VITAL IMAGES INC
Form 10-K/A
May 02, 2005

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-K/A

**(Amendment No. 1)**

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2004**

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number 0-22229**

# VITAL IMAGES, INC.

(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| **Minnesota**<br>(State or other jurisdiction of incorporation or organization) | **42-1321776**<br>(I.R.S. Employer Identification No.) |
| **5850 Opus Parkway, Suite 300**<br>**Minnetonka, MN 55343-4414**<br>(Address of principal executive offices) | **55343-4414**<br>(Zip Code) |

**(952) 487-9500**
(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, $.01 par value**
**Preferred Stock Purchase Rights**
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ý No o

The aggregate market value of the common stock held by non-affiliates of the registrant computed by reference to the price at which the common stock was last sold as of June 30, 2004, the last business day of the registrant s most recently completed second fiscal quarter, was $144,724,926. The common stock is the registrant s only class of voting stock.

The number of shares outstanding of the issuer s classes of common stock as of February 28, 2005: Common stock, $.01 Par Value 12,051,530.

**Explanatory Note**

This Amendment No. 1 on Form 10-K/A (the Amendment ) to the Annual Report on Form 10-K filed by Vital Images, Inc. (the Company ) for the fiscal year ended December 31, 2004 (the Original Filing ), which was filed with the Securities and Exchange Commission on March 16, 2005, is being filed to amend the Original Filing as follows:

Item 9A is amended to update Management s Report on Internal Control Over Financial Reporting to include management s assessment of the effectiveness of the Company s internal control over financial reporting and to update other disclosures contained in that Item;

The related report of the independent registered public accounting firm is included in the Amendment.

This Amendment No. 1 is filed pursuant to Securities and Exchange Commission Release No. 34-50754, which provides up to 45 additional days beyond the due date of the Original Filing for the filing of the above.

As a result of these amendments, (1) the certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed as exhibits to the Original Filing, have been re-executed and re-filed with this Amendment; and (2) a Consent of Independent Registered Public Accounting Firm dated April 29, 2005 to cover their report related to our internal control over financial reporting is being filed.

Except for the amendments described above, this Amendment does not modify or update other disclosures in, or exhibits to, the Original Filing.

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## Item 9A. Controls and Procedures

**Disclosure controls and procedures**

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under Securities Exchange Acts are recorded, processed, summarized, and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to the Company s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of Company management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ( Exchange Act ). Based upon, and as of the date of this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were not effective, because of the material weaknesses discussed below. In light of the material weaknesses described below, the Company performed additional analysis and other post-closing procedures to ensure that the consolidated financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the financial statements previously filed with the Original Filing fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

**Management s report on internal control over financial reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with established policies or procedures may deteriorate.

Management has completed its evaluation of the Company s internal control over financial reporting as of December 31, 2004. In making its assessment of internal control over financial reporting, management used the criteria described in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Management s assessment identified the following material weaknesses in the Company s internal control over financial reporting as of December 31, 2004:

(i) As of December 31, 2004, the Company did not maintain effective control over the accuracy and completeness of maintenance and services revenues and deferred revenues. Specifically, effective controls were not in place to recognize maintenance and services revenue in the appropriate period. This control deficiency resulted in the restatement of the Company s consolidated financial statements for the year ended

December 31, 2003, for the first and second quarters of 2004 and for the first, second and third quarters of 2003. Additionally, this control deficiency could result in a misstatement of maintenance and services revenue and deferred revenue that would result in a material misstatement to annual or interim financial statements that would not be prevented or detected. Accordingly, management determined that this control deficiency constitutes a material weakness.

(ii) As of December 31, 2004, the Company did not maintain effective control over property and equipment. Specifically, effective controls were not in place to verify the existence of certain property and equipment. This control deficiency did not result in an adjustment to the Company s consolidated financial statements; however, it could result in a misstatement of property and equipment that would result in a material misstatement to annual or interim financial statements that would not be prevented or detected. Accordingly, management determined that this control deficiency constitutes a material weakness.

(iii) As of December 31, 2004, the Company did not maintain effective control over the period-end financial reporting process. Specifically, review and approval controls over quarterly financial results and related disclosures did not operate as designed for a sufficient period of time to demonstrate that they operate effectively. This control deficiency did not result in an adjustment to the Company s consolidated financial statements; however, it could result in a misstatement of accounts and disclosures that would result in a material misstatement to annual or interim financial statements that would not be prevented or detected. Accordingly, management determined that this control deficiency constitutes a material weakness.

Because of the material weaknesses discussed above, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2004 based on the criteria in *Internal Control Integrated Framework*.

Management s assessment of the effectiveness of the Company s internal control over financial reporting as of December 31, 2004 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein.

**Remediation of material weaknesses**

During the first quarter of 2005, the Company has implemented, or is in the process of implementing, the following remediation steps to address the material weaknesses described above:

The process of recognizing revenue related to maintenance and services has been redesigned to ensure more timely receipt of information from operational areas to ensure revenue is recognized in the appropriate period.

New procedures have been established to address the tagging and tracking of fixed assets to ensure that property and equipment can be adequately accounted for.

Controls related to the quarterly financial reporting process are being closely monitored to ensure they are operating as designed. This material weakness was related to the third quarter of 2004. Although the controls related to the review and approval of fourth quarter results did operate as designed, the controls have not operated for a sufficient period of time to demonstrate that they operate effectively.

In addition, the Company has added a number of additional personnel to its finance and accounting staff to ensure that all of the material weaknesses described above are appropriately remediated in a timely manner. The additional personnel include a new Senior Director of Finance, a new Controller, a new Manager of Financial Reporting and Senior Staff Accountant, all of whom have strong public accounting and public company experience. The Company believes that these remediation steps will correct the material weaknesses described above.

**Changes in internal control over financial reporting**

Except as otherwise discussed herein, there have been no changes in our internal control over financial reporting during our fourth fiscal quarter ended December 31, 2004 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of Vital Images, Inc.:

We have audited management s assessment, included in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A, that Vital Images, Inc. did not maintain effective internal control over financial reporting as of December 31, 2004, because the Company did not maintain effective controls over (i) the accuracy and completeness of maintenance and services revenues and deferred revenues, (ii) the existence of property and equipment and, (iii) the review and approval of quarterly financial results and related disclosures, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ( COSO ). The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management s assessment and on the effectiveness of the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit includes obtaining an understanding of internal control over financial reporting, evaluating management s assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The following material weaknesses have been identified and included in management s assessment as of December 31, 2004:

(i) As of December 31, 2004, the Company did not maintain effective control over the accuracy and completeness of maintenance and services revenues and deferred revenues. Specifically, effective controls were not in place to recognize maintenance and services revenue in the appropriate period. This control deficiency resulted in the restatement of the Company s consolidated financial statements for the year ended December 31, 2003, for the first and second quarters of 2004 and for the first, second and third quarters of 2003. Additionally, this control deficiency could result in a misstatement of maintenance and services revenue and deferred revenue that would result in a material misstatement to annual or interim financial statements that would not be prevented or detected. Accordingly, management determined that this control deficiency constitutes a material weakness.

(ii) As of December 31, 2004, the Company did not maintain effective control over property and equipment. Specifically, effective controls were not in place to verify the existence of certain property and equipment. This control deficiency did not result in an adjustment to the Company s consolidated financial statements; however, it could result in a misstatement of property and equipment that would result in a material misstatement to annual or interim financial statements that would not be prevented or detected. Accordingly, management determined that this control deficiency constitutes a material weakness.

(iii) As of December 31, 2004, the Company did not maintain effective control over the period-end financial reporting process. Specifically, review and approval controls over quarterly financial results and related disclosure did not operate as designed for a sufficient period of time to demonstrate that they operate effectively. This control deficiency did not result in an adjustment to the Company s consolidated financial statements; however, it could result in a misstatement of accounts and disclosures that would result in a material misstatement to annual or interim financial statements that would not be prevented or detected. Accordingly, management determined that this control deficiency constitutes a material weakness.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2004 consolidated financial statements, and this report does not affect our report dated March 2, 2005 on those consolidated financial statements.

In our opinion, management s assessment that Vital Images, Inc. did not maintain effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in *Internal Control - Integrated Framework* issued by the COSO. Also, in our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, Vital Images, Inc. has not maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control - Integrated Framework* issued by the COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Vital Images, Inc. at December 31, 2004 and 2003 and for each of the three years in the period ended December 31, 2004 and in our report dated March 2, 2005 we expressed an unqualified opinion thereon.

/s/ PricewaterhouseCoopers LLP
Minneapolis, Minnesota
April 29, 2005

**Item 15. Exhibits and Financial Statement Schedules.**

(a)(3) Listing of Exhibits

The Exhibits required to be a part of this Report are listed in the Index to Exhibits.

(b) Exhibits

See Item 15(a)(3) above.

**Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Minneapolis, Minnesota, on the second day of May, 2005.

Vital Images, Inc.

By: /s/Michael H. Carrel
Michael H. Carrel
Chief Financial Officer and
Vice President-Finance
(Principal Financial Officer and Principal
Accounting Officer)

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**Index to Exhibits**

| Item No. | Description |
| --- | --- |
| 23.1 | Consent of PricewaterhouseCoopers LLP (filed herewith electronically). |
| 31.1 | Certification of Chief Executive Officer Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith electronically). |
| 31.2 | Certification of Chief Financial Officer Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith electronically). |



ual of periodic amounts of interest to be paid or received on swaps is reported as unrealized gains or losses in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements. 12 THE GABELLI GLOBAL MULTIMEDIA TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED) The Fund has entered into two interest rate swap agreements with Citibank N.A. Under the agreements, the Fund receives a floating rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swaps at June 30, 2007 are as follows: NOTIONAL FLOATING RATE* TERMINATION NET UNREALIZED AMOUNT FIXED RATE (RATE RESET MONTHLY) DATE APPRECIATION ---------- ---------- ------------------ ----------- ------------ $10,000,000 4.320% 5.32% April 4, 2013 $590,332 15,000,000 3.270 5.32 April 4, 2008 244,904 -------------- * Based on Libor (London Interbank Offered Rate). FUTURES CONTRACTS. The Fund may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin". Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, which are included in unrealized appreciation/depreciation on investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed. There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At June 30, 2007, there were no open futures contracts. FORWARD FOREIGN EXCHANGE CONTRACTS. The Fund may engage in forward foreign exchange contracts for hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At June 30, 2007, there were no open forward foreign exchange contracts. FOREIGN CURRENCY TRANSLATIONS. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/(loss) on investments. 13 THE GABELLI GLOBAL MULTIMEDIA TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED) FOREIGN SECURITIES. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers. FOREIGN TAXES. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests. RESTRICTED AND ILLIQUID SECURITIES. The Fund may invest up to 15% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. SECURITIES TRANSACTIONS AND INVESTMENT INCOME. Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Fund is informed of the dividend. CUSTODIAN FEE CREDITS AND INTEREST EXPENSE. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as "custodian fee credits". When cash balances are overdrawn, the Fund is charged an overdraft fee of 2.00% above the Federal Funds rate on outstanding balances. This amount, if any, would be shown as "interest expense" in the Statement of Operations. DISTRIBUTIONS TO SHAREHOLDERS. Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund. Distributions to shareholders of the Fund's 6.00% Series B Cumulative Preferred Stock and Series C Auction Rate Cumulative Preferred Stock

("Cumulative Preferred Stock") are recorded on a daily basis and are determined as described in Note 5. 14 THE GABELLI GLOBAL MULTIMEDIA TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED) The tax character of distributions paid during the fiscal year ended December 31, 2006 was as follows: COMMON PREFERRED ------ --------- DISTRIBUTIONS PAID FROM: Ordinary income (inclusive of short-term capital gains) ... $3,407,188 $1,047,258 Net long-term capital gains ................. 5,424,374 1,667,274 ---------- ---------- Total distributions paid ................... $8,831,562 $2,714,532 ========== ========== PROVISION FOR INCOME TAXES. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required. As of December 31, 2006, the components of accumulated earnings/(losses) on a tax basis were as follows: Net unrealized appreciation on investments ..... $80,707,455 Net unrealized appreciation on foreign currency and swap contracts .................. 714,227 Other temporary differences .................... (21,399) ----------- Total accumulated earnings ..................... $81,400,283 =========== The following summarizes the tax cost of investments, swap contracts, and the related unrealized appreciation/(depreciation) at June 30, 2007: GROSS GROSS UNREALIZED UNREALIZED NET UNREALIZED COST APPRECIATION DEPRECIATION APPRECIATION ---- ------------ ------------ ------------ Investments ........$163,233,291 $112,348,794 $(8,210,936) $104,137,858 Swap contracts ..... 835,236 -- 835,236 ------------ ----------- ------------ $113,184,030 $(8,210,936) $104,973,094 ============ =========== ============ In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" ("the Interpretation"). The Interpretation established for all entities, including pass-through entities such as the Fund, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and required certain expanded tax disclosures. The Interpretation was implemented by the Fund on June 29, 2007 and applied to all open tax years as of the effective date. Management has evaluated the application of the Interpretation to the Fund, and the adoption of the Interpretation had no impact on the amounts reported in the financial statements. 3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Fund's average weekly net assets including the liquidation value of preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Cumulative Preferred Stock if the total return of the NAV of the common shares of the Fund, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of each particular series of the Cumulative Preferred Stock for the fiscal year. The Fund's total return on the NAV of the common shares is monitored on a monthly basis to assess whether the total return on the NAV of the common shares exceeds the stated dividend rate or corresponding swap rate of each particular series of Cumulative Preferred Stock for the period. For the six months ended June 30, 2007, the Fund's total return on the NAV of the common shares exceeded the stated dividend rate or net swap expense of all outstanding Preferred Stock. Thus, management fees were accrued on these assets. During the six months ended June 30, 2007, the Fund paid brokerage commissions of $19,130 to Gabelli & Company, Inc. ("Gabelli & Company"), an affiliate of the Adviser. 15 THE GABELLI GLOBAL MULTIMEDIA TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED) The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the six months ended June 30, 2007, the Fund paid or accrued $22,375 to the Adviser in connection with the cost of computing the Fund's NAV. As per the approval of the Board, the Fund compensates officers of the Fund that are employed by the Fund and are not employed by the Adviser (although officers may receive incentive based variable compensation from affiliates of the Adviser). For the six months ended June 30, 2007 the Fund paid or accrued $63,287, which is included in payroll expenses in the Statement of Operations. The Fund is assuming its portion of the allocated cost of the Gabelli Funds' Chief Compliance Officer in the amount of $2,724 for the six months ended June 30, 2007, which is included in payroll expenses in the Statement of Operations. The Fund pays each Director that is not considered to be an affiliated person an annual retainer of $6,000 plus $500 for each Board meeting attended and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive $500 per meeting attended. In addition, the Audit Committee Chairman receives an annual fee of $3,000 and the Nominating Committee Chairman receives an annual fee of $2,000. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund. 4. PORTFOLIO SECURITIES. Purchases and proceeds from the sales of securities for the six months ended June 30, 2007, other than short-term and U.S. Government securities, aggregated $16,770,627 and $13,196,485, respectively. 5. CAPITAL. The charter permits the Fund to issue 196,750,000 shares of common stock (par value $0.001). The Board has authorized the repurchase of up to 1,700,000 shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the six months ended June 30, 2007, the Fund repurchased 12,000 shares of its common stock in the open market at a cost of $159,453 and an average discount of approximately 12.12% from its NAV. All shares of common stock repurchased have been retired. Transactions in common stock were as follows: SIX MONTHS ENDED JUNE 30, 2007 YEAR ENDED (UNAUDITED) DECEMBER 31, 2006 ----------------- ------------------ SHARES AMOUNT SHARES AMOUNT ------ ------- ------ ------ Net decrease from repurchase of common shares ........... (12,000) $(159,453) (12,400) $(130,462) The Fund's Articles of Incorporation authorize the issuance of up to 2,000,000 shares of $0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests with respect to the Cumulative Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the 6.00% Series B and Series C Auction Rate Cumulative Preferred Stock at redemption prices of $25.00 and $25,000, respectively, per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders. On March 31, 2003, the Fund received net proceeds of $24,009,966 (after underwriting discounts of $787,500 and offering expenses of $202,534) from the public offering of 1,000,000 shares of 6.00% Series B Cumulative Preferred Stock. Commencing April 2, 2008 and thereafter, the Fund, at its option, may redeem the 6.00% Series B Cumulative Preferred Stock in whole or in part at the redemption price at any time. The Board has authorized the repurchase of 6.00% Series B Cumulative Preferred Stock in the open market at prices less than the $25 liquidation value per share. During the six months ended June 30, 2007, the Fund did not repurchase any shares of 6.00% Series B Cumulative Preferred Stock. At June 30, 2007, 993,100 shares of 6.00% Series B Cumulative Preferred Stock were outstanding and accrued dividends amounted to $16,551. 16 THE GABELLI GLOBAL MULTIMEDIA TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED) On March 31, 2003, the Fund received net proceeds of $24,547,465 (after underwriting discounts of $250,000 and offering expenses of $202,535) from the public offering of 1,000 shares of Series C Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every seven days, is expected to vary with short-term interest rates. The dividend rates of Series C Auction Rate Cumulative Preferred Stock ranged from 4.95% to 5.25% for the six months ended June 30, 2007. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series C Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Fund, at its option, may redeem the Series C Auction Rate Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2007, the Fund did not redeem any shares of Series C Auction Rate Cumulative Preferred Stock. At June 30, 2007, 1,000 shares of Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 5.05% per share and accrued dividends amounted to $10,521. The holders of Cumulative Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of Cumulative Preferred Stock voting together as a single class also have the right currently to elect two Directors and under certain circumstances are entitled to elect a majority of the Board of Directors. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of two-thirds of each class, voting separately, of the Fund's outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred stock and a majority (as defined in the 1940 Act) of the Fund's outstanding voting securities are required to approve certain other actions, including changes in the Fund's investment objectives or fundamental investment policies. 6. INDUSTRY CONCENTRATION. Because the Fund primarily invests in common stocks and other securities of foreign and domestic companies in the telecommunications, media, publishing, and entertainment industries, its portfolio may be subject to greater risk and market fluctuations than a portfolio of securities representing a broad range of investments. 7. INDEMNIFICATIONS. The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote. 8. OTHER MATTERS. The Adviser and/or affiliates received subpoenas from the Attorney General of the State of New York and the SEC requesting information on mutual fund share trading practices involving certain funds managed by the Adviser. GAMCO Investors, Inc. ("GAMCO"), the Adviser's parent company, responded to these requests for documents and testimony. In June 2006, GAMCO began discussions with the SEC regarding a possible resolution of their inquiry. In February 2007, the Adviser made an offer of settlement to the staff of the SEC for communication to the Commission for its consideration to resolve this matter. This offer of settlement is subject to agreement regarding the specific language of the SEC's administrative order and other settlement documents. On a separate matter, in September 2005, the Adviser was informed by the staff of the SEC that the staff may recommend to the Commission that an administrative remedy and a monetary penalty be sought from the Adviser in connection with the actions of two of seven closed-end funds managed by the Adviser relating to Section 19(a) and Rule 19a-1 of the 1940 Act. These provisions require registered investment companies to provide written statements to shareholders when a dividend is made from a source other than net investment income. While the two closed-end funds sent annual statements and provided other materials containing this information, the funds did not send written statements to shareholders with each distribution in 2002 and 2003. The Adviser believes that all of the funds are now in compliance. The Adviser believes that these matters would have no effect on the Fund or any material adverse effect on the Adviser or its ability to manage the Fund. The staff's notice to the Adviser did not relate to the Fund. 17 THE GABELLI GLOBAL MULTIMEDIA TRUST INC. FINANCIAL HIGHLIGHTS SELECTED DATA FOR A COMMON SHARE SIX MONTHS ENDED YEAR ENDED DECEMBER 31, OUTSTANDING THROUGHOUT EACH PERIOD: JUNE 30, 2007 ------------------------------------------------------- (UNAUDITED) 2006 2005 2004 2003 2002 ------------ ------ ------ ------ ------ ------ OPERATING PERFORMANCE: Net asset value, beginning of period ........ $ 14.09 $ 11.77 $ 12.27 $ 10.56 $ 7.67 $ 10.52 -------- -------- -------- -------- -------- -------- Net investment income (loss) ................ 0.07 0.29 0.16 0.04 (0.03) (0.00)(e) Net realized and unrealized gain (loss) on investments, swap contracts and foreign currency transactions ............. 1.81 2.85 0.09 1.79 3.14 (2.68) -------- -------- -------- -------- -------- -------- TOTAL FROM INVESTMENT OPERATIONS ............ 1.88 3.14 0.25 1.83 3.11 (2.68) -------- -------- -------- -------- -------- -------- DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:(A) Net investment income ....................... (0.02)(d) (0.07) (0.03) (0.04) -- -- Net realized gain on investments, swap contracts and foreign currency transactions ..................... (0.08)(d) (0.12) (0.13) (0.09) (0.13) (0.17) -------- -------- -------- -------- -------- -------- Total distributions to preferred shareholders .................... (0.10) (0.19) (0.16) (0.13) (0.13) (0.17) -------- -------- -------- -------- -------- -------- NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS ................. 1.78 2.95 0.09 1.70 2.98 (2.85) -------- -------- -------- -------- -------- -------- DISTRIBUTIONS TO COMMON SHAREHOLDERS: Net investment income ....................... (0.05)(d) (0.23) (0.12) -- -- -- Net realized gain on investments, swap contracts and foreign currency transactions ..................... (0.25)(d) (0.40) (0.48) -- -- -- -------- -------- -------- -------- -------- -------- Total distributions to common shareholders ....................... (0.30) (0.63) (0.60) -- -- -- -------- -------- -------- -------- -------- -------- FUND SHARE TRANSACTIONS: Increase in net asset value from repurchase of common shares .......................... 0.00(e) 0.00(e) 0.01 0.01 0.01 0.00(e) Increase in net asset value from repurchase of preferred shares ....................... -- -- -- 0.00(e) -- -- Offering expenses charged to paid-in capital -- -- (0.00)(e) -- (0.10) -- -------- -------- -------- -------- -------- -------- Total fund share transactions ............... 0.00(e) 0.00(e) 0.01 0.01 (0.09) 0.00(e) NET ASSET VALUE ATTRIBUTABLE TO COMMON SHAREHOLDERS, END OF PERIOD .............. $ 15.57 $ 14.09 $ 11.77 $ 12.27 $ 10.56 $ 7.67 ======== ======== ======== ========

======== ======== NAV total return + .......................... 12.98% 26.65% 1.6% 16.2% 37.7% (27.1)% ======== ======== ======== ======== ======== ======== Market value, end of period ................. $ 13.89 $ 12.27 $ 10.15 $ 10.68 $ 9.07 $ 6.40 ======== ======== ======== ======== ======== ======== Investment total return ++ .................. 15.74% 27.89% 0.7% 17.8% 41.7% (29.0)% ======== ======== ======== ======== ======== ======== See accompanying notes to financial statements. 18 THE GABELLI GLOBAL MULTIMEDIA TRUST INC. FINANCIAL HIGHLIGHTS (CONTINUED) SELECTED DATA FOR A COMMON SHARE SIX MONTHS ENDED YEAR ENDED DECEMBER 31, OUTSTANDING THROUGHOUT EACH PERIOD: JUNE 30, 2007 ------------------------------------------------------- (UNAUDITED) 2006 2005 2004 2003 2002 ------------ ------ ------ ------ ------ ------ RATIOS AND SUPPLEMENTAL DATA: Net assets including liquidation value of preferred shares, end of period (in 000's) ................... $267,965 $247,412 $214,907 $223,739 $200,195 $132,683 Net assets attributable to common shares, end of period (in 000's) ........... $218,138 $197,584 $165,079 $173,912 $150,195 $109,533 Ratio of net investment income (loss) to average net assets attributable to common shares before preferred share distributions ....... 1.03%(f) 2.17% 1.44% 0.71% (0.36)% (0.04)% Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any .................................... 1.66%(f)(g) 1.79%(g) 1.55%(g) 1.87% 1.81% 1.46% Ratio of operating expenses to average net assets including liquidation value of preferred shares net of advisory fee reduction, if any .......... 1.35%(f)(g) 1.39%(g) 1.20%(g) 1.41% 1.35% 1.18% Portfolio turnover rate ...................... 5.2% 9.8% 12.4% 7.5% 10.9% 16.6% PREFERRED STOCK: 7.92% CUMULATIVE PREFERRED STOCK Liquidation value, end of period (in 000's) .. -- -- -- -- -- $ 23,150 Total shares outstanding (in 000's) .......... -- -- -- -- -- 926 Liquidation preference per share ............. -- -- -- -- -- $ 25.00 Average market value (b) ..................... -- -- -- -- -- $ 25.75 Asset coverage per share ..................... -- -- -- -- -- $ 143.29 6.00% CUMULATIVE PREFERRED STOCK Liquidation value, end of period (in 000's) .. $ 24,828 $ 24,828 $ 24,828 $ 24,828 $ 25,000 -- Total shares outstanding (in 000's) .......... 993 993 993 993 1,000 -- Liquidation preference per share ............. $ 25.00 $ 25.00 $ 25.00 $ 25.00 $ 25.00 -- Average market value (b) ..................... $ 24.81 $ 24.12 $ 25.00 $ 24.84 $ 25.28 -- Asset coverage per share ..................... $ 134.45 $ 124.13 $ 107.83 $ 112.26 $ 100.10 -- AUCTION RATE CUMULATIVE PREFERRED STOCK Liquidation value, end of period (in 000's) .. $ 25,000 $ 25,000 $ 25,000 $ 25,000 $ 25,000 -- Total shares outstanding (in 000's) .......... 1 1 1 1 1 -- Liquidation preference per share ............. $ 25,000 $ 25,000 $ 25,000 $ 25,000 $ 25,000 -- Average market value (b) ..................... $ 25,000 $ 25,000 $ 25,000 $ 25,000 $ 25,000 -- Asset coverage per share ..................... $134,446 $124,134 $107,825 $112,257 $100,097 -- ASSET COVERAGE (C) ........................... 538% 497% 431% 449% 400% 573% ----------------------- + Based on net asset value per share, adjusted for reinvestment of distributions at prices obtained under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized. ++ Based on market value per share, adjusted for reinvestment of distributions at prices obtained under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized. (a) Calculated based upon average common shares outstanding on the record dates throughout the year. (b) Based on weekly prices. (c) Asset coverage is calculated by combining all series of preferred stock. (d) Based on fiscal year to date book income. Amounts are subject to change and recharacterization at fiscal year end. (e) Amount represents less than $0.005 per share. (f) Annualized. (g) For the six months ended June 30, 2007 and the fiscal years ended December 31, 2006 and 2005, the effect of the custodian fee credits was minimal. See accompanying notes to financial statements. 19 THE GABELLI GLOBAL MULTIMEDIA TRUST INC. BOARD CONSIDERATION AND RE-APPROVAL OF INVESTMENT ADVISORY AGREEMENT (UNAUDITED) Section 15(c) of the Investment Company Act of 1940, as amended (the "1940 Act"), contemplates that the Board of Directors (the "Board") of The Gabelli Global Multimedia Trust Inc. (the "Fund"), including a majority of the Directors who have no direct or indirect interest in the investment advisory agreement and are not "interested persons" of the Fund, as defined in the 1940 Act (the "Independent Board Members"), are required to annually review and re-approve the terms of the Fund's existing investment advisory agreement and approve any newly proposed terms therein. In this regard, the Board reviewed and re-approved, during the most recent six month period covered by this report, the Advisory Agreement (the "Advisory Agreement") with Gabelli Funds, LLC (the "Adviser") for the Fund. More specifically, at a meeting held on May 16, 2007, the Board, including the Independent Board Members meeting in executive session with Fund counsel, considered the factors and reached the conclusions described below relating to the selection of the Adviser and the re-approval of the Advisory Agreement. NATURE, EXTENT, AND QUALITY OF SERVICES. The Independent Board Members considered the nature, quality, and extent of administrative and shareholder services performed by the

Adviser, including portfolio management, supervision of Fund operations and compliance and regulatory filings and disclosures to shareholders, general oversight of other service providers, review of Fund legal issues, assisting the Independent Board Members in their capacity as directors, and other services. The Independent Board Members concluded that the services are extensive in nature and that the Adviser consistently delivered a high level of service. INVESTMENT PERFORMANCE OF THE FUND AND ADVISER. The Independent Board Members considered short-term and long-term investment performance for the Fund over various periods of time as compared to relevant equity indices and the performance, and concluded that the Adviser was delivering good performance results consistent with the investment strategies being pursued by the Fund. COSTS OF SERVICES AND PROFITS REALIZED BY THE ADVISER. (A) COSTS OF SERVICES TO FUND: FEES AND EXPENSES. The Independent Board Members considered the Fund's advisory fee rate and expense ratio relative to industry averages for the Fund's peer group category and the advisory fees charged by the Adviser and its affiliates to other fund and non-fund clients. The Independent Board Members noted that the mix of services under the Advisory Agreement are much more extensive than those under the advisory agreements for non-fund clients. The Independent Board Members recognized that the investment advisory fee paid by the Fund and the Fund's overall expense ratio is higher than average for its peer group but concluded that the fee is acceptable based upon the qualifications, experience, reputation, and performance of the Adviser. (B) PROFITABILITY AND COSTS OF SERVICES TO ADVISER. The Independent Board Members considered the Adviser's overall profitability and costs and pro forma estimates of the Adviser's profitability and costs attributable to the Fund (i) as part of the Gabelli fund complex and (ii) assuming the Fund constituted the Adviser's only investment company under its management. The Independent Board Members also considered whether the amount of profit is a fair entrepreneurial profit for the management of the Fund and noted that the Adviser has substantially increased its resources devoted to Fund matters in response to recently enacted regulatory requirements and new or enhanced Fund policies and procedures. The Independent Board Members concluded that the Adviser's profitability was at an acceptable level. 20 EXTENT OF ECONOMIES OF SCALE AS FUND GROWS. The Independent Board Members considered whether there have been economies of scale with respect to the management of the Fund and whether the Fund has appropriately benefited from any economies of scale. The Independent Board Members noted that economies of scale may develop for certain funds as their assets increase and their fund level expenses decline as a percentage of assets, but that fund level economies of scale may not necessarily result in Adviser level economies of scale. They also recognized that the Adviser has agreed to reduce the advisory fee on incremental assets attributable to the preferred shares if the total return of the common shares does not exceed a specified amount (e.g., the dividend rate paid on preferred shares). The Independent Board Members concluded that there was an appropriate sharing of economies of scale. WHETHER FEE LEVELS REFLECT ECONOMIES OF SCALE. The Independent Board Members also considered whether the advisory fee rate is reasonable in relation to the asset size of the Fund and any economies of scale that may exist, and concluded that the Fund's current fee schedule (without breakpoint) was reasonable. OTHER RELEVANT CONSIDERATIONS. (A) ADVISER PERSONNEL AND METHODS. The Independent Board Members considered the size, education, and experience of the Adviser's staff, the Adviser's fundamental research capabilities, and the Adviser's approach to recruiting, training, and retaining portfolio managers and other research and management personnel, and concluded that in each of these areas the Adviser was structured in such a way to support the high level of services being provided to the Fund. (B) OTHER BENEFITS TO THE ADVISER. The Independent Board Members also considered the character and amount of other incidental benefits received by the Adviser and its affiliates from its association with the Fund. The Independent Board Members considered the brokerage commissions paid to an affiliate of the Adviser. The Independent Board Members concluded that potential "fall-out" benefits that the Adviser and its affiliates may receive, such as affiliated brokerage commissions, greater name recognition, or increased ability to obtain research services, appear to be reasonable. CONCLUSIONS. In considering the Advisory Agreement, the Independent Board Members did not identify any factor as all-important or all-controlling and instead considered these factors collectively in light of the Fund's surrounding circumstances. Based on this review, it was the judgment of the Independent Board Members that shareholders had received over the long term good absolute and relative performance at reasonable fees and, therefore, re-approval of the Advisory Agreement was in the best interests of the Fund and its shareholders. As a part of its decision making process, the Independent Board Members noted that the Adviser has managed the Fund since its inception, and the Independent Board Members believe that a long-term relationship with a capable, conscientious adviser is in the best interests of the Fund. The Independent Board Members

considered, generally, that shareholders invested in the Fund knowing that the Adviser managed the Fund and knowing its investment advisory fee schedule. As such, the Independent Board Members considered, in particular, whether the Adviser managed the Fund in accordance with its investment objectives and policies as disclosed to shareholders. The Independent Board Members concluded that the Fund was managed by the Adviser consistent with its investment objectives and policies. 21 [GRAPHIC OMITTED] PICTURE OF FLAGS DIRECTORS AND OFFICERS THE GABELLI GLOBAL MULTIMEDIA TRUST INC. ONE CORPORATE CENTER, RYE, NY 10580-1422 DIRECTORS OFFICERS Mario J. Gabelli, CFA Bruce N. Alpert CHAIRMAN & CHIEF EXECUTIVE OFFICER, PRESIDENT GAMCO INVESTORS, INC. Peter D. Goldstein Dr. Thomas E. Bratter CHIEF COMPLIANCE OFFICER PRESIDENT & FOUNDER, JOHN DEWEY ACADEMY Laurissa M. Martire Anthony J. Colavita VICE PRESIDENT ATTORNEY-AT-LAW, ANTHONY J. COLAVITA, P.C. James E. McKee SECRETARY James P. Conn FORMER MANAGING DIRECTOR & Agnes Mullady CHIEF INVESTMENT OFFICER, TREASURER FINANCIAL SECURITY ASSURANCE HOLDINGS LTD. LoAn P. Nguyen Frank J. Fahrenkopf, Jr. VICE PRESIDENT & OMBUDSMAN PRESIDENT & CHIEF EXECUTIVE OFFICER, AMERICAN GAMING ASSOCIATION INVESTMENT ADVISER Gabelli Funds, LLC Anthony R. Pustorino One Corporate Center CERTIFIED PUBLIC ACCOUNTANT, Rye, New York 10580-1422 PROFESSOR EMERITUS, PACE UNIVERSITY CUSTODIAN Werner J. Roeder, MD State Street Bank and Trust Company MEDICAL DIRECTOR, LAWRENCE HOSPITAL COUNSEL Willkie Farr & Gallagher LLP Salvatore J. Zizza CHAIRMAN, ZIZZA & CO., LTD. TRANSFER AGENT AND REGISTRAR Computershare Trust Company, N.A. STOCK EXCHANGE LISTING 6.00% Common Preferred ------ --------- NYSE-Symbol: GGT GGT PrB Shares Outstanding: 14,006,353 993,100 The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading "Specialized Equity Funds," in Monday's The Wall Street Journal. It is also listed in Barron's Mutual Funds/Closed End Funds section under the heading "Specialized Equity Funds". The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.
------------------------------------------------------------------------------ For general information about the Gabelli Funds, call 800-GABELLI (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: WWW.GABELLI.COM, or e-mail us at: closedend@gabelli.com
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------------------------------------------------------------------------------ Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase shares of its common stock in the open market when the Fund's shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase shares of its Series B Cumulative Preferred Stock in the open market when the shares are trading at a discount to the Liquidation Value of $25.00.
------------------------------------------------------------------------------ THE GABELLI GLOBAL MULTIMEDIA TRUST INC. ONE CORPORATE CENTER RYE, NY 10580-1422 (914) 921-5070 WWW.GABELLI.COM SEMI-ANNUAL REPORT JUNE 30, 2007 GGT Q2/2007 ITEM 2. CODE OF ETHICS. Not applicable. ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT. Not applicable. ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES. Not applicable. ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS. Not applicable. ITEM 6. SCHEDULE OF INVESTMENTS. Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form. ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES. Not applicable. ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES. There has been no change, as of the date of this filing, in any of the portfolio managers identified in response to paragraph (a)(1) of this Item in the registrant's most recently filed annual report on Form N-CSR. ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS. REGISTRANT PURCHASES OF EQUITY SECURITIES
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(C) TOTAL NUMBER OF (D) MAXIMUM NUMBER (OR SHARES (OR UNITS) APPROXIMATE DOLLAR VALUE) OF (A) TOTAL NUMBER OF PURCHASED AS PART OF SHARES (OR UNITS) THAT MAY YET SHARES (OR UNITS) (B) AVERAGE PRICE PAID PUBLICLY ANNOUNCED PLANS BE PURCHASED UNDER THE PLANS PERIOD PURCHASED PER SHARE (OR UNIT) OR PROGRAMS OR PROGRAMS

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Month #1 Common - N/A Common - N/A Common - N/A Common - 14,018,353 01/01/07 through Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - 993,100 01/31/07

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Month #2 Common - N/A Common - N/A Common - N/A Common - 14,018,353 02/01/07 through Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - 993,100 02/28/07

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Month #3 Common - 2,000 Common - $13.1545 Common - 2,000 Common - 14,018,353 - 2,000 = 03/01/07 14,016,353 through Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - N/A 03/31/07 Preferred Series B - 993,100

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Month #4 Common - 10,000 Common - $13.3144 Common - 10,000 Common - 14,016,353 - 10,000 = 04/01/07 14,006,353 through Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - N/A 04/30/07 Preferred Series B - 993,100

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Month #5 Common - N/A Common - N/A Common - N/A Common - 14,006,353 05/01/07 through Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - 993,100 05/31/07

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Month #6 Common - N/A Common - N/A Common - N/A Common - 14,006,353 06/01/07 through Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - 993,100 06/30/07

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Total Common - 12,000 Common - $13.2877 Common - 12,000 N/A Preferred Series B - N/A Preferred Series B - N/A Preferred Series B - N/A

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Footnote columns (c) and (d) of the table, by disclosing the following information in the aggregate for all plans or programs publicly announced: a. The date each plan or program was announced - The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund's quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended. b. The dollar amount (or share or unit amount) approved - Any or all common shares outstanding may be repurchased when the Fund's common shares are trading at a discount of 10% or more from the net asset value of the shares. Any or all preferred shares outstanding may be repurchased when the Fund's preferred shares are trading at a discount to the liquidation value of $25.00. c. The expiration date (if any) of each plan or program - The Fund's repurchase plans are ongoing. d. Each plan or program that has expired during the period covered by the table - The Fund's repurchase plans are ongoing. e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. - The Fund's repurchase plans are ongoing. ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's Board of Directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or this Item. ITEM 11. CONTROLS AND PROCEDURES. (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)). (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting. ITEM 12. EXHIBITS. (a)(1) Not applicable. (a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto. (a)(3) Not applicable. (b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section

906 of the Sarbanes-Oxley Act of 2002 are attached hereto. SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. (registrant) The Gabelli Global Multimedia Trust Inc. -------------------------------------------------------------------- By (Signature and Title)* /s/ Bruce N. Alpert -------------------------------------------------------- Bruce N. Alpert, Principal Executive Officer Date August 31, 2007 ---------------------------------------------------------------------------- Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. By (Signature and Title)* /s/ Bruce N. Alpert -------------------------------------------------------- Bruce N. Alpert, Principal Executive Officer Date August 31, 2007 ---------------------------------------------------------------------------- By (Signature and Title)* /s/ Agnes Mullady -------------------------------------------------------- Agnes Mullady, Principal Financial Officer and Treasurer Date August 31, 2007 ---------------------------------------------------------------------------- * Print the name and title of each signing officer under his or her signature.