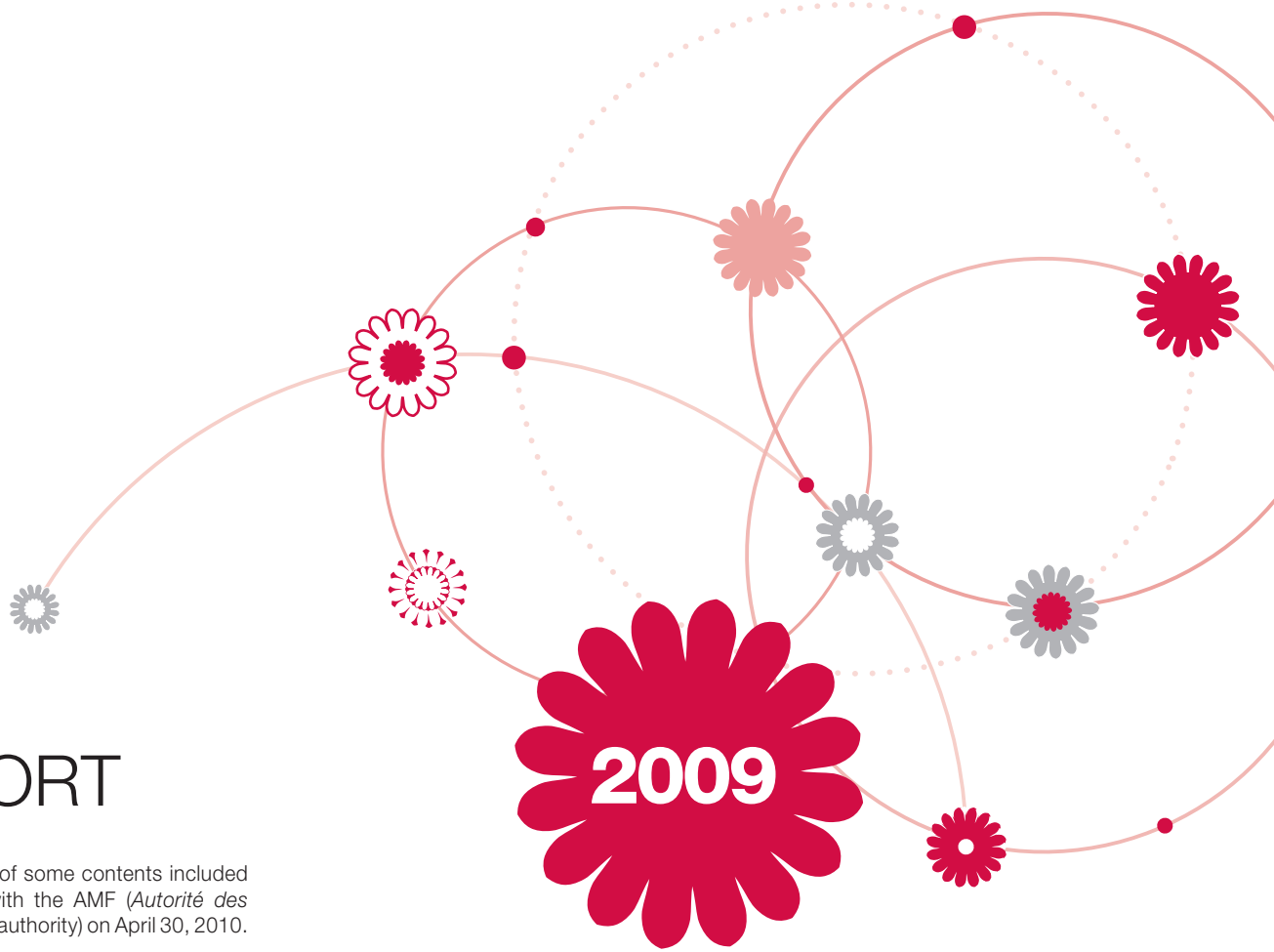
Gaumont

Registration document 2009

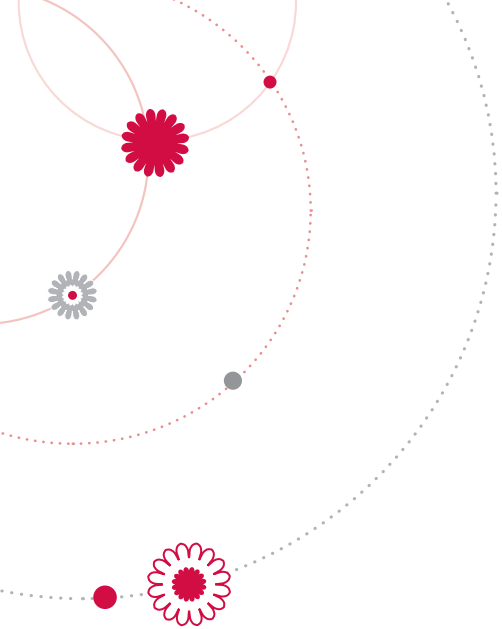
ANNUAL REPORT



ANNUAL REPORT

This document is a free translation into english of some contents included in the French "Registration Document" filed with the AMF (*Autorité des marchés financiers*, the French financial markets authority) on April 30, 2010.

A French limited company with share capital of €34,172,128
Head office: 30 avenue Charles de Gaulle 92200 Neuilly-sur-Seine
Nanterre Trade and Companies Registry under SIREN number 562 018 002



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Message from the Chairman of the Supervisory Board

This time last year, I tried to be as optimistic as possible. Although not all that we desired was achieved, the disaster forecast by other companies did not occur.

Many of the hopes placed in the new American President are yet to be confirmed. A new financial regulation is still at the drafting stage, and the results of the Copenhagen Climate Change Conference were disappointing.

Although worldwide tension did not ease, neither did it greatly increase.

There were those who believed no more in the economic resilience of China and India than in the shock-absorber abilities of the French social system. 2009 was a less dramatic year than many doom merchants had foreseen.

2010 should be the year of economic recovery, although certain social policies with delaying effects cannot hide the fact that in many large countries, beginning with France, unemployment will rise - a trend that only a vigorous economic recovery will be able to halt.

In terms of the debt level, a cool head is called for. France may well be in debt, but its credit is still good. With the recovery still fragile, now is not the time to break the enthusiasm of investors and consumers.

The cinema industry confirmed its anti-cyclical nature in the largest Western countries, particularly in the United States where attendance figures exceeded 1.45 billion spectators, and France, where they reached 201 million - the highest since 1983.

Relations between the cinema industry and general-interest channels did not change. With the exception of M6, these channels are continuing to lose market shares, to the advantage of Terrestrial Digital Television channels, which each attract a few hundred thousands viewers without in return offering cinemas the means with which to become significant partners.

In contrast, relations with pay channels were substantially modified. The cinema industry now has an agreement with Orange, where none existed before. This agreement, similar on the whole to that currently in force with Canal+, guarantees a financial contribution on exploitation and distribution and, to those eligible, a minimum revenue per subscriber of €3.12. In the minds of its signatories, his agreement was intended to facilitate the renegotiation of agreements with Canal+.

The new agreement signed with Canal+ is much less satisfactory than its predecessors. One section of the profession, the BLOC (the French liaison office for cinema organizations), the UPF (the French Film Producers' Union) and the ARP (civil society of authors, directors and producers), signed an agreement with Canal+ at the end of 2009 that now includes catch-up TV in the 0.5% success fee. Meanwhile, the financial contributions of €13 million for exploitation and €7 million for distribution were reduced to €3 million and €4 million respectively and will be paid by a foundation. Independently of the 'charitable' aspect of this solution, the contribution paid by Canal+ to film broadcasting, distribution and exploitation combined thus fell from €20 million to €7 million. In the light of this situation, the BLIC (French liaison office for the cinematography industry), keen to avoid alienating Canal+ - the cinema industry's leading partner - has tried to improve the agreement signed with the rest of the profession. In particular, it has managed to boost the support given by Canal+ for exploitation, increasing the sum offered over five years from €15 million to €26.5 million, thus enabling small cinemas to avoid losing too much in the first few years. Large cinemas agreed to their portion being reduced to the bare minimum. As always, the division within the profession regarding this issue has been highly damaging.

As part of the *"Grand Emprunt"* (the French government "big loan"), €750 million are earmarked for the digitization of the country's heritage.

In the minds of the authorities, this investment should allow the available legally downloadable content to become more complete and diverse. After a complicated process that was not made easier by the Constitutional Council, the Hadopi (*Haute Autorité pour la diffusion des œuvres et la protection des droits sur Internet,* High Authority for the broadcasting of works and the protection of rights on the Internet) law has finally been adopted. The two decrees organizing the functioning of the Hadopi were published at the end of December 2009.

On January 8, 2010, Frédéric Mitterrand solemnly created the new institution, of which Marie-Françoise Marais, a Judge of Appeal at the *Cour de Cassation* (France's highest court of appeal), was elected Chairwoman. Two decrees on the prosecution and monitoring of offenders should be signed in the next few months, thus allowing the Hadopi to send out its first warnings to Internet users. Given that, in his New Year address, the French President twice expressed his commitment to this law, I believe it reasonable to expect an effective action allowing the reduction of illegal downloading and the development of legally-available content to take shape from the fall of this year.

The Hadopi law is merely an attempt by a democracy to ensure that the guiding principles of law are respected in the face of technological breakthroughs. The Internet is a revolution with consequences on a scale we are yet to understand. They affect society as a whole, and the creative sector in particular. This sector will continue to be directly affected and, going out on a limb, I'd say that this represents a great opportunity. Man has many qualities, some of them are very rare - and the rarest of them all is without doubt imagination.

Throughout the ages, only a small number of artists have been able to captivate and innovate. The representation of human thought, in whatever form, is the privilege of just a few great talents. Technology does not necessarily make the problem easier to solve. It is easier and less expensive to write films than to make them. Technological advances can give a prodigious talent the chance to shine in one discipline more than in another, but technology is not what invigorates talent. In fact, it is quite the reverse: the crowds only flock to see Avatar because James Cameron is behind the camera. Where once it was simply an attraction, 3D is becoming cinema in itself.

Cinema is an art form, the only one borne of a technology. Over the 115 years of its short existence, the developments in this technology - feature films, color, sound, digital and now 3D - have not fundamentally changed the art conceived, created and shaped by its pioneers.

The means are more sizeable and easier to use, but the imagination is roughly the same. Creativity has not been transformed by technology.

Cinema is not the most important thing in the world - even if it is missed by countries that no longer have it - but its future depends on an intelligent partnership between all of its distributors, movie theaters, television companies and now Internet access providers, who must stop pretending that just because they offer an unlimited package, everything they carry is legal.

At the dawn of the second decade of the 21st century, the reasonable protection of literary and artistic property on the Internet is merely one small part of the protection of intellectual property. Developed societies will not keep on their territory significant industrial production infrastructures for mass-market products of which the labor cost, which is far lower elsewhere, makes up a substantial part of the cost of the product.

It is only through innovation, research and intelligence that they will continue to develop whilst at the same time pushing less developed countries along. This is how the Silicon Valley, one of the West's most dynamic intellectual and economic areas, gives work to China.

Not defending literary and artistic property means abandoning the protection of intellectual property, the bedrock on which the future of Western societies lies.

NICOLAS **SEYDOUX**, April 7, 2010

Message from the Chairwoman of the Executive Board

In a very dynamic market for movie theaters and despite a rockier context for the video, television and international markets, 2009 was a respectable year for Gaumont.

Gaumont's consolidated revenues for 2009 reached €93.7 million compared with €105.1 million in 2008. This 11% decrease is explained by the drop in revenues for the cinema business.

In a euphoric market, EuroPalaces increased its growth in the four countries in which the Group operates. Consolidated revenues increased from €467.5 million in 2008 to €545.3 million in 2009, a rise of almost 17%. The EuroPalaces net income increased from €34.6 million in 2008 to €50.1 million in 2009. EuroPalaces' good performance in 2009 was marked by the advent of 3D, which is set to take off both for film shoots of popular American blockbusters and to equip Western movie theaters.

Gaumont produced and distributed six films in 2009. Ticket sales fell from 5.2 million in 2008 to 3.3 million this year, with more than 2.5 million for *OSS 117, Rio ne répond plus* (*OSS 117: Lost in Rio*).

Revenues from sales to French TV channels stood at €38.6 million compared with €49.4 million in 2008. Although the so-called "historic" channels purchased fewer films, 344 films from the catalog were nonetheless aired during 2009, mainly on Terrestrial Digital Television channels.

For video, Gaumont has been a partner of Paramount Home Entertainment since March 1, 2008. Gaumont Vidéo contributed more than €14.7 million to the Group's consolidated revenues (excluding international sales). The department's results are positive thanks to the highly encouraging success of the asset enhancement policy and strict management of publishing and production costs.

Revenues from digital distribution, created in May 2007, came to €0.7 million in 2009.

Revenues from international sales amounted to €12.2 million in 2009 compared with €14 million in 2008. In a depressed market, international sales were more difficult in 2009.

On October 1, 2003, Gaumont and Pathé pooled their news picture catalogs within a joint company, Gaumont Pathé Archives, in which Gaumont has a 57.5% interest and Pathé a 42.5% interest. Gaumont Pathé Archives' contribution to Gaumont's revenues fell from €3 million in 2008 to €2.2 million in 2009. Various documentary projects were "frozen" or suffered a cut in funding.

Revenues from the television programs business reached €14.2 million in 2009, compared with €10.4 million in 2008, including the activities of Alphanim and its subsidiaries and of Léonis. Léonis produced a ten-episode series called *L'INTERNAT*. Two series were delivered by Alphanim in 2009: *ALFRED LE HÉRISSON* and *LES BLAGUES À TOTO*. Alphanim also released its first cartoon feature film, *KERITY*.

The net income, group share, thus showed a profit of €10.9 million, compared with €2.1 million in 2008.

Gaumont and its subsidiaries are continuing their development efforts.

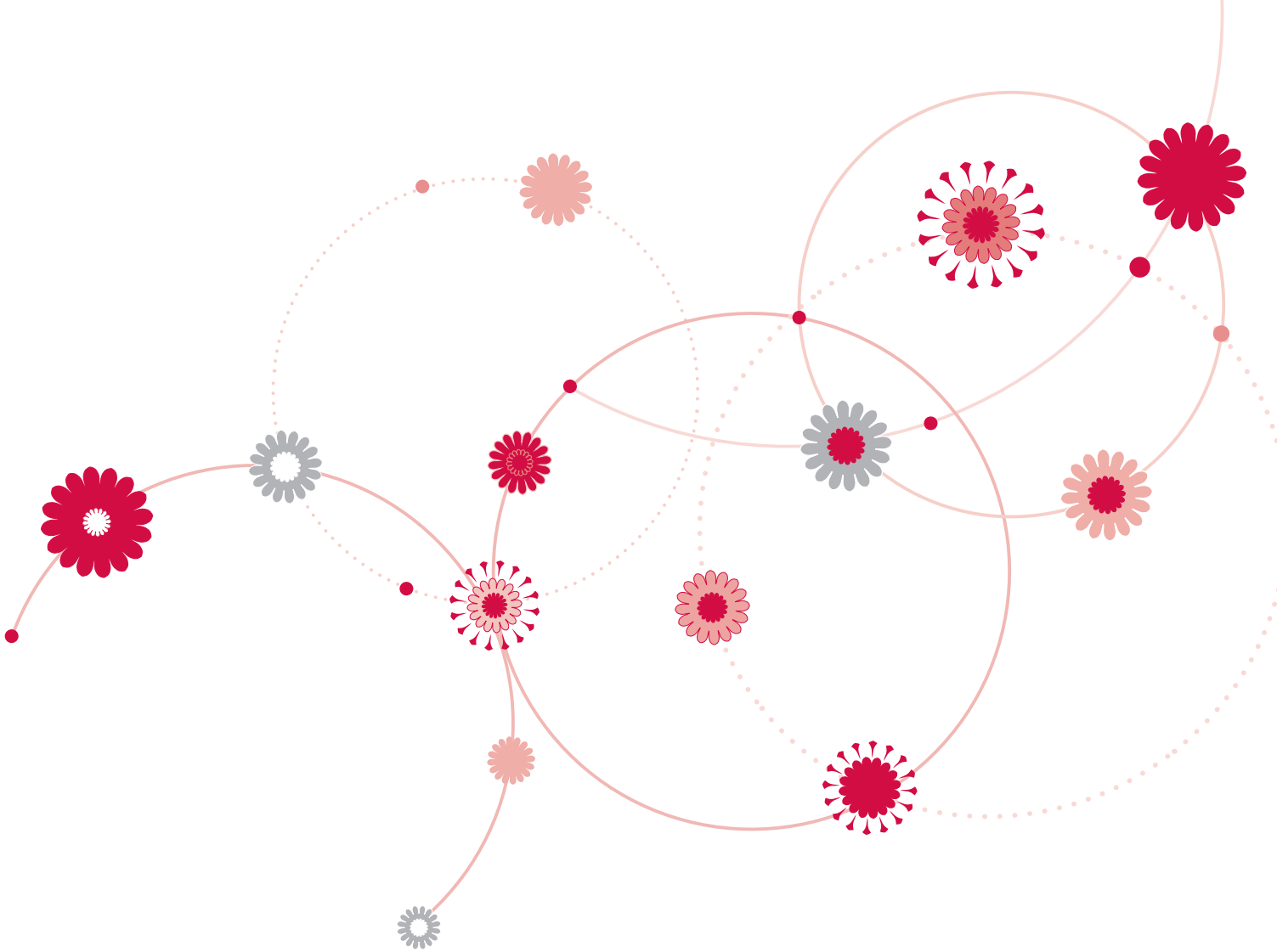
EuroPalaces is planning to open two multiplexes in 2010: the extension of Nice Lingostière in March and the opening of the City Amsterdam in April.

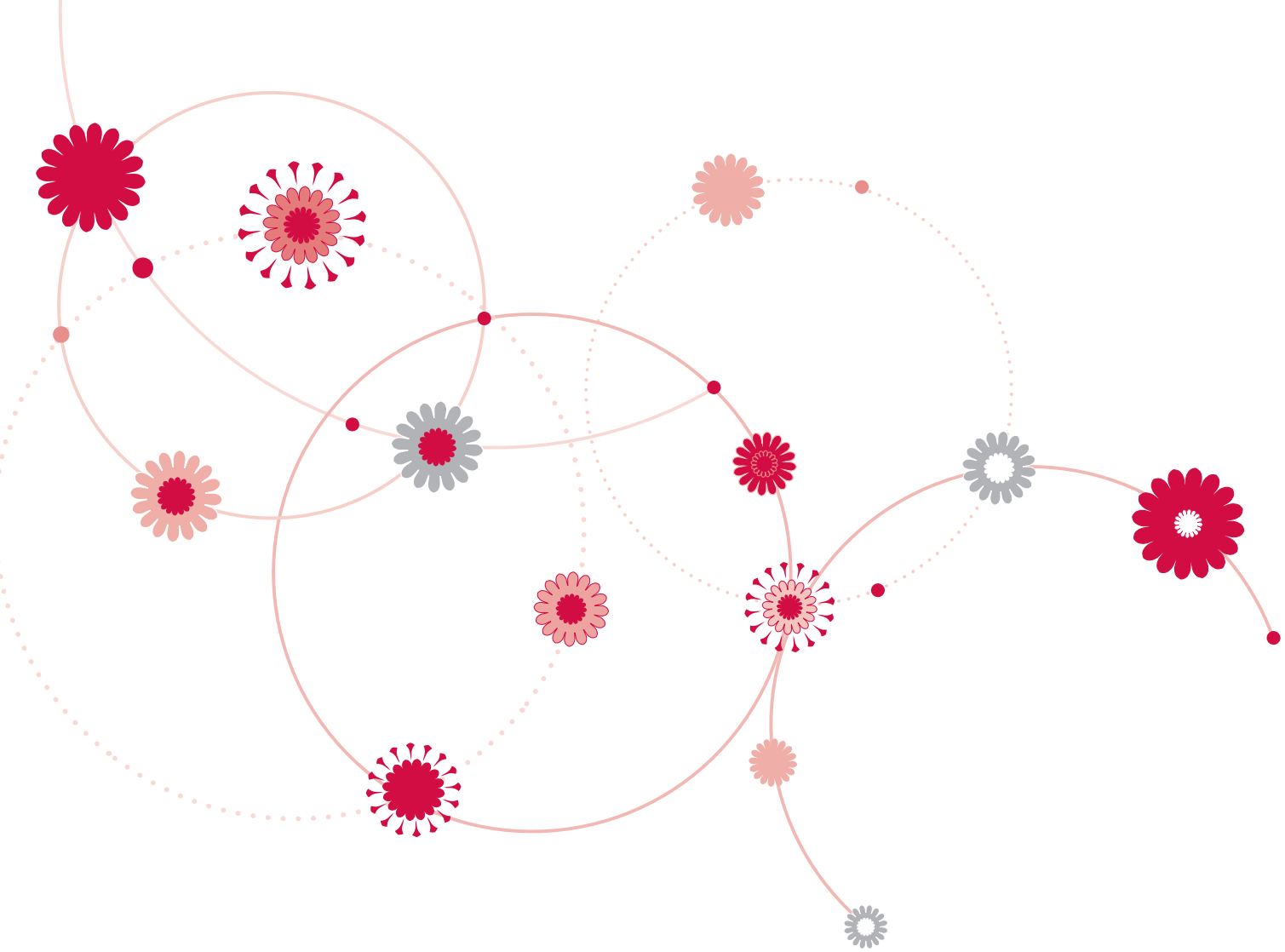
Ten films produced, co-produced or distributed by Gaumont are set to be released during the course of 2010.

LA RAFLE, directed by Rose Bosch and released on March 10, has attracted 2.5 million spectators so far. The fourth film directed by Nicolas Boukhrief, *GARDIENS DE L'ORDRE*, with Cécile de France and Fred Testot, is to be released on April 7; *LES MEILLEURS AMIS DU MONDE* by Julien Rambaldi, starring Marc Lavoine, Léa Drucker, Pierre François Martin-Laval and Pascale Arbillot, is set for release on June 9; Jean-Paul Salomé's *LE CAMELEON* is scheduled for June 23; *SPLICE* by Vincenzo Natali, with Adrien Brody and Sarah Polley, for the end of June; *600 KG D'OR PUR* by Eric Besnard, starring Clovis Cornillac, Patrick Chesnais, Audrey Dana and Bruno Solo, for August; Joël Schumacher's *TWELVE*, with Chace Crawford and 50 Cent, is scheduled for release in September. *DONNANT, DONNANT* directed by Isabelle Mergault, with Daniel Auteuil, Medeea Marinescu and Sabine Azéma, will be released on October 6; *L'APPRENTI PERE NOEL*, a cartoon feature film produced by Alphanim, in mid-November; *A BOUT PORTANT* by Fred Cavayé, with Gilles Lellouche, Roschdy Zem and Gérard Lanvin in early December.

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

SIDONIE **DUMAS**, April 6, 2010





EXECUTIVE BOARD MANAGEMENT REPORT

Executive Board management report

Gaumont and its subsidiaries

Gaumont's consolidated results

Gaumont's consolidated revenues stood at €93.666 million in 2009 compared with €105.063 million in 2008, i.e. a fall of 10.9%. On a same consolidation basis [1] this decrease was 14.4% for revenues of €89.921 million.

Revenues for the cinema business amounted to €79.499 million in 2009, compared with €94.611 million in 2008.

Revenues for the television programs business reached €14.167 million in 2009, compared with €10.452 million in 2008, comprising the activities of Alphanim and its subsidiaries and those of Léonis Productions[1], with the latter having generated revenues over the year of €3.745 million.

The results of films and series are presented exclusive of overheads for both Gaumont SA and all of the Group's subsidiaries.

The total result generated by movies and television series represents a profit of €18.161 million compared with €18.982 million in 2008.

The share of this profit attributed to cartoon series and television drama was €4.808 million in 2009 compared with €4.286 million in 2008.

The result generated by cinema feature films was €13.353 million in 2009, compared with €14.696 million in 2008.

Overheads amounted to €24.086 million in 2009 compared with €25.892 million in 2008. They include overheads for various operating activities and functional departments, including expenses directly related to the result such as the business tax and the profit sharing plans for employees and corporate officers.

The current operating income improved by €985,000 and showed a loss of €5.925 million compared with a loss of €6.910 million in 2008.

The operating income showed a loss of €4.957 million in 2009, compared with €6.663 million in 2008, comprising, in addition to the current operating income, income from the sale of various tangible and intangible assets.

The cost of net financial debt stood at €3.437 million in 2009 compared with €6.122 million in 2008. This decrease is attributable mainly to the sharp fall in interest rates.

The item "Other interest income and expenses" mainly shows the interest expenses invoiced to films calculated on amounts that Gaumont invested from the first euro to the eve of their release in cinemas. They dropped from €3.237 million in 2008 to €1.172 million in 2009, under the combined impact of the fall in interest rates and film funding methods.

The share of the net income of equity affiliates stood at €17.475 million in 2009 compared with €12.127 million in 2008. It mainly corresponds to the fraction of the net income, group share, of EuroPalaces owed to Gaumont, which amounted to €17.009 million in 2009 compared with €11.683 million in 2008.

The tax income amounted to €411,000 in 2009 compared to €374,000 in 2008 and is comprised of:

- deferred tax income of €497,000, compared with €701,000 in 2008;
- a current tax expense of €86,000, compared with €327,000 in 2008.

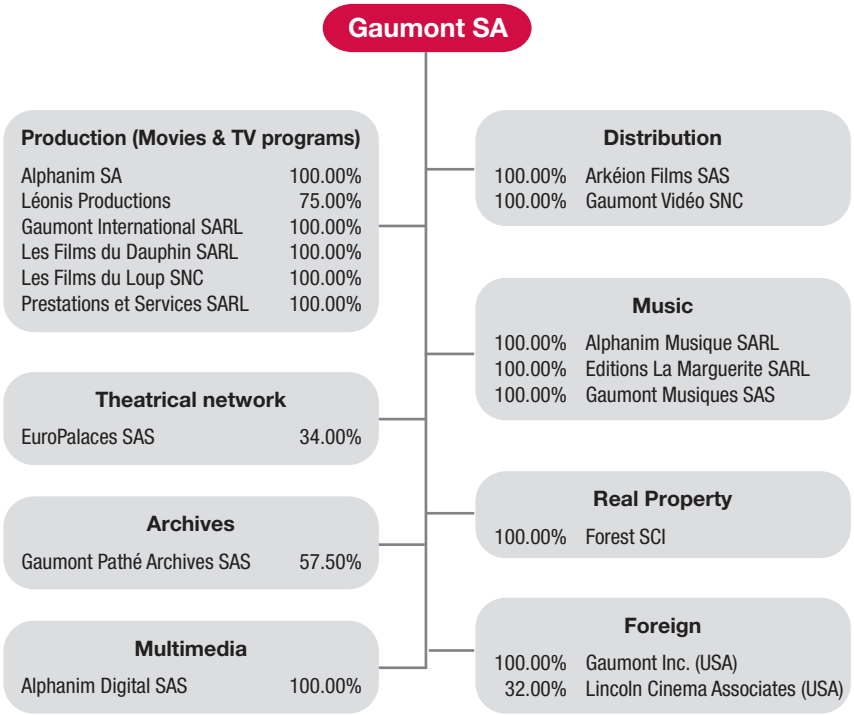
The net income thus increased from €2.291 million in 2008 to €10.817 million in 2009.

The share of the net income attributable to minority shareholders, exclusively the share in Gaumont Pathé Archives, is a loss of €62,000 in 2009 compared to a profit of €195,000 in 2008.

The net income, group share, shows a profit of €10.879 million in 2009 compared with a profit of €2.096 million in 2008.

(1) Impact in Gaumont's consolidated income statement of the takeover of Léonis Productions on January 6, 2009.

Organization chart of Gaumont and its subsidiaries at December 31, 2009



Gaumont's business

Movie production

Gaumont produced, co-produced or distributed six films released in cinemas during 2009:

- *La guerre des Miss* directed by Patrice Leconte, with Benoît Poelvoorde and Olivia Bonamy, released on January 14;
- *OSS 117, Rio ne répond plus* directed by Michel Hazanavicius, with Jean Dujardin and Louise Monot, released on April 15;
- *Vertige*, directed by Abel Ferry and starring Fanny Valette, released on June 24;
- *Mary and Max*, an Australian cartoon film by Adam Elliot, released on September 30;
- *La loi de Murphy* directed by Christophe Campos, with Pio Marmaï, Omar Sy and Fred Testot, released on November 4;
- *Le dernier vol*, directed by Karim Dridi, with Marion Cotillard and Guillaume Canet, released on December 16.

Investment in movie production stood at €35.523 million in 2009 (€37.243 million in 2008).

Television program production

To diversify into the production of formats for television, Gaumont acquired Alphanim, a cartoon series and films producer, at the end of 2007, and Léonis Productions, a television drama producer, on January 6, 2009.

Alphanim produced or co-produced two series delivered in 2009:

- *Alfred le hérisson*, consisting of 52 episodes of 13 minutes and broadcast on France TV;
- *Les blagues de Toto* – Season 1, consisting of 52 episodes of 13 minutes and broadcast on M6;

together with a feature film distributed by Haut et Court, *Kerity*, La maison des contes, released on December 16, 2009.

Léonis Productions delivered the series *L'internat*, consisting of 10 episodes of 52 minutes and broadcast on M6.

Investment in television program production stood at €16.911 million in 2009 (€13.395 million in 2008).

The cinema business

Revenues from the cinema business stood at €79.499 million in 2009, compared with €94.611 million in 2008.

Cinema distribution

Revenues from the "cinema distribution France" business amounted to €8.491 million in 2009, compared with €12.206 million in 2008.

With six new films released in cinemas, ticket sales for 2009 amounted to 3.3 million compared with 5.2 million in 2008.

The hit of the year was: *OSS 117, Rio ne répond plus* (*OSS 117: Lost in Rio*), with more than 2.5 million tickets sold.

Video publishing and VoD

Gaumont Vidéo has been the video publisher of the Group since April 1, 2003, with distribution carried out by Paramount Home Entertainment since March 1, 2008.

The video consolidated revenues came to €15.021 million in 2009, compared with €14.071 million in 2008 for France. Gaumont Vidéo contributed for €14.740 million for France to the Group's consolidated revenues. The subsidiary's international sales are included in the international revenues.

In the context of a stabilizing French market, Gaumont Vidéo is following this trend and has converted the Group's latest cinema hits into video hits, with more than 215,000 units sold in 2009 for *OSS 117, Rio ne répond plus*. During 2009, Gaumont Vidéo also published the following titles:

La guerre des Miss, *Vertige*, *Leur morale et la nôtre, Cliente*, *Bouquet final* and *The Broken* in terms of recent films and *The Fifth Element*, *Leon*, *Nikita*, *Joan of Arc* and *Subway* released on Blu-ray.

Catalog sales account for more than 1.2 million units sold.

VoD revenues amounted to €673,000 in 2009, compared with €580,000 in 2008, 75% of which was from recent films and 25% from catalog films.

Sale of rights to television channels

Sales of rights to French TV channels stood at €38.561 million compared with €49.408 million in 2008. This decrease is attributable to:

- the recognition on the first quarter of 2008 of television pre-sales on two films released at the end of 2007, as the acceptance of the broadcasting material occured early 2008;
- the non recognition on the last quarter of 2009 of television pre-sales on the film *Le dernier vol*, released in mid-December 2009 but for which the acceptance of broadcasting material, and therefore the recognition of revenues, was applied in the first quarter of 2010;
- the positive effect of catalog sales, partially offsetting the overall decrease.

International sales of rights

International revenues stood at €12.155 million compared with €13.974 million last year. This includes Gaumont Vidéo's international sales, for €966,000.

Sale of news pictures: Gaumont Pathé Archives

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

Gaumont Pathé Archives' contribution to consolidated revenues decreased from €2.960 million in 2008 to €2.251 million in 2009.

Other businesses

Revenues from other businesses, excluding Gaumont Pathé Archives, increased to €2.346 million in 2009, compared with €1.412 million in 2008. This rise is mainly owed to an increase in revenues from by-products.

The television programs business

Revenues from the television programs business stood at €14.165 million in 2009, compared with €10.452 million in 2008, and comprised the activities of:

- Alphanim and its subsidiaries, with revenues of €10.420 million compared with €10.452 million in 2008 and broken down as follows:
  - €290,000 for cinema distribution France,
  - €263,000 for the video business,
  - €5.229 million for sales to French TV channels,
  - €4.161 million for international sales,
  - €477,000 for other businesses;
- Léonis Productions, a new entry into the Group's consolidation scope, with revenues of €3.745 million broken down as follows:
  - €3.609 million for sales of the series *L'internat* to M6,
  - €136,000 for other businesses.

Movie theater business - EuroPalaces

EuroPalaces continued its cinema acquisition and opening policy during 2009:

- Opening in Vaulx-en-Velin (near Lyon): *Le Carré de Soie* on April 1, 2009 (15 screens – 3,730 seats);
- Opening in Rouen of the *Pathé Docks* 76, on April 23 (14 screens – 2,960 seats);
- Opening of the Le Havre Gaumont *Docks Vauban* on September 9 (12 screens – 2,430 seats) at the same time as the closure of the Gaumont Montivilliers, on September 6, 2009;
- Opening in Dammarie-lès-Lys (near Melun) on October 22 (10 screens – 2,150 seats);
- Acquisition in Evreux on May 6 (10 screens – 1,960 seats).

The consolidated revenues of EuroPalaces reached €545.343 million compared to €467.521 million in 2008.

EuroPalaces' ticket sales totaled 60.8 million an 11.9% increase on 2008. This increase is general and applies to the four countries where the Group operates.

In addition to the positive context, EuroPalaces' good performance in 2009 was marked by the advent of 3D and, in particular, the release of *Avatar*.

In France, ticket sales totaled 46.8 million i.e. an increase of 10.7% attributable to the opening of four multiplexes and a 5.4% market increase.

In Switzerland, ticket sales rose by 26.4%, i.e. 3.7 million tickets, thanks to the increased activity of the Pathé Westside in Berne.

In the Netherlands, ticket sales rose by 14.1%, i.e. 9.1 million tickets.

In Italy, ticket sales increased by 4.9%, reaching 1.3 million tickets. Avatar was released only in January 2010 in Italy.

The operating income thus increased from €68.694 million in 2008 to €90.864 million in 2009.

Net interest expenses fell by 52.0%, from €14.119 million in 2008 to €6.773 million in 2009.

The extraordinary result is a profit of €388,000 in 2009 compared with €3.679 million in 2008. It mainly corresponds to capital gains made on the sale of tangible and intangible assets.

The consolidated net income stood at €50.1 million in 2009, compared to €34.572 million in 2008, after accounting minority interests of €10.108 million in 2009 and €6.937 million in 2008.

Gaumont's share of the income, after IFRS adjustments, amounted to €17.010 million in 2009 compared to €11.683 million in 2008.

At December 31, 2009, the equity capital stood at €426.645 million compared with €372.733 million at December 31, 2008, with a balance sheet total of €936.368 million at December 31, 2009 compared with €926.956 million at December 31, 2008.

The group's net financial debt stood at €209.934 million at December 31, 2009 compared with €289.467 million at December 31, 2008.

In 2009, investments totaled €63.7, million compared with €52.7 million in 2008.

On December 17, 2009, effective on January 1, 2010, EuroPalaces also acquired 100% of the share capital of Cinémas Rytmann, which owns the goodwill of the Miramar, Bienvenue, Les Montparnos and Mistral cinemas, located in the Montparnasse and Alesia districts of Paris.

Moreover, the Company plans to open the following multiplexes in 2010:

- the City Amsterdam in April (7 screens – 700 seats);
- extension of the Nice Lingostière in March (3 screens – 1,100 seats).

Financial structure and statement of Group cash flow

Financial structure

At December 31, 2009, the equity capital stood at €219.214 million compared with €210.480 million at December 31, 2008, with a balance sheet total of €415.122 million at December 31, 2009 compared with €400.944 million at December 31, 2008.

Gaumont's net financial debt stood at €100.876 million at December 31, 2009, i.e. 46.0% of the equity capital, compared with €105.204 million at December 31, 2008.

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

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

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

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

- firstly, refinance a revolving loan agreement for a maximum amount of €100 million 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 exploitation and production business.

This line has three financial ratios.

At December 31, 2009, €33 million 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 million to finance the acquisition of Alphanim. Gaumont signed a rider 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. The amount outstanding to be paid back as at December 31, 2009, is €15 million.

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

Cash flow statement

The cash flow prior to cost of the net financial debt and taxes amounted to €55.005 million at December 31, 2009, compared with €65.775 million at December 31, 2008.

Net cash flow related to investment operations came to €50.693 million in 2009, compared with €52.596 million in 2008.

Regarding financing operations, 2009 was marked by the payout of a dividend of €1.281 million for 2008, a change in positive financial debts in the amount of €2.765 million and interest payments of €3.141 million.

The Group's net cash flow at December 31, 2009 is positive and stands at €9.036 million compared with a positive cash flow of €1.306 million at December 31, 2008.

Investment policy

Most of Gaumont's investments are made in France.

Over the last two years, the investments were as follows:

(in thousands of euros)	12.31.09	12.31.08
Intangible assets	52,683	50,638
Tangible assets	313	971
Financial assets	6	792
Impact of changes in scope	747	-
Investments	**53,749**	**52,401**

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

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

Intangible and tangible investments for the year 2009 mainly concerned:

- €35.532 million for films, including €192,000 for productions in progress;
- and €16.911 million for cartoon series and television dramas, including €2.909 million for series in progress.

Moreover, Gaumont occasionally invests in companies with major catalogs of film rights.

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

Preliminary costs

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

For the year 2009, preliminary costs of €3.302 million (compared with €3.684 million in 2008) were incurred for films, i.e. 9.2% of investments in the production or co-production of feature films (9.9% in 2008).

Preliminary costs of €382,000 were incurred for cartoon series and television dramas, i.e. 2.3% of investments.

Pre-sales and coverage rate

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

Gaumont uses this source of financing to secure its investments in production or co-production of feature films. Thus, out of the six films that the Group produced, co-produced or distributed and which were released in cinemas in 2009, four benefited from contracts covering pre-sales of TV broadcasting rights entered into directly with Gaumont.

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

	2009			2008		
TV channels	**Number of films**	**Amount** *(in thousands of euros)*	**As a % of the total**	**Number of films**	**Amount** *(in thousands of euros)*	**As a % of the total**
Canal+/TPS		10,554	61%		12,550	61%
Terrestrial channels		5,800	34%		6,595	32%
Cable and satellite channels		803	5%		1,450	7%
Pay per view		6	-		30	-
TOTAL	**4**	**17,163**	**100%**	**6**	**20,625**	**100%**

The breakdown of these pre-sales between the various television channels remained unchanged between 2008 and 2009. Canal+/TPS retained the largest share, with 61% of the amount of pre-sales. In 2009, 10.5% of pre-sales were to TF1, 17.5% to M6 and 5.8% to the France Télévisions group. Cable and satellite channels account for 5% 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 movie theaters.

For the year 2009, the global coverage rate of films produced, co-produced or distributed and released in movie theaters over the year stood at 51% on the date of their release in cinemas.

2010-2011 prospects

Gaumont will release ten films in 2010, including two English-language films.

- *La Rafle*, by Rose Bosch and starring Jean Reno, Mélanie Laurent, Gad Elmaleh, Raphaëlle Agogué and Sylvie Testud, was released on March 10;
- *Gardiens de l'ordre* by Nicolas Boukhrief, with Cécile de France and Fred Testot, was released on April 7 2010;
- *Les meilleurs amis du monde* by Julien Rambaldi, with Marc Lavoine, Pierre François Martin-Laval, Pascale Arbillot and Léa Drucker, is scheduled for release on June 9, 2010;
- *Le Caméléon*, by Jean-Paul Salomé and starring Marc André Grondin, Famke Janssen and Ellen Barkin, is scheduled for release on June 23;
- *Splice*, by Vincenzo Natali, with Adrien Brody, Sarah Polley and Delphine Chanéac is to be released at the end of June.

The releases scheduled for the second half of 2010 are:

- *600 kg d'or pur*, directed by Eric Besnard and starring Clovis Cornillac, Patrick Chesnais, Audrey Dana and Bruno Solo;

- *Donnant, Donnant* by Isabelle Mergault, with Daniel Auteuil, Sabine Azéma and Medeea Marinescu;
- *L'apprenti père noël*, a cartoon feature film directed by Luc Vinciguerra;
- *A bout portant* by Fred Cavayé, with Gilles Lellouche and Roschdy Zem;
- Joël Schumacher's *Twelve*, with Chace Crawford, 50 Cent, Emma Roberts and Ellen Barkin.

Gaumont Vidéo is to publish the following recent and catalog films on DVD and Blu-Ray in 2010:

- the Gaumont Classique collection on DVD and Blu-Ray Disc: *Un condamné à mort s'est échappé* (*A Man Escaped*), *La peau* (*The Skin*), *La nuit de Varennes* (*That Night in Varennes*), *Danton*, *French Cancan* (*Only the French Can*), *La beauté du diable* (*Beauty and the Devil*), etc.
- comedies on Blu-Ray Disc: *L'enquête corse* (*The Corsican File*), *La folie des grandeurs* (*Delusions of Grandeur*), *Le grand blond (The Tall Blond Man), Fantomas,* etc.
- opera films: *Carmen* and *Don Giovanni* available for the first time on Blu-Ray Disc.

In 2010, four cartoon series are to be produced and delivered by Alphanim: *Galactik Football* (season 3), *Les sauvenatures* (season 3), *Les blagues de Toto* (season 2) and *La petite géante*.

Gaumont's corporate financial statements

Gaumont's corporate 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; Léonis Productions produces television dramas; 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 movie theaters.

Revenues at December 31, 2009 stood at €63.424 million compared with €79.045 million in 2008.

Revenues from one year to another depend on the number and schedule of films released in cinemas. The financing structure of these films, which includes pre-sales to television channels, has a significant impact on Television France revenues, making it difficult to compare periods.

Cinema proceeds totaled €8.397 million compared with €12.150 million in 2008. Six films were released in 2009, generating ticket sales of 3.3 million with in particular the success of *OSS 117, Rio ne répond plus* (2.5 million ticket sales). Eight films were released in 2008, generating ticket sales of 4.9 million.

Sales relating to video and video on demand amounted to €3.220 million, compared with €3.850 million in 2008. This decrease originated mainly in the consolidation in 2008 of minimum amounts guaranteed between Gaumont and Gaumont Vidéo and the amounts of which corresponded to the video support fund invested, totaling €612,000.

Sales of rights to French TV channels stood at €38.549 million compared with €49.408 million in 2008. This decrease is attributable to:

- the recognition on the first quarter of 2008 of television pre-sales on two films released at the end of 2007, as the acceptance of the broadcasting material occured early 2008;
- the non posting on the last quarter of 2009 of television pre-sales on the film *Le dernier vol*, released in mid-December 2009 but for which the acceptance of broadcasting material, and therefore the posting of revenues, was applied in the first quarter of 2010.

International sales stood at €11.364 million compared with €12.784 million in 2008, owing to a slight fall on both new and catalog films.

Other income, mainly consisting of spin-off products, amounted to €1.894 million in 2009 compared with €854,000 in 2008.

The operating income for 2009 showed a loss €12.254 million compared with a loss of €10.754 million in 2008.

The financial result showed a profit of €4.773 million in 2009, compared with a profit of €315,000 in 2008.

This increase is owed mainly to the combined effects of:

- the fall in the interest expense, which amounted to €3.310 million in 2009, compared with €6.142 million in 2008. This is mainly attributable to the considerable fall in interest rates;
- the increase in income from equity shares, which amounted to €7.701 million in 2009 compared with €3.508 million in 2008;
- the decrease in interest expenses invoiced to films, calculated on the amounts that Gaumont invested from the first euro up to the eve of their release in cinemas. They dropped from €3.237 million in 2008 to €1.110 million in 2009, under the combined impact of the fall in interest rates and film funding methods.

The pre-tax current result posted a loss of €7.472 million in 2009 compared with a loss of €10.439 million in 2008.

The extraordinary result thus changed from a loss of €12.458 million in 2008 to a loss of €9.618 million in 2009. It posted, in particular:

- an allowance for the accelerated amortization of films of €10.149 million in 2009 compared to an allowance of €12.509 million in 2008;
- a capital gain on the sale of intangible and tangible assets of €990,000 in 2009 compared to €241,000 in 2008.

The net income changed from a loss of €21.967 million in 2008 to a loss of €15.618 million in 2009, after factoring in tax income of €930,000 in 2008 and €1.472 million in 2009, consisting mainly of the tax credit for cinema production expenditure, known as "cinema tax credit", of €928,000 in 2008 compared to €1.468 million in 2009.

Gaumont's subsidiaries

Management: parent company - subsidiaries

Sidonie Dumas and Christophe Riandee are the only managers of Gaumont that hold similar positions in the Group's subsidiaries.

Organization: parent company - subsidiaries

Parent company's services for its subsidiaries

Gaumont provides its French subsidiaries:

- apart from EuroPalaces, with executive management services;
- apart from Alphanim and EuroPalaces, with ordinary support services: administration and finances, legal, human resources and IT services that the subsidiaries need, in exchange for a remuneration that amounted to €253,000 in 2009, compared with €166,000 in 2008.

With the exception of Gaumont Pathé Archives, EuroPalaces and Alphanim, the French subsidiaries, are housed on Gaumont SA's premises in return for rent that amounted to €243,000 in 2009, compared with €203,000 in 2008.

Gaumont Vidéo, as Gaumont's video publisher, pays the latter fees proportional to sales, which amounted to €2.441 million in 2009 compared to €3.092 million in 2008.

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 SA "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 S.A.S, Alphanim S.A., Alphanim Musique S.A.R.L., Alphanim Digital S.A.S and, since January 1, 2009, Editions La Marguerite, 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

On January 6, 2009, Gaumont acquired 75% of the shares of the share capital of Léonis Productions, a company specialized in the production and distribution of TV programs. The overall transaction for this acquisition amounted to €690,000, to which is added the participation in the capital increase of December 17, 2009, totaling 75% for the amount of €165,000.

A first series of ten episodes of *L'internat* was delivered during the second half of 2009 and was broadcast on M6 in prime time.

This company is consolidated using the full consolidation method as from January 6, 2009.

Information on supplier payment lead times

At December 31, 2009, the balance owed to Gaumont SA's suppliers at the end of the year, broken down by due date, was as follows:

		Debt schedule		
	12.31.09	Not overdue	Overdue by 2 months maximum	Overdue by more than 2 months
Trade accounts payable and related accounts	4,978	3,616	31	1,331
TOTAL	**4,978**	**3,616**	**31**	**1,331**

Amounts overdue by more than two months correspond to old trade accounts payable that are subject to litigation and thus not yet paid.

Events after the accounts closing date

Since January 1, 2010, no major events have occurred at Gaumont.

Shareholding and share market

Share capital and voting rights

At December 31, 2009, 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 fully paid up and which are all of the same class. In all, there are 7,347,545 voting rights, of which 3,076,029 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, 2009, four shareholders held more than 5% of the Company's capital.

	Breakdown of the capital		Breakdown of the voting rights [1]	
Shareholders	**Number**	**%**	**Number**	**%**
Ciné Par (company controlled by Nicolas Seydoux)	2,585,065	60.52	4,930,036	67.10
Socipar (company controlled by Nicolas Seydoux)	140,752	3.29	220,752	3.00
First Eagle Investment Management LLC (USA)	478,050	11.19	478,050	6.51
Financière du Loch (company controlled by Vincent Bolloré)	408,852	9.57	814,373	11.08
Groupe Industriel Marcel Dassault	232,670	5.45	465,340	6.33
Public	426,127	9.98	438,994	5.98
TOTAL	**4,271,516**	**100.00**	**7,347,545**	**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 SA's knowledge, no shareholder other than those mentioned in the above table hold directly or indirectly or together more than 5% of the capital or voting rights.

Gaumont's reference shareholder is the Ciné Par Company, controlled by Nicolas Seydoux, which holds 60.52% of the capital and 67.10% of the voting rights.

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 aim to ensure that there is no improper exercise in the control of the Company. In particular, it is specified that some operations of the Executive Board are subject to the prior authorization of the Supervisory Board.

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

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 million of December 21, 2007 as amended on July 28, 2008;
- a loan agreement of a maximum amount of €125 million of July 28, 2008.

To the Company's knowledge, apart from the securities custody agreement, 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 2009 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.

This authorization was renewed by the General Meeting of April 10, 2009, for a duration of 38 months.

At December 31, 2009, 185,363 potential shares could be issued upon the exercise of stock options granted to the employees of Gaumont and companies affiliated to it.

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

	12.31.09	12.31.08	12.31.07
Average number of shares	4,271,516	4,270,834	4,263,649
Consolidated net income, Group share *(in thousands of euros)*	10,879	2,096	-7,054
Net income per share *(in euros)*	2.55	0.49	-1.65
Number of stock options with a dilutive effect	-	211,023	216,070
Average potential number of shares	4,271,516	4,481,857	4,479,719
Diluted net income per share *(in euros)*	2.55	0.47	-1.57
Percentage of dilution *(in %)*	-	4.94	5.07

Capital authorized and not issued

The General Meeting of April 10, 2009 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 million,
  - and when it relates to debt securities within the limit of €150 million;
- to carry out a capital increase, on one or more occasions, within the limit of €100 million by the capitalization of reserves, profits or premiums, followed by the issue and 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 200,000 issued 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 April 10, 2009 authorized the Executive Board:

- to have the Company buy its own shares within the maximum limit of 5% of the number of shares in the Company's capital at the time of the purchases within the limit of €17.086 million.

All issues of shares, capital securities or sundry marketable securities are capped at a total nominal amount of €150 million.

Financial authorizations at the closing of the year 2009

Authorizations	Maximum amount or maximum ceiling	Date of authorization	Resolution no.	Term	Validity deadline	2009 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 million	04.10.09	7	26 months	06.09.11	Not used	Not used
- of debt securities	€150 million	04.10.09	7	26 months	06.09.11	Not used	Not used
By capitalization of reserves, profits or premiums	€100 million	04.10.09	8	26 months	06.09.11	Not used	Not used
Reserved to employees of the Group, members of the company savings plan	200,000 shares	04.10.09	9	26 months	06.09.11	Not used	Not used
Company's buyback of its own shares							
Company's purchase of its own shares (2)	€17.086 million	04.10.09	6	18 months	10.09.10	Not used	Not used
Reduction of the share capital by cancellation of shares							
Bought by the Company under Article L. 225-209 of the French Commercial Code	5% of the capital on the date of the General Meeting	04.10.09	10	18 months	10.09.10	Not used	Not used
Allocation of share subscription and/or purchase options (3)	(4)	04.10.09	11	38 months	06.09.12	Not used	Not used

(1) Share capital capped at a total nominal amount of €150 million.
(2) Within the limit of 5% of the number of shares in the Company's capital at the time of purchase.
(3) In favor of employees and corporate officers of the Company and/or of those affiliated to it.
(4) Legal limits Article L. 225-182 of the French 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 year *(in euros)* Net	Tax credit	Total
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
2008	4,271,516	0.30	-	0.30

Dividends not claimed within five years as from the date from which they are deemed payable shall lapse in favor of the French government (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

(in euros)	2009	2008	2007
High	49.00	60.95	76.00
Low	36.00	40.00	56.00
Last price	39.00	45.50	59.00

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. The significant risks are presented by decreasing order of importance, according to the Company's evaluation:

- the risks related to the cinema industry market: the sector of the production and distribution of cinematographic works is a highly competitive market where, moreover, the success of films with the public has a very high impact on results;
- the risks relating to the specific regulations providing a framework for the cinema industry: the sector in which our Group operates is subject to laws, regulations 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 2009;
- the legal risk: the cinema industry is exposed to specific legal risks, which include but are 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 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 groups such as 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, co-produces and distributes.

This success depends on the artistic and technical qualities of the film but also on the same qualities of other competing films released at the same time.

Moreover, the public may turn to other content forms.

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

Risks related to audiovisual production

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

Gaumont decides to produce an audiovisual work only when the financial coverage forecast is deemed to be satisfactory, taking into account the pre-financing obtained.

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

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

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

Risks related to the production of television programs

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

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

Each cartoon series and television drama is subject to a financing plan covering all of its costs as well as part of the Company's overheads, and its production costs and deadlines are controlled as effectively as possible.

Risks related to video distribution

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

The arrival of Blu-Ray (High Definition) and the implementation by retailers of consumer-friendly pricing operations enabled the market to achieve stability in terms of value in 2009, despite a volume increase in sales. This volume increase led to, but did not entirely offset, a depreciation in publishers' margins.

This market development is likely to bring about a depreciation in the Company's margin on this support medium.

Risks related to TV sales

Cinema exposure on terrestrial channels continued to fall, with competition coming mainly from American series, which lie ahead of cinematographic works in terms of audience figures.

However, Terrestrial Digital Television successfully takes on a larger share of the number of works in the Gaumont catalog each year.

Risks related to piracy

The piracy of audiovisual works has increased with Internet access and illegal downloading. Digitization of cinema works makes the creation, circulation and sharing of unauthorized copies easier.

Piracy of intellectual works is a major concern for Gaumont. Although the effects of illegal downloading have thus far been less destructive for cinema than for music, they are responsible for the recurring fall in the Group's overall revenues.

Gaumont places a good deal of hope in the implementation in 2010 of warning and penalty measures by the High Authority, established by the law of June 12, 2009 promoting the distribution and protection of creative works on the Internet.

As a preventive measure, Gaumont uses copy marking techniques and encryption is carried out by an approved laboratory. Gaumont has also implemented general conditions for the security and traceability of copies with the laboratories, auditoriums and storage companies it works with.

Moreover, contracts with video on demand operators include a specific clause under which the third-party 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 mainly to manage the *Fonds de Soutien Financier* (Financial support fund).

This fund is mainly provisioned by a special tax which 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 in order to encourage them to invest in new films or to modernize their cinemas. The *Centre National de la Cinématographie* has announced a series of measures to be implemented in 2010, such as a distribution of financial support more favorable to producers.

The various trade sectors - production, distribution, exploitation - are concerned by these regulations which 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 the financing of films, but the Group cannot guarantee that this favorable regulatory environment will continue in the future.

Finally, the proliferation of film broadcast modes has led to the implementation of a system intended to arrange the order in which films are broadcast following their cinema release. Movie theaters, video recording publishers and television channels are thus given exploitation windows. The law of June 12, 2009 promoting the distribution and protection of creative works on the Internet changed the duration of these windows, bringing the exploitation window for video and video on demand to a minimum of four months.

If one of the factors of this environment were to change, revenues may be affected.

Risks of dependency with regard to certain customers

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

Cinema distribution France

Gaumont's distribution service is responsible for film distribution in cinemas in France.

In 2009, Gaumont's five main customers in terms of percentage of consolidated revenues relating to cinema distribution were as follows:

Customers	as a % of consolidated cinemas France revenues
1. EuroPalaces circuit	26.2%
2. UGC circuit	18.6%
3. CGR circuit	6.7%
4. Soredic circuit	2.7%
5. Haut et Court	2.3%

All "independent" circuits account for 42.1% of 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 2009, the main distribution circuits in terms of percentage of revenues relating to video sale were as follows:

Customers	as a % of consolidated video revenues
1. **Specialists:** Amazon, Fnac, Virgin, etc.	47.4%
2. **Retail distribution**: Auchan, Carrefour, Leclerc, etc.	24.0%
3. **Newsstand Networks:** Atlas, Gesep, M6 Interactions, TF1	2.7%
4. **Institutional Networks**: Cinésolutions	1.5%

Video on demand France

In 2009, Gaumont's main customers in terms of percentage of revenues relating to video on demand were as follows:

Customers	as a % of consolidated VoD revenues
1. **Telecom operators**: France Telecom, SFR, etc.	66.8%
2. **Media operators:** Canal+ Distribution, TF1 Vidéo, etc.	26.7%
3. **Other customers:** Glow Entertainment Group, Virgin Mega, Video Futur Entertainment, etc.	2.9%

International sales of rights

In 2009, the Group's international revenues consisted of:

- 69% sales of rights to recent and catalog films of Gaumont, all media combined;
- 25% sales of cartoon works produced by Alphanim;
- 6% video sales at Gaumont Video, via distributors, mainly in French speaking Europe, Belgium and Switzerland.

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

Customers	as a % of consolidated international films revenues
1. Virtual Fairground	6.1%
2. Europool	5.5%
3. Canal Satellite Digital S.L	5.0%
4. Dreamworks	3.8%
5. Belga	3.8%
6. Optimum Releasing	3.5%
7. SPI International	3.2%
8. Groupe TVA Inc.	2.9%

Sale of rights to television channels

The main national TV channels are Gaumont customers.

In 2009, Gaumont's main customers in terms of percentage of the consolidated revenues relating to sales of rights to television channels were as follows:

Customers	as a % of consolidated Television France revenues
1. Métropole TV	23.0%
2. Groupe TF1	19.8%
3. Groupe Canal+	16.2%
4. Groupe France Télévisions	15.9%
5. Groupe France Télécom	13.8%

Review of the Gaumont Group's main customers

For the year 2009, the ten main customers of the Group accounted for 53.4% of consolidated revenues:

Customers	Consolidated revenues (in thousands of euros)	Consolidated revenues (as a %)
1. Métropole TV	10,496	11.2%
2. Canal+	7,663	8.2%
3. TF1	7,576	8.1%
4. France Télécom	6,550	7.0%
5. Fnac	5,260	5.6%
6. France 2	5,062	5.4%
7. EuroPalaces	2,304	2.5%
8. TF1 Films Production	1,802	1.9%
9. France 3	1,661	1.8%
10. UGC	1,630	1.7%
TOTAL	**50,004**	**53.4%**

Legal risks

The cinema industry is exposed to legal risks, which mostly include disputes related to intellectual property rights and the sharing of the proceeds of a work.

Gaumont's legal department guarantees, when it acts as executive producer of a film, that it owns the copyright allowing the production and exploitation of the film (the "chain of rights"). To this end, Gaumont guarantees that copyright and rights of producers and other rights-holders are set out in a contract, regardless of how the work is used. On the other hand, when Gaumont is a co-producer or acquires the exploitation rights to a film, it cannot guarantee the validity of the chain of rights. In this case, Gaumont has recourse against the third party.

The fee department manages the share of proceeds and costs related to the exploitation of the cinematographic work and owed to the rights-holder.

Given the size of Gaumont's catalog, the Company cannot rule out infringements or parasitic acts by third parties.

However, Gaumont cannot guarantee:

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

Market risks

Liquidity risk

On December 21, 2007, to finance the purchase of all shares in the share capital of Alphanim and the incidental costs, Gaumont signed a redeemable loan agreement with Natixis and BNP Paribas for a principal amount of €25 million which is repayable in ten half-yearly installments of €2.5 million from June 21, 2008 and up to December 21, 2012.

On July 28, 2008 Gaumont contracted a revolving loan agreement with a banking pool, consisting of BNP Paribas, Natixis, West LB and Neuflize OBC Entreprise, for a maximum amount of €125 million, expiring on September 15, 2012. It is earmarked, firstly, to re-finance the revolving loan for a maximum amount of €100 million 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 audiovisual exploitation and production business. At December 31, 2009, €92 million had been used, i.e. a use rate of 73.6%.

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

The credit line of €125 million and the loan agreement of €25 million include financial ratios to be respected half-yearly, 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 million includes the following financial ratios, respected at December 31, 2009:

Covenants to be respected	Situation at 12.31.09
R3: value of the Group's main assets [1] / net financial debt > = 2.5	6.73
R4: financial debt / equity capital < or = 1	0.5
R5: value of EuroPalaces / maximum outstanding amount authorized > or = 1.25	2.73

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

The loan agreement of an initial amount of €25 million is coupled with the following financial ratios, respected at December 31, 2009:

Covenants to be respected	Situation at 12.31.09
R3: value of the Group's main assets [1] / net financial debt > = 2.5	6.73
R4: financial debt / equity capital < or = 1	0.5

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

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

Interest rate risk

Schedule of financial assets and financial liabilities

	12.31.09	Debt schedule		
		less than 1 year	from 1 to 5 years	over 5 years
Fixed-rate financial assets	-	-	-	-
Variable-rate financial assets	9,413	9,413	-	-
Financial assets not exposed	-	-	-	-
Financial assets (1)	**9,413**	**9,413**	**-**	**-**
Fixed-rate financial liabilities	-	-	-	-
Variable-rate financial liabilities	-107,992	-98,130	-9,862	-
Financial liabilities not exposed	-2,297	-2,297	-	-
Financial liabilities (2)	**-110,289**	**-100,427**	**-9,862**	**-**

(1) Cash and cash equivalents.
(2) Financial debts.

Rate derivatives

	12.31.09	Debt schedule			Market value
		less than 1 year	from 1 to 5 years	over 5 years	
Equity shares rate swaps	44,164	44,164	-	-	-594
TOTAL	**44,164**	**44,164**	**-**	**-**	**-594**

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

At December 31, 2009, the credit line of €125 million is capped at 32% on account of the setting up:

- if 1 month Euribor > or = to 4.4975%: of a variable rate against a fixed rate swap for €40 million;
- if 1 month Euribor < to 4.4975%: of a variable rate against a fixed rate swap for €20 million and a variable rate against variable rate swap for €20 million.

At December 31, 2009, the redeemable loan agreement of an initial amount of €25 million gave rise to a variable rate against a fixed rate swap for €4.164 million.

Monitoring of interest rate risk and sensitivity

	Fixed rate	Variable rate	Not exposed	Total
Financial assets (1)	-	9,413	-	9,413
Financial liabilities (2)	-	-107,992	-2,297	-110,289
Net position prior to management	**-**	**-98,579**	**-2,297**	**-100,876**
"Hedging"	-24,164	24,164	-	-
Net position after management	**-24,164**	**-74,415**	**-2,297**	**-100,876**
Sensitivity (3)	-	-744	-	-

(1) Cash and cash equivalents
(2) Financial debts.
(3) Impact in full year

Considering the interest rate "hedging" portfolio at December 31, 2009, the net position after variable-rate management is a fixed-rate debt of €24.164 million and a variable-rate debt of €74.415 million.

Thus, an instantaneous change of 1% in the interest rate would have a negative impact on the financial result of €744,000, which would represent an increase of the cost of the net financial debt of 21.6% for the whole of the 2009 year.

Foreign exchange risk

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

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	DKK	ILS	GBP	USD	ZAR	MNX	Total
Assets	7	44	2	4	107	9,398	9	37	9,609
Liabilities	-	-	-	-	0	-1,111	-	-	-1,112
Off balance sheet	-	518	-	-	-	-4,378	-	-	-3,861
Net position	**7**	**562**	**2**	**4**	**107**	**3,909**	**9**	**37**	**4,637**
"Hedging"	-	-	-	-	-	-	-	-	0
Net position after hedging	**7**	**562**	**2**	**4**	**107**	**3,909**	**9**	**37**	**4,637**
Sensitivity	0	-6	0	0	-1	-39	0	0	-46

The consolidated net exposure in foreign currencies (counter value in euros at the closing prices) is €4.637 million. Thus, the risk of loss on the overall net position in currencies caused by the scenario of an unfavorable and uniform change of one euro cent against all of the currencies in question would be €46,000.

During 2009, revenues invoiced in foreign currencies, the breakdown of which is set out below, amounted to €5.197 million i.e. 5.5% of consolidated revenues.

	AUD	CAD	CHF	USD	DKK	GBP	JPY	Miscellaneous	Total
Revenues	170	220	216	4,489	20	40	4	37	5,197

Credit risk

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

			Late					
	12.31.09	Out-standing amount	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	33,999	26,637	3,024	1,271	322	1,146	776	823
Other current assets	24,739	24,739	-	-	-	-	-	-
Long term:								
Other current assets	1,542	1,542	-	-	-	-	-	-
TOTAL CURRENT ASSETS	**60,280**	**52,918**	**3,024**	**1,271**	**322**	**1,146**	**776**	**823**

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 year and to date, Gaumont was not exposed to any risk of this kind. It only bought securities to invest surplus cash in currency open-end trusts.

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

Gaumont's possible risks of dependency

Apart from the risks mentioned above, Gaumont is not exposed to a risk of dependency in industrial, commercial or financial terms or in relation to industrial property rights (patents, licenses, etc.) that 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 estate 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 "completion guarantee" insurance for French films but does so for American films, in accordance with standard sector practice.

Moreover, the Company has taken out the usual insurance policies: civil 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 €67.533 million;
- Theft, machine breakage: cover of €1.1 million;
- Loss of use of premises: cover for two years;
- Additional management costs in the event of an insured loss: cover of €2.915 million;
- Recourse by neighbors and third parties: cover of €7.878 million;
- Indirect losses: cover equal to 10% of the indemnity for material damage.

Operating civil liability insurance

All losses combined, cover of €4.575 million per insured loss, except:

- Damage to the environment: cover of €762,000;
- Employer's gross negligence: cover of €300,000 per victim;

- 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.

Civil liability insurance for corporate officers

Cover of €10 million.

Main premiums and deductibles

(in thousands of euros)		12.31.09	12.31.08	12.31.07
Professional comprehensive	Premium	72	67	65
	Deductible	6	6	5
Operating civil liability	Premium	6	6	7
	Deductible	8	8	7

Labor and environmental consequences of the business

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

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

Workforce

At December 31, 2009, Gaumont and its subsidiaries employed 169 employees, including 152 with open term contracts and 17 with fixed term contracts.

The workforce remained stable.

In 2009, Gaumont, Gaumont Pathé Archives, Arkeion and Alphanim took on 38 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:

	12.31.09			12.31.08			12.31.07		
Company	**Executives**	**Supervisors**	**Employees**	**Executives**	**Supervisors**	**Employees**	**Executives**	**Supervisors**	**Employees**
Alphanim	15	-	8	15	-	6	14	-	7
Arkeion Films	2	1	2	2	1	2	2	1	1
Editions La Marguerite	-	-	-	-	-	-	1	-	-
Gaumont	58	30	24	61	34	25	56	32	28
Gaumont Vidéo	5	1	-	3	1	-	5	2	-
Gaumont Pathé Archives	8	4	6	7	6	5	7	6	6
Prestations et Services	-	1	-	-	1	-	1	-	-
Léonis	1	-	3	-	-	-	-	-	-
TOTAL WORKFORCE PER CATEGORY	**89**	**37**	**43**	**88**	**43**	**38**	**86**	**41**	**42**
TOTAL GROUP WORKFORCE		**169**			**169**			**169**	

Age and seniority

Despite changes in the structure of the workforce during the year, the average age remained stable in 2009 at 39.95 years compared with 40.35 in 2008. The average seniority increased slightly, from 10.76 years in 2008 to 11 in 2009.

Indirect employment

Apart from the 169 people directly employed, in 2009, Gaumont contributed to 99 people being employed as full-time equivalents in films and audiovisual productions.

Salaries, employee incentive bonus and profit sharing plans

The overall amount of gross salaries paid by Gaumont and its subsidiaries consolidated by the full consolidation method amounted to €8,710,699 in 2009.

The employees of Gaumont, Gaumont Vidéo, Arkéion and Prestations & Services are covered by an incentive bonus agreement that was renegotiated in June 2009 for the 2009-2010-2011 periods. The amounts distributed represent 3% of Gaumont's consolidated net income before tax.

The amount of the incentive bonus will be distributed as follows:

- 1.5% distributed evenly between the eligible employees, with the possibility of an employer matching contribution to a maximum of 2/3;
- 1.5% distributed proportionately to the employees, with no possibility of an employer matching contribution.

The payment is made once a year within the calendar month after Gaumont's General Meeting of shareholders has approved the financial statements of the year and no later than the last day of the seventh month after the year end.

Under the company savings plan, all or part of the incentive bonus that any employee pays into the plan may be increased by a sum equal to a maximum of 2/3 of the amount of the incentive bonus calculated uniformly (1.5%) and within the limit for 2009 of €2,744.64 (8% of the annual social security ceiling).

This additional contribution is known as an "employer matching contribution".

In view of the 2008 results, an incentive bonus of €17,477 was paid in 2009.

The employees of Gaumont Pathé Archives are subject to 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 on the dates of his or her choice. Gaumont Pathé Archives makes an additional payment to the voluntary payments of employees, known as an "employer matching contribution", which is capped at €1,829.39.

In 2009, 17 eligible employees made such payments. The payments under the savings plan amounted to €15,865 and the total of the employer matching contributions paid by the Company amounted to €28,673.

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 2009.

Training

In 2009, 789 training hours were taken by 36 trainees, mainly in the fields of languages, IT and finance.

Of these 789 hours, 438 were taken as part of the *"Droit Individuel de Formation"* (individual right to training), by 12 trainees.

Employee benefit schemes

The overall budget devoted to social and cultural activities amounted to €118,862, to which the cost of the "inter company" restaurant of €11,207, is added for Gaumont.

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

The CHSCT (Committee for Hygiene, Safety and Working Conditions) met on March 25, June 24, September 30 and December 16, 2009.

In the fall, the seasonal flu vaccine was offered to employees who wished to be vaccinated. 25 employees were vaccinated.

Gaumont stock options

Since December 1987, Gaumont has set up eight stock option plans for some of its employees and in particular its executives, except the Chairman of the Supervisory Board who does not benefit from any plan.

The Combined General Meeting of Gaumont on April 10, 2009 had a dividend of €0.30 per share paid on April 17, 2009, 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.

The features of all stock option plans in progress at December 31, 2009 were as follows:

	Allocations				Options		
	Initial		Adjusted				
Option plans	Price	Number	Price	Number	Canceled	Subscribed	Approved
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 (adjusted) (February 96)	€50.31	104,000	€49.67	105,350	38,494	58,853	8,004
Plan VI (adjusted) (March 98)	€64.03	168,000	€63.21	170,226	79,044	72,936	18,246
Plan VII (adjusted) (April 02)	€48.00	165,000	€47.39	167,233	103,915	38,220	25,098
Plan VIII (adjusted) (February 05)	€64.00	196,750	€63.60	199,370	63,328	2,027	134,015
TOTAL		**742,050**		**886,210**	**318,312**	**382,536**	**185,363**
Capital at December 31, 2009 = 4,271,516 shares							
As a percentage of capital				**20.75%**	**7.45%**	**8.96%**	**4.34%**

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 the year 2009 relating to the corporate officers as well as the ten employees that do not hold corporate offices 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	12.03.87	12.03.87	05.27.91	06.02.94	06.02.94	04.25.96	04.30.98	04.29.04
Allocation date	12.03.87 (1)	12.23.88 (1)	02.18.93 (1)	02.16.95 (1)	02.15.96 (1)	03.12.98 (1)	04.09.02 (1)	02.28.05 (2)
Type of option	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	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 for subsequent operations	97,141	16,889	100,001	30,000	105,350	170,226	167,233	199,370
Aggregate number of options canceled at 12.31.09	20,368	13,163	-	-	38,494	79,044	103,915	63,328
Aggregate number of options exercised at 12.31.09	76,773	3,726	100,001	30,000	58,853	72,936	38,220	2,027 (3)
Number of options still outstanding at 12.31.09	-	-	-	-	8,004	18,246	25,098	134,015
Including number of options that corporate officers may subscribe to (in its current formation)	-	-	-	-	1,013	2,027	3,040	60,780
• Sidonie Dumas	-	-	-	-	1,013	2,027	3,040	30,390
• Christophe Riandee	-	-	-	-	-	-	-	30,390
Including the number that may be subscribed to by the ten employees of the Company with the highest number of options thus granted (4)	-	-	-	-	6,991	16,219	12,357	35,468
Starting date of exercise of options	12.03.87	12.23.88	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 *(in euros)*	€21.78	€32.62	€21.78	€38.11	€49.67	€63.21	€47.39	€63.60

(1) Board of Directors.
(2) Executive Board.
(3) Early exercise of shares.
(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 positions and terms of offices of the members of the Executive Board and the Supervisory Board during the year 2009

Executive Board

Sidonie Dumas

Aged 42

Business address:
30 avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Positions or terms of office performed within the Company:
- **Chairwoman of the Executive Board** since April 27, 2004, renewed on April 27, 2006 then May 7, 2008 for a term of two years.

Other positions or terms of office performed within the Group:
- **Legal representative** of Gaumont, Manager of Gaumont Vidéo
- **Legal representative** of Gaumont, Chairwoman of Gaumont Musiques
- **Permanent representative** of Gaumont, Member of the Management Committee of EuroPalaces
- **Manager** 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** of Alphanim and Léonis Productions (since January 6, 2009)
- **Chairwoman** of Alphanim Digital
- **Chief Executive** Officer of Alphanim (from April 29, 2009 to December 31, 2009)

Other positions or terms of office performed outside the Group:
- None

Christophe Riandee

Aged 41

Business address:
30 avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Positions or terms of office performed 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 positions or terms of office performed 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
- **Board member** of Alphanim and Léonis Productions (since January 6, 2009)
- **Vice Chairman** of Gaumont Inc. (USA), Gaumont Distribution Inc. (USA) and The Visitors Inc. (USA)

Other positions or terms of office performed outside the Group:
- **Board member** of the *Théâtre du Châtelet*

Supervisory Board

Nicolas Seydoux

Aged 70

Business address:
30 avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Positions or terms of office performed within the Company:
- **Chairman of the Supervisory Board** since July 27, 2004, renewed on April 10, 2009 for a term of three years
- **Chairman of the Compensation and Nomination Committee**

Other positions or terms of office performed within the Group:
- **Chairman** of Gaumont Inc. (USA), Gaumont Distribution Inc. (USA) and The Visitors Inc. (USA)

Other positions or terms of office performed outside the Group:
- **Chairman** of Ciné Par (majority shareholder of Gaumont), Socipar and SCA Grands Vins de Pazac
- **Chairman** of the Forum d'Avignon Association and the *Association de la lutte contre la piraterie audiovisuelle* (anti-audiovisual piracy association)
- **Vice Chairman of the Supervisory Board** of Arte France
- **Board member** of the *Société Civile du Val Richer*, the *Cinémathèque Française* and the *Fondation des Diaconesses* in Reuilly
- **Chairman** of the *Fondation C Génial*

Marie Seydoux

Aged 68

Business address:
30 avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Positions or terms of office performed within the Company:
- **Vice Chairwoman of the Supervisory Board** since July 27, 2004, renewed on April 10, 2009 for a term of four years

Other positions or terms of office performed within the Group:
- None

Other positions or terms of office performed outside the Group:
- None

Thierry Dassault

Aged 52

Business address:
9 rond-point des Champs-Elysées
Marcel Dassault
75008 Paris
France

Positions or terms of office performed within the Company:
- **Member of the Supervisory Board** since April 27, 2006, for a term of four years

Other positions or terms of office performed within the Group:
- None

Other positions or terms of office performed outside the Group:
- **Chairman and member of the Board of Directors** of Keynectis
- **Board member** of Socpresse (Le Figaro)
- **Member of the Supervisory Board** of the Groupe Industriel Marcel Dassault and the *Société du Journal des Finances*
- **Permanent representative** of SC TDH to the Board of Halys

Antoine Gallimard

Aged 62

Business address:
5 rue Sébastien Bottin
75007 Paris
France

Positions or terms of office performed within the Company:
- **Member of the Supervisory Board** since July 27, 2004, renewed on April 10, 2009 for a term of four years
- **Chairman of the Audit Committee** (until April 10, 2009)
- **Member of the Compensation and Nomination Committee**

Other positions or terms of office performed within the Group:
- None

Other positions or terms of office performed outside the Group:
- **Board member** of the Eyrolles Group, Electre, Scérèn and BNF
- **Chairman** of Gallimard Jeunesse (until May 14, 2009)
- **Chairman** of Eden Livres (since July 9, 2009)
- **Permanent representative** of Editions Gallimard to the Board of P.O.L. Editeur, of Madrigall to the Boards of Editions de la table ronde and Mercure de France

Michel Seydoux

Aged 62

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

Positions or terms of office performed within the Company:
- **Member of the Supervisory Board** since July 27, 2004, renewed on April 10, 2009 for a term of three years
- **Member of the Compensation and Nomination Committee** (since April 10, 2009)

Other positions or terms of office performed within the Group:
- None

Other positions or terms of office performed outside the Group:
- **Chairman** of MSI and Citadelle Invest
- **Chairman of the Board of Directors** of LOSC Lille Métropole and of 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, Groupement Forestier les Cabrettes and SNC FMS
- **Representative** of MSI, Board member of Airport Communication
- **Representative** of MSI, Managing Partner of MSEB and Cie
- **Managing Partner** of Liberté 25 Citadelle
- **Proxy holder** of the Société Navale Industrielle et de Plaisance

Bertrand Siguier

Aged 68

Business address:
191 rue de l'Université
75007 Paris
France

Positions or terms of office performed within the Company:
- **Member of the Supervisory Board** since July 27, 2004, renewed on April 10, 2009 for a term of two years
- **Member of the Audit Committee**
- **Member of the Compensation and Nomination Committee** (until April 10, 2009)

Other positions or terms of office performed within the Group:
- None

Other positions or terms of office performed outside the Group:
- **Board member** of HM Editions
- **Director** of Beacon Communications (Japan), Capital Advertising (India), Saatchi & Saatchi (Korea) and Publicis Yorum (Turkey)

Pénélope Tavernier

Aged 43

Business address:
Chemin de Haute Brise 1A
1012 Lausanne
Suisse

Positions or terms of office performed within the Company:
- **Member of the Supervisory Board** since July 27, 2004, renewed on April 10, 2009 for a term of two years

Other positions or terms of office performed within the Group:
- None

Other positions or terms of office performed outside the Group:
- **Chairwoman** of Léman Hélicoptères (Switzerland) (until December 31, 2009)
- **Board member** of UMA Food and Beverages

Marc Tessier

Aged 63

Business address:
27 rue d'Orléans
92200 Neuilly-sur-Seine
France

Positions or terms of office performed within the Company:
- **Member of the Supervisory Board** since April 27, 2006, for a term of four years
- **Chairman of the Audit Committee** (since April 10, 2009)

Other positions or terms of office performed within the Group:
- None

Other positions or terms of office performed outside the Group:
- **Chairman** of Ensemble TV SAS (a French simplified joint stock company that produces the local channel IDF1)
- **Permanent representative** of J2H to the Board of Directors of Netgem SA
- **Chairman** of Video Futur Entertainment Group SA
- **Chairman** of the *Forum des Images*
- **Non voting member of the Board of Directors** of G7 Entreprises SA
- **Board member** of Netgem
- **Honorary Board member** of IDATE
- **Permanent Representative** of Netgem to the Board of Directors of Mediaxim SA (Belgium)

Jean Todt

Aged 63

Business address:
8 rue Clément Marot
75008 Paris
France

Positions or terms of office performed within the Company:
- **Member of the Supervisory Board** since July 27, 2004, renewed on April 10, 2009 for a term of four years

Other positions or terms of office performed within the Group:
- None

Other positions or terms of office performed outside the Group:
- **Chairman of the Board of Directors** of Ferrari West Europe (until April 1, 2009)
- **Member of the Supervisory Board** of Groupe Lucien Barrière, the Compagnie financière Saint-Honoré (a company within Groupe Compagnie Financière Edmond de Rothschild)
- **Chairman** of the *Fédération Internationale de l'Automobile* (FIA)
- **Vice Chairman** of the *Fondation ICM – Institut du Cerveau et de la Moelle épinière* (Institute for brain and spinal cord disorders)
- **Member of the Board of Directors** of the *Société des Amis du Musée d'Art Moderne de la Ville de Paris* (Friends of the City of Paris Modern Art Museum Society)
- **Chairman** of eSafety Aware (FIA)
- **Member of the Board** of Trustees of the FIA Foundation for the Automobile and Society
- **Member of the Advisory Board** of Hangar Bicocca (Italy)

Compensation and benefits paid to corporate officers

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

	Position	Compensation [1]	Amounts paid [2] 2009	Amounts posted 2009	Amounts paid [2] 2008	Amounts posted 2008	Criterion for the allocation of the variable compensation	Benefits in kind [3] (in euros) 2009	Benefits in kind [3] (in euros) 2008	Allocation of stock-options (in number of options) 2009	Allocation of stock-options (in number of options) 2009
Sidonie Dumas	Chairwoman of the Executive Board	Fixed	100,000	100,000	100,000	100,000	as a % of the consolidated net income (Group share) prior to taxes & extraordinary items of the previous year				
		Variable	37,869	231,218	-	37,869					
	Corporate officers subtotal		**137,869**	**331,218**	**100,000**	**137,869**					
	Director	Fixed	200,684	200,684	200,787	200,787					
		Variable	-	-	-	-					
	Subtotal		**200,684**	**200,684**	**200,787**	**200,787**					
	TOTAL		**338,553**	**531,902**	**300,787**	**338,656**		-	-	-	-
Christophe Riandee	Member of the Executive Board	Fixed	100,000	100,000	100,000	100,000	as a % of the consolidated net income (Group share) prior to taxes & extraordinary items of the previous year				
		Variable	37,869	231,218	-	37,869					
	Corporate officers subtotal		**137,869**	**331,218**	**100,000**	**137,869**					
	Director	Fixed	200,683	200,683	200,774	200,774		4,428	4,428	-	-
		Variable	-	-	-	-					
	Subtotal		**200,683**	**200,683**	**200,774**	**200,774**					
	TOTAL		**338,552**	**531,901**	**300,774**	**338,643**		**4,428**	**4,428**	-	-

(1) Prior to social security and tax deductions.
(2) Amount paid = all amounts paid by Gaumont during the year. Note that the variable share allocated for a year is actually paid during the following year.
(3) Benefits in kind consisting in the provision of a company car.

Apart from attendance fees, only the Chairman and Vice Chairwoman receive compensation.

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

	Position on the Supervisory Board	Compensation + attendance fees [1]	Amounts paid [2] (in euros) 2009	Amounts posted (in euros) 2009	Amounts paid [2] (in euros) 2008	Amounts posted (in euros) 2008	Criterion for the allocation of the variable compensation
Nicolas Seydoux	Chairman	Fixed	450,000	450,000	450,000	450,000	as a % of the consolidated net income (Group share) prior to taxes & extraordinary items of the previous year
		Variable	75,738	462,436	0	75,738	
		Attendance fees [4]	20,000	20,000	16,000	20,000	
	TOTAL		**545,738**	**932,436**	**466,000**	**545,738**	
Marie Seydoux	Vice Chairwoman	Fixed	50,000	50,000	50,000	50,000	
		Variable	-	-	-	-	
		Attendance fees [4]	20,000	20,000	16,000	20,000	
	TOTAL		**70,000**	**70,000**	**66,000**	**70,000**	
Thierry Dassault	Member	Attendance fees [4]	20,000	20,000	16,000	20,000	
Antoine Gallimard	Member	Attendance fees [4]	20,000	20,000	16,000	20,000	
Michel Seydoux	Member	Attendance fees [4]	20,000	20,000	16,000	20,000	
Bertrand Siguier	Member	Attendance fees [4]	20,000	20,000	16,000	20,000	
Pénélope Tavernier	Member	Attendance fees [4]	20,000	20,000	16,000	20,000	
Marc Tessier	Member	Attendance fees [4]	20,000	20,000	16,000	20,000	
Jean Todt	Member	Attendance fees [4]	20,000	20,000	16,000	20,000	
TOTAL ATTENDANCE FEES			**180,000**	**180,000**	**144,000**	**180,000**	

(1) Prior to social security and tax deductions.
(2) Amount paid = all amounts paid by Gaumont during the year. Note that the variable share allocated for a year is actually paid during the following year.
(3) Benefits in kind consisting in the provision of a company car.
(4) Attendance fees allocated for the year in equal proportions between each member of the Supervisory Board and paid during the following year.

On November 18, 2004, the Supervisory Board, on the recommendation of the Compensation Committee, allocated variable compensation corresponding to a percentage of the consolidated net income, Group share, before tax and extraordinary items, to the Chairman of the Supervisory Board and to each member of the Executive Board.

Amounts reserved 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 legal retirement compensation.

The overall amount of pension commitments reserved in the financial statements at December 31, 2009 for the members of the Executive Board amounted to €71,587 compared to €100,858 at December 31, 2008. This decrease is related to the smaller number of members of the Executive Board in 2009.

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.

Gaumont's results over the past five years

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

Type of information	12.31.09	12.31.08	12.31.07	12.31.06	12.31.05
I – Share capital at period end					
a) Share capital	34,172,128	34,172,128	34,159,336	33,982,408	33,774,376
b) Number of shares issued	4,271,516	4,271,516	4,269,917	4,247,801	4,221,797
II – Operations and results					
a) Revenues excluding tax	63,424,209	79,045,142	59,613,551	101,738,417	65,186,628
b) Income before tax, employee profit sharing, depreciation, amortization and provisions	38,679,605	48,848,627	34,649,150	74,241,429	61,128,980
c) Income tax	1,472,277	929,944	1,880,227	2,106,976	2,734,020
d) Employee profit sharing owed for year	-	-	-	-	-
e) Income after tax, employee profit sharing, depreciation, amortization and provisions	- 15,618,049	- 21,967,156	- 17,867,822	15,959,107	2,350,356
f) Net income distributed	1,281,451	1,280,975	4,247,801	2,533,078	2,479,078
III – Operations and results					
a) Income after tax and employee profit sharing, but before depreciation, amortization and provisions	9.40	11.65	8.56	17.97	15.13
b) Income after tax, employee profit sharing, depreciation, amortization and provisions	-3.66	-5.14	-4.18	3.76	0.56
c) Net dividend paid to each share	0.30	0.3	1	0.6	0.6
IV - Staff					
a) Number of employees (average workforce)	113	119	107	91	87
b) Amount of the payroll	8,784,402	7,555,563	6,596,659	8,138,447	6,279,540
c) Amount paid in respect of employee benefits (social security, employee benefit schemes, etc.)	2,863,232	2,961,278	2,428,147	2,521,391	2,207,808

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

2 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

Assets *(in thousands of euros)*	**Note**	**12.31.09**	**12.31.08**	**12.31.07**
Goodwill	*3.1*	17,106	16,579	15,608
Films and audiovisual rights	*3.2*	104,428	107,010	120,892
Other intangible assets	*3.3*	708	850	950
Tangible assets	*3.4*	33,322	34,972	35,726
Investments in equity affiliates	*3.5*	185,950	170,675	158,959
Other financial assets	*3.6*	459	533	3,548
Non current tax assets	*4.8.3*	3,294	2,886	2,768
Non current assets		**345,267**	**333,505**	**338,451**
Inventories	*3.7*	162	271	-
Accounts receivable	*3.8*	33,999	35,923	39,671
Current tax assets	*3.8*	2,770	2,420	2,969
Other receivables and other current financial assets	*3.8*	23,511	23,006	28,346
Cash and cash equivalents	*3.9*	9,413	5,819	3,723
Current assets		**69,855**	**67,439**	**74,709**
TOTAL ASSETS		**415,122**	**400,944**	**413,160**

Equity and liabilities *(in thousands of euros)*	**Note**	**12.31.09**	**12.31.08**	**12.31.07**
Share capital		34,172	34,172	34,159
Additional paid in capital and retained earnings		182,407	173,439	171,490
Total equity (Group share)		**216,579**	**207,611**	**205,649**
Minority interests		**2,635**	**2,869**	**2,810**
Total equity	*3.10*	**219,214**	**210,480**	**208,459**
Non current provisions	*3.11*	2,046	1,789	1,781
Non current tax liabilities	*4.8.3*	3,112	3,235	2,961
Long term financial debts	*3.12*	9,862	14,979	19,722
Other non current debts	*3.13*	1,562	1,654	1,732
Non current liabilities		**16,582**	**21,657**	**26,196**
Current provisions	*3.11*	2,363	2,155	3,115
Short term financial debts	*3.12*	100,427	96,044	103,734
Accounts payable	*3.13*	16,992	17,694	22,910
Current tax liabilities	*3.13*	-	53	-
Other debts	*3.13*	59,544	52,861	48,746
Current liabilities		**179,326**	**168,807**	**178,505**
TOTAL EQUITY AND LIABILITIES		**415,122**	**400,944**	**413,160**

Consolidated income statement

(in thousands of euros)	Note	12.31.09	12.31.08	12.31.07
Revenues	*4.1*	**93,666**	**105,063**	**72,891**
Purchases		-2,883	-2,929	-2,300
Personnel costs	*4.2*	-22,014	-21,612	-13,842
Other current operating income and expenses	*4.3*	-16,128	-18,967	-30,197
Depreciation, amortization and provisions	*4.4*	-58,566	-68,465	-48,306
Current operating income (loss)		**-5,925**	**-6,910**	**-21,754**
Other non current operating income and expenses	*4.5*	968	247	-253
Operating income (loss)		**-4,957**	**-6,663**	**-22,007**
Income from cash and cash equivalents		42	35	203
Cost of the gross financial debt		-3,479	-6,157	-3,105
Cost of the net financial debt		**-3,437**	**-6,122**	**-2,902**
Other interest income and expenses	*4.6*	1,325	2,575	3,907
Share of net income of equity affiliates	*4.7*	17,475	12,127	12,200
Net income before tax		**10,406**	**1,917**	**-8,802**
Taxes	*4.8*	411	374	1,901
NET INCOME		**10,817**	**2,291**	**-6,901**
Attributable to minority interests		-62	195	153
Attributable to equity holders of the parent		10,879	2,096	-7,054
Net income (Group share) per share				
- Average number of shares in circulation	*4.9*	4,271,516	4,270,834	4,263,649
- In euros per share		*2.55*	*0.49*	*-1.65*
Net income (Group share) diluted by share				
- Average potential number of shares	*4.9*	4,271,516	4,481,857	4,479,719
- In euros per share		*2.55*	*0.47*	*-1.57*

Consolidated statement of comprehensive income

(in thousands of euros)	12.31.09	12.31.08	12.31.07
Net income	**10,817**	**2,291**	**-6,901**
Other comprehensive income items:			
Foreign currency translation adjustments	**-84**	**127**	**-231**
Assets available for sale			
- Movements of the period posted in equity	-	-	-
- Adjustment of restatements relating to amounts included in income	-	-	-
Cash flow hedge			
- Movements of the period posted in equity	-	-	-
- Adjustment of restatements relating to amounts included in income	-	-	-
Revaluation of assets	**-**	**-**	**-**
Actuarial adjustments	**-**	**-**	**-**
Share in other comprehensive income items of affiliates	**-**	**-**	**-**
Tax on income recognized directly in equity capital	-	-	-
TOTAL COMPREHENSIVE NET INCOME RECOGNIZED IN EQUITY	**-84**	**127**	**-231**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**10,733**	**2,418**	**-7,132**

› BREAKDOWN OF COMPREHENSIVE INCOME FOR THE YEAR

(in thousands of euros)	12.31.09	12.31.08	12.31.07
Shareholders of the entity	10,795	2,223	-7,285
Minority interests	-62	195	153
COMPREHENSIVE INCOME FOR THE YEAR	**10,733**	**2,418**	**-7,132**

Consolidated statement of changes in equity

Changes in equity *(in thousands of euros)*	Group share					Minority interests	Total equity
	Capital	Additional paid in capital [1]	Retained earnings	Other comprehensive income [2]	Total equity (Group share)		
AT DECEMBER 31, 2007	**34,159**	**27,667**	**120,008**	**23,815**	**205,649**	**2,810**	**208,459**
Change in currency translation adjustments	-	-	-	127	127	-	127
Gains and losses directly recognized in equity	-	-	-	*127*	*127*	-	*127*
Net income 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
Share-based payments	-	-	947	-	947	-	947
Dividends	-	-	-1,281	-	-1,281	-136	-1,417
Other	-	-	-	-4	-4	-	-4
Transactions with shareholders	**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**
Change in currency translation adjustments	-	-	-	-84	-84	-	-84
Gains and losses directly recognized in equity	-	-	-	*-84*	*-84*	-	*-84*
Net income of the period	-	-	10,879	-	10,879	-62	10,817
Total income and expenses of the period	**-**	**-**	**10,879**	**-84**	**10,795**	**-62**	**10,733**
Operations on capital [3]	-	-	-	-	-	-	-
Share-based payments	-	-	-546	-	-546	-	-546
Dividends	-	-	-1,281	-	-1,281	-172	-1,453
Other	-	-	-	-	-	-	-
Transactions with shareholders	**-**	**-**	**-1,827**	**-**	**-1,827**	**-172**	**-1,999**
AT DECEMBER 31, 2009	**34,172**	**27,731**	**130,822**	**23,854**	**216,579**	**2,635**	**219,214**

(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 adjustments.
(3) Exercises of stock options.

Changes in minority interests
(in thousands of euros)

	Reserves	Net income	Minority interests
AT DECEMBER 31, 2007	**2,657**	**153**	**2,810**
Net income of the previous period	153	-153	-
Net income 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**
Net income of the previous period	195	-195	0
Net income of the period	-	-62	-62
Total income and expenses of the period	**195**	**-257**	**-62**
Dividends	-172	-	-172
Transactions with shareholders	**-172**	**-**	**-172**
AT DECEMBER 31, 2009	**2,697**	**-62**	**2,635**

Consolidated statement of cash flows

(in thousands of euros)	Note	12.31.09	12.31.08	12.31.07
Operating activities				
Consolidated net income (including minority interests)		10,817	2,291	-6,901
Net allowances for depreciation, amortization and provisions	*5.1*	57,945	68,060	49,772
Impairment of goodwill	*3.1*	294	-	-
Unrealized gains and losses related to changes in fair value	*3.14*	-277	744	181
Share based payments		-546	947	895
Results on disposal of assets		-965	-229	-185
Share of the net income of equity affiliates		-17,475	-12,127	-12,200
Dividends received from equity affiliates	*5.2*	2,185	342	422
Cash flow from operating activities after tax and cost of net debt		**51,979**	**60,028**	**31,984**
Cost of the net financial debt		3,437	6,122	2,902
Tax expenses (including deferred tax)		-411	-375	-1,901
Cash flow from operating activities before tax and cost of net debt		**55,005**	**65,775**	**32,985**
Tax paid		-198	-427	-722
Change in the working capital requirement related to the business	*5.3*	5,516	9,308	2,234
(A) NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES		**60,323**	**74,656**	**34,497**
Investment activities				
Proceeds from sales of fixed assets		1,290	635	1,141
Acquisition of fixed assets	*5.4*	-53,002	-51,823	-78,438
Change in debts on fixed assets	*5.5*	1,766	-1,032	-1,352
Net impact of changes in scope, net of cash acquired	*5.6*	-747	-376	-28,867
(B) NET CASH FLOW USED IN INVESTING ACTIVITIES		**-50,693**	**-52,596**	**-107,516**
Financing activities				
Capital increase of Gaumont SA		-	76	1,103
Dividends paid to Gaumont SA shareholders		-1,281	-1,281	-4,248
Dividends paid to minority interests in consolidated companies		-172	-136	-169
Change in financial debts		2,765	-10,702	73,354
Interest paid		-3,141	-6,122	-2,902
(C) NET CASH FLOW USED IN FINANCING ACTIVITIES		**-1,829**	**-18,165**	**67,138**
(D) IMPACT OF CHANGES IN CURRENCY RATES		**-71**	**105**	**-185**
NET CHANGE IN CASH & CASH EQUIVALENTS: (A) + (B) + (C) + (D)		**7,730**	**4,000**	**-6,066**
Cash and cash equivalents at beginning of period		5,819	3,723	4,377
Bank overdraft at beginning of period		-4,513	-6,417	-1,005
Cash flow at beginning of period		**1,306**	**-2,694**	**3,372**
Cash and cash equivalents at end of period		9,413	5,819	3,723
Bank overdraft at end of period		-377	-4,513	-6,417
Cash flow at end of period		**9,036**	**1,306**	**-2,694**
Net change in cash & cash equivalents		**7,730**	**4,000**	**-6,066**

Notes to the consolidated financial statements

1. The Gaumont Group

1.1. Group's businesses

Gaumont with its subsidiaries or affiliates is a leading French player in financing, acquiring, producing and/or distributing motion pictures and is one of the two shareholders of EuroPalaces, the largest theatrical network in Europe, consolidated by equity method.

Gaumont also produces films and cartoon series following its acquisition of Alphanim in 2007, and television dramas following the acquisition of a 75% holding in Léonis Productions at the beginning of 2009.

1.2. Consolidation scope

1.2.1. Change in consolidation scope

On January 6, 2009 Gaumont acquired a 75% shareholding in Léonis Productions for €600,000, with payment staggered over two years and a payment of €300,000 on the acquisition date. The transaction cost totaled €690,000, including €90,000 in share acquisition costs. A current account was also purchased for €90,000. 25% of the share capital is held by a minority partner. On the acquisition date, the Group irrevocably undertook to buy all of the minority partner's shares and, conversely, the minority partner undertook to sell its shares to the Group during the option period. The option can be exercised at the end of the shares' non transferability period, fixed at 5 years and 60 days from January 6, 2009.

The shares subject to the buyback commitment have been assessed using the formula set out in the contract which gives the best possible estimate of the fair value of the shares at the transaction date. This evaluation, based on the estimate of 2012 and 2013 results, may be modified at a later date. In accordance with IAS 32 the Group posted the debt relating to the put option assessed at the current value of the put exercise price, i.e. €186,000, offset by the reduction in minority interests for €55,000 and a goodwill of €131,000. Further changes in the debt will be posted in the financial result for changes relating to the accretion effect and in the goodwill for those relating to changes in the estimated exercise price. Debts are discounted by using a rate suited to the nature of the business, namely 10.5%.

The date of the first consolidation was set at January 6, 2009, the takeover date.

The final allocation of the purchase price is as follows (in thousands of euros):

Purchase cost (A)	**690**
Fair value of the asset	*931*
Fair value of the liability	*-932*
Net equity after fair value adjustments	**-1**
Percentage of net equity purchased	75%
Net equity purchased after fair value adjustments (B)	**-1**
Goodwill (G=A-B)	**691**
Fair value of put-option restated for minority interests	131
OVERALL GOODWILL	**822**

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	Parent company	F.C.
French companies					
Production (Cinema and Television)					
Alphanim SA	8 avenue des Minimes, 94300 Vincennes	411 459 811	100	100	F.C.
Gaumont International SARL	30 avenue Charles de Gaulle, 92200 Neuilly/Seine	340 538 693	100	100	F.C.
Léonis Productions	30 avenue Charles de Gaulle, 92200 Neuilly/Seine	484 734 371	75	75	F.C.
Les Films du Dauphin SARL	5 rue du Colisée, 75008 Paris	352 072 904	100	100	F.C.
Les Films du Loup SNC	30 avenue Charles de Gaulle, 92200 Neuilly/Seine	322 996 257	100	100	F.C.
Prestations et Services SARL	30 avenue Charles de Gaulle, 92200 Neuilly/Seine	612 022 004	100	100	F.C.
Distribution					
Arkeion Films SAS	10-12 rue de Chartres, 92200 Neuilly/Seine	382 651 123	100	100	F.C.
Gaumont Vidéo SNC	30 avenue Charles de Gaulle, 92200 Neuilly/Seine	384 171 567	100	100	F.C.
Movie theater operations					
EuroPalaces SAS	2 rue Lamennais, 75008 Paris	392 962 304	34	34	E.
Music					
Alphanim Musique SARL	8 avenue des Minimes, 94300 Vincennes	411 459 811	100	100	F.C.
Editions La Marguerite SARL	30 avenue Charles de Gaulle, 92200 Neuilly/Seine	602 024 150	100	100	F.C.
Gaumont Musiques SAS	30 avenue Charles de Gaulle, 92200 Neuilly/Seine	494 535 255	100	100	F.C.
Archives					
Gaumont Pathé Archives SAS	30 avenue Charles de Gaulle, 92200 Neuilly/Seine	444 567 218	57.5	57.5	F.C.
Multimedia					
Alphanim Digital SAS	8 avenue des Minimes, 94300 Vincennes	431 232 099	100	100	F.C.
Real estate					
Forest SCI	30 avenue Charles de Gaulle, 92200 Neuilly/Seine	785 421 801	100	100	F.C.
Foreign companies					
USA					
Gaumont Inc.	520 West 43rd Street, New York, NY 10036	USA	100	100	F.C.
Lincoln Cinema Associates	1886 Broadway, New York, NY 10023	USA	31.95	31.95	E.

F.C.: Full Consolidation.
E.: Equity method.

2. Accounting principles and methods

2.1. General principles

In accordance with the European regulation No. 1606/2002 of July 19, 2002, Gaumont's consolidated financial statements for the year ended December 31, 2009 were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the European Union and applicable on said date.

The accounting principles used to prepare the consolidated financial statements comply with IFRS and IFRS interpretations as endorsed by the EU at December 31, 2009 and available on the website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The accounting principles used are consistent with those used to prepare the annual consolidated financial statements for the year ended on December 31, 2008, excluding the IFRS and IFRIC interpretations applicable at January 1, 2009. They result from the application:

- of all standards and interpretations with mandatory application adopted by the European Union as from January 1, 2009;
- options made and exemptions used upon transition to the IFRS:
  - fair value assessment at January 1, 2004 of certain land and constructions,
  - non applying IFRS 3 retrospectively to past business combinations occured prior to January 1, 2004,
  - recognition in equity of all cumulative actuarial gains and losses related to pensions and other employee benefits existing at January 1, 2004,
  - non applying IFRS 2 ("Share base payment") to equity instruments for stock options granted on or before 7 November, 2002,
  - cumulative translation adjustments for all foreign operations were deemed to be zero at January 1, 2004 with a reclass to consolidated reserves.

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

The Group's consolidated financial statements at December 31, 2009 were approved by the Executive Board on March 1, 2010 and examined by the Supervisory Board on March 10, 2010. They will be submitted for the shareholders' approval at the General Meeting of May 6, 2010.

2.2. Application of IFRS and IFRIC interpretations as from January 1, 2009

The accounting methods applied are consistent with those of the previous year, apart from the following amendments to IFRS and IFRIC interpretations, with mandatory application, as from January 1, 2009:

- Revision of IAS 1 – Presentation of financial statements;
- IFRS 8 – Operating segments;
- Revision of IAS 23 – Borrowing costs;
- IFRIC 11 - IFRS 2 – Group and treasury share transactions;
- IFRIC 13 – Customer loyalty programmes;
- Amendment to 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;
- Amendments to IAS 32 and IAS 1 – Puttable financial instruments and obligations arising on liquidation;
- Amendments to IAS 39 and IFRS 7 – Reclassification of financial assets;
- Amendments to IFRIC 9 and IAS 39 – Reassessment of embedded derivatives;
- Amendments to IFRS 1 and IAS 27 – Cost of an investment in a subsidiary, jointly-controlled entity or associate;
- Amendment to IFRS 7 – Improving disclosures about financial instruments;
- Improvements to IFRS (May 2008).

As well as modifying the presentation of the financial statements in accordance with the amendment to IAS 1, the application of these standards or interpretations did not have any effect on the Gaumont group's consolidated financial statements, which were already capitalizing financial interest on films.

Application of revised IAS 1 had no impact on the Group's financial positions but merely modified the presentation of its financial statements:

- the balance sheet has been renamed "statement of financial position";
- income and expenses posted during the year are presented in two statements: the consolidated income statement similar to the previous year and the consolidated statement of comprehensive income based on the consolidated income statement and presenting the gains and losses directly recognised in equity (e.g. translation adjustments);
- the consolidated statement of changes in equity separates other comprehensive income items from transactions with shareholders.

2.3. Standards and interpretations compulsory after December 31, 2009 with no early application decided by the Group

The Group will not apply early application to:

- IFRS 3 (Revised): Business combinations;
- IAS 27 (Revised) – Consolidated and separate financial statements;
- Amendment to IAS 39 – Eligible hedged items;
- IFRS 1 (Revised);
- Amendment to IAS 32 – Classification of rights issues;
- IFRIC 12 – Service concession arrangements;
- IFRIC 15 – Agreements for the construction of real estate;
- IFRIC 16 – Hedges of a net investment in a foreign operation;
- IFRIC 17 – Distribution of non cash assets to owners;
- IFRIC 18 – Transfer of assets from customers.

Gaumont will consider that the accounting consequences of the change of the accounting policy resulting from the amendments by IFRS and IASB cannot be estimated at the stage of the analysis.

2.4. Consequences for the Group of not approved by the European Union IASB standards amendments and interpretation as at December 31, 2009

The Gaumont group has decided not to use the early-adoption option proposed by the European Commission, as these standards published by the IASB were not yet approved by the European Union at December 31, 2009.

2.5. 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 million at December 31, 2007.

2.6. Basis for preparation of 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 concerned categories are mentioned in the following notes.

2.7. 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 both 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 are re-examined on an ongoing basis. The main estimates taken into account relate to the valuation of tangible and intangible assets, the amortization of films (see note 2.12), the assessment of provisions on accounts receivable and other receivables (see note 2.17) the recognition of deferred tax assets (see note 2.22), and current and non current provisions (note 3.11).

2.8. Consolidation rules

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

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

2.8.1. Investment in subsidiaries

Companies that Gaumont directly or indirectly controls are consolidated. The full consolidation method used is that whereby the assets, liabilities, income and expenses are fully consolidated. The share of the net assets and net profit attributable to minority shareholders is shown separately as minority interests on the consolidated statement of financial position and on the consolidated income statement.

2.8.2. Investment in equity affiliates

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

Losses of an entity 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 equity affiliate.

2.9. Foreign currencies translation process

2.9.1. Foreign subsidiaries

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

Their statement of financial position is translated into euros at the closing exchange rate; 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 recognised in other comprehensive income in the consolidated equity.

2.9.2. Operations in foreign currencies

IAS 21 "Effects of changes in foreign exchange rates" defines the posting and evaluation of transactions in foreign currencies. Pursuant to said standard, operations denominated in foreign currencies are translated into euros at the exchange rate on the day of the transaction. Monetary items of the statement of financial position are translated at the closing rate at each settlement of accounts. Relevant translation adjustments are posted in the income statement.

2.10. Business combinations

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

In accordance with IFRS 3, business combinations after January 1, 2004 are accounted for by applying the acquisition method. Thus, at the time of the first consolidation of a controlled company, each identifiable asset and liability is measured at its acquisition date fair value.The difference between the purchase cost and the share of assets, liabilities and potential liabilities assessed at their fair value is recognised as goodwill.

2.11. Goodwill

The Group finalizes the analysis of the purchase price allocation during the 12-month period following the purchase date.

The goodwill is assigned to the smallest identifiable group of assets or cash generating units.

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

The recoverable value of a cash generating unit is defined as the highest value between the fair value (usually the market price) less cost to sale and the value in use determined by using the method of discounted future net cash flows.

Regarding the cinema business and the cartoon films and series business:

- cash flows projections are based on a two-year business plans;
- cash flows projections beyond that timeframe are extrapolated by applying a growth rate of 2% to perpetuity;
- cash flows obtained are discounted using an appropriate rate for the type of business, i.e. 7.5% (the same rate as in 2008).

For the audiovisual dramas business:

- cash flows projections are based on a two-year business plans;
- cash flows projections beyond that timeframe are extrapolated over 5 years without any terminal value, by applying a growth rate of 2%;
- cash flows obtained are discounted using an appropriate rate for the type of business, i.e. 10.5%.

If the book values of the cash-generating unit exceed the recoverable value, the assets of the cash-generating unit shall be impaired to be brought back to their recoverable value. Depreciations are charged to the goodwill and posted in “Other non current operational income and expenses”.

Regarding the Movie theater operations, the Group applies a method in compliance with trade practices which consists in determining the fair value less cost to sale 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.

Depreciations relating to goodwill are irreversible.

The goodwill relating to equity affiliates is posted on the “Investments in equity affiliates” line.

2.12. Tangible and intangible assets

In accordance with IAS 16 “Tangible assets” and IAS 38 “Intangible assets”, the cost of an item is recognised as an asset if, and only if, it is probable that future economic benefits associated with the items will flow to the entity, and the cost can be measured reliably.

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

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

The impairment loss relating to intangible assets with definite useful life and tangible assets may be subsequently reversed if the net recoverable value becomes higher than the net book value again (within the limit of the initial depreciation).

The gains or losses from the disposal of an intangible or a tangible asset are determined by the difference between the proceed from the sale and the net book value of the asset sold and are posted in the item “Other non current operational income and expenses”.

2.12.1. Films and audiovisual rights

2.12.1.1. Movies and audiovisual rights

The gross value of movies and audiovisual rights, posted on the statement of financial position, corresponds to the following items:

- productions of films of which Gaumont is executive producer, meant to be exploited in France or abroad, by all audiovisual processes;
- French or foreign co-production shares;
- purchase of rights allowing exploitation of an audiovisual work;

and includes, as from the end of the shooting:

- the amounts invested less contributions by co-producers to the films, when Gaumont was involved in the production as executive producer;
- the purchase amount of intangible and tangible rights when Gaumont was not involved in the production of the work.

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

Amortization is calculated pursuant to the estimated revenue method (i.e., based on the ratio of the current period’s net proceeds to estimated total net proceeds from all sources on an individual production basis. Total net proceeds include, over a period of ten years of operation, the Group’s share of net proceeds in the year and estimated net proceeds. The Management examines the estimated net proceeds from time to time and adjusts them, if need be, taking the operating results of films, new contracts signed or planned and the audiovisual environment existing on the 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 amortization is posted to cover the shortfall in proceeds.

Likewise, a provision for depreciation may be posted for productions in progress if it happens that the budget initially provided for has been significantly overrun or if, for films exploited 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.

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

2.12.1.2. Cartoon series and audiovisual dramas

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

The book value taken into account to calculate the amortization is equal to the cost of production less repayable subsidies that are amortized respectively as from the first year and based on future repayments.

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

Amortization is calculated by applying the estimated revenue method.

At the account closing date, an impairment 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 amortization or a depreciation is recognized.

2.12.2. Preliminary costs

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

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

2.12.3. Production in progress

2.12.3.1. Movies

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

2.12.3.2. Cartoon series and audiovisual dramas

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

2.12.4. Other intangible assets

Other intangible assets include:

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

2.12.5. Tangible assets

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

The Group took the option upon transition to the IFRS to reassess at fair value land and buildings located in the heart of the Paris business district. These are:

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

Said revaluations were made based on independent appraisals.

IAS 16 provides in particular for:

- the depreciation of fixed assets over their estimated useful life;
- the accounting and depreciation of significant individual component of an asset.

The main periods of depreciations taken in account are the following:

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 assets	4 to 8 years

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

2.13. Investment in equity affiliates

The item "Investment in equity affiliates" represents the share of net assets (including the net income of the year), taking into account the goodwill, if any, allocated to the relevant companies.

Pursuant to IAS 28, this item also includes the goodwill relating to the companies accounted for using the equity method (see note 2.11).

In the event of loss in value, the depreciation is posted on the line "Share of net income of equity affiliates".

2.14. Other financial assets

This category includes:

- investments in non consolidated companies:

  They represent the Group's interests in a non consolidated company.

In accordance with IAS 39 "Financial instruments", 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 stock market price. If the fair value 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 indication of a loss in value of the financial assets (in particular significant or lasting decrease in the value of assets), a provision is offset in the income statement. This provision will be reversed in the income statement only when the securities are sold.

- receivables from non consolidated entities, other loans, deposits and bonds:

  Their carrying amount in the statement of financial position, assessed at amortized costs, includes the outstanding capital and the non amortized share of purchase costs. A provision for depreciation may be posted for them if there is objective indication of the loss in value. The depreciation corresponding to the difference between the net book value and the recoverable value is posted in income statement and is reversible if there has been a favorable change in the recoverable value.

2.15. Impairment of assets

Under IAS 36 "Impairment of assets", the book value of goodwill, intangible and tangible assets are tested as soon as there is indication of loss in value, and are reviewed at each closing. This test is carried out at least once a year for assets with undefinite life, a category limited for the Group to goodwill.

If there is indication of a loss in value, the Group estimates the recoverable value of the asset. If the book value of an asset exceeds its recoverable value, a depreciation is posted to bring the book value back to the recoverable value.

2.16. Inventories

DVD inventories are assessed at their lowest cost between the cost of the purchase of the inventory and the net realizable value.

A depreciation is posted when, at closing, the market value is less than the book value.

2.17. Accounts receivable and other receivables

Receivables are posted at their nominal value, less allowances for non recoverable amounts. An estimate of depreciation is done when it is no longer probable that the entirety of receivables can be collected. Receivables are posted as losses when they are identified as being irrecoverable.

2.18. Cash and cash equivalents

Cash and cash equivalents include cash at bank and investments that may be assigned or transferred on very short term, in view of Management's intentions, and do not entail significant risk of changes in value.

In accordance with IAS 39 "Financial instruments", said short term investments are assessed at their fair value. The changes in fair value are systematically posted in the income statement (in "Income from cash and cash equivalents").

2.19. Current provisions

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

2.20. Non current provisions

2.20.1. Provisions for post employment benefit

Provisions for post employment benefit relate to the Group's pension commitment to its employees.

This is limited to the pensions and other retirement benefits provided for under the collective agreements of the Group's companies. In accordance with IAS 19 "Employee Benefits", it is calculated, by independent actuaries, according to the Projected Unit Credit Method taking into account the following assumptions :

- rights under agreements in relation to the seniority acquired by the various categories of personnel;
- an estimated retirement date set at 63 for executives and supervisors and 61 for employees;
- the turnover rate;
- future salary and benefits levels that include a coefficient for employer social security contributions in force;
- an annual rate of increase of salaries;
- mortality based on statistical tables;
- discount rate reviewed at each closing, based on the long-term obligations of the private sector ("Euro zone AA rated corporate bonds + 10 years").

The expense of the year includes the current service cost and actuarial gains and losses recognized in the income statement and is posted in "Personnel costs".

The Company adopts the method whereby all actuarial gains and losses generated over the current period are systematically posted in the income statement.

2.20.2. Seniority bonuses

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 pension benefit described hereinabove.

2.21. Stock option plan

Stock options are granted to certain executive and employees of the Group which, at the time of their exercise, give rise to the issuance of new shares by increase of the capital. In accordance with the terms of IFRS 2 "Share-based payment", the fair value of granted 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 vesting period - with a direct impact on the equity.

In accordance with IFRS 1 "First-time adoption of International Financial Reporting Standards", 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 accounted for.

2.22. Deferred tax

In accordance with IAS 12 "Income tax", deferred taxes are posted for all timing differences between the book value of assets and liabilities and their tax values, using the liability method.

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

An allowance deferred tax assets is posted when it is unlikely that they will be used in the future.

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

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

With regard to the local business tax (*Contribution Economique Territoriale*) introduced by France's 2010 finance law and in particular one of its two components, namely the contributions based on the added value of companies (CVAE), the Group considers it to be an operating expense which does not come under the scope of IAS 12. Consequently no deferred tax liability has been posted.

2.23. 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 IAS 39 to be hedging instruments.

In consequence, the fair value of derivatives is shown on the statement of financial position 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 result.

2.24. Evaluation of financial liabilities

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

In accordance with IAS 32, when the Group has made an irrevocable and unconditional commitment to buy from a subsidiary's minority interests all of their shares (commitment to buy) and conversely, the subsidiary's minority interests have made a commitment to sell the Group all of their shares (commitment to sell), the commitments to buy back from minority interests (puts) are considered to be a debt. The Group posts a financial liability in consideration of the decrease in minority interests and, where applicable, on goodwill for the balance. The financial debt is discounted.

2.25. Soficas

The "producers' shares" of Soficas guaranteed by Gaumont are posted at their nominal value in compliance with IAS 20 under liabilities on the statement of financial position in the item "Other current debt". The pay back of the shares of proceeds that they are entitled to is directly charged to this item.

2.26. Structure of the consolidated statement of financial position

IAS 1 "Presentation of financial statements" requires providing different allocation for current and non current items of the statement of financial position.

The breakdown is as follows:

- 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.

2.27. Operating segments

On January 1, 2009 IFRS 8 "Operating Segments" supersedes IAS 14 "Segment Reporting". Segment information as defined by IFRS 8 shall be based on internal management information, in particular the information made available to the Group's highest management body. After identifying its operating segments and the corresponding figures made available to executive management, the Group presents segment information which meets the requirements of IFRS 8 and which is similar to the segment information presented in previous years. The assessment methods for figures by operating segment comply with the principles and methods used for preparing the consolidated financial statements.

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

- the production and distribution of movies, which includes the different stages of exploitation of a film: distribution in cinemas, on TV and on video both in France and internationally;
- the audiovisual production and distribution of films, cartoon series and dramas via its subsidiaries Alphanim and Léonis Productions which have different financing methods and production principles;
- the operation of movie theaters via its interest in EuroPalaces.

2.28. Revenues

2.28.1. Cinema production business (films)

The proceeds from movie operations films are posted as from entitlement to rights in accordance with the following criteria:

Cinemas France

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

Video France

Revenues generated by use of video rights are taken into account based on monthly sales.

At the closing of the year, a revenue accrual is posted for estimated returns and discounts granted to customers. Said accruals are charged against the revenues.

Video on demand France

Revenues from video on demand are stated on a monthly basis per view.

Television France

In accordance with IAS 18.14, the sales of broadcasting rights to French television channels are posted once the risks and economic benefits have been transferred, i.e. after sales contracts have been signed, on the date of acceptance of the broadcasting material and as from entitlement to rights, apart from pre-sales where the risks and economic benefits are transferred as from the first release of the work in cinemas, on condition that contracts have been signed and the broadcasting material has been accepted.

International

In accordance with IAS 18.14, proceeds related to the international sale of rights are posted once the risks and economic benefits have been transferred, i.e. after sales contracts have been signed, on the date of delivery of the material, 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, apart from pre-sales where the risks and economic benefits are transferred as from the first release of the work in cinemas, on condition that contracts have been signed and the broadcasting material has been accepted.

As long as all conditions of recognition described above have not been satisfied, the revenues are posted as prepaid income on the statement of financial position under the "Other debts" item.

2.28.2. Audiovisual production business (cartoon series and dramas)

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

Television France

In accordance with IAS 18.14, the sales of broadcasting rights to French television channels are posted once the risks and economic benefits have been transferred, i.e. after sales contracts have been signed, on the date of acceptance of the broadcasting material and as from entitlement to rights, apart from pre-sales where the risks and economic benefits are transferred as from the delivery and acceptance of the broadcasting material, regardless of the period of entitlement to rights.

International

In accordance with IAS 18.14, proceeds related to the international sale of rights are posted once the risks and economic benefits have been transferred, i.e. after sales contracts have been signed, on the date of delivery of the material, 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, apart from pre-sales where the risks and economic benefits are transferred as from the delivery and acceptance of the distribution material, regardless of the period of entitlement to rights.

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

Films generate financial support on account of their commercial distribution in cinemas, their broadcasting on television and their video distribution. The financial support for the 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 statement of financial position 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". The support fund for the audiovisual program industry (COSIP) follows the same rule. Financial support for the production of audiovisual works is posted at the same pace as proceeds from the series and dramas that generate the support.

2.30. 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, and from the date of delivery and acceptance of series and dramas by television broadcasters for audiovisual works.

2.31. Audiovisual and cinema tax credit

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

2.32. Operating income

The operating income includes the current operating income, the other non current operating income or expenses which include the results from the sales of assets and impairment losses of non current intangible (including goodwill) and tangible assets.

2.33. Cost of the net financial debt

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

2.34. Other interest income and expenses

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

2.35. Share of the net income of equity affiliates

The possible liabilities resulting from impairment tests on goodwill on equity affiliates are part of the net income shown on this line.

2.36. Net income per share

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

The net income 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 stock option granted on the closing date. In particular, for the stock option, the difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price must be treated as an issue of ordinary shares with a dilutive effect.

When the net income of the year is a loss, the number diluted by share is calculated on the number of shares at the closing, considering the accretive nature of the exercise of stock option.

3. Notes on the consolidated statement of financial position

3.1. Goodwill

		Movements of the period				
	12.31.09	+	-	Others [1]	12.31.08	12.31.07
Alphanim	15,794	-	-	-	15,794	14,876
Arkéion Films	241	-	-	-	241	241
Autrement Productions	53	-	-	-	53	-
Les Films du Dauphin	1,815	-	-	-	1,815	1,815
Léonis	822	-	-	822	-	-
LGM Participations	491	-	-	-	491	491
Gross value	**19,216**	**-**	**-**	**822**	**18,394**	**17,423**
Les Films du Dauphin	-1,271	-	-	-	-1,271	-1,271
Amortization	**-1,271**	**-**	**-**	**-**	**-1,271**	**-1,271**
Arkéion Films	-241	-241	-	-	-	-
Autrement Productions	-53	-53	-	-	-	-
Les Films du Dauphin	-544	-	-	-	-544	-544
Provisions	**-839**	**-294**	**-**	**-**	**-544**	**-544**
NET VALUE	**17,106**	**-294**	**-**	**822**	**16,579**	**15,608**

(1) Changes in scope.

As mentioned in note 1.2.1 Change in scope, the Gaumont company acquired 75% of the capital of Léonis Productions on January 6, 2009 and recognised an additional goodwill for the irrevocable buyback commitment made to minority interests.

At each closing, goodwills are subject to an impairment test (see note 2.11), whose sensitivity is analyzed. Consequently, if we increase the discounting rate by 1% without changing the growth rate, the recoverable values decrease by €3.7 million. However, a decrease of 1% in the discounting rate would lead to an increase of €5.3 million in recoverable values.

No impairment losses on goodwill was accounted for at December 31, 2009, apart from Arkéion Films and Autrement Productions which were entirely depreciated.

3.2. Films and audiovisual rights

	12.31.09	Movements of the period +	-	Others [1]	12.31.08	12.31.07
Films and cinema rights	1,481,078	41,377	-5,005	451	1,444,255	1,380,426
Films and television rights	9,171	105	-	-	9,066	7,651
Video games	1,525	-	-	-	1,525	1,525
Cartoon films and series	110,167	6,236	-	2,855	101,076	86,143
Television dramas	4,222	512	-	3,710	-	-
Television dramas in production	-	2,909	-	-2,909	-	-
Movies in production	192	192	-	-450	450	5,918
Cartoon films and series in production	7,257	7,149	-	-2,855	2,963	6,189
Gross value	**1,613,612**	**58,480**	**-5,005**	**802**	**1,559,335**	**1,487,852**
Films and cinema rights	-1,389,937	-45,176	5,005	-3	-1,349,763	-1,277,338
Films and television rights	-8,874	-586	-	-	-8,288	-7,346
Video games	-1,525	-	-	-	-1,525	-1,525
Television dramas	-4,222	-4,019	-	-203	-	-
Cartoon films and series	-104,626	-12,693	-	-	-91,933	-78,685
Amortization	**-1,509,184**	**-62,474**	**5,005**	**-206**	**-1,451,509**	**-1,364,894**
Films and cinema rights	-	-	816	-	-816	-2,000
Cartoon films and series	-	-	-	-	-	-66
Provisions	**-**	**-**	**816**	**-**	**-816**	**-2,066**
NET VALUE	**104,428**	**-3,994**	**816**	**596**	**107,010**	**120,892**

(1) Changes in scope and appropriation to fair value, transfers from item to item.

At December 31, 2009, the increase in the gross value of films and cinema rights is mainly attributable to investments in films released during the year 2009 and in films of which the filming has ended and which shall be released during 2010.

The movie production in progress on December 31, 2009 concerned the film *A bout portant*.

Cartoon films and series in production correspond to:

- series to be delivered in 2010: *Les blagues de Toto 2*, *La petite géante*, *Les Sauvenature*, *Galactik Football 3* and *Santa Junior* (feature film);
- and one to be delivered in 2011: *Spencer*.

The provision posted in 2008 for a movie released at the beginning of 2009 was entirely written back at December 31, 2009. An additional amortization was posted to cover the shortfall in proceeds from this film.

At December 31, 2009 there was no need to record additional depreciation, since estimated future proceeds are greater than production costs.

3.3. Other intangible assets

	12.31.09	Movements of the period +	-	Others [1]	12.31.08	12.31.07
Franchises, patents, licenses, brands, software	2,465	198	-39	150	2,156	2,072
Musical productions	2,819	-	-	-	2,819	2,736
Other intangible assets	480	-	-	-	480	480
Other intangible assets in progress	37	42	-	-150	145	43
Gross value	**5,800**	**240**	**-39**	**-**	**5,598**	**5,331**
Franchises, patents, licenses, brands, software	-2,023	-292	34	-	-1,765	-1,572
Musical productions	-2,668	-85	-	-	-2,583	-2,409
Other intangible assets	-401	-1	-	-	-400	-400
Amortization, provisions	**-5,092**	**-378**	**34**	**-**	**-4,748**	**-4,381**
NET VALUE	**708**	**-138**	**-5**	**-**	**850**	**950**

(1) Transfers from item to item.

3.4. Tangible assets

	12.31.09	Movements of the period +	-	Others (1)	12.31.08	12.31.07
Land	20,260	-	-29	-	20,289	20,289
Buildings and fittings	29,419	79	-456	-	29,796	30,598
Operating equipment	1,625	60	-69	-	1,634	1,521
Other tangible assets	5,677	174	-401	8	5,896	5,598
Tangible assets in progress	-	-	-	-	-	30
Gross value	**56,981**	**313**	**-955**	**8**	**57,615**	**58,036**
Land	-310	-	-	-	-310	-310
Buildings and fittings	-17,282	-1,008	287	-	-16,561	-16,819
Operating equipment	-1,421	-114	55	-	-1,362	-1,247
Other tangible assets	-4,646	-617	385	-3	-4,411	-3,934
Amortization, provisions	**-23,659**	**-1,739**	**727**	**-3**	**-22,644**	**-22,310**
NET VALUE	**33,322**	**-1,426**	**-228**	**5**	**34,971**	**35,726**

(1) Changes in scope, changes in foreign exchange currency.

3.5. Investments in equity affiliates

Company	% of interest	12.31.09	12.31.08	12.31.07
EuroPalaces SAS	34%	185,529	170,213	158,529
Lincoln Cinema Associates (USA)	32%	421	463	430
Gross value		**185,950**	**170,676**	**158,959**
Provisions		**-**	**-**	**-**
NET VALUE		**185,950**	**170,676**	**158,959**

The Recoverable value of EuroPalaces is based on a multiple of Ebitda restated for net debt.
This monitoring does not show any impairment at December 31, 2009.

3.5.1. Significant items

	EuroPalaces SAS	Lincoln Cinema Associates (USA)
% of interest at 12.31.09	34%	32%
Non current assets	275,248	431
Current assets	43,117	55
Total assets	**318,365**	**486**
Total equity	145,059	417
Non current liabilities	94,312	-
Current liabilities	78,994	69
Total liabilities	**318,365**	**486**
Revenues	185,417	1,489
Net income	17,009	466

3.5.2. Transactions

Transactions take place exclusively with Gaumont SA.

	12.31.09	12.31.08	12.31.07
Accounts receivable	202	316	1,007
Provisions for risks	-	-	94
Reversal on provisions for risks	-	-94	-
Other non current debts	1,302	1,422	1,542
Other debts	120	120	126
Revenues and other current income	2,399	3,336	2,297
Other current expenses	-	81	482

3.6. Other financial assets

	12.31.09	Movements of the period +	-	Others [1]	12.31.08	12.31.07
Non consolidated entities	15	-	-3	-	18	133
Loans	266	-	-40	-	306	348
Deposits and bonds	190	6	-50	10	224	217
Other financial assets	-	-	-	-	-	2,865
Gross value	**471**	**6**	**-93**	**10**	**548**	**3,563**
Non consolidated entities	-12	-	3	-	-15	-15
Provisions	**-12**	**-**	**3**	**-**	**-15**	**-15**
NET VALUE	**459**	**6**	**-90**	**10**	**533**	**3,548**

(1) Changes in scope.

Impairment tests on the non consolidated entities have not shown any unrealized losses.

3.6.1. Non consolidated entities

The non consolidated entities 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 liquidated.

3.7. Inventories

	12.31.09	Movements of the period +	-	12.31.08	12.31.07
Gross value	817	-	-52	869	-
Provisions	-655	-57	-	-598	-
NET VALUE	**162**	**-57**	**-52**	**271**	**-**

Following a change of video distributor, inventories of DVD and video media were posted in the Group's financial statements for the first time at December 31, 2008.

Their method of valuation is described in note 2.16.

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

	12.31.09	12.31.08	12.31.07
Accounts receivable	34,366	36,278	40,296
Current financial assets	3,234	1,233	1,651
Advances and down payments paid	641	539	788
Corporate receivables	45	31	15
Tax receivables	7,274	12,376	17,641
Current tax assets	2,770	2,420	2,969
Current accounts	8,904	9,100	8,999
Other receivables	12,760	9,365	8,202
Prepaid expenses	1,321	913	1,520
Gross value	**71,315**	**72,255**	**82,081**
Clients	-367	-355	-625
Current accounts	-8,904	-9,042	-8,999
Other receivables	-1,764	-1,509	-1,471
Provisions	**-11,035**	**-10,906**	**-11,095**
NET VALUE	**60,280**	**61,349**	**70,986**
Maturities:			
less than 1 year	69,773	70,639	81,204
from 1 to 5 years	1,542	1,616	877
over 5 years	-	-	-

3.8.1. Details of provisions

	12.31.09	Movements of the period +	-	12.31.08	12.31.07
Clients	-367	-18	6	-355	-625
Current accounts	-8,904	-51	189	-9,042	-8,999
Other receivables	-1,764	-465	210	-1,509	-1,471
PROVISIONS	**-11,035**	**-534**	**405**	**-10,906**	**11,095**

3.9. Cash and cash equivalents

	12.31.09	12.31.08	12.31.07
Bank accounts and other cash on hand	9,413	5,819	3,723
TOTAL	**9,413**	**5,819**	**3,723**

3.10. Equity

3.10.1. Share capital of the parent company

At December 31, 2009, the share capital of Gaumont SA consisted of 4,271,516 shares with a par value of €8, which have been fully paid up. No changes were recorded during the year 2009.

		Movements of the period			
	12.31.09	+	-	12.31.08	12.31.07
Number of shares	4,271,516	-	-	4,271,516	4,269,917
Par value	€8	-	-	€8	€8
CAPITAL IN EUROS	**34,172,128**	**-**	**-**	**34,172,128**	**34,159,336**

3.10.2. Dividend distribution

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

(in euros)	12.31.09	12.31.08	12.31.07
Dividends paid	1,281,455	1,280,975	4,247,801
Dividends per share	0.30	0.30	1.00

3.10.3. Stock options

Gaumont SA has set up eight stock options plans since December 1987 for some of its employees, in particular, its managing executives, except for the Chairman of the Supervisory Board who does not benefit from any plan.

No new stock plans were decided in 2009.

3.10.3.1. Record of the granting of stock options plans

The Combined Ordinary and Extraordinary General Meeting of Gaumont SA on April 10, 2009 had a dividend of €0.30 per share paid on April 17, 2009, 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.

	Allocations				Options		
	Initial		Adjusted				
Option plans	Price	Number	Price	Number	Canceled	Subscribed	Outstanding
Plan I (December 1987)	60.98	35,000	21.78	97,141	20,368	76,773	-
Plan II (adjusted) (December 1988)	91.47	5,804	32.62	16,889	13,163	3,726	-
Plan III (adjusted) (February 1993)	57.93	37,496	21.78	100,001	-	100,001	-
Plan IV (February 1995)	38.11	30,000	38.11	30,000	-	30,000	-
Plan V (adjusted) (February 1996)	50.31	104,000	49.67	105,350	38,494	58,853	8,004
Plan VI (adjusted) (March 1998)	64.03	168,000	63.21	170,226	79,044	72,936	18,246
Plan VII (adjusted) (April 2002)	48.00	165,000	47.39	167,233	103,915	38,220	25,098
Plan VIII (adjusted) (February 2005)	64.00	196,750	63.30	199,370	63,328	2,027	134,015
TOTAL		**742,050**		**886,210**	**318,312**	**382,536**	**185,363**
Capital at December 31, 2009 = 4,271,516 shares							
As a percentage of capital				**20.75%**	**7.45%**	**8.96%**	**4.34%**

3.10.3.2. Change in the number of options

					Options							
					12.31.09		Movements of the period				12.31.08	
Option plans	Allocation date	Starting date of exercise of options	Exercise deadline	Residual contractual lifespan	Currently valid	Including those that may be exercised	Adjusted	Allocated	Canceled	Subscribed	Currently valid	Including those that may be exercised
Plan I	12.3.1987	12.3.1987	12.2.2002	15 years	-	-	-	-	-	-	-	-
Plan II	12.23.1988	12.23.1988	12.22.2003	15 years	-	-	-	-	-	-	-	-
Plan III	2.18.1993	2.18.1998	2.17.1943	45 years	-	-	-	-	-	-	-	-
Plan IV	2.16.1995	2.16.2000	2.15.1945	45 years	-	-	-	-	-	-	-	-
Plan V	2.15.1996	2.15.2001	2.14.1946	45 years	8,004	8,004	88	-	-3,039	-	10,955	10,955
Plan VI	3.12.1998	3.12.2003	3.11.1948	45 years	18,246	18,246	176	-	-4,053	-	22,123	22,123
Plan VII	4.9.2002	4.9.2006	4.8.1946	40 years	25,098	25,098	230	-	-12,852	-	37,720	37,720
Plan VIII	2.28.2005	2.28.2009	2.27.1949	40 years	134,015	134,015	1,136	-	-45,816	-	178,695	-
TOTAL					**185,363**	**185,363**	**1,630**	**-**	**-65,760**	**-**	**249,493**	**70,798**

					Options							
					12.31.08		Movements of the period				12.31.07	
Option plans	Allocation date	Starting date of exercise of options	Exercise deadline	Residual contractual lifespan	Currently valid	Including those that may be exercised	Adjusted	Allocated	Canceled	Subscribed	Currently valid	Including those that may be exercised
Plan I	12.3.1987	12.3.1987	12.2.2002	15 years	-	-	-	-	-	-	-	-
Plan II	12.23.1988	12.23.1988	12.22.2003	15 years	-	-	-	-	-	-	-	-
Plan III	2.18.1993	2.18.1998	2.17.1943	45 years	-	-	-	-	-	-	-	-
Plan IV	2.16.1995	2.16.2000	2.15.1945	45 years	-	-	-	-	-	-	-	-
Plan V	2.15.1996	2.15.2001	2.14.1946	45 years	10,955	10,955	55	-	-1,000	-	11,900	11,900
Plan VI	3.12.1998	3.12.2003	3.11.1948	45 years	22,123	22,123	123	-	-1,000	-	23,000	23,000
Plan VII	4.9.2002	4.9.2006	4.8.1946	40 years	37,720	37,720	219	-	-	-1,599	39,100	39,100
Plan VIII	2.28.2005	2.28.2009	2.27.1949	40 years	178,695	-	954	-	-3,009	-	180,750	-
TOTAL					**249,493**	**70,798**	**1,351**	**-**	**-5,009**	**-1,599**	**254,750**	**74,000**

3.10.3.3. Impact of stock option plans on the net income

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

Option plans	Allocation date	Lock-up period	Total fair value	Personnel costs 2009	2008	2007
Plan VIII	2.28.05	4 years	3,095	-546	947	895

At December 31, 2009, the maximum expense for the fair value of options was €3.095 million. Said expense was amortized over the vesting period, i.e. four years, which ended on February 28, 2009. It was 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 plans	Model used	Benchmark price	Exercise price	Expected volatility	Average maturity	Riskless rate	Distribution rate	Unit fair value
Plan VIII	Black & Scholes	64	63.3	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. Due to the irrevocable commitment to buy shares from minority interests, minority interests in Léonis Productions were restated in financial debts apart from the 2009 net income which was entirely assigned to the Group net income.

3.11. Current and non current provisions

	12.31.09	Movements of the period +	- (1)	- (2)	Other (3)	12.31.08	12.31.07
Provision for pensions and similar commitments [4]	2,046	270	-	-13	-	1,789	1,781
Non current provisions	**2,046**	**270**	**-**	**-13**	**-**	**1,789**	**1,781**
Provision for disputes [5]	753	798	-60	-400	-	415	506
Provision for risks on equity affiliates [6]	-	-	-	-	-	-	94
Other provisions for risks [7]	1,060	250	-71	-202	-	1,083	2,105
Other provisions for expenses [8]	550	619	-724	-2	-	657	410
Current provisions	**2,363**	**1,667**	**-855**	**-604**	**-**	**2,155**	**3,115**
TOTAL	**4,409**	**1,937**	**-855**	**-617**	**-**	**3,944**	**4,896**
Impact on the current operating income		1,937	-855	-617	-		
Impact on the non current operating income		-	-	-	-		
Impact on the equity affiliates item		-	-	-	-		

(1) Reversals used: which are totally offset in the expense account.
(2) Reversals for the surplus part of provisions.
(3) Change in scope.
(4) See breakdown in note 3.11.1.
(5) The provisions for disputes relate to legal disputes.
(6) Provisions for risks are posted, if necessary, for affiliates consolidated by equity method whose net position is negative.
(7) The other provisions relate to the following risks:

• *Risks related to films*	*548*
• *Risks with personnel*	*462*
• *Other*	*50*
Total	*1,060*

(8) The other provisions for expenses cover costs related to:

• *buildings*	*200*
• *personnel*	*350*
	550

3.11.1. Provision for pensions and similar commitments

	12.31.09	12.31.08	12.31.07
Pensions [1]	1,937	1,627	1,627
Seniority bonus	109	162	154
TOTAL	**2,046**	**1,789**	**1,781**

(1) The Group adopts the method whereby all actuarial gains and losses generated over the current period are systematically posted in the income statement.

3.11.1.1. Change in the value of the obligation

	12.31.09			12.31.08			12.31.07		
	Pensions	Seniority bonus	Total	Pensions	Seniority bonus	Total	Pensions	Seniority bonus	Total
Benefit obligation at the beginning of the year	1,627	162	1,789	1,627	154	1,781	1,398	138	1,536
Service cost	124	7	131	123	11	134	88	10	98
Effect of the discounting	95	5	100	81	8	89	58	6	64
Benefits paid	-5	-2	-7	-65	-1	-66	-62	-5	-67
Actuarial (gains)/losses	97	-64	33	-139	-10	-149	-34	3	-31
Changes in scope	-	-	-	-	-	-	139	-	139
First provision	-	-	-	-	-	-	40	2	42
BENEFIT OBLIGATION AT THE END OF THE YEAR	**1,938**	**108**	**2,046**	**1,627**	**162**	**1,789**	**1,627**	**154**	**1,781**

3.11.1.2. Components of the expense

	12.31.09			12.31.08			12.31.07		
	Pensions	Seniority bonus	Total	Pensions	Seniority bonus	Total	Pensions	Seniority bonus	Total
Service cost	124	7	131	123	11	134	88	10	98
Effect of the discounting	95	5	100	81	8	89	58	6	64
Yield expected from assets over the period	-	-	-	-	-	-	-	-	-
Depreciation of actuarial gains/(losses)	97	-64	33	-139	-10	-149	-34	3	-31
NET IMPACT ON THE INCOME STATEMENT	**316**	**-52**	**264**	**65**	**9**	**74**	**112**	**19**	**131**

3.11.1.3. Main actuarial assumptions

	Retirement compensations			Seniority bonus		
	12.31.09	12.31.08	12.31.07	12.31.09	12.31.08	12.31.07
Discount rate	5.00%	4.59%	5.07%	5.00%	4.59%	5.07%
Yield rate expected from assets	-	-	-	-	-	-
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Average expected increase in salaries	2.00%	4.00%	4.00%	2.00%	4.00%	4.00%

3.12. Financial debts

		Movements of the period				
	12.31.09	+	-	Other [1]	12.31.08	12.31.07
Credit line	91,280	92,082	-84,141	296	83,043	88,079
Including accrued interest to be paid	*82*	*82*	*-141*	-	*141*	*79*
Loan on acquisition of Alphanim	14,804	12	-5,023	70	19,745	24,694
Including accrued interest to be paid	*12*	*12*	*-23*	-	*23*	*42*
Production loan for cartoon series	1,531	3,835	-4,240	-	1,935	2,046
Other loans	394	133	-155	416	-	672
Advances repayable on distribution proceeds	1,765	152	-49	-86	1,748	1,510
Deposits received	138	90	-	10	38	38
Bank overdraft	377	-	-4,315	179	4,513	6,417
TOTAL	**110,289**	**96,304**	**-97,923**	**885**	**111,023**	**123,456**
Maturities:						
- less than 1 year	100,427	-	-	-	96,045	103,734
- from 1 to 5 years	9,862	-	-	-	14,978	19,722
- over 5 years	-	-	-	-	-	-

(1) Changes in scope and other movements.

3.12.1. Loan on acquisition of Alphanim

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

Said loan is repayable in ten half yearly installments of €2.5 million as from June 21, 2008 up to December, 21, 2012.

At December 31, 2009, an interest rate derivative instruments (swap) was established to cover an amount of €4.164 million.

Actual interest rate

At December 31, 2009, the actual interest rate of said loan stood at 2.38% before hedging instruments were taken into account, compared with 4.68% at December 31, 2008, and at 3.25% after hedging instruments were taken into account, compared with 4.98% at December 31, 2008.

Average interest rate

In 2009, the average interest rate of said loan stood at 2.90% before hedging instruments were taken into account and 3.74% 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, consisting of BNP Paribas, Natixis, West LB and Neuflize OBC Entreprise, for a maximum amount of €125 million, expiring on September 15, 2012. It is earmarked, firstly, to re-finance the revolving loan of a maximum amount of €100 million contracted on December 20, 2005 and that expired on September 15, 2008 and, secondly, to finance its general requirements and those of its subsidiaries relating to their audiovisual operation and production business.

At December 31, 2009, €92 million had been used (€84 million at 12.31.08, €88 million at 12.31.07) under the credit line which is subject to a rate hedging instruments covering €40 million (€50 million at 12.31.08, €50 million at 12.31.07).

At December 31, 2009, Gaumont had a confirmed drawing right of €33 million.

The total amount of drawing rights on the credit line of €125 million is presented at less than one year considering the short-term drawing methods, even if the revolving loan expires on September 15, 2012.

Actual interest rate

At December 31, 2009, the actual interest rate of the outstanding amount used stood at 1.70% before hedging instruments were taken into account (12.31.08: 3.95%, 12.31.07: 5.30%) and at 2.57% after hedging instruments were taken into account (12.31.08: 4.22%, 12.31.07: 5.12%).

Average interest rate

In 2009, the average interest rate of said loan stood at 1.92% before hedging instruments were taken into account (12.31.08: 5.23%, 12.31.07: 4.91%), and 2.74% after hedging instruments were taken into account (12.31.08: 5.25%, 12.31.07: 4.86%).

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

These include €1.531 million of assignments under the Dailly law for an authorized total amount of €6 million to finance the production of cartoon films and series.

Actual interest rate

The actual interest rate of the debt stood at 2.45% at December 31, 2009 (12.31.08: 5.16%).

Average interest rate

In 2009, the average interest rate of the debt stood at 2.97% (12.31.08: 6.10%).

3.13. Other liabilities

	12.31.09	12.31.08	12.31.07
Taxes	-	-	-
Current accounts	1,302	1,554	1,542
Debts on acquisitions	260	100	190
Other debts	-	-	-
Total other non current liabilities	**1,562**	**1,654**	**1,732**
Accounts payables	7,223	9,640	13,724
Debts on fixed assets (films)	9,769	7,963	9,186
Advances and down payments received	176	302	103
Payroll debts	4,470	3,171	2,971
Taxes	1,413	2,318	2,137
Other current tax liabilities	-	53	-
Current accounts	120	-	121
Debts on acquisitions	35	90	90
Debts on other fixed assets	50	-	-
Other debts	31,284	28,607	30,115
Derivatives	594	871	127
Prepaid income	21,402	17,593	13,082
Total other current liabilities	**76,536**	**70,608**	**71,656**
TOTAL	**78,098**	**72,262**	**73,388**
Maturities:			
- less than 1 year	76,536	70,740	71,656
- from 1 to 5 years	742	582	671
- over 5 years	820	940	1,061

3.14. Derivatives

	12.31.09		12.31.08		12.31.07	
Hedging	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate	-	594	-	871	-	54
Currency rate	-	-	-	-	-	73
TOTAL	**-**	**594**	**-**	**871**	**-**	**127**

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

They are not deemed to be hedging instruments under IAS 39. As a result, the fair value of these derivatives is shown on the statement of financial position 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 income statement.

	12.31.09	Impact on net income	12.31.08
Derivatives assets	-	-	-
Derivatives liabilities	-594	277	-871
TOTAL	**-594**	**277**	**-871**

4. Notes on the consolidated income statement

4.1. Revenues

	12.31.09	12.31.08	12.31.07
France	77,010	83,210	59,102
Export	16,656	21,853	13,789
TOTAL	**93,666**	**105,063**	**72,891**

4.2. Personnel costs

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

	12.31.09	12.31.08	12.31.07
Salaries	-15,685	-14,207	-9,276
Social contributions	-6,618	-6,450	-3,608
Pensions and similar commitments	-257	-8	-63
Share based payments expense	546	-947	-895
TOTAL	**-22,014**	**-21,612**	**-13,842**

4.3. Other current operating income and expenses

	12.31.09	12.31.08	12.31.07
Costs of films	-	122	104
Centre National de la Cinématographie financial support	8,375	4,963	4,316
Subsidies	1,458	1,067	1,707
Cinema tax credit	2,484	1,243	1,622
Recharging of overheads to films	2,316	2,263	1,793
Other income	16,586	12,708	4,232
Transfer of charges	1,328	5,067	2,123
Currency variance gains from operating activities	112	72	13
Income	**32,659**	**27,505**	**15,910**
Purchase of rights and guaranteed minima	-4,501	-5,964	-4,075
Purchases of materials and supplies (1)	-10,739	-11,750	-16,862
Subcontracting	-4,432	-6,447	-1,636
Rentals and rental expenses	-1,467	-1,598	-1,086
Maintenance and repairs	-1,282	-1,958	-1,561
Insurance premiums	-170	-161	-115
Other purchases of studies and services	-4,908	-3,542	-3,613
Outside personnel	-366	-422	-368
Fees	-5,442	-5,399	-4,877
Advertising, publications and public relations	-1,307	-1,654	-589
Transport	-295	-370	-588
Travels, and expenses	-1,473	-2,145	-1,912
Postal costs and telecommunication costs	-365	-399	-258
Bank services	-259	-1,418	-594
Other external expenses	-142	-141	-1,098
Taxes and similar payments	-2,080	-2,445	-1,463
Other expenses	-9,107	-485	-6,927
Currency variance losses from operating activities	-452	-174	-221
Expenses	**-48,787**	**-46,472**	**-47,843**
TOTAL	**-16,128**	**-18,967**	**-31,933**

(1) At December 31, 2007, the production costs of DVDs (€1.736 million) posted in the item "Other current operating income and expenses" were restated in the line "Purchases" in order to ensure their comparability.

4.4. Depreciation, amortization and provisions

	12.31.09	12.31.08	12.31.07
Intangible assets			
- Reversals on depreciation	816	2,066	5,882
- Allowance for amortization	-56,749	-68,459	-52,325
- Allowance for depreciation	-361	-816	-2,489
Subtotal	**-56,294**	**-67,209**	**-48,932**
Tangible assets			
- Reversals on depreciation	-	-	-
- Allowance for amortization	-1,564	-1,704	-1,356
- Allowance for depreciation	-174		
Subtotal	**-1,738**	**-1,704**	**-1,356**
Current assets			
- Reversals on depreciation	216	387	1,263
- Allowance for depreciation	-540	-796	-125
Subtotal	**-324**	**-409**	**1,138**
Risks and charges			
- Reversals on depreciation	1,458	2,058	1,464
- Allowance for depreciation	-1,668	-1,201	-620
Subtotal	**-210**	**857**	**844**
TOTAL	**-58,566**	**-68,465**	**-48,306**

The allowances for amortization of intangible assets in the income statement are reprocessed to take into account allowances for amortization of fees paid to co-producers. These are posted in assets but do not correspond to investments (12.31.09: €6.037 million 12.31.08: €5.046 million 12.31.07: €7.745 million).

4.5. Other non current operating income and expenses

	12.31.09	12.31.08	12.31.07
Income from sale of intangible and tangible assets	1,200	288	881
Book value of intangible and tangible assets sold	-232	-41	-721
Miscellaneous expenses	-	-	-48
Reversals on depreciation/provisions for risks and expenses	-	-	35
Allowances for depreciation/provisions for risks and charges	-	-	-400
TOTAL	**968**	**247**	**-253**

4.6. Other interest income and expenses

	12.31.09	12.31.08	12.31.07
Income from holdings	1	-	1
Interest expenses activated	1,172	3,238	4,240
Other interest and similar income	-	96	-
Income from sale of financial assets	-	-	43
Reversals on provisions	192	-	50
Foreign exchange gains	59	201	5
Unrealized gains related to changes in fair value	277	-	-
Income	**1,701**	**3,535**	**4,339**
Expenses of holdings	-	-	-49
Interest and similar expenses	-	-	-13
Book value of financial assets sold	-3	-125	-18
Provision allowance	-51	-	-12
Foreign exchange losses	-129	-91	-159
Unrealized losses related to fair value changes	-	-744	-181
Other interest expenses	-193	-	-
Expenses	**-376**	**-960**	**-432**
TOTAL	**1,325**	**2,575**	**3,907**

The capitalized interest expenses depend on productions of the year.

4.7. Share of the net income of equity affiliates

Company	Last % of interest	12.31.09	12.31.08	12.31.07
EuroPalaces SAS	34%	17,009	11,683	11,905
Gaumont Columbia TriStar Films EIG (1)	50%	-	13	-97
Lincoln Cinema Associates (USA)	32%	466	431	392
		17,475	**12,127**	**12,200**

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

4.8. Taxes

4.8.1. Breakdown of the tax expense or income

Breakdown of taxes	12.31.09	12.31.08	12.31.07
Current taxes	-86	-327	-329
Deferred taxes	497	701	2,230
TOTAL TAX INCOME	**411**	**374**	**1,901**

4.8.2. Current taxes

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

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

On January 1, 2009, Editions La Marguerite joined the tax consolidation scope, which included at December 31, 2009, in addition to this new subsidiary, Gaumont SA, "Group head", Gaumont International SARL, Les Films du Dauphin SARL, Prestations et Services SARL, Alphanim SA, Alphanim Digital SAS, Alphanim Musique SARL, Arkéion Films SAS and Gaumont Musiques SAS.

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

	12.31.09	12.31.08	12.31.07
Standard tax rate	33.33%	33.33%	33.33%
Reduced rate	-	-	-

4.8.3.2. Deferred tax posted in the statement of financial position

	12.31.09	Change	Other changes (1)	12.31.08	12.31.07
Deferred tax assets	3,294	374	34	2,886	2,768
Deferred tax liabilities	-3,112	123	-	-3,235	-2,961
Including long term capital gain on EuroPalaces shares	*-1,062*	-	-	*-1,062*	*-1,062*
TOTAL NET DEFERRED TAX	**182**	**497**	**34**	**-349**	**-193**

(1) Changes in scope.

4.8.3.3. Origin of the deferred taxes

	12.31.09	Change	Other changes (1)	12.31.08	12.31.07
Tax losses	25,200	2,406	200	22,594	18,396
Fair value of films	-2,543	916	-166	-3,293	-3,413
Fair value of land and buildings	-7,604	70	-	-7,674	-7,737
Accelerated amortization on films	-14,489	-2,991	-	-11,498	-6,688
Long term capital gains on EuroPalaces shares	-1,062	-	-	-1,062	-1,062
Other temporary differences	680	96	-	584	311
NET DEFERRED TAXES	**182**	**497**	**34**	**-349**	**-193**

(1) Changes in scope

At December 31, 2009, the losses of the Gaumont tax consolidation scope that could be carried over without limitation in time and against which there is a probability of charging future profits stood at €107.667 million (12.31.08: €91.024 million 12.31.07: €63.984 million). They have been recognized to the extent of €72.047 million (12.31.08: €63.252 million 12.31.07: €50.741 million) so as to limit the net deferred tax assets of companies within the scope of the tax consolidation to the amount of their net deferred tax liabilities, i.e. €2.830 million (12.31.08: €3.235 million 12.31.07: €2.761 million).

At December 31, 2009, the losses of Arkéion Films, Alphanim and Editions La Marguerite that could be carried over have been activated respectively for €192,000, €2.883 million and €106,000 (12.31.08: €192,000, €5.008 million and €106,000, 12.31.07: €214,000, €4.232 million, €0).

At December 31, 2009, the net deferred tax assets of companies not within the scope of the tax consolidation stood at €185,000 (compared to €186,000 of net deferred tax assets at 12.31.08 and €193,000 of net deferred tax assets at 12.31.07).

4.8.4. Tax proof

Tax proof	12.31.09	12.31.08	12.31.07
Net income of companies before tax	10,407	1,917	-8,802
Applicable current tax rate to the parent company	33.33%	33.33%	33.33%
Theoretical tax	**-3,469**	**-639**	**2,934**
Effect of tax rate differentials at reduced rates	-	-	4
Share of net income of equity affiliates	5,670	3,899	3,936
Effect of permanent and temporary differences	-2,589	-3,693	-5,502
Effect of tax rate differentials between France and abroad	-29	-29	-46
Effect of the tax consolidation	-	-	34
Cinema tax credit (1)	828	836	541
EFFECTIVE TAX INCOME (EXPENSE)	**411**	**374**	**1,901**
Actual tax rate	-	-	-

(1) The cinema 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".

4.8.5. Income tax on components of other comprehensive income

	12.31.09			12.31.08		
Other comprehensive income items	Gross amount	Effect of tax	Net amount	Gross amount	Effect of tax	Net amount
Translation adjustments	**-84**	**0**	**-84**	**127**	**0**	**127**
Assets available for sale						
- Movements of the period posted in equity	-	-	-	-	-	-
- Adjustment of restatements relating to amounts included in the income statement	-	-	-	-	-	-
Cash flow hedge						
- Movements of the period posted in equity	-	-	-	-	-	-
- Adjustment of restatements relating to amounts included in the income statement	-	-	-	-	-	-
Revaluation of assets	**-**	**-**	**-**	**-**	**-**	**-**
Actuarial gains and losses	**-**	**-**	**-**	**-**	**-**	**-**
Share in other comprehensive income items of equity affiliates	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**-84**	**0**	**-84**	**127**	**0**	**127**

4.9. Net income per share

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

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

	12.31.09	12.31.08	12.31.07
Number of shares on January 1	4,271,516	4,269,917	4,247,801
Capital increases relating to the exercise of subscription options *(pro rata temporis)*	-	917	15,848
Average number of ordinary shares	4,271,516	4,270,834	4,263,649

The effect of the dilutive effect of the exercise of stock options on the number of shares is as follows:

	12.31.09	12.31.08	12.31.07
Average number of ordinary shares	4,271,516	4,270,834	4,263,649
Number of stock options with a dilutive effect	-	211,023	216,070
Average potential number of ordinary shares	4,271,516	4,481,857	4,479,719

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

5. Notes on the cash flow statement

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

	12.31.09	12.31.08	12.31.07
Intangible assets			
- Reversals on depreciation	816	2,066	5,882
- Allowance for amortization	-56,749	-68,472	-52,325
- Allowance for depreciation	-67	-816	-2,489
Subtotal	**-56,000**	**-67,222**	**-48,932**
Tangible assets			
- Reversals on depreciation	-	-	
- Allowance for amortization	-1,564	-1,704	-1,356
- Allowance for depreciation	-174		
Subtotal	**-1,738**	**-1,704**	**-1,356**
Financial assets			
- Reversals on depreciation	3	-	50
- Allowance for depreciation	-	-	-13
Subtotal	**3**	**-**	**37**
Risks and expenses			
- Reversals on depreciation	1,458	2,057	1,499
- Allowance for depreciation	-1,668	-1,191	-1,020
Subtotal	**-210**	**866**	**479**
TOTAL	**-57,945**	**-68,060**	**-49,772**

The allowances for amortization of intangible assets in the cash flow statement are reprocessed to take into account allowances for amortization of fees paid to co-producers. These are posted in assets but do not correspond to investments (12.31.09: €6.037 million 12.31.08: €5.046 million 12.31.07: €7.745 million).

5.2. Dividends received from equity affiliates

Company	Last % of interest	12.31.09	12.31.08	12.31.07
EuroPalaces	34%	1,693	-	-
Gaumont Columbia TriStar Films EIG (1)	50%	-	-81	-18
Lincoln Cinema Associates (USA)	32%	492	423	440
TOTAL		**2,185**	**342**	**422**

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

5.3. Change in net working capital requirement related to the business

	12.31.09	12.31.08	12.31.07
Change in operating assets	1,280	9,547	10,631
Change in operating liabilities	3,868	-348	-8,853
Current tax expense	-87	-326	-329
Taxes paid	198	427	722
Pensions and similar commitments expenses	257	8	63
TOTAL	**5,516**	**9,308**	**2,234**

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 disbursable).

	12.31.09	Change in working capital requirement	Other changes (1)	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
Inventories	162	-108	-	270	270	-	-	-	-	-
Accounts receivable	33,999	-1,973	50	35,922	-3,847	98	39,671	-6,918	5,419	41,170
Current financial assets	3,234	2,001	-	1,233	-418	-	1,651	-2,239	1	3,889
Advances and down payments paid	641	99	3	539	-249	-	788	-205	4	989
Corporate receivables	45	14	-	31	16	-	15	-5	-	20
Tax receivables	7,274	-5,136	34	12,376	-5,298	33	17,641	834	529	16,278
Current tax assets	2,770	350	-	2,420	-549	-	2,969	-352	1,035	2,286
Current accounts	-	-59	-	59	59	-	-	-16	-	16
Other receivables	10,996	3,125	15	7,856	1,077	48	6,731	-1,686	1,575	6,842
Prepaid expenses	1,321	407	1	913	-607	-	1,520	-44	101	1,463
ASSETS THAT CONSTITUTE THE WORKING CAPITAL REQUIREMENT	**60,442**	**-1,280**	**103**	**61,619**	**-9,547**	**180**	**70,986**	**-10,631**	**8,664**	**72,953**

(1) Changes in scope, changes in foreign exchange.

A decrease in receivables is reflected in the cash position by a collection. As a result, the negative change above is analyzed as an entry of resources in the cash flow statement.

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

5.3.2. Change in operating liabilities

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

	12.31.09	Change in working capital requirement	Other changes (1)	12.31.08	Change in working capital requirement	Other changes (1)	12.31.07	Change in working capital requirement	Other changes (1)	12.31.06
Accounts payable	7,223	-2,496	79	9,640	-4,292	208	13,724	-4,181	2,474	15,431
Advances and down payments received	176	-126	1	301	198	-	103	-59	6	156
Payroll debts	4,470	1,227	71	3,172	168	33	2,971	-2,543	721	4,793
Tax debts	1,413	-912	7	2,318	171	10	2,137	389	398	1,350
Current tax liabilities	-	-53	-	53	53	-	-	-111	-	111
Current accounts	1,422	-222	90	1,554	-109	-	1,663	-981	-2,293	4,937
Other debts	31,284	2,793	-116	28,607	-1,042	-466	30,115	-3,594	1,469	32,240
Prepaid income	21,402	3,657	152	17,593	4,505	6	13,082	2,227	4,582	6,273
LIABILITIES THAT CONSTITUTE THE WORKING CAPITAL REQUIREMENT	**67,390**	**3,868**	**284**	**63,238**	**-348**	**-209**	**63,795**	**-8,853**	**7,357**	**65,291**

(1) Changes in scope, changes in foreign exchange.

5.4. Breakdown of acquisition of fixed assets (excluding consolidated securities)

	Reference	12.31.09	12.31.08	12.31.07
Acquisition of intangible assets	Notes 3.2 and 3.3	52,683	50,638	72,982
Acquisition of tangible assets	Note 3.4	313	971	2,454
Acquisition of financial assets	Note 3.6	6	214	3,002
TOTAL		**53,002**	**51,823**	**78,438**

Acquisition of intangible assets in the cash flow statement are reprocessed to take into account fees paid to co-producers. These are posted in assets but do not correspond to investments (12.31.09: €6.037 million 12.31.08: €5.046 million 12.3120.07: €7.745 million).

5.5. Change in debts on fixed assets

	12.31.09	Changes in scope	Change	12.31.08	Change	12.31.07	Change	Changes in scope	12.31.06
Debts on fixed assets	9,819	-	1,856	7,963	-943	8,906	-1,632	621	10,197
Debts on acquisition of Léonis	195	195	-	-	-	-	-	-	-
Debts on acquisition of Arkéion Films	100	-	-90	190	-90	280	280	-	-
TOTAL	**10,114**	**195**	**1,766**	**8,153**	**-1,033**	**9,186**	**-1,352**	**621**	**10,197**

5.6. Impact of changes in scope

	12.31.09	12.31.08			12.31.07			
	Léonis Productions	Total	Editions La Marguerite	Autrement Productions	Total	Alphanim	Arkéion Films	LGM Participations
Price paid	585	3,281	416	2,865	29,463	25,075	907	3,481
Advance paid in 2007	-	-2,865	-	-2,865	-200	-	-	-200
Cash acquired	162	-40	-	-40	-396	-91	-146	-159
TOTAL	**747**	**-376**	**416**	**-40**	**28,867**	**24,984**	**761**	**3,122**

6. Other information

6.1. Average workforce broken down per category

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

	12.31.09	12.31.08	12.31.07
Managers	89	88	67
Supervisors	37	42	39
Employees	43	40	31
TOTAL WORKFORCE	**169**	**170**	**137**

6.2. Salaries of corporate officers

The main executives as defined by IAS 24 include 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:

(in thousands of euros)	12.31.09	12.31.08	12.31.07
Total gross compensation (1)	2,211	1,437	1,777
Benefits subsequent to employment (2)	6	8	17
Departure or end of contract compensation	-	-	-
Other long term benefits	-	-	-
Share-based payments (3)	52	320	451

(1) Salaries, bonuses, compensations, attendance fee and benefits in kind, payable for the year.
(2) Costs of services provided over the period.
(3) Expense posted in the income statement for Gaumont stock option plans.

No compensation and no attendance fees, other than those mentioned above, were paid to corporate officers by the 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. Unrecognized commitments related to the ordinary business

	12.31.09	12.31.08	12.31.07
Commitments given	**110,646**	**120,479**	**104,563**
Pledges, mortgages of assets	90,013	90,013	24,000
Assignments of receivables as security for loans	-	-	32,546
Guarantees	28	22	918
Other commitments given:			
- Contracts to research and design film projects	2,170	1,597	150
- Production of films and project development	18,435	28,147	46,949
- Purchase of Léonis Productions current account shares	-	700	-
Commitments received	**52,467**	**81,880**	**61,763**
Unused credit line	33,000	41,000	12,000
Other commitments received:			
- Purchases of rights and financing of films and series	18,557	40,880	49,763
- Bills of exchange received as security for accounts receivable	910	-	-

At December 31, 2009, Gaumont had a confirmed credit line of €125 million, of which €92 million has been used.

At December 31, 2009, Gaumont and its subsidiaries committed €18.435 million 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 €18.557 million.

6.3.1.1. Pledging of assets

On December 21, 2007, to finance the purchases of all shares in the share capital of Alphanim and the incidental costs, Gaumont signed a redeemable loan agreement with Natixis and BNP Paribas for a principal amount of €25 million, which is repayable in ten half yearly installments of €2.5 million, from June 21, 2008 and up to December 21, 2012.

As a security, Gaumont signed an agreement pledging a financial instruments account relating to all shares in Alphanim's capital (less six shares 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, consisting of BNP Paribas, Natixis, West LB and Neuflize OBC Entreprise, for a maximum amount of €125 million, expiring on September 15, 2012. It is earmarked, firstly, to re-finance the revolving loan of a maximum amount of €100 million 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 audiovisual operation and production business.

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

Type of pledges/mortgages	Maturity of the pledge	12.31.09	12.31.08	12.31.07
On intangible assets		-	-	-
On tangible assets		-	-	-
On financial assets	2012	90,013	90,013	24,000
TOTAL		**90,013**	**90,013**	**24,000**
Gaumont SA balance sheet total		**256,543**	**249,468**	**275,362**
Relevant percentage		**35.10%**	**6.10%**	**8.72%**

6.3.1.2. Mortgage promise

The redeemable loan agreement of €25 million 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 amount of €11 million 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 liability guarantees granted by the assignors of shares of the companies:

- Arkéion Films, on July 6, 2007 for an amount of €907,000, which shall expire on January 30, 2011;
- Productions de la Guéville, whose name was changed to Autrement Productions, and absorbed in 2008, for an amount of €1.75 million, which shall expire on January 15, 2011, brought down to €1.5 million as of January 1, 2010. This commitment includes a first demand guarantee from Fortis Banque France within the limit of an amount of €573,000 which was brought down to €287,000 on January 1, 2010 and up to January 15, 2011.
- Léonis Productions, on January 6, 2009 for an amount of €210,000, which shall expire on January 6, 2012.

6.3.2. Complex commitments

Gaumont Group had not entered into any complex commitment at December 31, 2009.

6.3.3. Other contractual obligations

Contractual obligations	Total	Payments owed per period: less than 1 year	from 1 to 5 years	over 5 years
Long term debts [1]	1,562	-	742	820
Operating lease contracts [2]	4,956	802	2,807	1,347
TOTAL	**6,518**	**802**	**3,549**	**2,167**

(1) Said debts are posted under liabilities on the statement of financial position.
(2) Minimum future payments for operating lease 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 cumulated 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 integrated into the Group's training plan. As a result, no provision has been posted in this respect at December 31, 2009.

The number of hours accumulated but not used at December 31, 2009 totaled 12,008 hours, which corresponds to an average use rate of rights of 12.21% over the last four years.

6.4. Risks

6.4.1. Liquidity risk

On December 21, 2007, to finance the purchase of all shares in the share capital of Alphanim and the incidental costs, Gaumont signed a redeemable loan agreement with Natixis and BNP Paribas for a principal amount of €25 million, which is repayable in ten half yearly installments of €2.5 million, 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, consisting of BNP Paribas, Natixis, West LB and Neuflize OBC Entreprise, for a maximum amount of €125 million, expiring on September 15, 2012. It is earmarked, firstly, to re-finance the revolving loan of a maximum amount of €100 million 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 audiovisual operation and production business. At December 31, 2009, €92 million had been used, i.e. a use rate of 73.6%.

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

The credit line of €125 million includes the following financial ratios, to be respected each half year:

Covenants to be respected	Situation at 12.31.09
R3: value of the Group's main assets [1]/net financial debts > = 2.5	6.73
R4: financial debts/equity < or = 1	0.5
R5: value of Europalaces/maximum outstanding amount authorized > or = 1.25	2.73

(1) Refers to, based on the consolidated financial statements: the value of EuroPalaces shares held by Gaumont, plus the value of the film catalog, plus the gross value of the Group's real estate property, plus the acquisition price less depreciation of Alphanim.

Said ratios were met at December 31, 2009.

The loan agreement of an initial amount of €25 million includes the following financial ratios, to be met each half year:

Covenants to be respected	Situation at 12.31.09
R3: value of the Group's main assets [1]/net financial debts > = 2.5	6.73
R4: financial debts/equity capital < or = 1	0.5

(1) Refers to, based on the consolidated financial statements: the value of EuroPalaces shares held by Gaumont, plus the value of the film catalog, plus the gross value of the Group's real estate property, plus the acquisition price less depreciation of Alphanim.

Said ratios were met at December 31, 2009.

6.4.2. Interest rate risk

6.4.2.1. Schedule of financial assets and financial liabilities

		Maturity		
	12.31.09	less than 1 year	from 1 to 5 years	over 5 years
Fixed-rate financial assets	-	-	-	-
Variable-rate financial assets	9,413	9,413	-	-
Financial assets not exposed	-	-	-	-
Financial assets [1]	**9,413**	**9,413**	**-**	**-**
Fixed-rate financial liabilities	-	-	-	-
Variable-rate financial liabilities	-107,992	-98,130	-9,862	-
Financial liabilities not exposed	-2,297	-2,297	-	-
Financial liabilities [2]	**-110,289**	**-100,427**	**-9,862**	**-**

(1) Cash and cash equivalents.
(2) Financial debts.

The aggregate amount of drawing rights on the credit line of €125 million is presented at less than one year considering the short-term drawing methods, even if the revolving loan expires on September 15, 2012.

6.4.2.2. Rate derivatives

		Maturity			
	12.31.09	less than 1 year	from 1 to 5 years	over 5 years	Market value
Equity shares rate swaps	*44,164*	*44,164*	*-*	*-*	*-594*
TOTAL	**44,164**	**44,164**	**-**	**-**	**-594**

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

As a result, the fair value of derivatives is shown on the statement of financial position 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 income statement.

At December 31, 2009, the credit line of €125 million is capped at 32% on account of the setting up:

- if 1 month Euribor > or = to 4.4975%: of a variable rate against a fixed rate swap for €40 million;
- if 1 month Euribor < to 4.4975%: of a variable rate against a fixed rate swap for €20 million and a variable rate against a variable rate swap for €20 million.

At December 31, 2009, the redeemable loan agreement of an initial amount of €25 million gave rise to a variable rate against a fixed rate swap for €4.164 million.

6.4.2.3. Monitoring of interest rate risk and sensitivity

	Fixed rate	Variable rate	Not exposed	Total
Financial assets (1)	-	9,413	-	9,413
Financial liabilities (2)	-	-107,992	-2,297	-110,289
Net position before hedging	**-**	**-98,579**	**-2,297**	**-100,876**
"Hedging"	-24,164	24,164	-	-
Net position after hedging	**-24,164**	**-74,415**	**-2,297**	**-100,876**
Sensitivity (3)	-	-744	-	-744

(1) Cash and cash equivalents.
(2) Financial debts.
(3) Impact in full year.

Considering the interest rate "hedging" portfolio at December 31, 2009, the net position after variable-rate is a fixed-rate debt of €24.164 million and a variable-rate debt of €74.415 million.

Thus, an instantaneous change of 1% in the interest rate would have a negative impact on the financial result of €744,000, which would represent an increase in the cost of the net financial debt of 21.6% for the whole of the year 2009.

6.4.3. Foreign exchange risk

Gaumont is exposed to foreign currency risks on commercial transactions posted on the statement of financial position and on future transactions that are likely.

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	DKK	ILS	GBP	USD	ZAR	MNX	Total
Assets	7	44	2	4	107	9,398	9	37	9,608
Liabilities	-	-	-	-	-	-1,111	-	-	-1,111
Off balance sheet	-	518	-	-	-	-4,378	-	-	-3,860
Net position before hedging	**7**	**562**	**2**	**4**	**107**	**3,909**	**9**	**37**	**4,637**
"Hedging"	-	-	-	-	-	-	-	-	-
Net position after hedging	**7**	**562**	**2**	**4**	**107**	**3,909**	**9**	**37**	**4,637**
Sensitivity	-	-6	-	-	-1	-39	-	-	-46

The consolidated net exposure in foreign currencies (counter value in euros at the closing prices) is €4,637,000. Thus, the risk of loss on the overall net position in currencies on account of a possibility of an adverse and standard change of one euro cent against all of the currencies in question would be €46,000.

During 2009, the revenues invoiced in foreign currencies, the allocation of which is set out below, amounts to €5,197,000 i.e. 5.5% of the consolidated revenues.

	AUD	CAD	CHF	USD	DKK	GBP	JPY	Miscellaneous	Total
Revenues	170	220	216	4,489	20	40	4	37	5,197

6.4.4. Credit risk

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

			Late					
	12.31.09	Outstanding amount	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	33,999	26,637	3,024	1,271	322	1,146	776	823
Other current assets	24,739	24,739	-	-	-	-	-	-
Long term								
Other current assets	1,542	1,542	-	-	-	-	-	-
TOTAL CURRENT ASSETS	**60,280**	**52,918**	**3,024**	**1,271**	**322**	**1,146**	**776**	**823**

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 year and to date, Gaumont was not exposed to any risk of this kind. It only bought securities to invest surplus cash in money market funds.

	Portfolio of third party shares or UCITS shares	Treasury stock portfolio
Assets	None	None
Off balance sheet	None	None
Overall net position	None	None

6.5. Financial instruments

The chart below compares, by category, the book value 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.

	12.31.09		Breakdown per category of instruments				
	Net book value	Fair value	Fair value	Assets available for sale	Loans and receivables	Debts at amortized cost	Derivatives
Non consolidated entities	3	3		3			
Other non current financial assets	456	456			456		
Other current financial assets	3,234	3,234			3,234		
Derivative instruments – assets	-	-					
Cash and cash equivalents	9,413	9,413	9,413				
FINANCIAL ASSETS	**13,106**	**13,106**	**9,413**	**3**	**3,690**	**-**	**-**
Long term financial debts	9,862	9,862				9,862	
Short term financial debts	100,427	100,427				100,427	
Derivative instruments – liabilities	594	594					594
FINANCIAL LIABILITIES	**110,883**	**110,883**	**-**	**-**	**-**	**110,289**	**594**

	12.31.08		Breakdown per category of instruments				
	Net book value	Fair value	Fair value	Assets available for sale	Loans and receivables	Debts at amortized cost	Derivatives
Non consolidated entities	1	1		1			
Other non current financial assets	530	530			530		
Other current financial assets	1,233	1,233			1,233		
Derivative instruments – assets	-	-					
Cash and cash equivalents	5,819	5,819	5,819				
FINANCIAL ASSETS	**7,583**	**7,583**	**5,819**	**1**	**1,763**	**-**	**-**
Long term financial debts	14,978	14,978				14,978	
Short term financial debts	96,045	96,045				96,045	
Derivative instruments – liabilities	871	871					871
FINANCIAL LIABILITIES	**111,894**	**111,894**	**-**	**-**	**-**	**111,023**	**871**

	12.31.07		Breakdown per category of instruments				
	Net book value	Fair value	Fair value	Assets available for sale	Loans and receivables	Debts at amortized cost	Derivatives
Non consolidated entities	118	118		118			
Other non current financial assets	3,430	3,430			3,430		
Other current financial assets	1,651	1,651			1,651		
Derivative instruments – assets	-	-					
Cash and cash equivalents	3,723	3,723	3,723				
FINANCIAL ASSETS	**8,922**	**8,922**	**3,723**	**118**	**5,081**	**-**	**-**
Long term financial debts	19,722	19,722				19,722	
Short term financial debts	103,734	103,734				103,734	
Derivative instruments – liabilities	127	127					127
FINANCIAL LIABILITIES	**123,583**	**123,583**	**-**	**-**	**-**	**123,456**	**127**

6.6. Operating segments

On January 1, 2009 IFRS 8 “Operating Segments” replaced IAS 14 “Segment Reporting”. Segment information as defined by IFRS 8 must be based on internal management information, in particular the information made available to the Group’s highest management body. After identifying its operating segments and the corresponding figures made available to executive management, the Group presents segment information which meets the requirements of IFRS 8 and which is similar to the segment information presented in previous years. The assessment methods for figures by operating segment comply with the principles and methods used for preparing the consolidated financial statements.

6.6.1. Operating segments

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

- production and distribution of movies, which includes the different stages of exploitation of a film: distribution in cinemas, on TV and on video both in France and internationally;
- audiovisual production and distribution of films, cartoon series and dramas via its subsidiaries Alphanim and Léonis Productions which have different financing methods and production principles;
- operation of movie theaters via its interest in EuroPalaces.

Any segment used for financial information is related to an operating segment. The contribution of each operating segment is as follows:

6.6.1.1. Income statement

2009 *(in thousands of euros)*	Cinema production	Television production	Cinema operation	Non allocated	Total
Revenues	**79,499**	**14,167**	**-**	**-**	**93,666**
Current operating income	-6,669	744	-	-	-5,925
Other non current operating income and expenses	964	4	-	-	968
Cost of the net financial debt	-	-	-	-3,437	-3,437
Other interest income and expenses	-	-	-	1,325	1,325
Share of the net income of equity affiliates	-	-	17,475	-	17,475
Taxes	-86	-	-	497	411
NET INCOME	**-5,791**	**748**	**17,475**	**-1,615**	**10,817**
Result - movies and television series	13,353	4,808	-	-	18,161
Overheads	-20,022	-4,064	-	-	-24,086
Current operating income	**-6,669**	**744**	**-**	**-**	**-5,925**

2008 *(in thousands of euros)*	Cinema production	Television production	Cinema operation	Non allocated	Total
Revenues	**94,611**	**10,452**	**-**	**-**	**105,063**
Current operating income	-7,544	634	-	-	-6,910
Other non current operating income and expenses	247	-	-	-	247
Cost of the net financial debt	-	-	-	-6,122	-6,122
Other interest income and expenses	-	-	-	2,575	2,575
Share of the net income of equity affiliates	-	-	12,127	-	12,127
Taxes	-327	-	-	701	374
NET INCOME	**-7,624**	**634**	**12,127**	**-2,846**	**2,291**
Result - movies and television series	14,696	4,286	-	-	18,982
Overheads	-22,240	-3,652	-	-	-25,892
Current operating income	**-7,544**	**634**	**-**	**-**	**-6,910**

2007 *(in thousands of euros)*	Cinema production	Television production	Cinema operation	Non allocated	Total
Revenues	**72,891**	**-**	**-**	**-**	**72,891**
Current operating income	-21,754	-	-	-	-21,754
Other non current operating income and expenses	-253	-	-	-	-253
Cost of the net financial debt	-	-	-	-2,902	-2,902
Other interest income and expenses	-	-	-	3,907	3,907
Share of the net income of equity affiliates	-	-	12,200	-	12,200
Taxes	-329	-	-	2,230	1,901
NET INCOME	**-22,336**	**-**	**12,200**	**3,235**	**-6,901**
Result - movies and television series	-1,244	-	-	-	-1,244
Overheads	-20,510	-	-	-	-20,510
Current operating income	**-21,754**	**-**	**-**	**-**	**-21,754**

6.6.1.2. Consolidated statement of financial position

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

2008 *(in thousands of euros)*	Cinema production	Television production	Cinema operation	Non allocated	Total
Goodwill	785	15,794	-	-	16,579
Films and audiovisual rights	94,904	12,106	-	-	107,010
Other intangible assets	829	21	-	-	850
Tangible assets	34,680	292	-	-	34,972
Investments in equity affiliates	-	-	170,675	-	170,675
Other financial assets	470	63	-		533
Non current tax assets	-	-	-	2,886	2,886
Inventories	271	-	-	-	271
Accounts receivable	30,765	5,158	-	-	35,923
Current tax assets	2,090	330	-	-	2,420
Other receivables and other current financial assets	19,180	3,826	-	-	23,006
Cash and cash equivalents	-	-	-	5,819	5,819
TOTAL ASSETS	**183,974**	**37,590**	**170,675**	**8,705**	**400,944**
Equity	**-**	**-**	**-**	**210,480**	**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	-	-	-	96,044	96,044
Accounts payable	15,836	1,858	-	-	17,694
Current tax liabilities	53	-	-	-	53
Other debts	19,723	33,138	-	-	52,861
TOTAL EQUITY AND LIABILITIES	**40,040**	**36,166**	**-**	**324,738**	**400,944**
Investments in films and audiovisual rights	37,243	13,085	-	-	50,328

2007 *(in thousands of euros)*	Cinema production	Television production	Cinema operation	Non allocated	Total
Goodwill	732	14,876	-	-	15,608
Films and audiovisual rights	107,311	13,581	-	-	120,892
Other intangible assets	936	14	-	-	950
Tangible assets	35,327	399	-	-	35,726
Investments in equity affiliates	-	-	158,959	-	158,959
Other financial assets	3,491	57	-	-	3,548
Non current tax assets	-	-	-	2,768	2,768
Accounts receivable	34,337	5,334	-	-	39,671
Current tax assets	2,115	854	-	-	2,969
Other receivables and other current financial assets	26,165	2,181	-	-	28,346
Cash and cash equivalents	-	-	-	3,723	3,723
TOTAL ASSETS	**210,414**	**37,296**	**158,959**	**6,491**	**413,160**
Equity	**-**	**-**	**-**	**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	-	-	-	103,734	103,734
Accounts payable	20,608	2,302	-	-	22,910
Current tax liabilities	-	-	-	-	-
Other debts	41,692	7,054	-	-	48,746
TOTAL EQUITY AND LIABILITIES	**68,768**	**9,516**	**-**	**334,876**	**413,160**
Investments in films and audiovisual rights	72,215	-	-	-	72,215

6.6.2. Geographic areas

6.6.2.1. Revenues

The revenues are broken down as follows:

	12.31.09	12.31.08	12.31.07
France	**77,010**	**83,210**	**59,102**
- Europe	11,951	16,684	9,378
- America	2,479	2,642	1,961
- Asia/Russia	1,021	1,293	589
- Africa/ Middle East	413	582	793
- Rest of the world	792	652	1,068
International	**16,656**	**21,853**	**13,789**
TOTAL	**93,666**	**105,063**	**72,891**

6.6.2.2. Non current assets

Non current assets (other than financial instruments, deferred tax assets, assets relating to benefits subsequent to employment) are broken down in relation to where the consolidated companies are located. No non current assets were realized outside France.

6.6.3. Breakdown of revenues by customer

The Group's ten main customers, primarily French television channels, represent almost 53% of the Group's consolidated revenues. The breakdown of revenues from these ten customers varies greatly from one year to the next. In 2009 only Métropole TV accounted for more than 10% of consolidated revenues (11%).

6.7. Statutory Auditors' fees

Pursuant to Decree No. 2008-1482 of December 30, 2008, which completes R 233-14 paragraph 17 of the French Commercial Code, the following table shows the amount of auditors' fees included in the Group's consolidated income statement for the year, broken down into audit and certification fees for consolidated financial statements and fees for advisory and other services rendered for procedures that are directly linked to the statutory audit of the consolidated financial statements.

	Total				Advolis				Ernst & Young Audit			
	Amount		%		Amount		%		Amount		%	
(in thousands of euros)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Audit												
Statutory audit fees, certification, review of individual and consolidated financial statements												
- Issuer	246	261	62%	63%	90	92	94%	93%	156	169	53%	53%
- Fully consolidated subsidiaries	105	101	27%	24%	6	7	6%	7%	99	94	33%	30%
- Equity affiliates	43	41	11%	10%	-	-	-	-	43	41	14%	13%
Other procedures and services directly related to the assignment of the Statutory Auditor												
- Issuer	-	12	-	3%	-	-	-	-	-	12	-	4%
- Fully consolidated subsidiaries	-	1	-	-	-	-	-	-	-	1	-	-
- Equity affiliates	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	**394**	**416**	**100%**	**100%**	**96**	**99**	**100%**	**100%**	**298**	**317**	**100%**	**100%**
Other services												
Legal, tax, social												
- Issuer	-	-	-	-	-	-	-	-	-	-	-	-
- Fully consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
- Equity affiliates	-	-	-	-	-	-	-	-	-	-	-	-
Other												
- Issuer	-	-	-	-	-	-	-	-	-	-	-	-
- Fully consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
- Equity affiliates	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**394**	**416**	**100%**	**100%**	**96**	**99**	**100%**	**100%**	**298**	**317**	**100%**	**100%**

6.8. Tax audit

Gaumont SA, as a consolidated company, underwent a tax audit over the period running from January 1, 2006 to December 31, 2007.

No tax reassessment resulted from the conclusions of this audit, which were known during the second half of 2009.

6.9. Subsequent events

No major event to be noted since January 1, 2010.

Report by the Statutory Auditors on the consolidated financial statements

For the year ended December 31, 2009

Ladies and gentlemen, shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2009 on:

- the audit of the accompanying consolidated financial statements of Gaumont;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been drawn up by the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opininon.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to you attention the following matters :

- As stated in note 2.12 of the financial statements “Intangible and tangible assets”, your Group records as an intangible asset all costs of films that meet the criteria provided for under the IFRS as endorsed in the European Union. We have reviewed profitability forecasts underlying the relevance of this record, as well as methods applied for their amortization and for the review of their recoverable value and we have checked the relevance of information given in note 2.12.

  Your Group, at each year-end, systematically carries out an impairment test on goodwill and assets with indefinite life (see notes 2.11 and 2.12) and also assesses if there is an index for depreciation of long-term assets in light, in particular, of the relevant cash flow forecasts. We have assessed data and assumptions used for their estimates, particularly, the cash flow forecasts drawn up in the current economic context due to the financial crisis, reviewed the calculations made and the sensitivity of the main values in use 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 2.19 “Current provisions” and in note 2.20 “Non current provisions”. We have reviewed the procedures that your Group uses to draw up the inventory, evaluation and the accounting translation thereof.

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

III. Specific check

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group’s management report.

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

Paris and Paris-La Défense, April 9, 2010

The Statutory Auditors

ADVOLIS	ERNST & YOUNG Audit
Olivier Salustro	Bruno Perrin

3 ADDITIONAL INFORMATION

Persons responsible for information

Person responsible for the Annual Report

Name and position of the person responsible for the Report

Sidonie Dumas,

Chairwoman of the Executive Board

Certificate

I certify, having taken all reasonable relevant measures, that the information contained within this Registration document is, to the best of my knowledge, in accordance with the facts, with no omissions likely to affect its import.

I certify that, to the best of my knowledge, the statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all consolidated companies, and that the management report set out on pages 10 to 34 presents a true image of the business performance, results and financial position of the Company and all consolidated companies, as well as a description of the major risks and uncertainties facing them.

I have obtained from the Statutory Auditors a completion report, in which they state that they have verified the information relating to the financial position and the accounts given in this Annual Report as well as read the whole document.

Neuilly-sur-Seine, April 30, 2010

Sidonie Dumas

Chairwoman of the Executive Board

Persons responsible for auditing

Principal Statutory Auditors

Advolis	Ernst & Young Audit
• Member of Compagnie Régionale de Paris • Address: 13 avenue de l'Opéra 75001 Paris	• Member of compagnie régionale de Versailles • Address: Faubourg de l'Arche 11 allée de l'Arche 92037 Paris-La Défense Cedex
• Represented by Olivier Salustro	• Represented by Bruno Perrin
• 1st nomination: General Meeting of May 2, 2005, in lieu of KPMG, formerly RSM Salustro Reydel, represented by Jean-Michel Charpentier.	• 1st nomination: General Meeting of June 2, 1988.

Substitute Statutory Auditors

Patrick Iweins	Dominique Thouvenin
• Member of compagnie régionale de Paris • Address: 21 rue du Général-Foy 75008 Paris	• Member of compagnie régionale de Versailles • Address: Faubourg de l'Arche 11 allée de l'Arche 92037 Paris-La Défense Cedex
• 1st nomination: General Meeting of May 2, 2005, in lieu of Hubert Luneau.	• 1st nomination: General Meeting of June 2, 1988.

The terms of all Statutory Auditors will expire after the General Meeting called to rule on the statements of the year ending on December 31, 2010.

Person responsible for financial information

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Chief Financial Officer
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Gaumont

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