agreement.

The purpose of this agreement is to:

- spread the tax owed by Gaumont on the overall profits, including any exceptional contributions, between the companies, as if there were no tax consolidation;
- allocate, where applicable, the tax saving that may result from the application of the consolidation method to the "Group head" parent company;
- anticipate the situation in the event of a distribution of dividends;
- where applicable, compensate, the company penalized in the event of withdrawal from the Group.

Said agreement has been entered into for an initial twelve-month period as from January 1, 2003 and is renewable by tacit agreement.

Acquisition

During the year, Gaumont acquired Les Productions de la Guéville, a production company owned by Yves Robert and Danielle Delorme with which Gaumont had co-produced many films produced by Yves Robert.

Gaumont acquired all (100%) of the entire share capital of the company, which changed its name to Autrement Productions, for an amount of €2,865,000. Said amount was placed on a "Carpa" escrow account on December 14, 2007 and released on the date the shares were actually transferred, i.e. January 1, 2008.

Gaumont thus completed its catalogue with films that it had co-produced, inter alia: *Le grand blond avec une chaussure noire*, *Un éléphant ça trompe énormément*, *Salut l'artiste*, *Le château de ma mère* and *La gloire de mon père*, but also with films in which Gaumont had not been involved, such as *Le distrait* directed by Pierre Richard, *Que la fête commence* directed by Bertrand Tavernier or else *La vie de château* directed by Jean-Paul Rappeneau.

Autrement Productions was de-registered from the Nanterre Trade and Companies Registry on July 7, 2008, following the general transfer of its assets on July 1, 2008, to its sole shareholder, Gaumont.



Management report by the Executive Board

Gaumont's financial statements

Events after the accounts closing date

On January 6, 2009, Gaumont acquired 75% of the capital of Léonis Productions, a company specialized in the production and distribution of TV programs.

The global transaction for this acquisition amounted to €700,000.

The assignors gave Gaumont a seller's warranty, within the limit of €210,000, up to January 6, 2012.

Shareholding and share market

Share capital and voting rights

At December 31, 2008, Gaumont SA's share capital stood at €34,172,128; it is divided into 4,271,516 shares with a nominal value of €8 each, which have been paid up in full and which are all of the same class. In all, there are 7,344,539 voting rights, of which 3,073,023 shares hold double voting rights. Gaumont SA does not hold own any of its own shares, either directly or indirectly.

Change in the shareholding

At December 31, 2008, four shareholders held more than 5% of the Company's share capital.

Shareholders	Breakdown of capital		Breakdown of the voting rights ⁽¹⁾	
	Number	%	Number	%
Cinépar (Company controlled by Nicolas Seydoux)	2,383,420	55.80	4,727,991	64.37
Socijpar (Company controlled by Nicolas Seydoux)	140,752	3.29	220,752	3.01
Arnhold and S. Bleichroeder Advisers (USA)	466,471	10.92	466,471	6.35
Financière du Loch				
(Company controlled by Vincent Bolloré)	408,852	9.57	814,373	11.09
Marcel Dassault Industrial group	232,670	5.45	465,340	6.34
Public	639,351	14.97	649,612	8.84
Total	4,271,516	100.00	7,344,539	100.00

⁽¹⁾ shares that have been fully paid up and that have been registered as registered shares for at least three years in the name of the same shareholder of French nationality or a national of a member State of the European Union or a State that has signed an agreement with the European Economic Area shall enjoy double voting rights.

To Gaumont's knowledge, no shareholder other than those mentioned in the above table hold directly or indirectly or together more than 5% of the share capital or voting rights. GAUMONT's reference shareholder is the Cinépar Company, controlled by Nicolas Seydoux, which holds 55.80% of the capital and 64.37% of the voting rights of the Company.

The presence of a majority of independent members on the Company's Supervisory Board (five out of the nine members on the Board) and the fact that some decisions are submitted to the prior authorization of the Supervisory Board are to ensure that there is no improper exercise in control of the Company. In particular, it is specified that some operations of the Executive Board, specified in page 163 of the 2008 Reference Document, are subject to the prior authorization of the Supervisory Board.

To the Company's knowledge, there is no agreement between shareholders (in particular between corporate officers) that could limit the transfer of shares and the exercise of voting rights.

To the Company's knowledge, the agreements entered into by the Company that are amended or that end in the event of change of control of the Company, are as follows:

- a redeemable loan agreement of an amount of €25,000,000 of December 21, 2007 as amended on July 28, 2008;
- a loan agreement of an amount of €125,000,000 of July 28, 2008.

To the Company's knowledge, apart from the securities custody agreement mentioned in page 135 of the 2008 Reference Document, there is no provision that could have an effect of delaying, deferring or preventing a change of its control.

To Gaumont's knowledge, no thresholds were crossed during 2008 and up to today's date.



Potential capital

The General Meeting of April 27, 2006 authorized the Executive Board to grant, on one or more occasions, in favor of those it appoints among the members of the personnel and corporate officers of the Company or of those affiliated to it in accordance with the terms provided for under Article L. 225-180 of the French Commercial Code (*Code de commerce*), subscription and/or purchase options in relation to the Company's shares.

At December 31, 2008, 249,493 potential shares could issued upon the exercise of subscription options granted to the employees of Gaumont and companies affiliated to it.

If all share subscription options granted to the employees were exercised the resulting dilution would be as follows:

	12.31.08	12.31.07	12.31.06
Average number of shares	4,270,834	4,263,649	4,235,701
Group's share of the consolidated result (in thousands of euro)	2,096	-7,054	25,434
Net result per share (in euro)	0.49	-1.65	6.00
Number of share subscription options with a dilutive effect	211,023	216,070	14,078
Average potential number of shares	4,481,857	4,479,719	4,249,779
Diluted net result per share (in euro)	0.47	-1.57	5.98
Percentage of dilution (in %)	4.94	5.07	0.32

Capital authorized and not issued

The General Meeting of June 4, 2007 authorized the Executive Board:

- to issue on one or more occasions, while maintaining the preferential subscription right:
 - shares, securities or marketable securities within the limit of €100,000,000,
 - and when it relates to debt securities within the limit of €50,000,000;
- to carry out a capital increase, on one or more occasions, of €100,000,000 by the capitalization of reserves, profits or premiums, followed by the issue or free allocation of capital securities or the increase of the nominal value of existing capital securities or a combination of both these methods;
- to carry out a capital increase, on one or more occasions, within the limit of €10,000,000, by issuing shares reserved for employees of the Company and/or of affiliated companies, members of a Company Savings Plan, in accordance with the conditions provided for under Article L. 225-180 of the French Commercial Code.

The General Meeting of May 7, 2008 authorized the Executive Board:

- to cause the Company to buy its own shares within the maximum limit of 1% of the number of shares making up the Company's share capital at the time of the purchases within the limit of €4,100,000.

All issues of shares, capital securities or sundry marketable securities are capped at a total nominal amount of €110,000,000.



Financial authorizations at the closing of FY 2008

Authorizations	Maximum amount	Date of authorization	Resolution No.	Term	Validity deadline	2008 Uses	Total use over the delegation period
Increase of the share capital (1)							
While maintaining the preferential subscription right per issue:							
- of shares, securities or marketable securities	€100,000,000	06.04.07	7	26 months	08.03.09	Not used	Not used
- of debt securities	€50,000,000	06.04.07	7	26 months	08.03.09	Not used	Not used
By capitalization of reserves, profits or premiums	€100,000,000	06.04.07	8	26 months	08.03.09	Not used	Not used
Reserved to employees of the Group, members of the Company Savings Plan	€10,000,000	06.04.07	9	26 months	08.03.09	Not used	Not used
Company's redemption of its own shares							
Company's purchase of its own shares (2)	€4,100,000	05.07.08	5	18 months	11.06.09	Not used	Not used
Reduction of the share capital by the cancellation of shares							
Bought by the Company under Article. L. 225-209 of the Commercial Code	1% of the capital on the date of the G.M	05.07.08	5	18 months	11.06.09	Not used	Not used
Allocation of share subscription and/or purchase options (3)	(4)	04.27.06	9	38 months	06.26.09	Not used	Not used

(1) Share capital capped at a total nominal amount of €110,000,000.

(2) Within the limit of 1% of the number of shares making up the Company's share capital at the time of purchase.

(3) In favor of employees and corporate officers of the Company and/or of those affiliated to it.

(4) Legal limits Article L. 225-182 of the Commercial Code and D. 174-17: total options granted that have still not been exercised may not exceed one third of the capital.

Dividends

Gaumont paid out the following dividends over the last five years:

Years	Number of shares remunerated	Dividend paid for the fiscal year (in euro)		
		Net	Tax credit	Total
2003	4,120,797	0.30	0.15	0.45
2004	4,131,797	0.60	-	0.60
2005	4,221,797	0.60	-	0.60
2006	4,247,801	1.00	-	1.00
2007	4,269,917	0.30	-	0.30

Dividends not claimed within five years as from the date of their payability shall lapse in favor of the State [Article 2277 of the French Civil Code (*Code Civil*)].

The distribution policy in relation to future dividends is based on different criteria, in particular, the Company's investment requirement, its financial situation and market practices.

Summary of the change in the share price over the last three years

(en euro)	2008	2007	2006
High	60.95	76.00	69.70
Low	40.00	56.00	46.15
Last price	45.50	59.00	60.80

Source: NYSE Euronext.



Risk factors

The Company reviewed the risks to which it is exposed and considers that there are no other significant risks apart from those presented hereinafter. In its opinion, the significant risks are by decreasing order of importance:

- the risks related to the cinema industry market: the sector of the production and distribution of films is a highly competitive market where, moreover, the success of films with the public has a very high impact on the results;
- the risks relating to the specific regulations framing the cinema industry: the sector in which our Group operates is subject to laws, regulations, etc. that may have an impact on its businesses in the event of a significant change;
- the risk of dependence on certain customers: a non negligible share of Gaumont's income comes from a small number of customers; the ten main customers account for 53.4% of the consolidated revenues in 2008;
- the legal risk: the cinema industry is exposed to specific legal risks, which include but is not limited to the risk of disputes relating to intellectual property rights, profit sharing rights, etc.;
- liquidity and market risks: as the Group uses bank loans to finance its investments, in particular, it is exposed to liquidity and interest rate risks. Some of the commercial transactions of the Group expose it to foreign exchange and credit risks.

Other risks or uncertainties, of which the Company has no knowledge or which are not significant at the moment, could have an impact on the Group's results and financial position in the future.

Risks related to the cinema industry

Risks related to the market and competition

Gaumont has been in the film production and distribution market for more than a century. Gaumont, through its experience and resources, has a key position on the French market, where it competes with the groups like EuropaCorp., Pathé, Studio Canal or UGC

The Company considers that with its know how it is in a good position to pursue its policy of development. Nonetheless, the Company cannot guarantee the commercial success of the films it produces and distributes.

This success also depends on the artistic and technical qualities of films but also on the same qualities of other competing films for release at the same time. Moreover, the public may turn to other content forms.

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

Risks related to audio-visual production

The profitability of the film production business depends on the artistic quality of screenplays chosen, the popularity of actors and the director as well as control of the production cost and the financing plan.

Gaumont decides to produce an audio-visual work only when the financial coverage forecast is deemed to be satisfactory, considering pre-financing obtained.

Said pre-financing corresponds to co-production contributions, pre-sales to TV channels or else to pre-sales to foreign distributors for international films.

Up to now, pre-sales to TV channels account for most of the pre-financing of films. However, the reduction of the time slot for films in their program schedule could call this method of financing into question.

For 2008, the global hedging rate of films produced or co-produced and released in cinemas over the year stood at 54% for total investments of €61,594,000.

Apart from artistic choices, Gaumont makes financial estimates before launching the production of a film. The production costs of films as well as deadline compliance are rigorously monitored in order to anticipate and avoid as best possible overruns on production costs and related interest expenses.

Risks related to the production of audiovisual cartoon programs

Gaumont acquired Alphanim, which produces audiovisual cartoon programs for television as well as cartoon feature films.

Alphanim has recognized know-how and experience in this business sector.

A financing plan, covering all of its cost is drawn up for each cartoon series, whose production costs and deadlines are controlled as best possible.



Risks related to the video distribution

The DVD market has reached maturity, after strong years of growth.

A drop in volume and value has been noted over the last few years, probably due to piracy.

This drop in value comes with keen price competition.

This difficult market context could result in a deterioration of Company's proceeds and margin on said medium.

Risks related to the distribution of "new media"

The new media department was set up in 2007 to develop Gaumont's catalogue on new media.

Gaumont has adapted its sales of audio-visual works to new technologies and new distribution channels by developing new film distribution methods: video on demand (VoD) and permanent downloading.

Said new media is marketed under contracts.

The main risks related to said business are as follows:

Risk related to the customer solvency

Sales are contracted with partners:

- with Groups deemed to be solid: with influence in their business sector, listed on the stock exchange, etc.
- with Television or Telecommunication Groups.

Risk of competition with the other media sold

Gaumont manages the work as an asset and ensures that the development of a new method of operation does not directly compete with other ways of marketing the audio-visual work in France.

The risk of de-growth of a medium in relation to another medium is controlled by precise financial arbitrage and by the synergy of sale teams.

Risks related to TV sales

There was a 50% drop in cinema exposure on terrestrial channels between 2003 and 2007, mainly due to competition from American series.

However, Terrestrial Digital Television and cable and satellite channels increase their share of the exposure of Gaumont works each year.

Risks related to piracy

The piracy of audio-visual works has increased with Internet access and illegal downloading. Digitization of cinema works facilitates the creation, circulation and sharing of unauthorized copies.

Piracy of intellectual works is a major concern for Gaumont. If the effects to date of illegal downloading have been less destructive for the cinema than for music, it is responsible for the recurrent drop in the global revenues of video.

Gaumont places a lot of hope in the vote of the Creation and Internet Act in progress at the time of going to press.

As a preventive measure, Gaumont uses copy marking techniques and encryption by an authorized laboratory.

Moreover, contracts with video on demand operators include a specific clause under which the third company undertakes to respect Gaumont's video protection systems.

Risks related to specific regulations

The film trade is governed by complex regulations in France of which the *Centre National de la Cinématographie* or CNC oversees the implementation.

In this scope, the role of the *Centre National de la Cinématographie* is, in particular, to manage the *Fonds de Soutien Financier*⁽⁶⁾.

In the main, to operate this fund, a special tax is levied on the price of tickets.

The income from this levy is redistributed to film producers, distributors, video publishers and cinema operators according to complex mechanisms to encourage them to invest in new films or to modernize their cinemas. The various trade sectors, production, distribution, operation are concerned by these regulations that govern their relations.

Moreover, the French regulatory system requires that French TV channels buy and broadcast a minimum share of French language programs. This favors the pre-sale of rights and finances films.

If one of the factors of said environment were to change, this change could affect the revenues.

(6) Translator: Financial Support Fund



Risks of dependency with regard to certain customers

A distinction should be made between Gaumont's main customers in relation to its businesses:

Cinema distribution France

Gaumont's distribution service is responsible for film distribution in cinemas in France. In 2008, the Company's five main customers in terms of percentage of consolidated revenues relating to cinema distribution were as follows:

Customers	% Consolidated revenues cinemas France
1. Circuit Europalaces	23.2 %
2. Circuit UGC	13.7 %
3. Circuit Raymond	8.0 %
4. Circuit Soredic	3.4 %
5. Kinépolis	2.4 %

All "independent" circuits account for 36.4% of the revenues.

Video sale France

Gaumont Vidéo publishes Gaumont films in DVD or H.D. (High Definition) for sale via retail distribution or specialized circuits or for rental to video clubs.

In 2008, the main distribution circuits in terms of percentage of revenues relating to video sale were as follows:

Customers	% Consolidated revenues Video
1. Retail distribution: Auchan, Carrefour, Leclerc,...	32.5 %
2. Specialists: Fnac, Virgin, ...	38.2 %

Video on demand France

In 2008, Gaumont's main customers in terms of percentage of revenues relating to video on demand are as follows:

Customers	% Consolidated revenues VoD
1. Telecom operators: Orange, SFR Neuf Cegetel,...	64.9 %
2. Media operators: Canal + Distribution, ...	29.6 %
3. Other customers: Glow Entertainment Group, Virgin France	5.3 %

International sales of rights

In 2008, the Group's international revenues were comprised of:

- 57% sales of rights to recent and catalogue films of Gaumont, all media combined;
- 34% sales of cartoon works produced by Alphanim;
- 6% video sales at Gaumont Video, via distributors, mainly in French speaking Europe.

Alphanim's main customers (UER, Europool, Jetix) account for 25.1% of the 2008 consolidated export revenues.

Gaumont's main customers in terms of percentage of consolidated revenues are:

Customers	% Consolidated revenues International Films
1. Canal Satellite Digital S.L	3.9 %
2. Freeway Entertainment	3.7 %
3. Koch Media Licensing GmbH	2.7 %
4. Peace Arch	2.3 %
5. Tobis Film GmbH&co	2.1 %





Sale of rights to television channels

The main national TV channels are Gaumont customers.

In 2008, Gaumont's main customers in terms of percentage of the consolidated revenues relating to sales of rights to television channels (features films apart from cartoons) are as follows:

Customers	% Consolidated revenues Television France
1. Canal + Group	39.3 %
2. TF1 Group	23.3 %
3. France Télévisions Group	11.0 %
4. Métropole TV (M6)	5.2 %
5. MultiThématiques	5.1 %

In 2008, Alphanim made 86.1% of its revenues with the France Télévisions group (France 2 and France 3), which accounts for 4.7% of Télévision France's consolidated revenues.

Synthesis of the Gaumont Group main customers

For 2008, the ten main customers of the Group account for 53.40 % of the consolidated revenues:

Customers	Consolidated revenues	
	(in thousands of euro)	(in %)
1. Canal +	20,561	19.6 %
2. TF1 Films Production	6,095	5.8 %
3. TF1	6,056	5.8 %
4. France 2	4,423	4.2 %
5. Fnac	4,417	4.2 %
6. France 3	3,812	3.6 %
7. EuroPalaces	2,833	2.7 %
8. Métropole TV (M6)	2,740	2.6 %
9. MultiThématiques	2,673	2.5 %
10. Orange Group	2,530	2.4 %
Total	56,140	53.4 %

Legal risks

The cinema industry is exposed to judicial risks, which, in the main, include risks related to intellectual property rights and the sharing of the proceeds of a work.

Gaumont's legal department guarantees that copyright, the rights of producers and other assigns are defined in a contract, regardless of how the work is used.

The fee department manages the share of proceeds and costs related to the use of the cinema work and owed to the assign.

However, considering size of Gaumont's catalogue, the Company cannot rule out infringements or parasitic acts by third parties.

However, Gaumont cannot guarantee:

- that it would win in the defense of its rights, on account of the uncertain factor intrinsic to court proceedings, and
- that the final outcome of the legal proceedings would not be a court order against it.

Market risks

Liquidity risk

On December 21, 2007, to finance the acquisition price of all shares making up the share capital of Alphanim and related costs, Gaumont contracted a redeemable loan agreement with Natixis and BNP Paribas, for an amount, in principal, of €25,000,000 repayable in half yearly installments of €2,500,000, as from June 21, 2008 and up to December 21, 2012.

On July 28, 2008 Gaumont contracted a revolving loan agreement with a banking pool, comprised of BNP Paribas, Natixis, West LB and Neufilze OBC Entreprise, for a maximum amount of €125,000,000, expiring on September 15, 2012. It is earmarked, firstly, to re-finance the revolving loan of €100,000,000 contracted on December 20, 2005 and that expired on September 15, 2008 and, secondly, to finance its general requirements and those of its subsidiaries for their audio-visual operation and production business. At December 31, 2008, €84,000,000 had been used, i.e. a use rate of 67.2%. At March 19, 2009, €80,000,000 had been used, i.e. a use rate of 64 %.

Concomitantly, Gaumont signed a redeemable loan agreement of an amount, in principal, of €25,000,000 to bring some of the agreement's clauses into line with the terms of the new revolving loan agreement.



The credit line of €125,000,000 and the loan agreement of €25,000,000 include financial ratios to be respected each half yearly, which are determined on the basis of the Group's consolidated financial statements and calculated according to the methods specified in the agreements.

The credit line of €125,000,000 includes the following financial ratios, respected at December 31, 2008:

Covenants to be respected	Situation at 12.31.08
R3: value of the Group's main assets ⁽¹⁾ / net financial debt > = 2.5	5.03
R4: financial debt / equity capital < or = 1	0.53
R5: value of EuroPalaces / maximum outstanding amount authorized > or = 1.25	1.82

(1) Means, based on the consolidated financial statements: the value of EuroPalaces shares held by Gaumont, increased by the value of the film catalogue, increased by the gross value of the Group's real property, increased by the purchase price less loss in value of Alphanim.

The loan agreement of an initial amount of €25,000,000 includes the following financial ratios, respected at December 31, 2008:

Covenants to be respected	Situation at 12.31.08
R3: value of the Group's main assets ⁽¹⁾ / net financial debt > = 2.5	5.03
R4: financial debt / equity capital < or = 1	0.53

(1) Means, based on the consolidated financial statements: the value of EuroPalaces shares held by Gaumont, increased by the value of the film catalogue, increased by the gross value of the Group's real property, increased by the purchase price less loss in value of Alphanim.

Interest rate risk

Maturity tickler of financial assets and financial liabilities

	12.31.08	Maturity tickler		
		less than 1 year	from 1 to 5 years	over 5 years
Financial assets at fixed rate	-	-	-	-
Financial assets at adjustable rate	5,819	5,819	-	-
Financial assets not exposed	-	-	-	-
Financial assets (1)	5,819	5,819	-	-
Financial liabilities at fixed rate	-	-	-	-
Financial liabilities at adjustable rate	-109,236	-95,246	-13,990	-
Financial liabilities not exposed	-1,787	-799	-988	-
Financial liabilities (2)	-111,023	-96,045	-14,978	-

(1) Cash and cash equivalents

(2) Financial debts

Rate derivatives

	12.31.08	Maturity ticker			Market value
		less than 1 year	from 1 to 5 years	over 5 years	
Rate swaps equity shares	58,332	14,168	44,164	-	-871
Total	58,332	14,168	44,164	-	-871

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

Monitoring of interest rate risk and sensitivity

	Fixed rate	Adjustable rate	Not exposed	Total
Financial assets (1)	-	5,819	-	5,819
Financial liabilities (2)	-	-109,236	-1,787	-111,023
Net position prior to management	-	-103,417	-1,787	-105,204
"Hedging"	-33,332	33,332	-	-
Net position after management	-33,332	-70,085	-1,787	-105,204
Sensitivity (3)	-	-701	-	-

(1) Cash and cash equivalents

(2) Financial debts

(3) Impact in full year

Considering the interest rate "hedging" portfolio at December 31, 2008, the net worth after adjustable rate management is a fixed rate debt of €33,332,000 and an adjustable rate debt of €69,976,000.

Thus, an instantaneous change of 1% in the interest rate would have a negative impact on the financial results of €700,000, which would represent an increase of the cost of the net financial indebtedness of 11.4% for the whole of FY 2008.





Foreign exchange risk

Gaumont is exposed to foreign currency risks on commercial transactions posted on the balance sheet and on future transactions that are probable.

Gaumont endeavors to ensure natural hedging between the collection and disbursement flows of foreign currencies.

Gaumont studies the need and the opportunity of setting up a foreign exchange hedge to cover this risk on a case-by-case basis. (forward purchases or sales, options).

Monitoring and management of foreign exchange risks

	AUD	CAD	GBP	USD	JPY	CHF	ZAR	Total
Assets	7	100	116	5,316	5	79	719	6,342
Liabilities	-	-30	-	-215	-	-	-	-245
Off balance sheet	-	-162	-	-2,012	-	-	-	-2,174
Net position prior to management	7	-92	116	3,089	5	79	719	3,923
"Hedging"	-	-	-	-	-	-	-	-
Net position after management	7	-92	116	3,089	5	79	719	3,923
Sensitivity	-	1	-1	-31	-	-1	-7	-39

The consolidated net exposure in foreign currencies (counter value in euro at the closing prices) is €3,923,000. Thus, the risk of loss on the global net position in currencies on account of a possibility of an adverse and standard change of a centime of a euro against all of the currencies in question would be €39,000.

During 2008, the revenues invoiced in foreign currencies, the allocation of which is set out below, amounts to €4,052,000 i.e. 3.9% of the consolidated revenues.

	AUD	CAD	CHF	USD	DKK	GBP	JPY	Divers	Total
Revenues	4	221	347	3,361	22	60	20	17	4,052

Credit risk

The exposure to the credit risk non-depreciated current assets is as follows:

	12.31.08	Outstanding amount	Late					over 360 days
			less than 30 days	from 31 to 60 days	from 61 to 90 days	from 91 to 180 days	from 181 to 360 days	
Short term:								
Net accounts receivable	35,923	31,952	766	704	770	1,233	289	209
Other current assets	23,810	23,810	-	-	-	-	-	-
Long term:								
Other current assets	1,616	1,616	-	-	-	-	-	-
Total current assets	61,349	57,378	766	704	770	1,233	289	209

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

Share risk

During the past financial year and to date, Gaumont was not exposed to any risk of this kind. It only bought securities to invest surplus cash in currency UCITS.

	Portfolio of third party shares or UCITS shares	Treasury stock portfolio
Position at assets	None	None
Off balance sheet	None	None
Net global position	None	None

Company's possible risks of dependence

Apart from the risks mentioned above, Gaumont is not exposed to a risk of dependency in relation to commercial, financial or industrial property rights (patent, license, etc.) that is liable to have a major effect on the Group's business or profitability.

Neither is Gaumont exposed to a risk of dependency with regard to its suppliers or its subcontractors.



Industrial and environmental risks

Gaumont, through its businesses, is not exposed to industrial and environmental risks.

Insurance and risk covers

A comprehensive policy (fire, explosion, water damage, etc.) covers Gaumont's assets (real property and films).

When Gaumont makes a film, a production insurance contract is taken out to cover the preparation and production stage within the limit of the estimate of the film. The risks of accident /illness of the main actors and the director as well as the risk of damage to the negatives, etc. are covered in this respect. The deductibles of said insurance policies are in compliance with current practices and their application would not have a major impact on the Company's results.

Gaumont does not take out "performance bond" insurance which allows a production company to protect itself against budget overruns insofar as said insurance, which is very expensive, has random efficacy, on account of the difficulties of implementing it.

Moreover, the Company has taken out the usual insurance policies: public liability and liability of corporate officers, taken out at the normal cover levels. The head office is also covered for archive and media restoration costs and for additional management costs as well as for financial losses in the event of an insured loss.

The main insurance covers are as follows:

Professional comprehensive insurance

- fire, explosion, water damage, storms, strikes, riots, terrorist attacks, civil commotion, terrorism and sabotage: cover of €66,114,000.
- theft contents (except securities), machine breakage: cover of €1,100,000.
- loss of use of premises: cover for two years.
- additional management costs in the event of an insured loss: cover of €2,789,000.
- recourse by neighbors and third parties: cover of €7,535,000.
- indirect losses: cover equal to 10% of the indemnity for material damage.

Operating public liability insurance

All losses combined, cover of €4,575,000 per insured loss, except:

- damage to the environment: cover of €762,000
- employer's criminal negligence: cover of €300,000
- damage to property in care: cover of €762,000
- financial loss of third parties: cover of €305,000
- other material damage and consequential loss: cover of €762,000.

Public liability insurance for corporate officers

Cover of €10,000,000.

Main premiums and deductibles

		12.31.08	12.31.07	12.31.06
Professional comprehensive	Premium	67	65	65
	Deductible	6	5	5
Operating public liability	Premium	6	7	7
	Deductible	8	7	7



Labor and environmental consequences of the business

Gaumont's business does not have a substantial effect on the environment.

On the labor level, the following information may be noted:

Workforce

At December 31, 2008, Gaumont and its subsidiaries employed 169 employees, including 152 with open term contracts and 17 with fixed term contracts. The workforce is stable.

En 2008, Gaumont, Gaumont Pathé Archives, Arkeion and Alphanim took on 42 trainees from schools or universities for periods from one week to six months.

Breakdown of the workforce per category

The chart below shows the workforce of the companies consolidated by full consolidation method.

Company	12.31.08			12.31.07			12.31.06		
	Executives	Supervisors	Employees	Executives	Supervisors	Employees	Executives	Supervisors	Employees
Alphanim	15	-	6	14	-	7	-	-	-
Arkeion Films	2	1	2	2	1	1	-	-	-
Editions La Marguerite	-	-	-	1	-	-	-	-	-
Gaumont	61	34	25	56	32	28	46	26	24
Gaumont Vidéo	3	1	-	5	2	-	5	2	-
Gaumont Pathé Archives	7	6	5	7	6	6	7	6	5
Prestations et Services	-	1	-	1	-	-	2	-	-
Total workforce per category	88	43	38	86	41	42	60	34	29
Total workforce Group		169			169			123	

Age and length of service

Despite changes in the structure of the workforce during the year, the average age remained stable in 2008 at 40.35 years compared to 40.13 in 2007. The average length of service has slightly increased from 10.76 years in 2008 to 10.34 in 2007.

Indirect employment

Apart from the 169 people directly employed, in 2008, Gaumont contributed to 112 people being employed on the equivalent of a full time basis in films and audiovisual productions.



Salaries, employee incentive bonus and profit sharing plans

The global amount of gross salaries paid by Gaumont and its subsidiaries consolidated by the full consolidation method, amounted to €8,934,210 in 2008.

The employees of Gaumont and Gaumont Vidéo are covered by an incentive bonus agreement that was renegotiated in June 2006 for the 2006-2007-2008 periods. The amounts distributed represent 1% of Gaumont's share of the consolidated results before tax.

A supplemental agreement was signed on March 17, 2008, to include Arkéion, Editions La Marguerite and Prestations & Services.

The amount of the incentive bonus is evenly distributed between the eligible employees.

The payment is made once a year within the calendar month after the Gaumont's General Meeting of shareholders has approved the financial statements of the year 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 doubled within the limit of €2,300. Said additional contribution is called a "lump sum payment by company" (abondement).

In view of the 2007 results, no profit sharing was paid in 2008.

Alphanim's employees do not benefit from a profit sharing agreement and do not receive any profit share.

The employees of Gaumont Pathé Archives are covered by 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 debit from the salary.

Apart from the voluntary monthly payments, each member may make at least two exceptional payments per year at the dates of his or her choice. Gaumont Pathé Archives makes an additional payment to the voluntary payments of employees called "lump sum payment by the company" which is capped at €1,829.39.

In 2008, 19 eligible employees made such payments. The payments under the savings plan amounted to €16,350 and all lump sum payments by the company amounted to €30,596.

The profit sharing premium provided for in the agreement of March 21, 1996 is calculated on the taxable income pursuant to current law. No payment was made in this respect during 2008.

Training

The training effort has been maintained in 2008 with 1,601 hours of courses, mainly in language, IT and financial fields, which 50 trainees attended.

The relevant budget increased slightly compared to the previous year.

In the scope of the individual right to training, 19 trainees attended 479 hours of training.

Employee benefit schemes

The global budget devoted to social and cultural activities amounted to €122,781, to which the cost of the "inter company" restaurant of €13,067, is added for Gaumont.

Health and safety: related to Gaumont premises in Neuilly/seine

The CHSCT⁽⁷⁾ met on April 2, July 2, September 24 and December 17, 2008.

A building evacuation drill was organized on November 4, 2008.

9 Gaumont employees attended the annual training "workplace first aid workers and rescuers".

In the autumn, the flu vaccine was proposed to employees who wished to be vaccinated 28 employees were vaccinated.

(7) Translator: comités d'hygiène, de sécurité et des conditions de travail (workplace health and safety committee)



Gaumont share subscription options

Since December 1987, Gaumont has set up eight share subscription plans for some of its employees and in particular its corporate officers, apart from the Chairman of the Supervisory Board who does benefit from any plan.

The features of all share subscription plans in progress at December 31, 2008 were as follows:

Option plans	Allocations				Options		
	Initial		Adjusted		Cancelled	Subscribed	Approved
	Price	Number	Price	Number			
Plan I (December 87)	€60,98	35,000	€21,78	97,141	20,368	-	-
Plan II (adjusted) (December 88)	€91,47	5,804	€32,62	16,889	13,163	3,726	-
Plan III (adjusted) (February 93)	€57,93	37,496	€21,78	100,001	-	100,001	-
Plan IV (February 95)	€38,11	30,000	€38,11	30,000	-	30,000	-
Plan V (February 96)	€50,31	104,000	€50,06	104,520	35,175	58,390	10,955
Plan VI (March 98)	€64,03	168,000	€63,71	168,885	74,399	72,363	22,123
Plan VII (April 02)	€48,00	165,000	€47,76	165,919	90,271	37,928	37,720
Plan VIII (February 05)	€64,00	196,750	€63,68	197,799	17,093	(1) 2,011	178,695
Total		742,050		881,154	250,469	381,192	249,493
Capital at December 31, 2008 = 4,271,516 shares							
In percentage of capital				20.63%	5.86%	8.92%	5.84%

(1) Early exercise of shares.

In accordance with the provisions of Article L. 225-184 of the French Commercial Code (*Code de commerce*), the information on options granted and exercised during FY 2007 relating to the corporate officers as well as the ten employees that do not hold corporate office are set out in the special report that the Executive Board submitted to the General Meeting.



The chart below summarizes the main information on said share purchase or subscription options:

	Plan I	Plan II	Plan III	Plan IV	Plan V	Plan VI	Plan VII	Plan VIII
Date of General Meetings	03.12.87	03.12.87	27.05.91	02.06.94	02.06.94	25.04.96	30.04.98	29.04.04
Date of allocation	03.12.87 (1)	23.12.88 (1)	18.02.93 (1)	16.02.95 (1)	15.02.96 (1)	12.03.98 (1)	09.04.02 (1)	28.02.05 (2)
Type of option	Subscription							
Total number of options allocated	35,000	5,804	37,496	30,000	104,000	168,000	165,000	196,750
Total number of options allocated, adjusted by subsequent operations	97,141	16,889	100,001	30,000	104,520	168,885	165,919	197,799
Aggregate number of options cancelled at 12.31.08	20,368	13,163	-	-	35,175	74,399	90,271	17,093
Aggregate number of options exercised at 12.31.08	76,773	3,726	100,001	30,000	58,390	72,363	37,928	(3) 2,011
Number of options still in circulation at 12.31.08	-	-	-	-	10,955	22,123	37,720	178,695
Including number of options that corporate officers may subscribe for (in its current formation)	-	-	-	-	1,005	2,011	3,016	60,302
■ Sidonie Dumas	-	-	-	-	1,005	2,011	3,016	30,151
■ Christophe Riandee	-	-	-	-	-	-	-	30,151
Including the number that may be subscribed for by the ten employees of the Company with the highest number of options thus granted (4)	-	-	-	-	9,950	20,112	25,065	64,334
Starting date of exercise of options	12.03.87	23.12.88	02.18.98	02.16.00	02.15.01	03.12.03	04.09.06	02.28.09
Expiry date	12.02.02	12.22.03	02.17.43	02.15.45	02.14.46	03.11.48	04.08.46	02.27.49
Exercise price <i>in euro</i>	€21,78	€32,62	€21,78	€38,11	€50,06	€63,71	€47,76	€63,68

(1) Board of Directors

(2) Executive Board.

(3) Early exercise of options.

(4) When more than ten employees are concerned in equal terms, the number specified takes account of all concerned parties (including individuals who have left the Company).



Information on corporate officers

List of duties and terms of offices of the members of the Executive Board and the Supervisory Board during 2008

Executive Board

Sidonie Dumas

41 years

Business address:

30, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Duties or terms of office carried on within the Company:

Chairwoman of the Executive Board since July 27, 2004, renewed on April 27, 2006, then on May 7, 2008, for a term of two years.

Other duties or terms of office carried on within the Group:

Legal representative of Gaumont, Manageress of Gaumont Vidéo

Legal representative of Gaumont, Chairwoman of Gaumont Musiques Legal representative of Gaumont, Liquidator of Gaumont Musique (up to December 1, 2008)

Permanent representative of Gaumont, Member of the Management Committee of EuroPalaces

Manageress of Gaumont International, Editions La Marguerite, Les Films du Dauphin, Les Films du Loup, Prestations et Services, SCI Forest, Alphanim Musique

Member of the Management Committee of Gaumont Pathé Archives

Chairwoman of the Board of Directors Alphanim and of Autrement Productions (from January 7, 2008 to May 29, 2008)

Chairwoman of Alphanim Digital

Other duties or terms of office carried on outside the Group:

None.

Christophe Riandee

40 years

Business address:

30, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Duties or terms of office carried on within the Company:

Member of the Executive Board with the title of Chief Executive Officer since July 27, 2004, renewed on April 27, 2006, then on May 7, 2008, for a term of two years.

Other duties or terms of office carried on within the Group:

Permanent representative of Gaumont, Manager of Gaumont Vidéo

Permanent representative of Les Films du Loup, Member of the Management Committee of EuroPalaces

Member of the Management Committee of Gaumont Pathé Archives

Vice Chairman of Gaumont Inc. (USA), Gaumont Distribution Inc. (USA) and The Visitors Inc. (USA)

Director of Alphanim

Legal representative of Gaumont, Director of Autrement Productions (from January 1, 2008 to May 29, 2008)

Other duties or terms of office carried on outside the Group:

None.



Supervisory Board

Nicolas Seydoux

69 years

Business address:

30, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Duties or terms of office carried on within the Company:

Chairman of the Supervisory Board since July 27, 2004 for a term of six years.

Other duties or terms of office carried on within the Group:

Chairman of Gaumont Inc. (USA), Gaumont Distribution Inc. (USA) and The Visitors Inc. (USA)

Manager of SCI Forest (up to March 31, 2007)

Director of Gaumont Ltda (Brazil).

Other duties or terms of office carried on outside the Group:

Vice Chairman of the Supervisory Board of Arte France.

Director of Société Civile du Val Richer and of Schlumberger Ltd (Dutch West Indies)

Chairman of Cinépar (majority shareholder of Gaumont), Socipar and SCA Grands Vins de Pazac

Chairman of Forum d'Avignon

Director of Cinémathèque Française

Marie Seydoux

67 years

Business address:

30, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Duties or terms of office carried on within the Company:

Vice-Chairwoman of the Supervisory Board since July 27, 2004 for a term of six years.

Other duties or terms of office carried on within the Group:

None.

Other duties or terms of office carried on outside the Group:

None.



Management report by the Executive Board

Information on corporate officers



Thierry Dassault

51 years

Business address:

9, rond-point des Champs-Élysées
Marcel Dassault
75008 PARIS
France

Duties or terms of office carried on within the Company:

Member of the Supervisory Board since July 27, 2004 for a term of six years.

Other duties or terms of office carried on within the Group:

None.

Other duties or terms of office carried on outside the Group:

Chairman and member of the Board of Directors of Keynectis

Director of Socpresse (Le Figaro)

Member of the Supervisory Board of the Marcel Dassault Industrial Group and of Société du Journal des Finances

Permanent representative of SC TDH to the Board of Halys

Antoine Gallimard

61 years

Business address:

5, rue Sébastien Bottin
75007 PARIS
France

Duties or terms of office carried on within the Company:

Member of the Supervisory Board since July 27, 2004 for a term of six years

Other duties or terms of office carried on within the Group:

None.

Other duties or terms of office carried on outside the Group:

Director of Eyrolles, Electre, Scérèn Group and BNF

Chairman of Gallimard Jeunesse Permanent representative of Editions Gallimard to the Boards of P.O.L. Editeur and of Madrigall to the Boards of Editions de la table ronde and of Mercure de France.



Michel Seydoux

61 years

Business address:
Groupe MSI
19, rue de la Trémoille
75008 PARIS
France

Duties or terms of office carried on within the Company:

Member of the Supervisory Board since July 27, 2004 for a term of six years

Other duties or terms of office carried on within the Group:

None.

Other duties or terms of office carried on outside the Group:

Chairman of MSI and Citadelle Invest

Chairman of the Board of Directors of LOSC Lille Métropole et Socle

Member of the Management Board of Pathé

Member of the Management Committee of Gaya Rive Gauche and Lepapivore

Manager of Camera One, JSI, SCI du Domaine de Luchin, SEBI (since April 15, 2008) and the consortium Forestier les Cabrettes (since May 23, 2008)

Representative of MSI, director of Airport Communication and managing partner of MSEB et Cie

Managing Partner Liberté 25 Citadelle

Bertrand Siguier

67 years

Business address:
191, Rue de l'Université
75007 PARIS
France

Duties or terms of office carried on within the Company:

Member of the Supervisory Board since July 27, 2004 for a term of six years

Other duties or terms of office carried on within the Group:

None.

Other duties or terms of office carried on outside the Group:

Member of the Executive Board of Publicis Groupe (up to March 2008)

Chairman and Chief Executive Officer of Multi Market Service France (end during 2008)

Director of Publicis Technology SA (end during 2008), Gantois SA (end during 2008) and HM Editions

Director of Publicis Canada, Multi Market Services Ltd (UK), Publicis Hellas Advertising (Greece), Publicis Graphics Group Holding (Luxembourg), Publicis Communication Ltd (New-Zeeland), Publicis Mojo Ltd (New-Zeeland), 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) (end during 2008)

Deputy Chairman of iSe International Sports and Entertainment AG (Switzerland) (end during 2008)

Director Beacon Communications (Japan), Capital Advertising (India), Saatchi & Saatchi (Korea) and Publicis Yorum (Turkey)



Management report by the Executive Board

Information on corporate officers

2

Pénélope Tavernier

42 years

Business address:

Chemin de Haute Brise 1A
1012 LAUSANNE
Switzerland

Duties or terms of office carried on within the Company:

Member of the Supervisory Board since July 27, 2004 for a term of six years

Other duties or terms of office carried on within the Group:

None.

Other duties or terms of office carried on outside the Group:

Chairwoman of Léman Hélicoptères (Switzerland)

Director of UMA Food and Beverages

Marc Tessier

62 years

Business address:

27, rue d'Orléans
92200 Neuilly-sur-Seine
France

Duties or terms of office carried on within the Company:

Member of the Supervisory Board since July 27, 2006 for a term of six years

Other duties or terms of office carried on within the Group:

None.

Other duties or terms of office carried on outside the Group:

Chairman of Ensemble TV SAS (a French joint stock company that produces the local channel IDF1)

Advisor to the Chairmanship of J2H

Chief Executive Officer of Glow Entertainment Group SA

Non voting member of the Supervisory Board of G7 Entreprises SA

Director of Eeditis, Netgem, Total VoD, Alternative Media Initiative (Canada), Digitime, l'IDATE, Mediaxim SA (Belgium)



Jean Todt

62 years

Business address:
Via Ascari 55/57
41053 MARANELLO
Italy

Duties or terms of office carried on within the Company:

Member of the Supervisory Board since July 27, 2004 for a term of six years

Other duties or terms of office carried on within the Group:

None.

Other duties or terms of office carried on outside the Group:

Chairman of the Board of Directors of Ferrari West Europe

Director of Ferrari SpA

Chairman of the Board of Directors of Ferrari Asia pacific (Shanghai)

Member of the Supervisory Board of the Lucien Barrière Group, of la Compagnie financière Saint-Honoré, of the Compagnie financière Edmond de Rothschild group (as from June 23,2008)



2 Management report by the Executive Board

Information on corporate officers

Compensation and benefits paid to corporate officers

All of Executive Board members combine an employment contract with a corporate office.

Position	Compensation +Directors' fees (1)	Amounts paid (2)		Amounts posted		Criterion of adjustable compensation	Benefits in kind (3) (in euro)		Allocation of stock-options (in number of options)			
		2008	2007	2008	2007		2008	2007	2008	2007		
Sidonie Dumas	Chairwoman of the Executive Board	Fixed	100,000	100,000	100,000	100,000	% of the Group share of consolidated results prior to taxes & extraordinary items of the previous year					
		Adjustable	-	37,869	407,548	-						
	Sub-total corporate officers		100,000	137,869	507,548	100,000						
	Director	Fixed	200,787	200,787	200,566	200,566						
		Adjustable	-	-	-	-						
Sub-total		200,787	200,787	200,566	200,566							
Total		300,787	338,656	708,114	300,566		-	-	-	-		
Franck Chorot (5)	Member of the Executive Board	Fixed	-	-	2,308	2,308	% of the Group share of consolidated results prior to taxes & extraordinary items of the previous year					
		Adjustable	-	-	407,548	-						
	Sub-total corporate officers		-	-	409,856	2,308						
	Director	Fixed	-	-	20,769	20,769			-	489		
		Adjustable	-	-	-	-						
	Producteur	Fixed	-	-	462,723	462,723			-	5,382		
		Adjustable	-	-	-	-						
	Sub-total		-	-	483,492	483,492						
	Total		-	-	893,348	485,800			-	5,871	-	-
	Christophe Riandee	Member of the Executive Board	Fixed	100,000	100,000	100,000		100,000	% of the Group share of consolidated results prior to taxes & extraordinary items of the previous year			
Adjustable			-	37,869	407,548	-						
Sub-total corporate officers		100,000	137,869	507,548	100,000							
Director		Fixed	200,774	200,774	200,452	200,452		4,428		4,428		
		Adjustable	-	-	-	-						
Sub-total		200,774	200,774	200,452	200,452							
Total		300,774	338,643	708,000	300,452		4,428	4,428	-	-		



Apart from directors' fees, only the Chairman and Vice Chairman receive compensation.

No compensation or directors' fees other than those mentioned above have been paid to corporate officers by the controlled or controlling companies within the meaning of Article L. 233-16 of the Commercial Code.

Position on the Supervisory Board	Compensation + Directors' fees ⁽¹⁾	Amount paid ⁽²⁾ (in euro)	Amount posted (in euro)	Amount paid ⁽²⁾ (in euro)	Amount posted (in euro)	Criterion of adjustable compensation	
		2008		2007			
Nicolas Seydoux	Chairman	Fixed	450,000	450,000	450,000	450,000	% of the Group share of consolidated results prior to taxes & extraordinary items of the previous year
		Adjustable	0	75,738	815,096	0	
		Directors' fees ⁽⁴⁾	16,000	20,000	20,000	20,000	
	Total		466,000	545,738	1,285,096	470,000	
Marie Seydoux	Vice-Chairman	Fixed	50,000	50,000	50,000	50,000	
		Adjustable	-	-	-	-	
		Directors' fees ⁽⁴⁾	16,000	20,000	20,000	20,000	
	Total		66,000	70,000	70,000	70,000	
Thierry Dassault	Member	Directors' fees ⁽⁴⁾	16,000	20,000	20,000	20,000	
Antoine Gallimard	Member	Directors' fees ⁽⁴⁾	16,000	20,000	20,000	20,000	
Michel Seydoux	Member	Directors' fees ⁽⁴⁾	16,000	20,000	20,000	20,000	
Bertrand Siguier	Member	Directors' fees ⁽⁴⁾	16,000	20,000	20,000	20,000	
Pénélope Tavernier	Member	Directors' fees ⁽⁴⁾	16,000	20,000	20,000	20,000	
Marc Tessier	Member	Directors' fees ⁽⁴⁾	16,000	20,000	20,000	20,000	
Jean Todt	Member	Directors' fees ⁽⁴⁾	16,000	20,000	20,000	20,000	
Total directors' fees			144,000	180,000	180,000	180,000	

(1) Prior to social security and tax deductions.

(2) Amount paid = all amounts paid by Gaumont during the year. Note that the adjustable share allocated for a year is actually paid during the next year.

(3) Benefits in kind consisting in the provision of a company car.

(4) Directors' fees allocated for the year in equal proportions between each member of the Supervisory Board and paid during the next year.

(5) Member who requested to be released from his duties on the Executive Board as from January 31, 2007 in order to devote himself exclusively to film production within Gaumont.

On November 18, 2004, the Supervisory Board, on the recommendation of the Compensation Committee, allocated adjustable compensation corresponding to a percentage of the group's share of the consolidated result before tax and extraordinary items, to the Chairman of the Supervisory Board and to each member of the Executive Board

Amounts booked for pensions, retirement or other benefits

In the same respect and in the same conditions as Gaumont's employees, the members of the Executive Board may be entitled to a legal retirement gratuity.

The global amount of pension commitments booked in the financial statements at December 31, 2008 for the members of the Executive Board amounted to €100,858 compared to €81,702 at December 31, 2007.

Commitments of any kind incurred by the Company for its corporate officers

There is no golden hello or golden handshake or complementary pension scheme applicable as of today's date for corporate officers.



Management report by the Executive Board

Five year summary of the Company's results

Five year summary of the Company's results

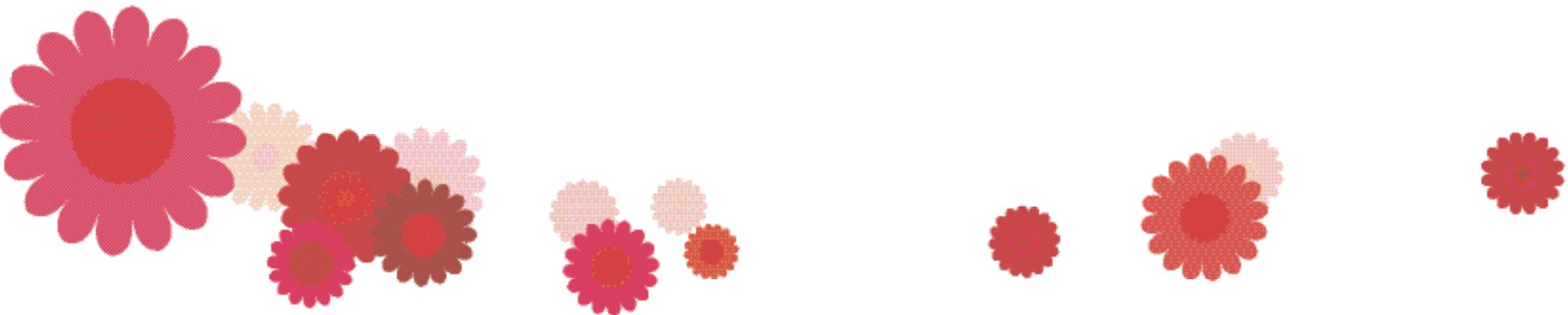
In accordance with the provisions of Article 148 of the decree of March 23, 1967, the chart showing the Company's financial results (in euro) over the last five years is enclosed with this report.

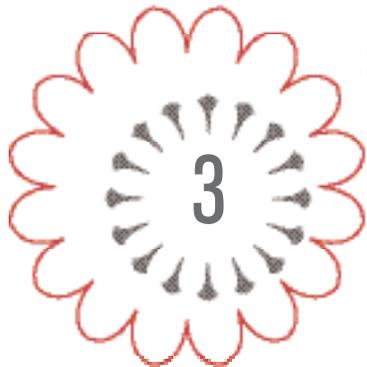
Type of information	12.31.08	12.31.07	12.31.06	12.31.05	12.31.04
I – CLOSING FINANCIAL SITUATION					
a) Share capital	34,172,128	34,159,336	33,982,408	33,774,376	33,054,376
b) Number of shares issued	4,271,516	4,269,917	4,247,801	4,221,797	4,131,797
II – GLOBAL RESULTS OF ACTUAL OPERATIONS					
a) Revenues excluding tax	79,045,142	59,613,551	101,738,417	65,186,628	72,358,645
b) Profit before tax, employee profit sharing, depreciation and provisions	48,848,627	34,649,150	74,241,429	61,128,980	43,433,783
c) Tax on profit	929,944	1,880,227	2,106,976	2,734,020	2,160,345
d) Employee profit sharing owed for the FY	-	-	-	-	-
e) Results after tax, employee profit sharing, depreciation and provisions	-21,967,156	-17,867,822	15,959,107	2,350,356	-22,909,626
f) Amount of profits distributed	1,280,975	4,247,801	2,533,078	2,479,078	1,236,239
III – RESULTS OF OPERATIONS PER SHARE					
a) Profit after tax, employee profit sharing, but before depreciation and provisions	11.65	8.56	17.97	15.13	11.03
b) Result after tax, employee profit sharing, depreciation and provisions	-5.14	-4.18	3.76	0.56	-5.54
c) Net dividend paid to each share	0.30	1.00	0.60	0.60	0.30
IV - PERSONNEL					
a) Number of employees (average workforce)	119	107	91	87	86
b) Amount of the wage bill	7,555,563	6,596,659	8,138,447	6,279,540	8,157,334
c) Amount paid for welfare benefits (social security, employee benefit schemes, etc.)	2,961,278	2,428,147	2,521,391	2,207,808	2,329,406

The Executive Board thanks all of the personnel for their involvement with the various businesses of the Company and their involvement in the smooth operation of legal institutions: Works Council, Employee Welfare Schemes and Professional Delegations.

Executive Board







Consolidated financial statements

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Consolidated balance sheet - Assets

<i>(in thousands of euro)</i>	<i>Note</i>	12.31.08	12.31.07	12.31.06
Net purchase differentials	3,1	16,579	15,608	-
Net film and audio-visual rights	3,2	107,010	120,892	81,231
Other net intangible assets	3,3	850	950	551
Net tangible assets	3,4	34,972	35,726	34,944
Carried at equity	3,5	170,675	158,959	147,155
Other net financial assets	3,6	533	3,548	881
Non current tax assets	4,8,3	2,886	2,768	1,056
Non current assets		333,505	338,451	265,818
Stocks	3,7	271	-	-
Net accounts receivables	3,8	35,923	39,671	41,170
Current tax assets	3,8	2,420	2,969	2,286
Other net receivables and other current financial assets	3,8	23,006	28,346	29,551
Cash and cash equivalents	3,9	5,819	3,723	4,377
Current assets		67,439	74,709	77,384
Total Assets		400,944	413,160	343,202



Consolidated balance sheet - Liabilities

<i>(in thousands of euro)</i>	<i>Note</i>	12.31.08	12.31.07	12.31.06
Capital		34,172	34,159	33,982
Reserves and results (Group share)		173,439	171,490	181,230
Equity capital (Group share)		207,611	205,649	215,212
Minority interests		2,869	2,810	2,826
Equity capital	<i>3,10</i>	210,480	208,459	218,038
Non current provisions	<i>3,11</i>	1,789	1,781	1,536
Non current tax liabilities	<i>4,8,3</i>	3,235	2,961	2,761
Long term financial debts	<i>3,12</i>	14,979	19,722	-
Other non current debts	<i>3,13</i>	1,654	1,732	1,663
Non current liabilities		21,657	26,196	5,960
Current provisions	<i>3,11</i>	2,155	3,115	3,493
Short term financial debts	<i>3,12</i>	96,044	103,734	41,886
Accounts payable	<i>3,13</i>	17,694	22,910	25,628
Current tax liabilities	<i>3,13</i>	53	-	111
Current tax liabilities	<i>3,13</i>	52,861	48,746	48,086
Current liabilities		168,807	178,505	119,204
Total Liabilities		400,944	413,160	343,202



Consolidated income statement

<i>(in thousands of euro)</i>	Note	12.31.08	12.31.07	12.31.06
Revenues	4,1,1	105,063	72,891	131,140
Purchases	4,3	-2,929	-2,300	-931
Personnel costs	4,2	-21,612	-13,842	-16,015
Other current operating income and expenses	4,3	-18,967	-30,197	-54,321
Losses in value, depreciation and provisions	4,4	-68,465	-48,306	-52,079
Current operating results	4,1,2	-6,910	-21,754	7,794
Other non current operating income and expenses	4,5	247	-253	-609
Operating results		-6,663	-22,007	7,185
Income from cash and cash equivalents		35	203	239
Cost of the gross financial indebtedness		-6,157	-3,105	-1,293
Cost of the net financial indebtedness		-6,122	-2,902	-1,054
Other interest income and expenses	4,6	2,575	3,907	1,853
Share of the net results of companies carried at equity	4,7	12,127	12,200	10,206
Results before taxes		1,917	-8,802	18,190
Taxes	4,8	374	1,901	7,425
Net result		2,291	-6,901	25,615
Including minorities' share		195	153	181
Including Group's share		2,096	-7,054	25,434
Net results (Group share) per share				
- Average number of shares in circulation	4,9	4,270,834	4,263,649	4,235,701
- In euro per share		0.49	-1.65	6.00
Net results (Group share) diluted by share				
- Average potential number of shares	4,9	4,481,857	4,479,719	4,249,779
- In euro per share		0.47	-1.57	5.98

Change in consolidated equity capital

Change in equity capital (in thousands of euro)	Group's share				Total equity capital	Minority interests	Total equity capital
	Capital	Capital related reserves(1)	Consolidated reserves and results	Results directly posted in equity capital(2)			
At December 31, 2006	33,982	25,846	131,338	24,046	215,212	2,826	218,038
Change in translation reserve				-231	-231		-231
<i>Gains and losses posted in equity capital</i>	-	-	-	-231	-231	-	-231
Net results of the period			-7,054		-7,054	153	-6,901
Total income and expenses of the period	-	-	-7,054	-231	-7,285	153	-7,132
Operations on capital (3)	177	926			1,103		1,103
Payments based on shares		895			895		895
Dividends			-4,248		-4,248	-169	-4,417
Others			-28		-28		-28
Transactions with shareholders	177	1,821	-4,276	-	-2,278	-169	-2,447
At December 31, 2007	34,159	27,667	120,008	23,815	205,649	2,810	208,459
Change in translation reserve				127	127		127
<i>Gains and losses posted in equity capital</i>	-	-	-				
Net results of the period			2,096		2,096	195	2,291
Total income and expenses of the period	-	-	2,096	127	2,223	195	2,418
Operations on capital (3)	13	64			77		77
Payments based on shares			947		947		947
Dividends			-1,281		-1,281	-136	-1,417
Others				-4	-4		-4
Transactions with shareholder	13	64	-334	-4	-261	-136	-397
At December 31, 2008	34,172	27,731	121,770	23,938	207,611	2,869	210,480

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

(2) Results posted directly in equity capital including the revaluations on tangible or intangible assets (IAS 16 and IAS 38) and changes in translation differentials

(3) Exercises of share subscription options.

Change in minority interests (in thousands of euro)	Reserves	Result	Minority interests
At December 31, 2006	2,645	181	2,826
Appropriation of the result of the previous period	181	-181	-
Net results of the period		153	153
Total income and expenses of the period	181	-28	153
Dividends	-169		-169
Transactions with shareholders	-169	-	-169
At December 31, 2007	2,657	153	2,810
Appropriation of the result of the previous period	153	-153	
Net results of the period		195	195
Total income and expenses of the period	153	42	195
Dividends	-136		-136
Transactions with shareholders	-136	-	-136
At December 31, 2008	2,674	195	2,869



Statement of consolidated cash flows

<i>(in thousands of euro)</i>	<i>Note</i>	12.31.08	12.31.07	12.31.06
Operating operations				
Consolidated net results (including minority interests)		2,291	-6,901	25,615
Net allowances for depreciation and provisions	5,1	68,060	49,772	53,412
Losses of value on purchase differentials		-	-	544
Unrealized gains and losses related to changes in fair value	3,13	744	181	-49
Expenses and income calculated/ related to stock options and like instruments		947	895	978
Net results from sales of fixed assets		-229	-185	8,297
Share of results related to companies carried at equity		-12,127	-12,200	-10,206
Dividends received from companies carried at equity	5,2	342	422	508
Cash flow after cost of net financial indebtedness and tax		60,028	31,984	79,099
Cost of the net financial indebtedness		6,122	2,902	1,054
Tax expenses (including deferred tax)		-375	-1,901	-7,425
Cash flow prior to cost of net financial indebtedness and tax		65,775	32,985	72,728
Tax paid		-427	-722	-387
Change in the working capital requirement related to the business	5,3	9,308	2,234	-12,714
(A) Net cash flow generated by the business		74,656	34,497	59,627
Investment operations				
Sales of fixed assets		635	1,141	171
Purchases of fixed assets	5,4	-51,823	-78,438	-54,629
Change in payables to fixed assets suppliers	5,5	-1,032	-1,352	3,017
Impact of changes in scope	5,6	-376	-28,867	-
(B) Net cash flow related to investment operations		-52,596	-107,516	-51,441
Financing operations				
Capital increase of Gaumont SA		76	1,103	1,289
Dividends paid to Gaumont SA shareholders		-1,281	-4,248	-2,533
Dividends paid to minority interests in consolidated companies		-136	-169	-
Change in financial debts		-10,702	73,354	-6,853
Interest paid		-6,122	-2,902	-1,054
(C) Net cash flow related to financing operations		-18,165	67,138	-9,151
(D) Impact of changes in currency rates		105	-185	-171
Global change in cash flow: (A) + (B) + (C) + (D)		4,000	-6,066	-1,136
Opening cash and cash equivalents		3,723	4,377	4,962
Opening bank credit balances		-6,417	-1,005	-454
Opening cash flow		-2,694	3,372	4,508
Closing cash and cash equivalents		5,819	3,723	4,377
Closing bank credit balances		-4,513	-6,417	-1,005
Closing cash flow		1,306	-2,694	3,372
Global change in cash flow		4,000	-6,066	-1,136

Notes to the consolidated financial statements

1. The Gaumont Group

1.1. Group's businesses

The main businesses of Gaumont and its subsidiaries are film production and distribution, use of rights and operation of cinemas via EuroPalaces, a company carried at equity.

Via the Alphanim Company, which Gaumont bought on December 21, 2007, Gaumont is now present in the field of cartoon film and series production.

1.2. Consolidation scope

1.2.1. Change in consolidation scope

On December 14, 2007, Gaumont bought all (100%) of the securities of the capital of Les Productions de la Guéville, whose name was changed to Autrement Productions, for an amount of €2,865,000 disbursed during 2007. Said amount was placed in a "Carpa" escrow account and released on the date the securities were actually transferred, i.e. January 1, 2008.

This acquisition was financed by using a syndicated credit line of €100,000,000 set up on December 20, 2005.

The date of the first consolidation was set at January 1, 2008, the takeover date.

Moreover, Autrement Productions was dissolved on July 1, 2008 and all of its assets were transferred to its sole shareholder, Gaumont.

The final allocation of the acquisition price is as follows (*in thousands of euro*):

Purchase price of securities	2,865
Incidental purchase costs	-
Purchase cost (A)	2,865
Non current assets	1,192
Current assets	225
<i>Total assets (B)</i>	<i>1,417</i>
Non current liabilities	-
Current liabilities	-521
<i>Total liabilities (C)</i>	<i>-521</i>
Net worth acquired prior to fair value adjustments (D=B+C)	896
Fair value adjustment of films	3,125
Tax impact of the above adjustment	-1,042
Financial support for production from the Centre National de la Cinématographie	104
Tax impact of the above adjustment	-35
Deferred tax liabilities on advances from the Centre National de la Cinématographie	-277
Recognition of deferred taxes on non recognised tax losses that may be carried over	41
Total fair value adjustments (E)	1,916
Net worth acquired after fair value adjustments (F=D+E)	2,812
Purchase differential (G=A-F)	53

Alphanim and its subsidiaries, acquired at the end of December 2007, contributed €452,000 to the Group's consolidated revenues in 2008. The final allocation of the purchase price is specified in note 3.1.



F.C.: Full consolidation

C.E.: Carried at equity

1.2.2. Consolidated companies

Company and legal form	Head office	Siren	% of interest	% of control	Consolidation method
Parent company:					
Gaumont SA	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	562 018 002	100.00	Parent company	F.C.
French companies:					
Production Cinema and Television:					
Alphanim SA	8, avenue des Minimes, 94300 Vincennes	411 459 811	100.00	100.00	F.C.
Autrement Productions SA ⁽¹⁾	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	592 060 529	100.00	100.00	F.C.
Gaumont International SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	340 538 693	100.00	100.00	F.C.
Les Films du Dauphin SARL	5, rue du Colisée, 75008 Paris	352 072 904	100.00	100.00	F.C.
Les Films du Loup SNC	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	322 996 257	100.00	100.00	F.C.
Prestations et Services SARL	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	612 022 004	100.00	100.00	F.C.
Distribution:					
Arkeion Films SAS	10-12, rue de Chartres, 92200 Neuilly/Seine	382 651 123	100.00	100.00	F.C.
Gaumont Columbia TriStar Films GIE ⁽²⁾	5, rue du Colisée, 75008 Paris	477 485 569	50.00	50.00	C.E.
Gaumont Vidéo SNC	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	384 171 567	100.00	100.00	F.C.
Operating:					
EuroPalaces SAS	2, rue Lamennais, 75008 Paris	392 962 304	34.00	34.00	C.E.
Music:					
Alphanim Musique SARL	8, avenue des Minimes, 94300 Vincennes	411 459 811	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.
Archives:					
Gaumont Pathé Archives SAS	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	444 567 218	57.50	57.50	F.C.
Multimedia:					
Alphanim Digital SAS	8, avenue des Minimes, 94300 Vincennes	431 232 099	100.00	100.00	I.G.
Real property:					
Forest SCI	30, avenue Charles de Gaulle, 92200 Neuilly/Seine	785 421 801	100.00	100.00	I.G.
Foreign companies:					
USA:					
Gaumont Inc.	520 West 43 rd Street, New York, NY 10036	USA	100.00	100.00	I.G.
Lincoln Cinema Associates	1886 Broadway, New York, NY 10023	USA	31.95	31.95	C.E.

(1) General transfer of the assets of Autrement Productions to Gaumont SA on July 1, 2008.

(2) Dissolution of the GIE Gaumont Columbia TriStar Films on September 30, 2008.



2. Accounting principles and methods

2.1. General principles

Pursuant to the European regulation No. 1606/2002 of July 19, 2002, Gaumont's consolidated financial statements for the year ended on December 31, 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable on said date.

The accounting principles applied to prepare the consolidated financial statements are compliant with the IFRS standards and interpretations as adopted by the European Union on December 31, 2008 and available on the website:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission

The accounting principles applied are consistent with those used to prepare the annual financial statements for the year ended December 31, 2007, apart from IFRS standards and IFRIC interpretations applicable as from January 1, 2008. They result from the application:

- of all standards and interpretations adopted by the European Union of mandatory application as from January 1, 2008;
- options made and exemptions used upon transition to the IFRS:
 - fair value valuations at January 1, 2004 of certain land and buildings;
 - non-reprocessing of consortiums of companies prior to January 1, 2004;
 - posting of actuarial differences relating to pensions and like benefits existing at January 1, 2004 in the opening equity capital;
 - non-reprocessing of subscription options plans that the Group allocated to some of its corporate officers and employees issued prior to November 7, 2002;
 - reprocessing of translation reserves at January 1, 2004 relating to the translation in euro of the financial statements of subsidiaries using foreign currencies, in the consolidated reserves.

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

The Executive Board drew up the Group's consolidated financial statements at December 31, 2008 on February 26, 2009 and the Supervisory Board reviewed them on March 5, 2009. They shall be submitted to the Combined Ordinary and Extraordinary General Meeting for approval on April 10, 2009.

2.2. Effect of IFRS standards and IFRIC interpretations applicable as from 1 January 2008

The accounting methods applied are consistent with those of the previous year, apart from the following amendments to IFRS standards and IFRIC interpretations of mandatory application as from January 1, 2008:

- amendments of IAS 39 and of IFRS 7 – Restatement of financial assets;
- IFRIC 11 - IFRS 2 – Own shares and intra-group transactions.

The application of said standards or interpretations had no effect on the financial statements.

Said principles are consistent with IFRS standards as published by the IASB insofar as the application of the following standards and interpretations, mandatory for financial years beginning as from January 1, 2008, has no impact on Gaumont's financial statements:

- IFRIC 12 – Service concession agreements;
- IFRIC 14 - IAS 19 - the limit on a defined benefit asset, minimum funding requirements and their interaction.

2.3. Application texts mandatory after December 31, 2008 and not applied in advance

Regarding standards and interpretations adopted by the European Union and whose application is not mandatory on January 1, the Gaumont group has decided not to apply them in advance:

- amendment of IAS 1 – Presentation of financial statements (revised);
- amendment of IAS 23 – Borrowing costs;
- IFRS 8 – Operating segments;
- IFRIC 13 – Customer loyalty programs;
- amendment of IFRS 2 – Share based payments: terms of purchase and cancellations;
- IFRIC 14-IAS 19 - the limit on a defined benefit asset, minimum funding requirements and their interaction.



Moreover, the Group does not apply the following texts, which the European Union had not adopted on December 31, 2008:

- IFRS 3 (Revised): Business combinations;
- amendments of IAS 27 – Consolidated and individual financial statements;
- amendments of IAS 39 – Financial instruments: recognition and measurement: items eligible for hedging;
- IFRIC 15 – Agreements for the construction of real estate;
- IFRIC 16 – hedges of a net investment in a foreign operation;
- IFRIC 17 – distribution on non assets to owners;
- amendments of IAS 32 and IAS 1 – redeemable financial instruments and obligations arising upon liquidation;
- improvement of IFRSs (and in particular amendment of IAS 38 – intangible assets applied to advertising and promotional costs).

Gaumont considers that, at this stage of the analysis, one cannot have sufficiently precise knowledge of the impact of the application of said standards.

2.4. Change in financial statements at December 31, 2007

Since January 1, 2008, the production costs of DVD appear in the “Purchases” item of the income statement. To allow comparison with the previous year, said costs appearing in the item “Other current operating income and expenses” have been restated in the line “Purchases” for an amount of €1,736,000 at December 31, 2007.

2.5. Assessment bases to draw up consolidated financial statements

Apart from certain categories of assets and liabilities, the consolidated financial statements have been drawn up according to the historic cost principle in accordance with the rules laid down by the IFRS. The relevant categories are mentioned in the following notes.

2.6. Use of estimates

To draw up the consolidated financial statements, the Group's Management made estimates and assumptions that are liable to have an impact on the amount of assets and liabilities at the account closing date and on the amount of income and expenses. The underlying estimates and assumptions are made on past experiences and other factors deemed to be reasonable in view of the circumstances. They thus serve as a basis for the judgment made to determine the accounting value of assets and liabilities that cannot be obtained directly from other sources. The final amounts appearing in the future consolidated financial statements of Gaumont may differ from the values currently estimated. Said estimates and assumptions shall be re-examined on an ongoing basis. The main estimates taken into account relate to the valuation of tangible and intangible assets, the depreciation of films (see note 2.11), the assessment of provisions on accounts receivable and other receivables (see note 2.16) and the recognition of deferred tax assets (see note 2.21).

2.7. Consolidation

The IAS 27 standard defines a subsidiary as an entity controlled by the parent company. Control is the power to direct the financial and operational policies of an entity so that its businesses generate gains.

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

2.7.1. Holdings 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 the net assets and net profit attributable to minority shareholders is shown separately as minority interests on the consolidated balance sheet and on the consolidated income statement.

2.7.2. Holding in associated companies

Companies in which Gaumont directly or indirectly has a significant impact are carried at equity. A significant impact is presumed when Gaumont holds more than 20% of the voting rights. The companies in which the Group exercises joint control are also carried at equity.

The losses of an entity carried at equity method that exceed the value of the Group's holding in said entity are not posted unless:

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

2.8. Method of translating items in foreign currencies

2.8.1. Financial statements of foreign subsidiaries

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

Their balance sheet is translated into euro at the closing price; their income statement is translated at the average exchange rate of the period ended. Differences resulting from the translation of the financial statements of said subsidiaries are registered as "Translation reserve" in the consolidated equity capital.

2.8.2. Operations in currencies

The IAS 21 standard "Effects of changes in foreign currency rates". defines the posting and evaluation of operations in foreign currencies. Pursuant to said standard, operations denominated in foreign currencies are translated into euro at the rate on the day of the transaction. Monetary items of the balance sheet are translated at the closing rate at each settlement of account. The relevant translation differences are posted in the income statement.

2.9. Consortium of companies

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

In accordance with the IFRS 3 standard, consortiums of companies after January 1, 2004 are posted according to the purchase method. Thus, at the time of the first consolidation of a controlled company, the assets, liabilities and any liabilities of the company bought are evaluated at their fair value. The evaluation differentials appearing at this time are posted in the relevant statements of assets and liabilities (including for the minorities' share). The residual difference representing the difference between the purchase cost and the share of assets, liabilities and any liabilities assessed at their fair value is posted as a purchase differential.

2.10. Purchase differentials

In accordance with current regulations, the Group is allowing itself twelve months following the purchase date to finalize the analysis of differentials on first consolidation of a purchase.

The purchase differential is assigned to the smallest identifiable group of assets or cash generating units. The Group considers that the cash generating units are the various subsidiaries.

Purchase differentials are not amortized but a loss recognition test is carried out at each annual closing. The loss recognition test is carried out for the cash generating unit(s) to which the purchase differential is applied by comparing the collectible value and the book value of the cash generating unit(s).

The collectible value of a cash generating unit is defined as the highest value between the fair value (usually the market price) less sale costs and the utility value determined by using the method of discounted future net cash flows.

- The cash flows are those of the plans drawn up over 3 year periods,
- after said period, flows are extrapolated by applying a "growth rate",
- flows are discounted by using a rate suited to the nature of the business (7.5% in 2008).



If the collectible values of the cash-generating unit exceed the collectible value, the assets of the cash-generating unit shall be depreciated to be brought to their collectible value. The losses in value are charged first and foremost to the purchase differential and posted in "other non current operational income and expenses".

Regarding the special case of the cinema operation business, the Group applies a method in compliance with trade practices which consists of determining the fair value less sale costs according to two evaluation methods:

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

The loss in value relating to purchase differentials is irreversible.

The purchase differentials relating to companies carried at equity are posted on the line "carried at equity".

2.11. Tangible and intangible assets

In accordance with IAS 16 "Tangible assets" standard and IAS 38 "Intangible assets" standard, only elements the cost of which can be reliably determined and for which it is probable that the future economic advantages shall benefit the Group are posted as fixed assets.

In accordance with IAS 36 "Impairment of assets" standard, when events or changes to the market environment indicate a risk of loss in value of intangible assets and of tangible assets with a definite lifespan, such assets shall be reviewed in detail to determine if their net book value is less than their collectible value defined as the highest of the fair value (less the sale cost) and the utility value. The utility value is determined by discounting the future cash flows expected from use of the asset and from its sale.

In the event the collectible amount is less than the net book value, a loss in value is posted for the difference between these two amounts. The losses in value relating to intangible assets and tangible assets with a definite lifespan may be subsequently written back if the collective value becomes higher again than the net book value (within the limit of the loss in value initially posted).

The profits or losses from the sale of an intangible or a tangible asset are determined by the difference between the income from the sale and the net book value of the assets sold and is posted in the item "Other non current operational income and expenses".

2.11.1. Films and audiovisual rights

2.11.1.1. Cinema film and audio-visual rights

The gross value of cinema films and audiovisual rights, posted on the balance sheet, corresponds to the following items:

- productions of films of which Gaumont is acting producer, meant to be operated in France or abroad, by all audiovisual processes;
 - French or foreign co-production shares;
 - purchase of rights allowing use of an audiovisual work;
- and includes, as from the end of the shooting:
- the amounts invested less contributions by co-producers in the films, when Gaumont was involved in the production of the work as executive producer;
 - the purchase amount of intangible and tangible rights when Gaumont was not involved in the production of the work.

The immobilized cost of films includes the interest expense incurred during the production period as well as a share of overheads that can be directly charged to the productions.

Depreciation is calculated by applying the ratio of net proceeds acquired in the financial year in relation to the total net proceeds to the net book value at January 1. The total net proceeds include, over a period of ten years of operation, the Group's share of net proceeds acquired in the financial year and the estimated net proceeds. The Management examines the estimated net proceeds from time to time and adjusts them, if need be, to take account of the operating results of films, new contracts signed or planned and the audiovisual environment existing on the account closing date.

In the event the net value of the investment resulting from the application of this method happens to be higher than the estimated net proceeds, an additional depreciation is posted to cover the shortfall in proceeds.



Likewise, a provision for loss in value may be posted for productions in progress if it happens that the budget initially provided for has been significantly overrun or if, for films operated between the closing of the financial accounts and the drawing up thereof, the estimate of future proceeds is less than the value of the investment.

Accelerated depreciation applied to films and set out in the regulated provisions in the corporate financial statements are reprocessed in accordance with the principles for drawing up consolidated financial statements in order to neutralize them at the level of the consolidated results.

The costs of releasing films (costs of marketing and copying) are posted as expenses.

2.11.1.2. Cartoon series

The gross value of series includes the cost of the investment that the company made.

The depreciable base taken into account to calculate the depreciation is equal to the cost of immobilized production less acquired and repayable subsidies that are depreciated respectively as from the first year and based on future repayments.

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

Depreciation is calculated by applying the ratio of net proceeds acquired in the financial year in relation to the total net proceeds to the net book value at January 1.

At the account closing date, a loss recognition test, which consists in comparing the net book value of the series with the estimates of the company's share of net proceeds is conducted on the series. If the net book value is less than estimated sales, the evaluation is deemed to be satisfactory. If, on the other hand, the net book value exceeds the sales estimates, an additional depreciation or a provision for loss in value is booked.

At the same time, compliance with the minimum tax depreciation (i.e.. the straight line depreciation accumulated over three years) is checked at the closing of each year. Any difference between the economic depreciation and the tax depreciation is posted in accelerated depreciation in the corporate financial statements. They are reprocessed, in accordance with the principles for drawing up consolidated financial statements in order to neutralize them at the level of the consolidated results.

2.11.2. Preliminary costs

The preliminary costs represent the expenses, such searches for themes, talent and locations required to develop projects, incurred prior to the decision to make the film.

In accordance with IAS 38 "Intangible assets" standard, these preliminary costs are posted as expenses of the financial year.

2.11.3. Production in progress

2.11.3.1. Cinema films

The productions in progress centralize all direct costs and interest expense incurred to produce the film up to the end of filming as well as a share of overheads that may be directly charged to productions.

2.11.3.2. Cartoon series

The transfer of "Fixed assets in progress" to "Completed fixed assets" takes effect upon the delivery and acceptance of all episodes of the series by the broadcaster (television company).



2.11.4. Other intangible assets

The other intangible assets include the software bought, which is depreciated between one and three years.

Musical rights which are depreciated over two years are also included under this column: 75% the first year and 25% the next year or by the straight line method over five years in the case of the buyout of catalogues.

2.11.5. Tangible assets

In accordance with IAS 16 "Tangible assets" standard, the gross value of tangible assets corresponds to their purchase cost, apart from certain fixed assets bought prior to December 31, 1976 that were revalued during 1978.

The Group opted in the scope of the first application of IFRS (IFRS 1) standards to revalue certain land and buildings located in the heart of the Paris business district at the fair value, as the presumed cost. These are:

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

Said revaluations were made based on independent appraisals.

The IAS 16 standard provides in particular for:

- the depreciation of fixed assets over their planned period of use;
- the separate posting and depreciation of items that are significant individually.

The main periods of depreciations taken in account are:

Periods of use (in years):	
■ Buildings (1)	25 to 40 years
■ Fittings and fixtures of buildings	5 to 10 years
■ Operating equipment and other tangible fixed assets	4 to 8 years

(1) Buildings that have been assessed at the fair value as the presumed cost in the scope of the transition to IFRS standards are depreciated over 40 years as from the first application of said standards.

2.12. Carried at equity

The item "carried at equity" represents the share of equity capital (including the results of the financial year) re-estimated, if need be, taking into account the evaluation differentials of the relevant companies.

Pursuant to the IAS 28 standard, this item also includes the purchase differentials relating to the companies carried at equity (see note 2.10).

In the event of loss in value, the loss in value is posted on the line "Results of companies carried at equity".

2.13. Other financial assets

This category includes:

- equity shares:
They represent the Group's interests in the capital of non-consolidated companies. In accordance with IAS 39 "Financial instruments" standard, the equity shares in non-consolidated companies are analyzed as being available for sale and are thus posted at their fair value. For listed securities, this fair value corresponds to the trading price. If the fair price cannot be reliably determined, the securities are posted at their historic purchase cost. The changes in fair value are posted directly in equity capital. In the event of objective information on a loss in value of the financial assets (in particular significant and lasting drop in the value of assets), a provision for irreversible loss in value is offset in the income statement. This provision will be written back in the results only when the securities are sold.



- the receivables from controlled entities, "building aid" loans, other loans, deposits and surety bonds:

The value on the balance sheet includes the outstanding capital and the non-amortized share of purchase costs. A provision for loss in value may be posted for them if there is objective information on the loss of value. The loss in value corresponding to the difference between the net book value and the collectible value is posted in results and is reversible if there has been a favorable change in the collectible value.

2.14. Impairment of assets

Under the IAS 36 "Impairment of assets" standard, the book value of purchase differentials, intangible and tangible fixed assets and financial assets are tested as soon as there is indication of loss in value, which is reviewed at each closing. This test is carried out at least once a year for assets with an indefinite lifespan, a category limited for the Group to purchase differentials.

If there is indication of a loss of value, the Group estimates the collective value of the asset. If the book value of an asset exceeds its collective value, a provision for loss in value is posted to bring the book value to the collectible value.

2.15. Stocks

DVD stocks are assessed at their lowest entry cost which corresponds to the purchase value or their production value.

A provision for loss in value is posted when, at closing, the market value is less than the book value.

2.16. Accounts receivable and other receivables

Receivables are posted at their nominal value, less provisions for loss in value of non-collectible amounts. The amount of bad debts is estimated when it is no longer probable that all the receivables can be collected. Worthless receivables are posted as losses when they are identified as such.

2.17. Cash and cash equivalents

Cash flow and cash flow equivalents include liquid assets in current bank accounts, funds and shares of cash UCITS that may be assigned or transferred on very short term and do not entail significant risk of loss in value in the event of a change in interest rates.

In accordance with the IAS 39 "Financial instruments" standard, said cash UCITS are assessed at their fair value. The changes in fair value are systematically posted in results (in "Income from cash and cash equivalents").

2.18. Current provisions

In accordance with the IAS 37 "Provisions, contingent liabilities and contingent assets" standard, a provision for contingencies and expenses is posted when the Group has a current obligation arising from a past event to a third party and it is probable that it will cause an outflow of funds, without consideration that is at least equivalent in favor of said third party and that said amount can be reliably assessed.

2.19. Non current provisions

2.19.1. Provisions for retirement gratuities

Provisions for retirement gratuities cover the Group's pension commitment to its employees, limited to the retirement gratuities provided for under the collective agreements of the companies of the Group.



In accordance with IAS 19 "Employee Benefits" standard, it is calculated, by independent actuaries, according to the retrospective method in rights projected to the estimated date of retirement based on the salary upon retirement, by taking account, in particular:

- rights under agreements in relation to the seniority acquired by the various categories of personnel;
- in the event of a retirement date set at sixty three years for executives and supervisors and sixty one years for employees;
- the turnover rate;
- salaries and emoluments that include a coefficient for employer social security contributions in force;
- an annual rate of increase of salaries;
- life expectancy of employees based on statistical tables;
- a rate of discounting of the pension commitment reviewed at each closing.

The expense of the year, corresponding to the sum of the cost of services rendered, the costs of discounting the commitment existing at the opening of the year and actuarial gains and losses generated, is posted in "Personnel costs".

The Company adopts the method whereby all actuarial differentials generated over the current period are systematically posted per result.

2.19.2. Seniority bonus

The Group also assesses its commitments related to bonuses granted subject to certain conditions of seniority. The value of its commitments is calculated by applying the method and assumptions used to assess the retirement gratuities above.

2.20. Share subscription plan

Share subscription options are granted to certain corporate officers and employees of the Group which, at the time of their exercise, give rise to the issue of new shares by increase of the capital. In accordance with the terms of the IFRS 2 "Share based payment" standard, the fair value of options are assessed on the date they are granted based on the mathematical model of Black & Scholes. Said fair value is posted in "Personnel costs" according to the straight-line method - over the purchase period of rights - with a direct impact on the equity capital.

In accordance with the IFRS 1 "First-time adoption of International Financial Reporting Standards" standard, only plans granted after November 7, 2002 and the rights of which have not been acquired on January 1, 2004 are assessed and posted as "Personnel expenses". Plans prior to November 7, 2002 are not assessed and are not posted.

2.21. Deferred tax

In accordance with IAS 12 "Income tax" standard, deferred taxes are posted for all temporary differences between the book value of assets and liabilities and their tax values according to the adjustable carry over method.

Deferred tax assets on tax deficits are posted when it is considered that there is a probability of recovering same.

A provision for loss in value is posted for deferred tax assets when it is unlikely that they will be used in the future.

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

Deferred tax assets and liabilities are assessed at the tax rates that is expected to be applied during the financial year in which the asset will be realized or the liabilities paid, based on tax rates in force on the closing date.

2.22. Derivatives

The Group uses derivatives to manage and reduce its exposure to the risks of change in interest rates and foreign exchange rates. Said instruments include interest rate swap agreements as well as foreign exchange options which are not considered in the scope of the IAS 39 standard to be hedging instruments.

In consequence, the fair value of derivative financial instruments is shown on the balance sheet as "Other receivables" or "Other debts" (depending on whether it results in an unrealized capital gain or capital loss).

The change in the fair value is posted in the financial results.

2.23. Evaluation of financial liabilities

In accordance with the IAS 39 standard, borrowings and other financial liabilities are assessed at amortized costs, based on the actual rate of interest of the operation, which include the cost of loan issue expenses.

2.24. Soficas

The "producers' shares" of Soficas guaranteed by Gaumont are posted at their nominal value according to the IAS 20 standard under liabilities on the balance sheet at the item "Other current debt". The pay back of the shares of proceeds that they are entitled to is directly charged to this item.

2.25. Structure of the consolidated balance sheet

The application of the IAS 1 "Presentation of financial statements" standard makes it mandatory to make a distinction between the current/non current items of the balance sheet.

In consequence, the balance sheet shows a distinction between the part that is less than one year and the part that is more than one year:

- the 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.
- the 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.

2.26. Segment reporting

Pursuant to the IAS 14 "Segment reporting" standard, the first level of segment reporting is organized by business sectors, the second level is organized by geographic segments.

The Gaumont Group is managed in three main sectors:

- the production and operation of films;
- the production of cartoon series since December 21, 2007 via Alphanim;
- the operation of cinemas via EuroPalaces which is consolidated using the equity method

2.27. Revenues

The proceeds related to the operation of films are posted as from entitlement to rights in accordance with the following criteria:

2.27.1. Cinemas France

Film rentals in cinemas are posted on the basis of weekly ticket sales in cinemas.

2.27.2. Video France

The revenues generated by use of video rights are taken into account based on monthly sales. At the closing of the year, a provision is posted for estimated returns and discounts granted to customers. Said provision is charged against the revenues.



2.27.3. Video on demand France

The revenues generated by the operation of video rights on rental demand are taken into account based on monthly payments per view.

2.27.4. Television France

In accordance with the standard IAS 18.14, the revenues generated with television in France are posted based on contracts signed insofar as the risks and economic benefits have been transferred, i.e. insofar as rights are open, apart from pre-sales where the risks and economic benefits are transferred as from the 1st release of the work in cinemas.

2.27.4.1. Pre-sales

Pre-sales are posted as from the first release of the work in cinemas as soon after contracts have been signed and on the date of acceptance of the distribution equipment.

2.27.4.2. Other sales

The sales of distribution rights to French television companies are posted as from the first release of the work in cinemas, after sale contracts have been signed, on the date of acceptance of the distribution material and as from entitlement to rights.

2.27.5. International

In accordance with the standard IAS 18.14, the revenues generated internationally are posted based on contracts signed insofar as the risks and economic benefits have been transferred, i.e. insofar as rights are open, apart from pre-sales where the risks and economic benefits are transferred as from the 1st release of the work in cinemas.

The assignment of rights internationally is posted as from the first release of the work in cinemas, after contracts have been signed, on the delivery date of the equipment, as from entitlement to rights and based on the rendering of accounts when the contract provides for the payment of a percentage on proceeds generated by the customer's use of the work.

As long as all conditions of recognition described above have not been satisfied, the revenues are posted as prepaid income on the balance sheet at the item "Other debts".

2.28. Automatic financial support of the *Centre National de la Cinématographie*⁽⁸⁾

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 video production, distribution and publishing is posted at the same pace as the revenues of films that generate the support. It is posted on the assets side of the balance sheet in the item "Other receivables" to offset an operating subsidy. The support fund invested in the production of new films is charged against the item "Other receivables".

2.29. Subsidies

Subsidies received insofar as they are definitively acquired are posted as profit as from the date of the first release of the relevant films in cinemas.

2.30. Film tax credit

The film tax credit granted as from FY 2004 to encourage production companies to develop and produce their films in France is posted pro rata the economic depreciation in the consolidated financial statements as current operating results as from the first release of the relevant film in cinemas.

⁽⁸⁾ National Film Center.

2.31. Operating results

The operating result includes the current operating result, the other non current operating income or expenses which include the results from the sales of assets and losses in value of non current intangible (including purchase differentials) and tangible assets.

The income and expenses related to Production Fund and Sale & Lease Back contracts entered into to finance certain films when all conditions to recognize said income and expenses have been satisfied are also posted in the operating results.

2.32. Cost of net financial indebtedness

The cost of net financial indebtedness includes the interest expense on gross financial debts and income from cash and cash equivalents.

2.33. Other interest income and expenses

Other interest income and expenses include in the main the changes in fair value of financial instruments (assets, liabilities and derivatives), foreign exchange results (other than those related to operating operations, classified in the current operating results), dividends received from non consolidated holdings, results from the sales of assets and the loss in value of non current financial assets.

2.34. Share of the net results of companies carried at equity

The results of loss recognition tests on purchase differentials on securities carried at equity are part of the results shown on this line.

2.35. Results per share

The results per share is determined by dividing the Group's share of the results by the average weighted number of shares in circulation on the period ended.

The results per share after dilution is calculated on the average weighted number of shares in circulation during the period ended, increased by the number of shares generated by the exercise of all dilutive share subscription options granted on the closing date. In particular, for the share subscription options, the difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average trading price must be treated as an issue of ordinary shares with a dilutive effect.

When the result of the financial year is a loss, the number diluted by share is calculated on the number of shares at the closing, considering the positive nature of the exercise of share subscription options.



3. Notes to the consolidated balance sheet

The accounts in tables below are presented in thousands of euros"

3.1. Purchase differentials

	12.31.08	Movements of the period			12.31.07	12.31.06
		+	-	Others ⁽¹⁾		
Alphanim	15,794	918	-	-	14,876	-
Arkeion Films	241	-	-	-	241	-
Les Films du Dauphin	1,815	-	-	-	1,815	1,815
Autrement Productions	53	-	-	53	-	-
LGM Participations	491	-	-	-	491	-
Gross value	18,394	918	-	53	17,423	1,815
Les Films du Dauphin	-1,271	-	-	-	-1,271	-1,271
Depreciation	-1,271	-	-	-	-1,271	-1,271
Les Films du Dauphin	-544	-	-	-	-544	-544
Provisions	-544	-	-	-	-544	-544
Net value	16,579	918	-	53	15,608	-

(1) Change in scope

On account of change in the market, the Company reviewed the value of the Alphanim purchase differential, which is reflected in the financial statements by a €918,000 drop in the fair value assigned to the cartoon series. The purchase differential was re-allocated in the twelve months following the acquisition date of the company, in accordance with current regulations and is show as follows:

	12.31.08	Re-allocation	12.31.07
Acquisition cost	25,075		25,075
Net worth acquired	5,804		5,804
Gross purchase differential	19,271		19,271
Goodwill assigned to the series	3,018	-1,377	4,395
Deferred taxation	459	459	-
Goodwill not assigned	15,794	918	14,876

At each closing, goodwill not assigned undergoes a loss recognition test (see note 2.10), whose sensitivity is analyzed. Thus, if the discounting rate is decreased by 1%, the collective value decreases by €1,806,000. A +1% change in the discounting rate increases the collective value by €1,990,000.

The final allocation of the acquisition price of Autrement Productions shows a purchase differential of €53,000 described in note 1.2.1. On July 1, 2008, all assets of Autrement Productions were transferred to its sole shareholder, Gaumont SA.

The monitoring of values of other purchase differentials does not show a loss in value at December 31, 2008.

3.2. Films and audiovisual rights

	12.31.08	Movements of the period			12.31.07	12.31.06
		+	-	Others ⁽¹⁾		
Films and cinema rights	1,444,255	40,424	-10,207	33,612	1,380,426	1,283,825
Films and television rights	9,066	1,415	-	-	7,651	7,241
Video games	1,525	-	-	-	1,525	1,525
Films and cartoon series	101,076	10,266	-	4,667	86,143	-
Cinema films in production	450	450	-	-5,918	5,918	19,821
Cartoon series in production	2,963	2,819	-	-6,045	6,189	-
Gross value	1,559,335	55,374	-10,207	26,316	1,487,852	1,312,412
Films and cinema rights	-1,349,763	-58,923	10,207	-23,709	-1,277,338	-1,217,572
Films and television rights	-8,288	-942	-	-	-7,346	-6,691
Video games	-1,525	-	-	-	-1,525	-1,525
Films and cartoon series	-91,933	-13,248	-	-	-78,685	-
Depreciation	-1,451,509	-73,113	10,207	-23,709	-1,364,894	-1,225,788
Films and cinema rights	-816	-816	2,000	-	-2,000	-2,096
Films and cartoon series	-	-	66	-	-66	-
Cinema films in production	-	-	-	-	-	-3,297
Provisions	-816	-816	2,066	-	-2,066	-5,393
Net value	107,010	-18,555	2,066	2,607	120,892	81,231

(1) Change in scope, transfers from item to item.

At December 31, 2008, the increase in the gross value of films and cinema rights is mainly attributable to investments in films released during 2008 and in films of which the filming has ended and which shall be released during 2009.

The cinema films in production at December 31, 2008 are *Diamants sur ordonnance* and *Le dernier vol*.

The cartoon films and series in production correspond to series to be delivered to distributors during 2009: *Les blagues de Toto* and *Alfred le hérisson*, to the series to be delivered in 2010: *La petite géante* and a feature film to be released in cinemas in 2009: *Le secret d'Eléonore*.



The provision posted in 2007 on cinema films released during 2008 was entirely written back in 2008. Additional depreciation covering the shortfall in proceeds on said films has been posted.

At December 31, 2008, a provision for loss in value of €816,000 was posted for a cinema film released in cinemas at the beginning of 2009, the estimated proceeds of which do not cover the production cost.

3.3. Other intangible assets

	12.31.08	Movements of the period			12.31.07	12.31.06
		+	-	Others ⁽¹⁾		
Dealership, patents, licenses, trademarks, software	2,156	129	-17	-28	2,072	1,572
Musical productions	2,819	38	-	45	2,736	2,227
Other intangible assets	480	-	-	-	480	173
Musical productions in progress	145	145	-	-43	43	-
Gross value	5,598	310	-17	-26	5,331	3,972
Dealership, patents, licenses, trademarks, software	-1,765	-218	17	8	-1,572	-1,112
Musical productions	-2,583	-174	-	-	-2,409	-2,218
Other intangible assets	-400	-	-	-	-400	-91
Depreciation provisions	-4,748	-392	17	8	-4,381	-3,421
Net value	850	-82	-	-18	950	551

(1) Change in scope.

3.4. Tangible assets

	12.31.08	Movements of the period			12.31.07	12.31.06
		+	-	Others		
Land	20,289	-	-	-	20,289	20,289
Buildings and fittings	29,797	442	-1,254	11	30,598	30,370
Operating equipment	1,634	106	-17	24	1,521	1,465
Other tangible assets	5,896	423	-148	23	5,598	5,055
Tangible assets in progress	-	-	-	-30	30	-
Gross value	57,616	971	-1,419	28	58,036	57,179
Land	-310	-	-	-	-310	-310
Buildings and fittings	-16,561	-961	1,219	-	-16,819	-16,904
Operating equipment	-1,361	-126	17	-5	-1,247	-1,180
Other tangible assets	-4,412	-617	142	-3	-3,934	-3,841
Depreciation, provisions	-22,644	-1,704	1,378	-8	-22,310	-22,235
Net value	34,972	-733	-41	20	35,726	34,944

(1) Change in scope, change in foreign exchange.

3.5. Carried at equity

	Last % of interest	12.31.08	12.31.07	12.31.06
EuroPalaces SAS	34%	170,213	158,529	146,624
Gaumont Columbia TriStar Films GIE (1)	50%	-	-	-
Lincoln Cinema Associates (USA)	32%	463	430	531
Gross value		170,676	158,959	147,155
Provisions		-	-	-
Net value		170,676	158,959	147,155

(1) Dissolution of the GIE Gaumont Columbia TriStar Films on September 30, 2008.

The monitoring of the values of said securities carried at equity has not shown up a loss in value at December 31, 2008.



3.5.1 Major items

	EuroPalaces SAS	Gaumont Columbia TriStar Films GIE (1)	Lincoln Cinema Associates (USA)
% of interest at 12.31.08	34%	50%	32%
Non current assets	266,472	-	470
Current assets	48,693	-	75
Total assets	315,165	-	545
Equity capital	126,729	-	456
Non current liabilities	122,823	-	-
Current liabilities	65,613	-	89
Total liabilities	315,165	-	545
Revenues	158,957	-10	1,575
Net result	11,683	13	431

(1) Dissolution of the GIE Gaumont Columbia TriStar Films on September 30, 2008.

3.5.2. Transactions

The transactions are exclusively with Gaumont SA

	12.31.08	12.31.07	12.31.06
Accounts receivable	316	1,007	296
Other receivables	-	-	16
Provisions for receivables	-	-	-
Provisions for contingencies	-	94	14
Other non current debt	-94	-	-
Accounts payables	1,422	1,542	1,663
Other debt	-	-	-
Revenues	120	126	3,209
Other current expenses	3,336	2,297	6,678
Accounts receivable	81	482	2,393

3.6. Other financial assets.

	12.31.08	Movements of the period			12.31.07	12.31.06
		+	-	Others ⁽¹⁾		
Non consolidated equity shares	16	-	-117	-	133	151
Receivables from controlled entities	-	-	-	-	-	50
Loans	306	-	-42	-	348	407
Deposits and surety bonds	224	214	-207	-	217	125
Other financial assets	-	-	-	-2,865	2,865	200
Gross value	546	214	-366	-2,865	3,563	933
Non consolidated equity shares	-15	-	-	-	-15	-2
Receivables from controlled entities	-	-	-	-	-	-50
Provisions	-15	-	-	-	-15	-52
Net value	531	214	-366	-2,865	3,548	881

(1) Change in scope, transfer from item to item.

Loss recognition tests on the non-consolidated equity shares have not revealed unrealized losses.

3.6.1. Non-consolidated equity shares

The non-consolidated equity shares are not of significant interest in light of the assessment of the Group's assets, financial position and results. They relate to companies in which the Group holds less than 10%, that have no business or that are being wound up.

3.7. Stocks

	12.31.08	Movements of the period		12.31.07
		+	-	
Gross value	869	869	-	-
Provisions	-598	-598	-	-
Net value	271	271	-	-

Following a change of video distributor, stocks of DVD and video media are posted in the Group's financial statements for the first time.

The assessment method is described in note 2.15.



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

	12.31.08	12.31.07	12.31.06
Accounts receivables	36,278	40,296	41,734
Current financial assets	1,233	1,651	3,889
Down payment to suppliers	539	788	989
Social security receivables	31	15	20
Tax receivables	12,376	17,641	16,278
Current tax assets	2,420	2,969	2,286
Current accounts	9,100	8,999	9,015
Miscellaneous receivables	9,365	8,202	9,430
Derivatives	-	-	54
Prepaid expenses	913	1,520	1,463
Gross value	72,255	82,081	85,158
Accounts receivable	-355	-625	-564
Current accounts	-9,042	-8,999	-8,999
Miscellaneous receivables	-1,509	-1,471	-2,588
Provisions	-10,906	-11,095	-12,151
Net value	61,349	70,986	73,007
maturities:			
- less than 1 year	70,639	81,204	83,393
- from 1 to 5 years	1,616	877	1,510
- over 5 years	-	-	255

3.8.1. Breakdown of provisions

	12.31.08	Movements of the period			12.31.07	12.31.06
		+	-	Others ⁽¹⁾		
Accounts receivable	-355	301	-31	-	-625	-564
Current accounts	-9,042	-	-43	-	-8,999	-8,999
Miscellaneous receivables	-1,509	86	-124	-	-1,471	-2,588
Provisions	-10,906	387	-198	-	-11,095	-12,151

(1) Change in scope.

3.9. Cash and cash equivalents

	12.31.08	12.31.07	12.31.06
Bank accounts and other cash on hand	5,819	3,723	4,377
Total	5,819	3,723	4,377

3.10. Equity capital

3.10.1. Share capital of the parent company

At December 31, 2008, the share capital of Gaumont SA was comprised of 4,271,516 shares with a par value of €8, which have been fully paid up. The change during 2008 was as follows:

	12.31.08	Movements of the period		12.31.07	12.31.06
		+	-		
Number of securities	4,271 516	1,599	-	4,269 917	4,247 801
Nominal	€8	€8	-	€8	€8
Capital	34,172,128	12,792	-	34,159,336	33,982,408

3.10.2. Dividends

Gaumont SA paid out the following dividends during the financial year ended on:

(in euro)	12.31.08	12.31.07	12.31.06
Dividends paid	1,280,975	4,247,801	2,533,078
i.e. per share	0.30	1.00	0.60

3.10.3. Share subscription options

Gaumont has set up eight share subscriptions plans since December 1987 for some of its employees, in particular, its managing executives, apart from the Chairman of the Supervisory Board who does not benefit from any plan



3.10.3.1 Record of the granting of share subscription options

The Combined Ordinary and Extraordinary General Meeting of Gaumont SA on May 7, 2008 paid a dividend of €0.30 per share on May 15, 2008, by drawing on the Company's free reserves. In accordance with the legal provisions to protect all employees' rights, the offer price and number of shares still to be subscribed were adjusted.

Option plans	Allocations				Options		
	Initial		Adjusted		Cancelled	Subscribed	Approved
	Price	Number	Price	Number			
Plan I (December 87)	€60,98	35,000	€21,78	97,141	20,368	76,773	-
Plan II (adjusted) (December 88)	€91,47	5,804	€32,62	16,889	13,163	3,726	-
Plan III (adjusted) (February 93)	€57,93	37,496	€21,78	100,001	-	100,001	-
Plan IV (February 95)	€38,11	30,000	€38,11	30,000	-	30,000	-
Plan V (February 96)	€50,31	104,000	€50,06	104,520	35,175	58,390	10,955
Plan VI (March 98)	€64,03	168,000	€63,71	168,885	74,399	72,363	22,123
Plan VII (April 02)	€48,00	165,000	€47,76	165,919	90,271	37,928	37,720
Plan VIII (February 05)	€64,00	196,750	€63,68	197,799	17,093	(1) 2,011	178,695
Total		742,050		881,154	250,469	381,192	249,493
Capital at December 31, 2008 = 4,271,516 shares							
In percentage of capital				20.63%	5.86%	8.92%	5.84%

(1) Early exercise of options.

3.10.3.2. Change in the number of options currently valid

Option plans	Allocation date	Starting date of option exercise	Exercise deadline	Residual contractual life span	Options							
					12.31.08		Movements of the period				12.31.07	
					Currently valid	Including those that may be exercised	Adjusted	Allocated	Cancelled	Subscribed	Currently valid	Including those that may be exercised
Plan I	03.12.87	03.12.87	02.12.02	15 years	-	-	-	-	-	-	-	-
Plan II	23.12.88	23.12.88	22.12.03	15 years	-	-	-	-	-	-	-	-
Plan III	18.02.93	18.02.98	17.02.43	45 years	-	-	-	-	-	-	-	-
Plan IV	16.02.95	16.02.00	15.02.45	45 years	-	-	-	-	-	-	-	-
Plan V	15.02.96	15.02.01	14.02.46	45 years	10,955	10,955	55	-	-1,000	-	11,900	11,900
Plan VI	12.03.98	12.03.03	11.03.48	45 years	22,123	22,123	123	-	-1,000	-	23,000	23,000
Plan VII	09.04.02	09.04.06	08.04.46	40 years	37,720	37,720	219	-	-	-1,599	39,100	39,100
Plan VIII	28.02.05	28.02.09	27.02.49	40 years	178,695	-	954	-	-3,009	-	180,750	-
Total					249,493	70,798	1,351	-	-5,009	-1,599	254,750	74,000

Option plans	Allocation date	Starting date of option exercise	Exercise deadline	Residual contractual life span	Options						
					12.31.07		Movements of the period			12.31.06	
					Currently valid	Including those that may be exercised	Allocated	Cancelled	Subscribed	Currently valid	Including those that may be exercised
Plan I	03.12.87	03.12.87	02.12.02	15 years	-	-	-	-	-	-	-
Plan II	23.12.88	23.12.88	22.12.03	15 years	-	-	-	-	-	-	-
Plan III	18.02.93	18.02.98	17.02.43	45 years	-	-	-	-	-	-	-
Plan IV	16.02.95	16.02.00	15.02.45	45 years	-	-	-	-	-	-	-
Plan V	15.02.96	15.02.01	14.02.46	45 years	11,900	11,900	-	-	-4,000	15,900	15,900
Plan VI	12.03.98	12.03.03	11.03.48	45 years	23,000	23,000	-	-1,000	-2,000	26,000	26,000
Plan VII	09.04.02	09.04.06	08.04.46	40 years	39,100	39,100	-	-280	-16,116	55,496	55,496
Plan VIII	28.02.05	28.02.09	27.02.49	40 years	180,750	-	-	-7,500	-	188,250	-
Total					254,750	74,000	-	-8,780	-22,116	285,646	97,396

(1) Early exercise of options.



3.10.3.3. Impact of share option plans on the results

The amount posted as personnel costs corresponding to the fair value of services rendered by the employees in consideration of equity capital instruments received under share option plans is as follows:

Option plans	Allocation date	Lock-up period	Total fair value	Personnel expenses		
				2008	2007	2006
Plan VIII	28.02.05	4 years	3,800	947	895	978

At December 31, 2008, the maximum expense for the fair value of options was €3,800,000. Said expense is amortized over the purchase period, i.e. 4 years. It shall be adjusted on the basis of the change in the probability of attaining the performance conditions or the rate of actual departure during said period and definitively set on the basis of the number of shares actually distributed at the end of said period.

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

Option plan	Model used	Benchmark price	Exercise price	Expected volatility	Average maturity	Risk less rate	Distribution rate	Unit fair value
Plan VIII	Black & Scholes	€64	€63.68	30%	6 years	4%	1%	€21,27

3.10.4. Minority interests

The minority interests mainly include the share of minorities in Gaumont Pathé Archives.

3.11. Current and non-current provisions

	12.31.08	Movements of the period				12.31.07
		+	- (1)	- (2)	Other (3)	
Provision for pension and like commitments (4)	1,789	284	-61	-215	-	1,781
Non current provisions	1,789	284	-61	-215	-	1,781
Provision for disputes (5)	415	-	-50	-41	-	506
Provision for contingencies on shares carried at equity (6)	-	-	-13	-	-81	94
Other provisions for contingencies (7)	1,083	122	-	-1,143	-	2,105
Other provisions for expenses (8)	657	795	-548	-	-	410
Current provisions	2,155	917	-611	-1,184	-81	3,115
Total	3,944	1,201	-672	-1,399	-81	4,896
On the current operating results		1,201	-652	-1,399	-	
Impact on the non current operating results		-	-7	-	-	
Impact on the item "Carried at equity"		-	-13	-	-81	

(1) Write backs used: which are totally offset in the expense account.

(2) Write backs for the surplus part of provisions

(3) Change in scope

(4) The provision for pensions and like commitments break down as follows:

	12.31.08	12.31.07
Retirement gratuities	1,627	1,627
Seniority bonuses	162	154
	1,789	1,781

(5) The provisions for disputes relate to legal disputes

(6) The securities carried at equity whose net worth is negative are posted under liabilities in provisions for contingencies. The write back of the provisions relates to GIE Gaumont Columbia TriStar Films following its dissolution on September 30, 2008.

(7) The other provisions relate to the following contingencies:

■ Risks related to films	570
■ Risks with personnel	463
■ Others	50
Total	1,083

(8) The other provisions for expenses cover personnel related costs

3.11.1. Provision for pension and like commitments

	12.31.08	12.31.07	12.31.06
Retirement gratuities (1)	1,627	1,627	1,398
Seniority bonuses	162	154	138
Total	1,789	1,781	1,536

(1) The Group adopts the method whereby all actuarial differentials generated over the current period are systematically posted per result.



3.11.1.1. Change in the actuarial debt

	12.31.08			12.31.07			12.31.06		
	Retirement gratuities	Seniority bonuses	Total	Retirement gratuities	Seniority bonuses	Total	Retirement gratuities	Seniority bonuses	Total
Year opening actuarial debt	1,627	154	1,781	1,398	138	1,536	1,280	131	1,411
Cost of services rendered over the period	123	11	134	88	10	98	84	9	93
Effect of the discounting	81	8	89	58	6	64	56	6	62
Actual benefits paid	-65	-1	-66	-62	-5	-67	-19	-5	-24
Actuarial (gains) losses	-139	-10	-149	-34	3	-31	-3	-3	-6
Change in scope	-	-	-	139	-	139	-	-	-
Recording of the first provisions	-	-	-	40	2	42	-	-	-
Closing actuarial debt	1,627	162	1,789	1,627	154	1,781	1,398	138	1,536

3.11.1.2. Components of the expense

	12.31.08			12.31.07			12.31.06		
	Retirement gratuities	Seniority bonuses	Total	Retirement gratuities	Seniority bonuses	Total	Retirement gratuities	Seniority bonuses	Total
Cost of services rendered over the period	123	11	134	88	10	98	84	9	93
Effect of the discounting	81	8	89	58	6	64	56	6	62
Yield expected from assets over the period	-	-	-	-	-	-	-	-	-
Depreciation of actuarial gains (losses)	-139	-10	-149	-34	3	-31	-3	-3	-6
Net expense posted in the income statement	65	9	74	112	19	131	137	12	149

3.11.1.3. Main actuarial assumptions

	Retirement gratuities			Seniority bonuses		
	12.31.08	12.31.07	12.31.06	12.31.08	12.31.07	12.31.06
Discounting rate	4.59% (1)	5.07%	4.23%	4.59%	5.07%	4.23%
Yield rate expected from assets	-	-	-	-	-	-
Career profile	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Discounting rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

(1) Except Alphanim SA of which the discounting rate of retirement gratuities is 4.37%.



3.12. Financial debts

	12.31.08	Movements of the period		12.31.07
		+	-	
Credit line	83,043	83,043	-88,079	88,079
<i>Including accrued interest to be paid</i>	<i>141</i>	<i>141</i>	<i>-79</i>	<i>79</i>
Loan on acquisition of Alphanim	19,745	23	-4,972	24,694
<i>Including accrued interest to be paid</i>	<i>23</i>	<i>23</i>	<i>-42</i>	<i>42</i>
Production loan cartoon series	1,935	5,340	-5,450	2,046
Other loans	-	-	-672	672
Advances repayable on distribution proceeds	1,748	379	-141	1,510
Deposits received	38		-	38
Bank credit balances	4,513	1	-1,905	6,417
Total	111,023	88,786	-101,219	123,456
maturities:				
- less than 1 year	96,045			103,734
- from 1 to 5 years	14,978			19,722
- over 5 years	-			-

3.12.1. Loan on acquisition of Alphanim

On December 21, 2007, Gaumont contracted a redeemable loan agreement of €25,000,000 to finance the acquisition of Alphanim and its related costs.

Said loan is repayable in ten half yearly installments of €2,500,000 as from June 21, 2008 up to December, 21, 2012.

At December 31, 2008, a rate hedge covered €8,332,000.

Actual interest rate

At December 31, 2008, the actual interest rate of said loan stood at 4.68% before hedging instruments were taken into account (12.31.07: 6.01%) and at 4.98% after hedging instruments were taken into account.

Average interest rate

In 2008, the average interest rate of said loan stood at 6.11% before hedging instruments were taken into account and 5.73% after hedging instruments were taken into account

Said loan is covered by the guarantees explained in note 6.3.1.

It also includes the financial ratios described in note 6.4.1.

3.12.2. Credit lines

On July 28, 2008 Gaumont contracted a revolving loan agreement with a banking pool, comprised of BNP Paribas, Natixis, West LB and Neufilize OBC Entreprise, for a maximum amount of €125,000,000, expiring on September 15, 2012. It is earmarked, firstly, to re-finance the revolving loan of €100,000,000 contracted on December 20, 2005 and that expired on September 15, 2008 and, secondly, to finance its general requirements and those of its subsidiaries for their audio-visual operation and production business.

At December 31, 2008, €84,000,000 had been used (€88,000,000 at 12.31.07, €40,000,000 at 12.31.06) and a rate hedge covered €50,000,000 (€50,000,000 at 12.31.07, €666,000 at 12.31.06). At December 31, 2008, Gaumont had a confirmed drawing right of €41,000,000.

Actual interest rate

At December 31, 2008, the actual interest rate of the outstanding amount used stood at 3.95% before hedging instruments were taken into account (12.31.07: 5.30%, 12.31.06: 4.42%) and at 4.22% after hedging instruments were taken into account. (12.31.07: 5.12%, 12.31.06: 4.27%).

Average interest rate

In 2008, the average interest rate of said loan stood at 5.23% before hedging instruments were taken into account (12.31.07: 4.91%, 12.31.06: 3.65%), and 5.25% after hedging instruments were taken into account (12.31.07: 4.86%, 12.31.06: 3.64%).

Said loan is covered by the guarantees explained in note 6.3.1.

It also includes the financial ratios described in note 6.4.1.

3.12.3. Production loans for cartoon series

They include:

- €848,000 of Dailly assignments for an authorized total amount of €6,000,000 to finance the production of cartoon films and series;
- €1,088,000 in Cofiloisirs loans to finance the production of *Galactik football* (season 2).

Actual interest rate

The actual interest rate of the debt stood at 5.16% at December 31, 2008.

Average interest rate

In 2008, the average interest rate of the debt stood at 6.10%.



3.13. Other liabilities

	12.31.08	12.31.07	12.31.06
Tax debts	-	-	-
Current accounts	1,554	1,542	1,663
Debts on purchase of Arkeion Films	100	190	-
Miscellaneous debts	-	-	-
Total other non current liabilities	1,654	1,732	1,663
Accounts payables	9,640	13,724	15,431
Debts to fixed assets supplies	7,963	9,186	10,197
Down payments from customers	302	103	156
Social security debts	3,171	2,971	4,793
Tax debts	2,318	2,137	1,350
Current tax liabilities	53	-	111
Current account	-	121	3,274
Debts on purchase of Arkeion Films	90	90	-
Miscellaneous debts	28,607	30,115	32,240
Derivatives	871	127	-
Pre-paid income	17,593	13,082	6,273
Total other current liabilities	70,608	71,656	73,825
Total	72,262	73,388	75,488
maturities:			
- less than 1 year	70,740	71,656	73,825
- from 1 to 5 years	582	671	482
- over 5 years	940	1,061	1,181

3.14. Derivatives

Hedging	12.31.08		12.31.07		12.31.06	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Rate risk	-	871	-	54	36	-
Foreign exchange risk	-	-	-	73	18	-
Total	-	871	-	127	54	-

The Group uses derivatives to manage and reduce its exposure to the risks of a change in interest rates and foreign exchange rates.

They are not deemed to be hedging instruments under the standard IAS 39. In consequence, the fair value of said derivatives is presented in the balance sheet as "Other receivables" or "Other debts" (depending on whether it results in an unrealized capital gain or capital loss).

The change in the fair value is posted as a financial result.

	12.31.08	Impact result	12.31.07
Derivatives assets	-	-	-
Derivatives liabilities	-871	-744	-127
Total	-871	-744	-127



4. Notes to the consolidated income statements

4.1. Revenues and results per business sector

4.1.1. Revenues

	12.31.08	12.31.07	12.31.06
Cinemas France	12,206	9,632	25,728
Video France	14,107	11,608	31,501
Video on demand France	580	35	-
Television France	52,276	34,201	45,452
International films	21,266	13,139	23,882
Others (1)	4,628	4,276	4,577
Total	105,063	72,891	131,140
including:			
France	83,210	59,102	107,258
Export	21,853	13,789	23

(1) including, in the main, by-products, Gaumont Pathé Archives, Arkeion Films and music business (Gaumont Musiques, Editions La Marguerite and Alphanim Musiques).

Gaumont's consolidated revenues stood at €105,063,000 in 2008 compared to €72,891,000 in 2007. This 44.1 % increase is brought to 29.4 % with a same consolidation scope ⁽¹⁾ with revenues of €94,305,000.

The change in the consolidated revenues is analyzed as follows:

- the business "**Cinema Distribution France**" posts an increase of +26.7%. With eight new films released in cinemas, all produced or co-produced by Gaumont, 5.2 million number of tickets were sold in 2008 compared to 4 million en 2007, which includes 300,000 tickets for films released in 2007, but still in cinemas the next year.

The three hits of the year are: *Enfin veuve* (2.3 million tickets), *MR 73* (914,000 tickets) and *Cliente* (701,000 tickets).

- the consolidated revenues of **video sales** rose from €11,608,000 in 2007 to €14,107,000 in 2008 for France, i.e. a growth of + 21.5% Gaumont Vidéo contributed €13,650,000 to the Group's consolidated revenues for France. The subsidiary's foreign sales are included in the international revenues.

In a context of a continuous decline in the market of - 23% ⁽²⁾ in value over four years, Gaumont Vidéo was able to convert Group's recent cinema successes into video successes, with more than 120,000 videos sold in 2008 for *Un jour sur Terre*, 86,000 videos for *Enfin veuve* and 65,000 videos for *MR 73*.

During 2008, Gaumont Vidéo also published the following titles:

- 3 amis, *Vent mauvais*, *Regarde moi*, *Darling*, *Chrysalis*, *Les deux mondes*, *Big city*, the series *Planète Terre*, *15 ans et demi* and *JCVD* for the recent films;
- *Les arnaqueurs*, volume 1 of the box set *Cinéma Premier*, compiling Gaumont's catalogue films, the box set *Francesco Rosi*, volumes 2 and 3 or *Michel Deville* for the DVD releases of film catalogues;
- and for the first time *Blu Ray Disc*, the box set *Pagnol* with *Le château de ma mère* and *La gloire de mon père* as well as *Les visiteurs* and *Le dîner de cons*.

- the digital distribution revenues stood at €580,000 in 2008, including €576,000 in VoD (negligible in 2007), and correspond to 250,000 orders of recent films over 14 titles and 115,000 orders of catalogue films.

The role of the "new media" department, set up in May 2007, is to develop Gaumont's catalogue on new media and in particular **video on demand** (VoD).

- sales of rights to **French TV channels** stood at €52,276,000 compared to €34,201,000 in 2007, a rise of + 52,8%:
 - Alphanim contributed €2,661,000 for new series and €207,000 for catalogue series to said revenues;
 - financing by French TV channels has increased, thanks, in particular, to the posting in 2008 of pre-sales on two films released in cinemas at the end of 2007;
 - sales of catalogue films have increased slightly this year.

- international** revenues stood at €21,266,000 compared to €13,139,000 last year. It includes for the first year Gaumont Vidéo's international sales for €1,352,000 and the revenues of Alphanim and its subsidiaries for €7,293,000 including 78.3% for new series.

It also posts a slight drop on new films and remains stable for catalogue films.

- other businesses** posted a +8,2% increase in their revenues. Gaumont Pathé Archives's contribution to the consolidated revenues, as over the two last years, increased slightly from €2,718,000 in 2007 to €2,960,000 in 2008.

Revenues from other business increased and stood at €1,668,000 compared to €1,558,000 in 2007. This increase is attributable to the consolidation of Alphanim and of Arkeion in the consolidated financial statements, as with a same consolidation scope, said revenues stood at €1,401,000.

(1) Impact in Gaumont's consolidated income statement of the takeover of Arkeion Films on July 6, 2007 and of Alphanim and its subsidiaries Alphanim Musique and Alphanim Digital on January 1, 2008.

(2) Source: video barometer Centre National de la Cinématographie-GfK.

4.1.2. Business result (prior to the appropriation of overheads) Current operating rules

	12.31.08	12.31.07	12.31.06
Result films	18,982	-3,384	29,250
Overheads	-25,892	-18,370	-21,456
Current operating result	-6,910	-21,754	7,794

Given the acquisition of Alphanim, a decision was taken, as from FY 2008, to present the results of films and series, excluding overheads for all subsidiaries, and to present the overheads separately.

The result posted for films and cartoon series is a profit of €18,982,000 compared to a loss of €1,243,000 in 2007, using the new presentation, (loss of €3,384,000 published in 2007 including the overheads of Gaumont Pathé Archives and Arkeion).

The share of said profit allocated to cartoon series is €4,286,000 and that of cinema feature films is €14,696,000. It includes a provision for loss in value of €816,000 for films programmed during the next year, whose estimated proceeds do not cover the production costs, compared to €2,000,000 in 2007.

Overheads stood at €25,892,000 in 2008 compared to €20,509,000 in 2007 (€18,370,000 published in 2007 without the overheads of Gaumont Pathé Archives and of Arkeion).

They include:

- Alphanim's overheads for the first year, i.e. €3,652,000;
- cost of departure of several employees in 2008;
- expenses directly related to the rule, such as the business tax and the profit sharing of employees and corporate officers in 2007, which logically have increased compared in 2007;
- and a substantial saving in expenditure on several services, in particular, after an internal structure was set up to distribute films in cinemas on July 1, 2007, which is less expensive than that of GIE Gaumont Columbia Tristar Films.

4.2. Personnel expenses

Personnel expenses include salaries, bonuses, profit sharing, paid leave as well as pension expenses and like commitments and those related to share option plans.

	12.31.08	12.31.07	12.31.06
Salaries	-14,207	-9,276	-10,962
Social security contributions	-6,450	-3,608	-3,950
Pensions and like commitments	-8	-63	-125
Stock-option expenses	-947	-895	-978
Total	-21,612	-13,842	-16,015



4.3. Other current operating income and expenses

	12.31.08	12.31.07	12.31.06
Costs of films	122	104	19
Financial support <i>Centre National de la Cinématographie</i>	4,963	4,316	11,852
Subsidies	1,067	1,707	747
Income related to sale & lease back contracts	-	-	4,042
Film tax credit	1,243	1,622	2,099
Recharging of overheads to films	2,263	1,793	2,642
Other income from current management	12,708	4,232	2,599
Transfer of expenses	5,067	2,123	3,358
Foreign exchange gains relating to operating operations	72	13	96
Income	27,505	15,910	27,454
Purchases of materials and supplies not inventoried	-5,964	-4,075	-20,417
Subcontracting	-11,750	-16,862	-16,234
Rentals and rental expenses	-6,447	-1,636	-1,413
Maintenance and repairs	-1,598	-1,086	-745
Insurance premiums	-1,958	-1,561	-904
Other purchases of studies and services	-161	-115	-117
Outside personnel	-3,542	-3,613	-4,011
Salaries of intermediaries and fees	-422	-368	-392
Advertising, publications and public relations	-5,399	-4,877	-8,314
Transport	-1,654	-589	-4,562
Purchases of materials and supplies not inventoried	-370	-588	-361
Travel, missions and receptions	-2,145	-1,912	-2,476
Postal costs and telecommunication costs	-399	-258	-199
Bank services	-1,418	-594	-302
Other external expenses	-141	-1,098	-2,311
Taxes and like payments	-2,445	-1,463	-2,285
Other expenses from current management	-485	-6,927	-16,452
Foreign exchange losses relating to distribution operations	-174	-221	-280
Expenses	-46,472	-47,843	-81,775
Total	-18,967	-31,933	-54,321

(1) At December 31, 2007, the production costs of DVD (€1,736,000) posted in the item "Other current operating income and expenses" were restated in the line "Purchases" in compliance with accounting standards.

4.4. Loss in value, depreciation and provisions

	12.31.08	12.31.07	12.31.06
Intangible assets:			
- Write backs on loss in value	2,066	5,882	17,350
- Allowance for depreciation	-68,459	-52,325	-62,638
- Allowance for loss in value	-816	-2,489	-5,393
	-67,209	-48,932	-50,681
Tangible assets:			
- Write backs on loss in value	-	-	12
- Allowance for depreciation	-1,704	-1,356	-1,228
	-1,704	-1,356	-1,216
Current assets:			
- Write backs on loss in value	387	1,263	1,344
- Allowance for loss in value	-796	-125	-61
	-409	1,138	1,283
Contingencies and expenses:			
- Write backs on loss in value	2,058	1,464	162
- Allowance for loss in value	-1,201	-620	-1,627
	857	844	-1,465
Total	-68,465	-48,306	-52,079

The allowances for depreciation of intangible assets in the income statement are reprocessed to take into account allowances for fees paid to co-producers, which are activated but do not correspond to direct investments (12.31.08: €5,046,000 12.31.07: €7,745,000 12.31.06: €16,419,000).

4.5. A Other non-current operating income and expenses

	12.31.08	12.31.07	12.31.06
Income from sale of intangible and tangible assets	288	881	9
Book values of intangible and tangible assets sold	-41	-721	-74
Loss of value of purchase differentials	-	-	-544
Miscellaneous expenses	-	-48	-
Write backs on losses in value /provisions for contingencies and expenses	-	35	-
Allowances for losses in value/ provision for contingencies and expenses	-	-400	-
Total	247	-253	-609

4.6. Other interest income and expenses

	12.31.08	12.31.07	12.31.06
Income from holdings	-	1	1
Interest expense activated	3,238	4,240	2,018
Other interest and like income	96	-	191
Income from sale of financial assets	-	43	-
Write backs on provisions	-	50	-
Foreign exchange gains	201	5	4
Unrealized gains related to changes in fair value	-	-	49
Income	3,535	4,339	2,263
Expenses of holdings	-	-49	-
Interest and like expenses	-	-13	-18
Book value of financial assets sold	-125	-18	-
Provision allowance	-	-12	-96
Foreign exchange losses	-91	-159	-296
Unrealized losses related to fair value changes	-744	-181	-
Expenses	-960	-432	-410
Total	2,575	3,907	1,853

The activated interest expense depends on productions of the year.

4.7. Share of the net results of companies carried at equity

Company	Last % of interest	12.31.08	12.31.07	12.31.06
EuroPalaces SAS	34%	11,683	11,905	9,778
Gaumont Columbia TriStar Films GIE (1)	50%	13	-97	2
Lincoln Cinema Associates (USA)	32%	431	392	426
		12,127	12,200	10,206

(1) Dissolution of the GIE Gaumont Columbia TriStar Films on September 30, 2008.

4.8. Taxes

4.8.1. Breakdown of the tax expense or income

Breakdown of taxes	12.31.08	12.31.07	12.31.06
Current taxes	-327	-329	-422
Deferred taxes	701	2,230	7,847
Total tax income	374	1,901	7,425

4.8.2. Current tax

The current tax expense is equal to the amounts of tax on income owed to the tax authorities for the financial year in relation to the rules and taxation rates in force in the various countries.

Gaumont and the French subsidiaries of which it owns 95% and more for at least one year have opted for the tax consolidation scheme.

At December 2008, the tax consolidation scope was comprised of Gaumont SA, "Group head", Gaumont International SARL, Films du Dauphin SARL and Prestations et Services SARL as well as Alphanim SA, Alphanim Digital SAS, Alphanim Musique SARL, Arkeion Films SAS and Gaumont Musiques SAS which joined the scope on January 1, 2008.

The tax consolidation is neutral for the subsidiaries; the tax savings or expenses generated by the consolidation are posted in the financial statements of Gaumont SA. The tax saving on results inherent to the tax deficits of the consolidated subsidiaries are systematically repaid to the latter.

The tax consolidation had no impact on the consolidated tax expense.



4.8.3. Deferred taxes

4.8.3.1. Deferred tax rate

	12.31.08	12.31.07	12.31.06
Ordinary tax rate	33.33%	33.33%	33.33%
Reduced rate	-	-	-

4.8.3.2. Deferred taxes posted on the balance sheet

	12.31.08	Change	Other changes (1)	12.31.07	12.31.06
Deferred tax assets	2,886	975	-857	2,768	1,056
Deferred tax liabilities	-3,235	-274	-	-2,961	-2,761
<i>Including long term capital gain on EuroPalaces shares</i>	-1,062	-	-	-1,062	-1,062
Total net deferred tax liabilities	-349	701	-857	-193	-1,705

(1) Change in scope.

4.8.3.3. Origin of the deferred taxes

	12.31.08	Change	Other changes (1)	12.31.07	12.31.06
Tax deficits activated	22,594	4,158	40	18,396	13,270
Fair value of films	-3,293	703	-583	-3,413	-1,458
Fair value of land and buildings	-7,674	63	-	-7,737	-7,783
Accelerated depreciation/films	-11,498	-4,810	-	-6,688	-7,423
Long term capital gains on EuroPalaces shares	-1,062	-	-	-1,062	-1,062
Other temporary differences	584	587	-314	311	2,751
Net deferred tax liabilities	-349	701	-857	-193	-1,705

(1) Change in scope.

At December 31, 2008, Gaumont losses that may be carried over without limitation in time and against which there is a probability of charging future profits stood at €91,024,000 (12.31.07: €63,984,000). They have been recognized at the level of €63,252,000 (12.31.07: €50,741,000) so as to limit the net deferred tax assets of companies within the scope of the tax consolidation in the amount of their net deferred tax liabilities, i.e. €3,235,000 (12.31.07: €2,761,000).

At December 31, 2006, Gaumont losses that may be carried over (€39,813,000) had been totally recognized and the amount of the net deferred tax liabilities of the companies within the scope of the tax consolidation stood at €1,711,000.

At December 31, 2008, the losses of Arkeion Films, Alphanim and Editions La Marguerite that could be carried over have been activated respectively for €192,000, €5,008,000 and €106,000. (12.31.07: €214,000, €4,232,000).

At December 31, 2008, the net deferred tax assets of companies not within the scope of the tax consolidation stood at €186,000 (compared to €193,000 of net deferred tax assets 12.31.07 and €6,000 of net deferred tax assets at 12.31.06).

4.8.4. Reconciliation of the tax posted and the theoretical tax

Proof of tax	12.31.08	12.31.07	12.31.06
Results of consolidated companies before tax	1,917	-8,802	18,190
Current tax rate applicable to the parent company	33.33%	33.33%	33.33%
Theoretical tax	-639	2,934	-6,063
Effects of differentials of rates of taxation at reduced rates	-	4	9,554
Share of results of companies carried at equity	3,899	3,936	3,260
Effects of permanent and temporary differences	-3,693	-5,502	-314
Effects of tax rate differentials between France and abroad	-29	-46	-22
Effect of the tax consolidation	-	34	310
Film tax credit (1)	836	541	700
Tax income or (expense) actually posted	374	1,901	7,425
Actual tax rate	-	-	-

(1) The film tax credit appears under the column "Taxes" in the corporate financial statements. In the consolidated financial statements, it is reclassified in "Other current operating income".

4.9. Result per share

The results per share are calculated on the basis of the net results (Group share) of the year attributable to ordinary shareholders and an average number of ordinary shares in circulation on the year.

The average number of shares in circulation is calculated on the basis of the various changes in the share capital.

	12.31.08	12.31.07	12.31.06
Average number of ordinary shares	4,269,917	4,247,801	4,221,797
Dilutive effect of share subscription options	917	15,848	13,904
Average diluted number of ordinary shares	4,270,834	4,263,649	4,235,701

Moreover, it is given after the dilutive effect of the exercise of share subscription options. Said effect on the number of shares is as follows:

	12.31.08	12.31.07	12.31.06
Average number of common shares	4,270	4,263	4,235
	834	649	701
Number of share subscription options with dilutive effect	211,023	216,070	14,078
Average potential number of common shares	4,481	4,479	4,249
	857	719	779

The share subscription options of which the exercise price is higher than the average price of the share over the year are not, on account of their positive nature, taken into account to calculate the net profit (Group share) diluted by share.

5. Notes to the statement of cash flows

5.1. Breakdown of net allowances to depreciation and provisions, excluding current assets

	12.31.08	12.31.07	12.31.06
Intangible assets:			
- Write back on losses in value	2,066	5,882	17,350
- Allowances for depreciation	-68,472	-52,325	-62,638
- Allowances for losses in value	-816	-2,489	-5,393
	-67,222	-48,932	-50,681
Tangible assets:			
- Write back of losses in value	-	-	12
- Allowances for depreciation	-1,704	-1,356	-1,228
	-1,704	-1,356	-1,216
Financial assets:			
- Write back on losses in value	-	50	-
- Allowances for losses in value	-	-13	-50
	-	37	-50
Contingencies and expenses:			
- Write back on losses in value	2,057	1,499	162
- Allowances for losses in value	-1,191	-1,020	-1,627
	866	479	-1,465
Total	-68,060	-49,772	-53,412

The allowances for depreciation of intangible assets in the income statement are reprocessed to take into account allowances for depreciation of fees paid to co-producers which have been activated but which are not direct investments (12.31.08: €5,046,000 12.31.07: €7,745,000 21.31.06: €16,419,000).



5.2. Dividends received from companies carried at equity

Company	Last % of interest	12.31.08	12.31.07	12.31.06
Gaumont Columbia TriStar Films GIE (1)	50%	-81	-18	16
Lincoln Cinema Associates (USA)	32%	423	440	492
Total		342	422	508

(1) Dissolution of the GIE Gaumont Columbia TriStar Films on September 30, 2008.

The Europlaces Management meeting on March 2, 2009 proposed payment of a dividend for 2008 that would amount to €1,693,000 for Gaumont.

5.3. Change in net working capital related to the business

	12.31.08	12.31.07	12.31.06
Change in operating assets	9,547	10,631	-15,426
Change in operating liabilities	-348	-8,853	2,622
Current tax expense	-326	-329	-422
Taxes paid	427	722	387
Expense of pensions and like commitments	8	63	125
Total	9,308	2,234	-12,714



5.3.1. Change in operating assets

The chart below sets out the change in operating assets that constitute working capital requirements in amounts net of provisions (the provisions on items that constitute the working capital requirement are deemed to be disburseable).

	Net balance at 12.31.08	Change in working capital requirement	Other changes (1)	Net balance at 12.31.07	Change in working capital requirement	Other changes (1)	Net balance at 12.31.06	Change in working capital requirement	Other changes (1)	Net balance at 12.31.05
Stocks	270	270								
Accounts receivables	35,922	-3,847	98	39,671	-6,918	5,419	41,170	5,168	-	36,002
Current financial assets	1,233	-418	-	1,651	-2,239	1	3,889	3,058	-	831
Down payment to suppliers	539	-249	-	788	-205	4	989	495	-	494
Social security receivables	31	16	-	15	-5	-	20	6	-	14
Tax receivables	12,376	-5,298	33	17,641	834	529	16,278	5,953	-4	10,329
Current tax assets	2,420	-549	-	2,969	-352	1,035	2,286	-571	-	2,857
Current accounts	59	59	-	-	-16	-	16	-1,638	-	1,654
Miscellaneous receivables	7,856	1,077	48	6,731	-1,686	1,575	6,842	2,863	-	3,979
Derivatives	913	-607	-	1,520	-44	101	1,463	92	-	1,371
Assets that constitute the working capital requirement	61,619	-9,547	180	70,986	-10,631	8,664	72,953	15,426	-4	57,531

(1)Change in scope, change in foreign exchange.

A decrease in receivables is reflected in the cash position by a collection. In consequence, the negative change above is analyzed as an entry of funds in the statement of cash flow.
An increase in receivables is reflected in the cash position by a non-collection. In consequence, the positive change above is analyzed as an outflow of funds in the statement of cash flow.



5.3.2. Change in operating liabilities

The chart below sets out the change in operating liabilities that constitute the working capital requirement:

	Net balance at 12.31.08	Change in working capital requirement	Other changes (1)	Net balance at 12.31.07	Change in working capital requirement	Other changes (1)	Net balance at 12.31.06	Change in working capital requirement	Other changes (1)	Net balance at 12.31.05
Accounts payable	9,640	-4,292	208	13,724	-4,181	2,474	15,431	1,306	-	14,125
Down payments from customers	301	198		103	-59	6	156	-627	-	783
Social security liabilities	3,172	168	33	2,971	-2,543	721	4,793	1,963	-	2,830
Tax liabilities	2,318	171	10	2,137	389	398	1,350	-238	-4	1,592
Current tax liabilities	53	53		-	-111	-	111	3	-	108
Current account	1,554	-109		1,663	-981	-2,293	4,937	2,942	-7	2,002
Miscellaneous debts	28,607	-1,042	-466	30,115	-3,594	1,469	32,240	3,660	-	28,580
Prepaid income	17,593	4,505	6	13,082	2,227	4,582	6,273	-6,387	-	12,660
Liabilities that constitute the working capital requirement	63,238	-348	-209	63,795	-8,853	7,357	65,291	2,622	-11	62,680

(1) Change in scope, change in foreign exchange.

5.4. Breakdown of purchases of fixed assets (excluding consolidated shares)

	Reference	12.31.08	12.31.07	12.31.06
Purchases of intangible assets	Notes 3,2 & 3,3	50,638	72,982	53,030
Purchases of tangible assets	Note 3,4	971	2,454	1,341
Purchases of financial assets	Note 3,6	214	3,002	258
Total		51,823	78,438	54,629

(1) Dissolution of the GIE Gaumont Columbia TriStar Films on September 30, 2008.

The purchases of intangible assets in the income statement are reprocessed to take into account fees paid to co-producers which have been activated but that are not direct investments (12.31.08: €5,046,000 12.31.07: €7,745,000 12.31.06: €16,419,000).



5.5. Change in payables to fixed assets suppliers

	Net balance at 12.31.08	Change	Other changes (1)	Net balance at 12.31.07	Changes	Other changes (1)	Net balance at 12.31.06	Change	Net balance at 12.31.05
Payables to fixed assets suppliers	7,963	-943	-	8,906	-1,632	621	10,197	3,017	7,180
Debts on acquisition of Arkeion Films	190	-90	-	280	280	-	-	-	-
Total	8,153	-1,033	-	9,186	-1,352	621	10,197	3,017	7,180

(1) Change in scope

5.6. Impact of changes in scope

	Total at 12.31.08	Editions La Marguerite	Autrement Productions	Total at 12.31.07	Alphanim	Arkeion Films	LGM Participations
Price paid	3,281	416	2,865	29,463	25,075	907	3,481
Advance paid in 2007	-2,865	-	-2,865	-200	-	-	-200
Cash flow acquired	-40	-	-40	-396	-91	-146	-159
Total	-376	416	-40	28,867	24,984	761	3,122



6. Other information

6.1. Breakdown of the workforce per category

The chart below shows the workforce of the companies consolidated by full consolidation:

	12.31.08	12.31.07	12.31.06
Executives	88	67	56
Supervisors	42	39	32
Employees	40	31	28
Total workforce	170	137	116

6.2. Salaries of corporate officers

The main corporate officers as defined by the standard IAS 24 includes only individuals who are or were members of the Supervisory Board and the Executive Board during the year.

The gross salaries and benefits prior to social security and tax deductions allocated by Gaumont related to the position of corporate officer are drawn up as follows:

<i>(in thousands of euro)</i>	12.31.08	12.31.07
Total gross compensation (1)	1,437	1,777
Benefits subsequent to employment (2)	8	17
Departure or end of contract indemnity	-	-
Other long term benefits	-	-
Share based payments (3)	320	451

(1) Compensation bonuses, indemnities, directors' fee and benefits in kind, payable for the year

(2) Costs of services provided over the period

(3) Expense posted in income statement for Gaumont share option plans

No compensation and no directors' fees, other than those mentioned above, was paid to corporate officers by the companies controlled or controlling companies within the meaning of Article L. 233-16 of the French Commercial Code.

There is no golden hello or golden handshake or complementary pension scheme applicable as of today's date for corporate officers.

6.3. Commitments and any liabilities

6.3.1. Off balance sheet commitments related to the ordinary business

	12.31.08	12.31.07	12.31.06
Commitments given	120,479	104,563	61,261
Pledges, mortgages of assets	90,013	24,000	-
Assignments of receivables as security for loans	-	32,546	16,011
Guarantees	22	918	-
Other commitments given:			
- contracts to research and design film projects	1,597	150	650
- production of films and project development	28,147	46,949	41,319
- Purchases of Léonis securities and current account	700	-	-
- Purchases of LGM Participations securities	-	-	3,281
Commitments received	81,880	61,763	95,255
Unused credit lines	41,000	12,000	60,000
Other commitments received:			
- Purchases of rights and financing of films and series	40,880	49,763	35,255

At December 31, 2008, Gaumont had a confirmed line of credit of €125,000,000, of which €84,000,000 has been used.

At December 31, 2008, Gaumont and its subsidiaries committed €28,147,000 for film production and project development. At the same time, Gaumont and its subsidiaries received commitments for the purchase of rights and contributions by co-producers to films for an amount of €40,880,000.

The information presented above include major off balance sheet commitments in accordance with current accounting standards.

6.3.1.1. Pledging of assets

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

As a security, Gaumont signed an agreement pledging a financial instruments accounts relating to all shares that make up Alphanim's capital (less six shares that on which there is no restriction on transfer) held by itself.

- on July 28, 2008, Gaumont contracted a revolving loan agreement with a banking pool, comprised of BNP Paribas, Natixis, West LB and Neufilze OBC Entreprise, for a maximum amount of €125,000,000, expiring on September 15, 2012. It is earmarked, firstly, to re-finance the revolving loan of €100,000,000 contracted on December 20, 2005 and that expired on September 15, 2008 and, secondly, to finance its general requirements and those of its subsidiaries for their audio-visual operation and production business.

As security, Gaumont signed a financial instruments account pledge agreement in favor of lenders on all shares of EuroPalaces that it itself holds (i.e. 34% of the shares making up the share capital of EuroPalaces).

Type of pledges/mortgages	Maturity tickler of the pledge	12.31.08	12.31.07	12.31.06
Intangible fixed assets		-	-	-
Tangible fixed assets		-	-	-
Financial assets	2012	90,013	24,000	-
Total		90,013	24,000	-
Total balance sheet		249,468	275,362	225,171
Relevant percentage		36.1%	8.7%	-

6.3.1.2. Mortgage promise

The redeemable loan agreement of € 25,000,000 includes financial ratios.

In the event one of the financial ratios defined in note 6.4.1 is not complied with, Gaumont has undertaken to set up a mortgage in favor of Natixis and BNP Paribas for a principal of € 11,000,000 increased by 10% for interest, commissions, interest for late payment, costs and incidental costs related to the guaranteed obligations.

6.3.1.3. Guarantees of liabilities received

Gaumont continues to benefit from a sellers' warranty granted by the assignors of shares of the companies:

- LGM Participations on January 9, 2007. Said guarantee includes a joint and several guarantee by Fortis Banque of an amount of €600,000, which shall expire on December 31, 2009.
- Arkeion Films, on July 6, 2007 for an amount of €907,000, which shall expire on January 30, 2011.
- Alphanim, on December 21, 2007, jointly but not severally, within the limit of an amount of €4,320,000 for a two year term. Said commitment is guaranteed by some of the assignment price of the shares to be paid to the assignors, i.e. €4,320,000, being placed in an escrow account with BNP Paribas.

On January 1, 2008, Gaumont acquired all (100%) of the securities making up the share capital of Productions de la Guéville, whose name changed to Autrement Productions. The assignors gave a seller's warranty that is to expire on January 15, 2011, within the limit of €1,750,000, which shall be brought to €1,500,000 as from January 1, 2010. This commitment includes a first demand guarantee from Fortis Banque France within the limit of an amount of €573,000 which shall be brought to K€287,000 on January 1, 2010 and up to January 15, 2011.

6.3.1.4. Other commitments received

The purchase agreement of Alphanim provides for a price reduction clause for the shares of the sole founder, in the event of his departure prior to the third anniversary date of the signing of the agreement, i.e. end of December 2010. Said amount relates to a maximum amount of € 1,083,000.

6.3.2. Complex commitments

Gaumont Group had not entered into any complex commitment at December 31, 2008.



6.3.3. Other contractual obligations

Contractual obligations	12.31.08	Payments owed per period		
		less than 1 year	from 1 to 5 years	over 5 years
Long term debts (1)	1,732	210	582	940
Ordinary rental contracts (2)	5,929	871	3,111	1,947
Total	7,661	1,081	3,693	2,887

(1) Said debts are posted under liabilities on the balance sheet

(2) Minimum future payments for ordinary rental contracts in progress at the closing of the year are listed in said column.

6.3.4. Individual right to training

Gaumont and its French subsidiaries grant their employees an individual right to training of a period of at least 20 hours per calendar year, which may be carried forward over a maximum six-year period. At the end of this period and if not used, the upper limit on all rights shall be capped at 120 hours.

Said time credit is part of the Group's training program. In consequence, no provision has been posted in this respect at December 31, 2008.

The number of hours accumulated but not used at December 31, 2008 totaled 10,625 hours, which corresponds to an average use rate of rights of 11.5% over the last three years.

6.4. Risks

6.4.1. Liquidity risk

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

On July 28, 2008 Gaumont contracted a revolving loan agreement with a banking pool, comprised of BNP Paribas, Natixis, West LB and Neufilize OBC Entreprise, for a maximum amount of €125,000,000, expiring on September 15, 2012. It is earmarked, firstly, to re-finance the revolving loan of €100,000,000 contracted on December 20, 2005 and that expired on September 15, 2008 and, secondly, to finance its general requirements and those of its subsidiaries for their audio-visual operation and production business. At December 31, 2008, €84,000,000 had been used, i.e. a use rate of 67.2%.

Concomitantly, Gaumont signed a redeemable loan agreement of an amount, in principal, of €25,000,000 to bring some of the agreement's clauses into line with the terms of the new revolving loan agreement.

The credit line of €125,000,000 includes the following financial ratios, respected at December 31, 2008:

Covenants to be respected	Situation at 12.31.08
R3: value of the Group's main assets (1) / net financial debt > = 2.5	5,03
R4: financial debt / equity capital < or = 1	0,53
R5: value of EuroPalaces / maximum outstanding amount authorized > or = 1.25	1,82

(1) Means, based on the consolidated financial statements: the value of EuroPalaces shares held by Gaumont, increased by the value of the film catalogue, increased by the gross value of the Group's real property, increased by the purchase price less loss in value of Alphanim.

Said ratios were respected at December 3, 2008.

The loan agreement of an initial amount of €25,000,000 includes the following financial ratios, respected at December 31, 2008:

Covenants to be respected	Situation at 12.31.08
R3: value of the Group's main assets (1) / net financial debt > = 2.5	5,03
R4: financial debt / equity capital < or = 1	0,53

(1) Means, based on the consolidated financial statements: the value of EuroPalaces shares held by Gaumont, increased by the value of the film catalogue, increased by the gross value of the Group's real property, increased by the purchase price less loss in value of Alphanim.

Said ratios were respected at December 3, 2008.



6.4.2. Interest rate risk

6.4.2.1. Maturity tickler of financial assets and financial liabilities

	12.31.08	Maturity tickler		
		less than 1 year	from 1 to 5 years	over 5 years
Financial assets at fixed rate	-	-	-	-
Financial assets at adjustable rate	5,819	5,819	-	-
Financial assets not exposed	-	-	-	-
Financial assets (1)	5,819	5,819	-	-
Financial liabilities at fixed rate	-	-	-	-
Financial liabilities at adjustable rate	-109,236	-95,246	-13,990	-
Financial liabilities not exposed	-1,787	-799	-988	-
Financial liabilities (2)	-111,023	-96,045	-14,978	-

(1) Cash and cash equivalents

(2) Financial debts.

6.4.2.2. Rate derivatives

	12.31.08	Maturity tickler			Market value
		less than 1 year	from 1 to 5 years	over 5 years	
Rate swaps equity shares	58,332	14,168	44,164	-	-871
Total	58,332	14,168	44,164	-	-871

Gaumont manages its exposure to the interest rate risk by using interest rate swaps. They are not deemed to be hedging instruments under the standard IAS 39.

In consequence, the fair value of derivatives is presented in the balance sheet under "Other receivables" or "Other debts" (depending on whether they result in an unrealized capital gain or a loss).

The change in fair value is posted in financial results

At December 31, 2008, the line of credit of €125,000,000 is capped at 40% on account of the setting up:

- if 1 month Euribor > or = at 4.4975%: of an adjustable rate against a fixed rate swap for € 50,000,000;
- if 1 month Euribor 1 < at 4.4975%: of a € 25,000,000 and an adjustable rate swap against a fixed rate swap for € 25,000,000 and an adjustable rate against adjustable rate for €8,332,000.

At December 31, 2008, the redeemable loan agreement of an initial amount of €25,000,000 gave rise to an adjustable rate swap for a fixed rate for €8,332,000.

6.4.2.3. Monitoring of interest rate risk and sensitivity

	Fixed rate	Adjustable rate	Not exposed	Total
Financial assets (1)	-	5,819	-	5,819
Financial liabilities (2)	-	-109,236	-1,787	-111,023
Net position prior to management	-	-103,417	-1,787	-105,204
"Hedging"	-33,332	33,332	-	-
Net position after management	-33,332	-70,085	-1,787	-105,204
Sensitivity (3)	-	-701	-	-

(1) Cash and cash equivalents

(2) Financial debts

(3) Impact in full year.

Considering the interest rate "hedging" portfolio at December 31, 2008, the net worth after adjustable rate management is a fixed rate debt of €33,332,000 and an adjustable rate debt of €70,085,000.

Thus, an instantaneous change of 1% in the interest rate would have a negative impact on the financial results of €701,000, which would represent an increase of the cost of the net financial indebtedness of 11.5% for the whole of FY 2008.



6.4.3. Foreign exchange risks

Gaumont is exposed to foreign currency risks on commercial transactions posted on the balance sheet and on future transactions that are probable.

Gaumont endeavors to ensure natural hedging between the collection and disbursement flows of foreign currencies.

Gaumont studies the need and the opportunity of setting up a foreign exchange hedge to cover its risks on a case-by-case basis. (forward purchases or sales, options).

Monitoring and management of the foreign exchange risk

	AUD	CAD	GBP	USD	JPY	CHF	ZAR	Total
Assets	7	100	116	5,316	5	79	719	6,342
Liabilities	-	-30	-	-215	-	-	-	-245
Off balance sheet	-	-162	-	-2,012	-	-	-	-2,174
Net position prior to management	7	-92	116	3,089	5	79	719	3,923
"Hedging"	-	-	-	-	-	-	-	-
Net position after management	7	-92	116	3,089	5	79	719	3,923
Sensitivity	-	1	-1	-31	-	-1	-7	-39

The consolidated net exposure in foreign currencies (exchange value in euro at closing prices) is €3,923,000. Thus, the risk of loss on the net global position in foreign currencies on account of a possibility of an adverse and standard change of a centime of a euro against all of the currencies in question would be €39,000.

During 2008, the revenues invoiced in foreign currencies, the allocation of which is set out below, amounts to €4,052,000 i.e. 3.9% of the consolidated revenues.

	AUD	CAD	CHF	USD	DKK	GBP	JPY	Divers	Total
Revenues	4	221	347	3,361	22	60	20	17	4,052

6.4.4. Credit risk

The exposure to the credit risk on non-depreciated current assets is as follows:

	12.31.08	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:								
Net accounts receivable	35,923	31,952	766	704	770	1,233	289	209
Other current assets	23,810	23,810	-	-	-	-	-	-
Long term:								
Other current assets	1,616	1,616	-	-	-	-	-	-
Total current assets	61,349	57,378	766	704	770	1,233	289	209

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

6.4.5. Share risk

During the past financial year and to date, Gaumont was not exposed to any risk of this kind. It only bought securities to invest surplus cash in currency UCITS.

	Portfolio of third party shares or UCITS shares	Treasury stock portfolio
Position at assets	None	None
Off balance sheet	None	None
Net global position	None	None

6.5. Financial instruments

The chart below compares, by category, the book values and the fair value of all of the Group's financial instruments.

The financial assets and liabilities have already been assessed at their fair value in the financial statements.

	12.31.08		Breakdown per category of instruments				
	Net book value on the balance sheet	Fair value	Fair value per result	Assets available for sale	Loans and receivables	Debts at amortized cost	Derivatives
Non consolidated equity securities	1	1		1			
Other non current financial assets	530	530			530		
Other current financial assets	1,233	1,233			1,233		
Derivatives assets	-	-					
Cash flow and cash equivalents	5,819	5,819	5,819				
Financial assets	7,583	7,583	5,819	1	1,763	-	-
Long term financial liabilities	14,978	14,978				14,978	
Short term financial liabilities	96,045	96,045				96,045	
Derivatives liabilities	871	871					871
Financial liabilities	111,894	111,894	-	-	-	111,023	871

	12.31.07		Breakdown per category of instruments				
	Net book value on the balance sheet	Fair value	Fair value per result	Assets available for sale	Loans and receivables	Debts at amortized cost	Derivatives
Non consolidated equity securities	118	118		118			
Other non current financial assets	3,430	3,430			3,430		
Other current financial assets	1,651	1,651			1,651		
Derivatives assets	-	-					
Cash flow and cash equivalents	3,723	3,723	3,723				
Financial assets	8,922	8,922	3,723	118	5,081	-	-
Long term financial liabilities	19,722	19,722				19,722	
Short term financial liabilities	103,734	103,734				103,734	
Derivatives liabilities	127	127					127
Financial liabilities	123,583	123,583	-	-	-	123,456	127



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	12.31.06		Breakdown per category of instruments				
	Net book value on the balance sheet	Fair value	Fair value per result	Assets available for sale	Loans and receivables	Debts at amortized cost	Derivatives
Non consolidated equity securities	149	149		149			
Other non current financial assets	732	732			732		
Other current financial assets	3,889	3,889			3,889		
Derivatives assets	54	54	54				
Cash flow and cash equivalents	4,377	4,377	4,377				
Financial assets	9,201	9,201	4,431	149	4,621	-	-
Long term financial liabilities	-	-					
Short term financial liabilities	41,886	41,886				41,886	
Derivatives liabilities	-	-					
Financial liabilities	41,886	41,886	-	-	-	41,886	-

6.6. Segment reporting

Under IAS 14 " Segment reporting ", the first level of segment reporting is organized by business sector and the second level is organized by geographic area.

6.6.1. Business sectors

The Gaumont group operates in three business sectors:

- the production and operation of cinema films;
- the production of cartoon series since December 21, 2007 via Alphanim;
- the operation of cinemas via its interest in EuroPalaces.



The contributions of each business sector is as follows:

2008 (in thousands of euro)	Cinema production	Cartoon production	Cinema operating	Total
Revenues	94,611	10,452	-	105,063
Current operating result	-7,568	658	-	-6,910
Other non current operating income and expenses	247	-	-	247
Cost of the net financial indebtedness	-5,943	-179	-	-6,122
Other interest income and expense	2,616	-41	-	2,575
Share of the results of companies carried at equity	444	-	11,683	12,127
Taxes	147	227	-	374
Net result	-10,057	665	11,683	2,291
Net purchase differentials	785	15,794	-	16,579
Films and net audiovisual rights	94,904	12,106	-	107,010
Other net intangible assets	829	21	-	850
Net tangible assets	34,680	292	-	34,972
Carried at equity	462	-	170,213	170,675
Other net financial assets	470	63	-	533
Non current tax assets	2,199	687	-	2,886
Stocks	271	-	-	271
Net account receivable	30,765	5,158	-	35,923
Current tax assets	2,090	330	-	2,420
Other net receivables and other current financial assets	19,180	3,826	-	23,006
Cash and cash equivalents	5,327	492	-	5,819
Total Assets	191,962	38,769	170,213	400,944
Capital	34,172	-	-	34,172
Reserves and result (Group share)	172,772	667	-	173,439
Minority interests	2,869	-	-	2,869
Equity capital	209,813	667	-	210,480
Non current provisions	1,607	182	-	1,789
Non current tax liabilities	3,235	-	-	3,235
Long term financial debts	14,979	-	-	14,979
Other non current debts	666	988	-	1,654
Current provisions	2,155	-	-	2,155
Short term financial debts	94,108	1,936	-	96,044
Accounts payable	15,836	1,858	-	17,694
Current tax liabilities	53	-	-	53
Other debts	19,723	33,138	-	52,861
Total Liabilities	362,175	38,769	-	400,944



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2007 (in thousands of euro)	Cinema production	Cartoon production	Cinema operating	Total
Revenues	72,891	-	-	72,891
Current operating result	-21,754	-	-	-21,754
Other non current operating income and expenses	-253	-	-	-253
Cost of the net financial indebtedness	-2,902	-	-	-2,902
Other interest income and expense	3,907	-	-	3,907
Share of the results of companies carried at equity	295	-	11,905	12,200
Taxes	1,901	-	-	1,901
Net result	-18,806	-	11,905	-6,901
Net purchase differentials	732	14,876	-	15,608
Films and net audiovisual rights	107,311	13,581	-	120,892
Other net intangible assets	936	14	-	950
Net tangible assets	35,327	399	-	35,726
Carried at equity	430	-	158,529	158,959
Other net financial assets	3,491	57	-	3,548
Non current tax assets	2,768	-	-	2,768
Net accounts receivable	34,337	5,334	-	39,671
Current tax assets	2,115	854	-	2,969
Other net receivables and other current financial assets	26,165	2,181	-	28,346
Cash and cash equivalents	3,632	91	-	3,723
Total Assets	217,244	37,387	158,529	413,160
Capital	34,159	-	-	34,159
Reserves and result (Group share)	171,490	-	-	171,490
Minority interests	2,810	-	-	2,810
Equity capital	208,459	-	-	208,459
Non current provisions	1,642	139	-	1,781
Non current tax liabilities	2,961	-	-	2,961
Long term financial debts	19,722	-	-	19,722
Other non current debts	1,732	-	-	1,732
Current provisions	3,094	21	-	3,115
Short term financial debts	100,938	2,796	-	103,734
Accounts payable	20,608	2,302	-	22,910
Current tax liabilities	-	-	-	-
Other debts	41,692	7,054	-	48,746
Total Liabilities	400,848	12,312	-	413,160



2006 (in thousands of euro)	Cinema production	Cartoon production	Cinema operating	Total
Revenues	131,140	-	-	131,140
Current operating result	7,794	-	-	7,794
Other non current operating income and expenses	-609	-	-	-609
Cost of the net financial indebtedness	-1,054	-	-	-1,054
Other interest income and expense	1,853	-	-	1,853
Share of the results of companies carried at equity	428	-	9,778	10,206
Taxes	7,425	-	-	7,425
Net result	15,837	-	9,778	25,615
Net purchase differentials	-	-	-	-
Films and net audiovisual rights	81,231	-	-	81,231
Other net intangible assets	551	-	-	551
Net tangible assets	34,944	-	-	34,944
Carried at equity	531	-	146,624	147,155
Other net financial assets	881	-	-	881
Non current tax assets	1,056	-	-	1,056
Net account receivable	41,170	-	-	41,170
Current tax assets	2,286	-	-	2,286
Other net receivables and other current financial assets	29,551	-	-	29,551
Other net receivables and other current financial assets	4,377	-	-	4,377
Total Assets	196,578		146,624	343,202
Capital	33,982			33,982
Reserves and result (Group share)	181,230			181,230
Minority interests	2,836			2,826
Equity capital	218,038			218,038
Non current provisions	1,536	-	-	1,536
Non current tax liabilities	2,761	-	-	2,761
Long term financial debts	-	-	-	-
Other non current debts	1,663	-	-	1,663
Current provisions	3,493	-	-	3,493
Short term financial debts	41,886	-	-	41,886
Accounts payable	25,628	-	-	25,628
Current tax liabilities	111	-	-	111
Current tax liabilities	48,086	-	-	48,086
Total Liabilities	343,202	-	-	343,202



6.6.2. Geographic areas

6.6.2.1. Revenues

The revenues are broken down by clientele marketing area.

	12.31.08	12.31.07	12.31.06
France	83,210	59,102	107,258
International			
- Europe	16,684	9,378	10,731
- America	2,642	1,961	7,031
- Asia/Russia	1,293	589	4,321
- Africa/ Middle East	582	793	653
- Rest of the world	652	1,068	1,146
	21,853	13,789	23,882
Total	105,063	72,891	131,140

6.6.2.2. Investments

Investments are broken down in relation to where the consolidated companies are located. No investment was made outside France.



6.7. Statutory auditors' fees

Pursuant to Decree No; 2008-1482 of December 30, 2008, which completes R 233-14 §17 of the French Commercial Code, the chart below shows the amount of fees of the group's statutory auditors posted on the consolidated income statement of the year, by differentiating, firstly, the fees paid for the legal auditing of the consolidated financial statements from those paid for advice and services within the scope of procedures directly related to the legal auditing assignment of the consolidated financial statements and, secondly, the fees paid for other services.

<i>(in thousands of euro)</i>	Total				Advolis				Ernst & Young Audit			
	Amount		%		Amount		%		Amount		%	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Audit												
Auditorship of financial statements, certification, review of individual and consolidated financial statements												
- Issuer	261	203	63%	37%	92	72	93%	78%	169	131	53%	29%
- Fully consolidated subsidiaries	101	54	24%	10%	7	5	7%	5%	94	49	30%	11%
- Subsidiaries carried at equity	41	40	10%	7%					41	40	13%	9%
Other procedures and services directly related to the assignment of the statutory auditor												
- Issuer	12	250	3%	45%		15		16%	12	235	4%	51%
- Fully consolidated subsidiaries	1	4	0%	1%					1	4	0%	1%
- Subsidiaries carried at equity												
Sub-total	416	551	100%	100%	99	92	100%	100%	317	459	100%	100%
Other services												
Legal, tax, social												
- Issuer												
- Fully consolidated subsidiaries												
- Subsidiaries carried at equity												
Others												
- Issuer												
- Fully consolidated subsidiaries												
- Subsidiaries carried at equity												
Sub-total	0	0	0%	0%	0	0	0%	0%	0	0	0%	0%
Total	416	551	100%	100%	99	92	100%	100%	317	459	100%	100%



6.8. Tax audit

Gaumont SA, as a consolidated company, underwent a tax audit over the period from January 1, 2006 to December 31, 2007.

The possible conclusions of this audit will be known during the 1st half of 2009.

6.9. Events after the balance sheet date

On January 3, 2009, Gaumont acquired 75% of the capital of Léonis Productions, a company specialized in the production and distribution of TV programs.

The global transaction for said acquisition amounted to €700,000. The assignors gave Gaumont a seller's warranty up to January 6, 2012, within the limit of an amount of €210,000.

Said company shall be consolidated using the full consolidation method as from January 6, 2009, the takeover date.

Year ended December 31, 2008

Ladies and gentlemen, shareholders,

Pursuant to the assignment entrusted to us by your General Meeting, we have audited the consolidated financial statements of the Gaumont Company for the year ended December 31, 2008 as they are appended to this report.

The Executive Board drew up the consolidated financial statements. It is our responsibility, on the basis of our audit, to express an opinion on said financial statements.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional practices applicable in France. Those standards require that we plan and perform the audits to obtain reasonable assurance that the consolidated financial statements do not contain significant misstatements. The audit consists of examining, on a test basis, the evidence supporting amounts and disclosures in said financial statements. It also consists of assessing the accounting principles used and the significant estimates taken into account to draw up the financial statements and to assess their overall presentation.

We consider that our audits provide a reasonable basis for the opinion expressed below.

We certify that the consolidated financial statements of the financial year, in light of the IFRS reference system as adopted in the European Union, are fairly presented and give a fair picture of the assets, financial situation as well as the results of the group comprised of the persons and entities included in the consolidation.

II. Grounds for assessments

Pursuant to the provisions of article L.823-9 of the Commercial Code relating to the grounds for our assessments, we inform you as follows:

- as stated in note 2.11 of the financial statements "Tangible and intangible fixed assets", your Group posts the costs of films that meet the criteria provided for under the IFRS reference system as adopted in the European Union as intangible fixed assets. We have examined the business and profitability forecasts underlying the relevance of this posting, the methods applied for their depreciation and to check the collective value and we checked the relevance of information given in note 2.11.

- your Group, at each year-end, systematically carries out a loss recognition test on purchase differentials and assets with an indefinite lifespan (see notes 2.10 and 2.11) and also assesses if there is an index for loss in value of long-term assets in light, in particular, of the relevant cash flow forecasts. We have assessed the data and assumptions on which the operational departments base their estimates, in particular, the cash flow forecasts drawn up in the economic context brought on by the financial crisis, reviewed the calculations made and the sensitiveness of the main use values and assessed the principles and methods of determining fair values, compared the accounting estimates of the previous periods with the relevant realizations and examined the procedures the group's management used to approve said estimates.
- your Group posted provisions in accordance with the methods described in 2.18 "Current provisions" and in note 2.19 "Non-current provisions". We have examined the procedures that your Group uses to draw up the inventory, evaluation and the accounting translation thereof.

The assessments thus made fall within the scope of our auditing of the consolidated financial statements taken as a whole and have thus helped us to form our opinion, as expressed in the first part of this report.

III. Specific check

Moreover, we have also, in accordance with professional standards applicable in France, checked the information given in the Group's management report. We have no comments to make on the truth and consistency thereof with the consolidated financial statements.

Paris and Paris-La Défense, on March 26, 2009

ADVOLIS
Olivier Salustro

ERNST & YOUNG Audit
Bruno Perrin