



2009 CONSOLIDATED FINANCIAL STATEMENTS

Joint-stock company with capital of € 4,426,499.50
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Consolidated income statements for financial years 2009 and 2008

<i>in thousands of euros</i>	Notes	Dec. 31, 2009	Dec. 31, 2008
Revenue	4	172 323	135 671
Expenses invoiced by the media		-109 272	-80 747
Gross margin		63 051	54 924
Purchases		-19 571	-14 244
Payroll charges	5	-23 025	-21 404
Transfers to and write-backs from depreciation and provisions		-3 939	-4 120
Current operating profit <i>(before valuation of stock options and free shares)</i>		16 516	15 157
Valuation of stock options and free shares	6	-2 216	-3 411
Other non-current income and charges	7	-2 520	-2 379
Operating profit		11 780	9 368
Cost of indebtedness	8	-2 079	-2 028
Other financial income and charges	8	111	-240
Net income of the consolidated companies		9 812	7 100
Share in the earnings of the companies treated on an equity basis		372	51
Earnings before tax of the consolidated companies		10 185	7 151
Taxes	9	-3 265	-728
Net income of the consolidated companies		6 920	6 423
Including minority interests		425	344
Including Group share		6 495	6 079
		31 Dec. 2009	31 Dec. 2008
Weighted average number of ordinary shares		40 770 268	38 787 484
Base profit per share (in euros)		0,16	0,16
Weighted average number of ordinary shares (diluted)		43 045 166	41 148 747
Diluted earnings per share (in euros)		0,15	0,15

State of the global income for financial years 2009 and 2008

<i>in thousand euros</i>	31-Dec-09	31-Dec-08
Net result	6 920	6 423
Other elements of the global result:		
- Actuarial gain and losses related to post-employment benefits -	-17	250
- Hedge accounting on financial instruments	-107	-791
- Translation adjustments	-2 467	3 373
- Other	-	-
- Taxes on other elements of the global result	-	-
Other elements of the global result, net of tax	-2 590	2 832
Group share	-2 566	2 850
Minority interests	-24	-19
Global result	4 330	9 254

Consolidated balance sheets on December 31, 2009 and December 31, 2008

ASSETS - in thousands of euros	Notes	Dec. 31, 2009	Dec. 31, 2008
Goodwill nets	10	170 005	134 740
Net intangible fixed assets	11	13 298	12 455
Net tangible fixed assets	12	2 803	3 135
Deferred tax credits	13	10 744	9 664
Other financial assets	14	1 608	946
Non-current assets		198 458	160 940
Customer receivables	15	69 918	46 769
Other current assets.	16	14 400	10 719
Current financial assets		19	36
Cash and cash equivalents	17	19 485	18 830
Current assets		103 822	76 354
TOTAL ASSETS		302 280	237 294
LIABILITIES - in thousands of euros	Notes	Dec. 31, 2009	Dec. 31, 2008
Share capital		4 427	3 981
Premiums on shares and on conveyance		123 348	103 011
Reserves and retained earnings		22 441	21 581
Treasury shares		-1 916	-6 160
Consolidated net income		6 495	6 079
Shareholders' equity		154 788	128 492
Minority interests		824	813
Shareholders' equity (after minorities)		154 612	129 305
Long-term borrowings and financial liabilities	19	36 014	27 051
Non-current Provisions	20	982	776
Non-current liabilities	21	897	791
Deferred tax liabilities	13	628	687
Non-current liabilities		38 521	29 305
Short-term financial liabilities and bank overdrafts	19	15 202	14 945
Current provisions		-	-
Trade payables and other creditors		69 058	36 203
Other current debts and liabilities	20	23 887	27 536
Current liabilities		108 147	78 684
TOTAL LIABILITIES		302 280	237 294

Tables of consolidated cash flows for financial years 2009 and 2008

<i>in thousands of euros</i>	Notes	Dec. 31, 2009	Dec. 31, 2008
Net income		6 920	6 423
Adjustments for:			
Depreciation of fixed assets		4 374	2 773
Losses of value		-	83
Investment products		-46	-94
Cost of net financial indebtedness		2 079	2 028
Exceptional charge on commercial dispute		-	1 717
Share in associated companies		-372	-51
Net income on disposals of fixed assets		48	200
Costs of payments based on shares	6	2 216	3 411
Tax charge or proceeds	9	3 265	728
Operating profit before variation of the operating capital need		18 484	17 217
Variation of the operating capital need		5 253	3 731
Cash coming from operating activities		23 731	20 948
Interest paid		-1 711	-2 028
Tax on earnings paid		-4 365	-2 207
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES		17 661	16 713
Income from disposals of fixed assets		815	-
Valuation at fair value of the cash equivalents		89	94
Proceeds from disposals of financial assets		-	-
Disposal of subsidiary, after deduction of cash transferred		-	-
Acquisition of a subsidiary		-8 500	-11 860
Acquisition of fixed assets		-5 380	-6 556
Variation of financial assets		-140	-276
Variation of suppliers of fixed assets		-440	523
Effect of the perimeter variations		-	-45
NET CASH FLOW RESULTING FROM INVESTMENT ACTIVITIES		-13 557	-18 121
Proceeds from share issues		22	-
Redemption of own shares		-	-2 948
New borrowings		6 016	23 825
Repayments of borrowings	19	-8 999	-9 789
Dividends paid		-391	-274
NET CASH FLOW RESULTING FROM FINANCIAL ACTIVITIES		-3 352	10 815
NET VARIATION OF CASH POSITION AND CASH EQUIVALENTS		752	9 407
Incidence of the variations of exchange rates		-53	-52
Cash and cash equivalents on January 1		18 786	9 431
CASH AND CASH EQUIVALENTS AT END OF PERIOD ⁽¹⁾		19 485	18 786

⁽¹⁾ Asset cash flow reduced by bank overdrafts. Cf. note 17

Table of the variation of the consolidated shareholders' equity for financial years 2009 and 2008

<i>in thousand euros</i>	Number of shares	Share capital	Additional paid-in capital	Treasury stock	Stock options and free shares reserves	Income and charges directly posted in shareholder's equity	Earnings and retained earnings	Shareholder's equity Group share	Shareholder's equity Minority interests	Total shareholder's equity
1 Jan. 2008	39 048 158	3 905	98 105	-3 212	6 712	-59	14 538	119 989	762	120 750
Dividend paid to the minorities	-	-	-	-	-	-	-	-	-274	-274
Call exercise	758 300	76	5 071	-	-5 147	-	-	-	-	-
Shares redemptions ⁽¹⁾	-	-	-	-2 948	-	-	-	-2 948	-	-2 948
Stock options and free shares impact ⁽²⁾	-	-	-164	-	2 675	-	10	2 522	-	2 522
Variation of perimeter	-	-	-	-	-	-	-	-	-	-
Other elements of global income	-	-	-	-	-	2 850	-	2 850	-19	2 832
Net income of the period	-	-	-	-	-	-	6 079	6 079	344	6 423
Total comprehensive income	-	-	-	-	-	2 850	6 079	8 929	325	9 254
31 Dec. 2008	39 806 458	3 981	103 011	-6 160	4 240	2 791	20 627	128 491	813	129 305
Dividend paid to the minorities	-	-	-	-	-	-	-	-	-391	-391
Call exercise	523 537	52	4 435	-	-4 465	-	-	22	-	22
Shares redemptions ⁽¹⁾	-	-	-	345	-	-	-	345	-	345
Stock options and free shares impact ⁽²⁾	-	-	-33	-	1 807	-	-	1 774	-	1 774
AdLink's acquisition	3 940 000	394	15 935	3 899	-	-	-	20 228	-	20 228
Other elements of global income	-	-	-	-	-	-2 566	-	-2 566	-24	-2 590
Net income of the period	-	-	-	-	-	-	6 495	6 495	425	6 920
Total comprehensive income	-	-	-	-	-	-2 566	6 495	3 928	401	4 330
31 December 2009	44 269 995	4 427	123 348	-1 916	1 583	225	27 122	154 788	824	155 612

⁽¹⁾ As of December 31, 2009, Hi-Media S.A. held 239,153 of its own shares. Moreover within the framework of the liquidity contract, Hi-Media holds 103,518 of its own shares as of December 31, 2009.

⁽²⁾ Cf. Note 25 in connection with the share subscription option plans and the allocations of free shares.

Notes concerning the Group's consolidated financial statements

The consolidated financial statements for financial year 2009 as well as the notes relating to them have been established on the responsibility of the Hi-Media S.A. Board of Directors, and they were closed out at its meeting held on March 10, 2010 and are been submitted for approval to the Shareholders' Meeting on May 4, 2010.

Note 1. Accounting principles and methods

1.1. Entity presenting the financial statements

Hi-Media ("The Company") is a business domiciled in France. The Company's registered office is located at 15/17 rue Vivienne, 75002 Paris. The Company's consolidated financial statements for the financial year ending on 31 December 2009 include the Company and its subsidiaries (the whole being designated as "the Group" and each individually as "the Group entities") and the Group's share in the associated companies or in those under joint control.

1.2. Preparation base

In application of European rule n° 1606/2002 of 19 July 2002, the consolidated financial statements published for financial year 2008 are established in accordance with the international accounting standards set forth by the IASB (International Accounting Standards Board). The said international accounting standards consist of the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as of their interpretations, which were adopted by the European Union on 31 December 2009 (publication in the Official Journal of the European Union).

The consolidated financial statements are prepared on the basis of historical cost, with the exception of the following elements:

- the derivative financial instruments, valued at their fair value,
- the financial instruments at fair value by way of the income statement, valued at their fair value,
- the financial assets available for sale valued at their fair value,
- the liabilities resulting from transactions payment of which is based on shares and which will be paid in cash, valued at fair value.

The consolidated financial statements are presented in euros, which is the Company's operating (functional) currency.

All financial information presented in euros is rounded off to the nearest thousand euros.

The accounting principles and methods explained below have been applied continuously to all periods presented in the consolidated financial statements, with the exception of the accounting methods related to the new accounting standards and amendments coming into effect on January 1st, 2009 and listed hereafter.

The accounting methods are applied in uniform fashion by the Group entities.

The new standards and the following amendments must be applied starting with the financial year beginning on January 1st, 2009:

- IAS 1 revised (2007) – Presentation of financial statements : the Group presents all variations in shareholder's equities relative to the owners of the Company only in the report on variation of consolidated shareholders' equities whereas the variations in shareholder's equities which do not concern the owners are also presented in the report on global net income. The Group has opted for presentation of two distinct statements: an income statement and a global earnings statement. The comparative information was adjusted in accordance with the revised standard. This change of method which affects only the presentation has no impact on the earnings per share.
- IFRS 7 amendment "Financial instruments : information to provide " as of November 2009 : the Group organized into a hierarchy the financial instruments estimated at the fair value by level.

- IFRS 8 – Operational Sectors : the Group applied IFRS 8 as of 31 December 2008.

The following new standards, amendments and interpretations must be applied starting with the financial year beginning on 1 January 2009, but had no effect on the group's financial statements:

- IAS 23 as revised - costs of borrowings;
- Amendment IFRS 2 – conditions regarding acquisition of rights and cancellations;
- Amendments IAS 32 and IAS 1 – financial instruments redeemable at bearer's desire;
- Amendments IFRS 1 and IAS 27 – Amended IFRS 1 and IAS 27 – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate;
- Amendment IAS 39;
- IFRIC 11 – Group and treasury share transactions;
- IFRIC 13 – customer loyalty programs;
- IFRIC 14 – The limit on a defined benefit asset, minimum funding requirements and their interaction;
- IFRIC 15 – real property construction contracts;
- IFRIC 16 – coverage of a new investment.

The following new standards, amendments and interpretations, adopted by the IASB/IFRIC and the EU as of 31 December 2009, do not have to be applied for the financial year beginning on 1 January 2009, and were not applied early:

- IFRS 3 and IAS 27 (both as revised): regroupings of companies: the group will apply IFRS 3 and IAS 27 as revised to all regroupings carried out starting on 1 January 2010 (prospective application);
- IFRIC 17 – Distribution of non-monetary assets to the shareholders, applicable for the financial years beginning on 1 July 2009 or later;
- IFRIC 18 – Transfers of assets by customers, applicable for financial years beginning on 1 July 2009 or later.

1.3. Consolidation principles

A subsidiary is an entity controlled by the Group. Control exists when the Group holds the power to direct the entity's financial and operating policies in order to obtain advantages from its activities. In judging control, the potential voting rights that can currently be exercised are taken into account. The subsidiaries' financial reports are included in the consolidated financial statements as of the date on which control is obtained and until the date on which control ceases. The subsidiaries' accounting methods are modified when necessary to bring them into line with the ones adopted by the Group.

1.3.1. Companies under exclusive control

The companies under Hi-Media S.A.'s direct or indirect exclusive control are fully consolidated.

1.3.2. Associated companies (companies treated on the basis of the equity method)

The associated companies are the entities in which the Company exercises notable influence over the financial and operating policies, but without holding control. Notable influence is assumed when the Group holds from 20% to 50% of the voting rights of an entity. The accounting is done on the associated companies on the basis of the equity method ("entreprises mises en équivalence") and the accounting is initially done at cost. The Group's participation includes the goodwill identified at the time of the acquisition, net of the cumulative value losses. The consolidated financial statements include the Group's share in the total amount of profits and losses and the changes in shareholders' equity posted by the companies treated on the basis of the equity method, after taking account of adjustments due to bringing the accounting methods into compliance with the ones used by the Group, starting on the date on which the notable influence is exercised and until the date on which it ends. If the Group's share of the losses is greater than its holding in the company treated on the basis of the equity method, the book value of the securities treated by the equity method (including any long-term investment) is reduced to zero, and the Group ceases to post its share of the future losses, unless the Group is obliged to take part in the losses or to make payments in the name of the company.

1.3.3. Companies under joint control

Jointly controlled companies are entities over whose activity the Group exercises joint control by virtue of a contract requiring unanimous approval of the strategic and operational decisions. They are consolidated by means of the proportional consolidation method.

1.3.4. Transactions eliminated in the consolidated financial statements

The balance sheet balances, the transactions, the income and charges resulting from the intra-group transactions are eliminated upon preparation of the consolidated financial statements. The gains resulting from transactions with the companies treated on the basis of the equity method are eliminated by the counterpart of the securities treated on the basis of the equity method to the extent of the Group's shares of interest in the business. The unrealized losses are eliminated in the same way as the profits, but only insofar as they do not represent a loss of value.

1.4. Foreign currency

1.4.1. Transactions in foreign currencies

The unrealized foreign exchange gains and losses on receivables and liabilities denominated in foreign currencies of a given entity are posted to the accounting under operating income or to financial earnings of the entity, depending on the nature of the underlying transaction. The exchange differences relating to monetary elements constituting an integral part of the net investment in foreign subsidiaries are entered in conversion reserves at their amount net of tax.

The balance sheet headings expressed in foreign currencies are converted into euros at the closing rates of the financial year, with the exception of net worth, which is maintained at its historical value. The income statements and the cash flows statement expressed in foreign currencies are converted at the monthly average exchange rates for the period, without significant exchange rates fluctuation. The conversion differences resulting from the application of these various rates are not included in the period's results, but are allocated directly to conversion reserves in the consolidated financial statements.

1.4.2. Activities abroad

The assets and liabilities of a foreign activity, including the consolidated goodwill and the adjustments of fair value resulting from the acquisition, are converted into euros by using the exchange rate on the closing date. The income and charges relating to an activity abroad, except for foreign activities within a hyper-inflationary economy, are converted into euros by using the exchange rates in effect on the dates of transactions. The translation differentials resulting from the conversions are posted to the conversion reserve under the shareholders' equity.

1.5. Use of estimates and judgments

Preparation of the financial statements in accordance with the IFRS standards requires Management to take account of estimates and of assumptions for determination of the amounts to be posted with regard to certain assets, liabilities, income and charges, as well as of certain information provided in notes attached to the assets and liabilities, in particular :

- The goodwill and the depreciation tests relating thereto,
- The intangible assets acquired,
- The deferred tax credits,
- The depreciation of receivables,
- The provisions for risk,
- The charge for stock options and free shares,
- The financial instruments.

The estimates and underlying assumptions are developed on the basis of past experience and other factors considered reasonable in light of the circumstances. They are also used as the basis for exercise of the judgment necessary for determination of the book values of assets and liabilities, which cannot be obtained directly from other sources. In view of the inherently uncertain nature of these valuation procedures, the definitive amounts may prove to be different from the ones initially estimated.

The estimates and the underlying assumptions are continuously reconsidered. The impact of the changes in accounting estimates is directly entered in the accounting during the period of the change if it affects only said period, or during the period of change and in subsequent periods if they are also affected by the change.

1.6. Intangible fixed assets

1.6.1. Consolidated goodwill

The consolidated goodwill represents the difference between the acquisition price, increased by the related costs, of the securities of the consolidated companies and the group share of the fair value of their net assets on the date of acquisition of holdings. The consolidated goodwill is not depreciated, pursuant to the IFRS 3 standard concerning "Regroupings of businesses". It is the object of a value loss test as of the time of appearance of indications of losses of value, and at least once per year. The consolidated goodwill is broken down by cash flow generating units, which correspond to sets of assets giving rise jointly to independent cash flows. The procedures relating to the tests of losses of value of the Cash Flow Generating Units are detailed in note 1.8 below. In case of a loss of value, the depreciation is entered under earnings for the financial year.

The consolidated goodwill referring to the acquisition of companies treated on the basis of the equity method is included in the value of the "Securities treated on the basis of the equity method". It is tested by way of the value test performed on the securities.

If the acquisition record includes an adjustment of the acquisition price depending on future events such as the generation, at some point in the future, of a specified level of revenue, earnings, BFR of the acquired company, the value of such an adjustment is posted on the basis of the most accurate estimate which Hi-Media can make on the acquisition date or as soon as the adjustment is likely to be made and can be measured reliably. If future events do not occur or if the estimate has to be revised, the acquisition price is adjusted accordingly.

1.6.2. Other intangible fixed assets

Research and development expenses

The development expenses, including the ones relative to software and to the new sites or new versions of sites, are capitalized as intangible assets as soon as the company can demonstrate the following, in particular:

- its intention and financial and technical ability to perform the development project to completion;
- its ability to use or sell the intangible asset, once it has been completed;
- the availability of adequate technical and financial resources for completing the development and sale;
- that it is likely that the future economic advantages attributable to the development expenditures will go to the business;
- and that the cost of said asset may be valued reliably.

The other research and development expenses are posted to charges during the financial year in which they are incurred. The said intangible assets are depreciated over the estimated use duration as a function of the consumption of the economic advantages connected with them. They are depreciated, if appropriate, if their recoverable value becomes less than their book value.

Other intangible fixed assets acquired

To satisfy the definition of an intangible fixed asset, an element must be identifiable (separable from or resulting from contractual or legal rights), be controlled by the company, and it must be likely that the future economic advantages attributable to said element will go to the company.

An intangible fixed asset acquired is recognized in the balance sheet as soon as its cost can be reliably measured, knowing that one assumes in such a case that the future economic advantages attributable to said fixed asset will go to the company. These intangible fixed assets consist of trademarks, licenses and software, and customer relations. The licenses, software and customers relations, which have a finite useful life, are amortized over a period of 3 to 8 years.

1.7. Tangible fixed assets

The original value of the tangible fixed assets corresponds to their acquisition cost.

The expenses for maintenance and repair are recorded under charges as soon as they are incurred, except for the ones incurred for increased productivity or the extension of the use duration of the asset.

The fixed assets financed by means of financial rental contracts, for which the risks and advantages have been transferred to the lessee, are presented under assets in terms of the discounted value of the future payments, or the market value if that is less. The corresponding debt (liability) is entered under financial liabilities. The said fixed assets are depreciated in accordance with the procedure and for the use periods described below.

The depreciation is posted to charges over the duration of use as estimated for each tangible fixed asset.

The estimated use durations are as follows:

Fittings and improvements	5 to 10 years
Office equip. and computer hardware	3 to 5 years
Furniture	4 to 8 years

1.8. Depreciation of the fixed asset elements

1.8.1. Financial assets

The financial asset is examined on each closeout date in order to determine whether there is an objective indication of a loss of value. The Group considers that a financial asset is depreciated if there are objective indications that one or several events have had a negative effect on the estimated future cash flows from the asset.

The loss of value of a financial asset valued at the amortized cost corresponds to the difference between its book value and the value of the estimated future cash flows, discounted at the original effective interest rate on financial assets. The value losses are posted to earnings.

The value loss is written back if the write-back can be objectively connected with an event occurring after the accounting is done on the depreciation.

1.8.2. Non-financial assets

The book values of the Group's non-financial assets, other than the deferred tax credits, are examined on each closeout date to judge whether there is any indication whatsoever that an asset has experienced a loss of value. If there is such an indication, the recoverable value of the asset is estimated. For the goodwill and the intangible fixed assets with an indefinite use duration or that are not ready for commissioning, the recoverable value is estimated on each closeout date. The recoverable value of an asset or of a cash flow generating unit is the higher as between its value in use and its fair value reduced by the costs of sale. To judge the value in use, the estimated future cash flows are discounted at the rate, before tax, reflecting the current market judgment of the time value of money and of the risks that are specific to the asset. For the needs of the depreciation tests, the assets are regrouped into the smallest group of assets generating incoming cash flow resulting from continuous use, largely independent of the incoming cash flows resulting from other assets or groups of assets (the "cash flow generating unit").

A loss of value is entered in the accounting if the book value of an asset or of its cash flow generating unit is greater than its recoverable value. The value losses are posted to the income statement. A loss of value entered in the accounting in connection with a cash flow generating unit (a group of units) is assigned first of all to reducing the book value of any goodwill assigned to the cash flow generating unit, and then to reduction of the book value of the other assets of the unit (of the group of units) in proportion to the book value of each asset of the unit (of the group of units).

A loss of value posted in connection with consolidated goodwill cannot be written back. For the other assets, the Group judges, on each closeout date, whether there is an indication that the value losses posted to the accounting during prior periods have declined or no longer exist. A loss of value is written back if there here is a change in the estimates used in order to determine the recoverable value. The book value of an asset, increased because of the write-back of a loss of value, must be no greater than the book value that would have been determined, net of depreciation, if no value loss had been posted.

1.9. Accounts receivable

The accounts receivable are valued at their nominal value and are the object of individual examination. Depreciation is set aside when the balance sheet value (discounted value of the estimated future cash flows) is less than the book value.

The receivables transferred to third parties (factoring contract) are removed from the Group's assets when the risks and advantages associated with them are substantially transferred to such third parties and if the factoring company in particular accepts the credit risk, the rate risk and the collection period.

The credit risk corresponds to the risk of non-recovery of the receivable. Under the deconsolidation contracts of the entities in the group, the credit risk is borne by the factoring company. This means that the group is no longer exposed to the risks of recovery of the invoice, and, as a result, the disposal is regarded as being without recourse.

The rate and collection period risk corresponds to the transfer of the financial risk linked with extending the duration of the recovery of the receivables and to the cost of carry accruing thereto. Under the deconsolidating contracts of the entities in the group, the commission rate for a given disposal is adjusted exclusively subject to EURIBOR and the time it took to settle the previous disposal. The financing commission is paid at the start of the period and is not subsequently modified.

The risk of technical dilution is linked with non-payment of the receivable due to faults observed in services rendered or commercial disputes. For every deconsolidating contract signed by the entities in the group, the guarantee reserve does not cover the general risks or the risk of delayed payment; the basis of the guarantee is made up to cover the debits (credit notes etc.) of technical dilution.

1.10. Cash and cash equivalents, and current financial assets

The cash and cash equivalents consist of the elements that are immediately liquid and variations of the fair value of which are insignificant, such as liquidity in bank current accounts, the shares of treasury "OPCVM" funds, as well as the reserve account at the factor's.

The current financial assets that do not meet the definition of cash equivalents and are held with an eye on future transactions are valued at fair value, and the variations are posted to the income statement.

1.11. Capital

1.11.1. Ordinary shares (common stocks)

The ordinary shares are classified as shareholders' equity instruments. The accessory costs directly attributable to issue of ordinary shares or of stock options are posted as a deduction from the shareholders' equity, net of tax.

1.11.2. Repurchase of shareholders' equity instruments (own shares)

If the Group buys back its own shareholders' equity instruments, the amount of the counterpart paid including the costs directly attributable is posted to the accounting net of taxes, as a reduction of the shareholders' equity. The repurchased shares are classified as internally held shares and are deducted from the shareholders' equity. When the internally held shares are sold or put back into circulation, the amount received is posted as an increase of the shareholders' equity, and the positive or negative balance of the transaction is transferred to increase or decrease the undistributed results.

1.12. Borrowing

All borrowings are initially entered in the accounting at the fair value of the counterpart received, which corresponds to the cost, net of expenses directly attributable to such borrowings. After the initial accounting is done, the borrowings are valued at the amortized cost by using the effective interest rate method. The said rate corresponds to the internal rate of return making it possible to discount the series of cash flows anticipated over the duration of the borrowing. In addition, if the borrowing includes an incorporated derivative instrument (in the case, for instance, of an exchangeable bond) or if it includes a component of shareholders' equity (in the case, for instance, of a convertible bond), then the amortized cost is calculated solely for the debt component, hence once the incorporated derivative instrument or the component of shareholders' equity has been separated.

In case of a change in the anticipated future cash flows (for instance, early redemption not initially planned), then the amortized cost is adjusted by earnings counterpart to reflect the value of the new cash flows that are anticipated, discounted at the initial effective interest rate.

1.13. Derivative financial instruments

Derivative financial instruments are used for the purpose of managing exposure to financial risks. All derivatives are valued and posted to the accounting at their fair value: initially on the date of contract conclusion, and subsequently at the time of each closeout. The treatment of the revaluation gains or losses depends on the designation or non-designation of the derivative as a hedging instrument, and, if that is the case, on the nature of the element hedged.

The variations of fair value of the derivatives that are not designated as hedging instruments are posted to financial earnings during the period to which they refer. The fair values are based on the market values for the listed instruments, or on mathematical models, such as the models for valuation of options, or on methods for discounting cash flows with respect to the unlisted instruments. The variations of fair value of the derivatives designated as cash flow hedging instruments are posted among other elements of the global result and presented in the shareholders' equity reserve with respect to the effective part of the variations of fair value of the instruments, and are posted to earnings with respect to the gains and losses relating to the ineffective part. The amounts posted to shareholders' equity are then recycled to the income statement as a function of the impact on the income statement of the hedged elements.

1.14. Provisions

A provision is set aside when the Group has a present, legal or implicit obligation resulting from a past event to a third party, and it is likely or certain that this will lead to an outflow of resources to the benefit of said third party. In case of restructuring programs, an obligation is constituted as soon as the restructuring has been the object of an announcement and of a detailed plan, or execution thereof has begun.

A provision for an onerous contract is posted when the economic advantages which the Group expects from the contract are less than the inevitable costs which have to be assumed in order to satisfy contractual obligations. The provision is valued at the current value of the weakest cost expected from termination or execution of the contract.

During regrouping of companies, a provision is also posted for purchase contracts held by the acquired company presenting unfavorable conditions compared to those of the market on the date of acquisition.

1.15. Staff benefits

1.15.1. Fixed contributions system

A fixed contributions system is one offering benefits after employment by virtue of which an entity pays defined contributions to a separate entity and will not under any legal or implicit obligation to make any additional contributions. The contributions to be paid to a fixed contributions system are posted to charges connected with staff benefits when they are due.

1.15.2. Fixed benefits system

A fixed benefit system is one offering benefits after employment other than a fixed contributions system. The Group's net obligation in connection with fixed benefits systems is valued separately for each system by estimating the amount of the future benefits earned by the staff in exchange for the services rendered during the present period and prior periods. The said amount is discounted to determine its present value. The costs of the past services that are not posted and the fair value of the system assets are then deducted. The calculations are made each year by a qualified actuary using the method of projected credit units.

The Group immediately posts, to other elements of the global result, all of the actuarial discrepancies in connection with the fixed benefits systems.

1.15.3. Indemnities at the end of employment contract

The indemnities for the end of the employment contract are posted to charges when the Group is obviously committed, without any real possibility of withdrawing, to a formalized and detailed plan either relating to redundancies before the normal retirement age, or offers encouraging voluntary departures with a view to reducing staff, and the employees concerned have been informed before the closeout date. The indemnities for voluntary departures are posted to charges if the group has made an offer encouraging voluntary departures, it is likely that the said offer will be accepted, and the number of persons who will accept the offer may be estimated reliably.

1.15.4. Short-term benefits

The obligations in connection with the short-term benefits are valued on a non-discounted basis and are posted to the accounting when the corresponding service is rendered. A liability is posted in the amount that the Group expects to pay in connection with the optional profit-sharing plans and the premiums paid on a short-term cash flow basis if the Group has a present legal or implicit obligation to make such payments in exchange for past services rendered by the staff member and the obligation can be reliably estimated.

1.15.5. Payments based on shares

Buy options and share subscription options as well as free shares are granted to the senior managers and to certain Group employees. Pursuant to the IFRS 2 standard called "Payment based on shares", the options and shares are valued at the fair value as of the date of granting.

i. Instruments settled by issue of Hi-Media shares

To value these instruments, the Group uses the Black & Scholes mathematical model. The modifications of market conditions occurring after the date of grant have no effect on the initial valuation. In particular, the plans concerning allocations of free shares are valued on the basis of the Hi-Media share price on the day of the meeting of the Board of Directors deciding on allocation of such free shares taking account of the period of non-transferability of the share after acquisition of the rights and of the anticipated dividend.

The fair value of these instruments, valued on the date of allocation, is booked as charge in counterpart of shareholder's equity. The fair value is spread out over the period during which the beneficiaries acquire their rights. Evaluation of the charge takes account of the likelihood of realization of the performance and presence conditions. The cumulative charge relative to such instruments is revalued at the time of each closeout. If the case arises, the valuation difference is entered in the income statement.

ii. Instruments settled by cash remittances

The charge, valued on the date of allocation, is spread out over the period during which the beneficiaries acquire their rights. The counterpart of this charge is a debt (liability). The valuation of the charge takes account of the likelihood of realization of the performance and presence conditions.

When such plans result from acquisitions of subsidiaries, the estimated lifetime of the instrument is calculated on the basis of the plans initially allocated to the employees.

The cumulative charge relative to such instruments is revalued at the time of each closeout. If the case arises, the valuation difference is entered in the income statement.

1.16. Segment information

Pursuant to IFRS 8 applied beginning with financial year 2008, the Group presents segment information, based on internal reporting, as it is regularly examined by Group management in order to assess the performance of each sector and allocate resources to the sectors.

An operational sector is a component of the business:

- that takes part in activities that could cause it to receive income and bear charges (including the income and the charges connected with transactions of other components of the same entity);
- whose operating results are regularly examined by the entity's main operational decision-makers in order to make decisions concerning the resources to be assigned to the sector and to assess its performance - and for which separate financial information is available.

In view of this definition, Hi-media's operational sectors correspond to the following activity sectors:

- Advertising network activity
- Micropayments
- Publication of websites

This identification is based on the group's internal organizational systems and management structure.

Hence in Note 23 the Group provides the following information:

- revenue, gross profit and operating profit per segment
- assets per segment
- reconciliations of the totals per segment with the corresponding amounts of the Group.

No liability is assigned to the segments in the internal system for monitoring results.

1.17. Tax on earnings

The tax on earnings (charge or income) includes the payable tax charge (credit) and the deferred tax charged (credit).

The tax is posted to earnings unless it relates to regrouping companies or to elements that are posted directly to shareholders' equity or to other elements of the global result. In this case, the tax is booked in the shareholders' equity or in the other elements of the global result.

The payable tax is the estimated amount of the tax due in connection with the taxable profit for a period, determined by using the tax rates that have been adopted or virtually adopted on the closeout date, added to any adjustment of the amount of the payable tax for the previous periods.

The deferred tax is determined and posted in accordance with the balance sheet approach of the variable carryover method for all timing differences between the book value of the assets and liabilities and their taxation bases. The following elements do not give rise to recording deferred taxes: the initial accounting done on an asset or liability in a transaction that is not a regrouping of businesses and that does not affect either the book profit or the taxable profit, and the timing differences connected with holdings in subsidiaries and joint ventures insofar as it is likely that they will not be reversed in the foreseeable future. Furthermore the deferred tax is not posted to the accounting in case of a taxable timing difference generated by the initial accounting done on goodwill. The deferred tax credits and liabilities are valued at the tax rates that are expected to be applied for the period during which the asset is realized and the liability settled, on the basis of the taxation rules and regulations that have been adopted or virtually adopted as of the closeout date. The deferred tax credits and liabilities are offset if there is a legal enforceable right to offset the payable tax credits and liabilities, and if they concern taxes on earnings deducted by the same taxation authority, either in the same taxable entity, or in taxable entities that are different but that intend to settle the payable tax credits and liabilities on the basis of their net amount or to realize the credits and to settle the tax liabilities simultaneously.

A deferred tax credit is posted only insofar as it is likely that the group will record future taxable profits to which the corresponding timing difference can be charged. The deferred tax credits are considered on each closeout date and are reduced to the extent that it is no longer likely that a sufficient taxable profit will be available.

With regard to the component Contribution on Added Value of Companies (CVAE) of the Territorial Economic Contribution (CET), a new tax introduced in France by the 2010 Finance Act, the Group has decided to describe it as a tax on earnings. In effect, the CVAE meets the definition of a tax on earnings as set forth by IAS 12.2 ("taxes due on the basis of taxable profits"). The IFRIC has also stated that, in order to be included in the IAS 12 field, a tax must be calculated on the basis of a value net of products and of charges, and this net amount may be different from the net earnings posted. The Group considered that the CVAE exhibited the characteristics mentioned in this conclusion to the extent that the added value constitutes the intermediate level of earnings which systematically acts as the basis (in accordance with French fiscal rules) for determining the amount due for the CVAE. The Group also considered that the CVAE exhibited characteristics close to some other foreign taxes such as the IRAP in Italy, already analyzed as relevant for the application range of IAS 12.

In addition, since the capital allowances cannot be deducted from the added value on which this tax is based, a deferred tax liability must be established on the basis of the net value of the fixed assets posted in the balance sheet of the entities subject to this tax.

1.18. Recognition of revenue

Recognition of gross revenue

Pursuant to IAS 18-7 / 18-8, the company acting as the principal in the transaction recognizes, as revenue, the amounts invoiced to the end customers. In order to determine whether the company is acting as a principal or, on the contrary, as an agent, it is appropriate to assess the risks and responsibilities taken by the company to deliver the goods or render the services. From that viewpoint, Hi-Media has referred to the EITF 99-19 standard, within the framework of application of the IFRS, which gives a list of indicators for determining whether the company is acting as a principal or as an agent. Hi-Media has ensured that the indicators showing that the Company acts as a principal were indeed present in connection with the transactions made with its customers, advertisers or websurfers.

1.18.1. Advertising network activity

The advertising network activity consists in offering advertisers global services relative to their advertising campaigns on the websites with which Hi-Media has signed an agency contract. In this connection, Hi-Media generally intervenes as the advertiser's sole service provider, and not as a commission agent. Hence in such a case, the advertiser does not have any contractual relationship with the medium website. The price of the services charged to the advertiser inseparably includes the price of the advertising space, the advice relative to the choice of the media as well as the cost of the technical services for getting items on line, for distribution as

well as for follow-up on the campaign (in both quantitative and qualitative terms) and collection on the invoices issued. The revenue corresponds to the amount invoiced to the advertisers.

In connection with certain contracts, Hi-Media intervenes as a mere business finder and distributor of the campaign. The website represented in this way then sees, itself, to invoicing the advertiser, as well as to collection of the campaigns. Since Hi-Media intervenes only as an agent, turnover corresponds in this case to the fee charged by Hi-Media to the website.

The activity breaks down into four marketing procedures:

- the sale of advertising spaces at a cost per thousand;
- the sale of performance-based operations;
- the sponsorship contracts;
- the sale of direct marketing operations.

The sale of advertising spaces provides for putting on line and dissemination of advertising banners of different formats on one medium or several (websites) under advertising network by Hi-Media for a given period. The value of the contracts depends on a cost per thousand for advertising displays and the volume purchased by the advertiser.

For the contracts completed as of the closeout date, the sales recognized in the income statement correspond to the value of the contract, or else to the value of the number of pages views if that is less than that defined in the contract.

For the contracts in progress on the closeout date, the turnover recognized on the closeout date corresponds to the value of the number of pages actually seen on the closeout date, if that number of pages is less than or equal to that provided for in the contract.

The sale of performance-based operations calls for a number of clicks on the advertisers' advertising messages. Only the clicks are valued, and hence are recognized as turnover.

The sponsorship contracts provide for package arrangements as remuneration for the inclusion of the logotype or any other distinctive mark of the advertisers in the medium concerned, under Hi-Media advertising network. The package is recognized as revenue on a straight-line basis over the duration of the services.

The sale of direct marketing operations calls for selection and availability of addresses of voluntarily listed surfers, as well as for dispatch thereof by Hi-Media, in the interest of carrying out direct marketing operations. Hi-Media also offers companies an opportunity for installing programs for recruiting prospects or improving customer loyalty, as well as for complete management of their databases. The sales are recognized at the time of dispatch of the messages or of realization of the technical service.

The sale of direct marketing operations also includes "natural" listing services of the internet sites in the search engines. In this case, the revenue corresponds to the advisory services for which the customers are charged.

Finally, the sale of direct marketing operations includes paid listing services corresponding to traffic generation on the customer's site, and this is remunerated on a performance basis (generally "clicks"). The revenue corresponds to the amount invoiced to the customer for technical and advisory services, as well as the purchase of keywords on the search engines, if that is done by Hi-Media acting as "principal". The fact is that for certain contracts, the amount recognized as revenue is limited to the company's technical and advisory services insofar as the company, by virtue of the indicators contained in the EITF 99-19 standard, is regarded as acting as agent.

1.18.2. Micropayments

The micropayment activity corresponds to two distinct activities:

- sale to surfers of codes that can then be used on various sites in order to access paid content,
- Availability of interactive voice servers and technical service regarding the corresponding invoicing.

In the first case, the revenue corresponds to the retransfers made by the telephone operators in connection with telephone numbers or SMS used by the surfers for buying the codes from the company. Hi-Media will then remunerate the website on which the code has been entered.

In the second case, Hi-Media intervenes to provide the customer with a technical service and the revenue will be determined by finding the difference between the amount received from the telephone operators and the retransfers granted to the partners.

1.19. Operating profit

The operating profit is obtained by deducting, from the current operating profit, the charges for stock options and free shares and the other non-current charges. The other non-current charges include, if such cases arise, the depreciation of consolidated goodwill, the capital gains or losses on disposal of consolidated companies or of activities, restructuring charges, the charges connected with exceptional terminations of contracts, and any other charge or income of non-recurrent nature.

1.20. Earnings per share

The Group presents basic and diluted earnings per share for its ordinary shares.

The basic earnings per share are calculated by dividing the earnings attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares in circulation during the period adjusted by the number of held treasury shares.

The net income per diluted share is determined by adjusting the earnings attributable to the holders of the ordinary shares and the weighted average number of ordinary shares adjusted by the number of held treasury shares in circulation for the effects of all dilutive potential ordinary shares, which include the stock options and the free shares allocated to the members of the management and staff.

Note 2. Management of financial risks

The Group is exposed to the following risks connected with use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information concerning the group's exposure to each of the above risks, its objective, its policy and procedures regarding assessment and management of the risks, as well as its management of the capital. Quantitative information appears in other places in the consolidated financial statements.

It is incumbent on the Board of Directors to define and supervise the framework for the Group's risk management.

2.1. Credit risk

The credit risk represents the risk of financial loss for the Group in case a customer or a counterpart to a financial instrument fails to meet its contractual obligations. That risk results mainly from accounts receivable and from short-term investment securities.

The Group's exposure to the credit risk is influenced mainly by the individual characteristics of the customers. The statistical profile of the clientele, particularly including the risk of default by activity sector and country in which the customers carry on their activity, has no real influence on the credit risk. There is no concentration of the credit risk, whether with respect to the customers or geographically speaking.

The Group has defined a credit policy under which the solvency of each new customer is the object of an individual analysis before it can benefit from the payment and delivery conditions offered by the Group. To that end, the Group uses external ratings, when they are available. The customers not meeting the Group demands with respect to solvency may not conclude any transactions with the Group unless they pay for their orders in advance.

At the time of each closeout, the Group determines a depreciation level representing its estimate of the losses incurred in connection with the accounts receivable and other debtors, as well as relative to investments. The said depreciation is determined by an analysis of individualized significant risks.

To limit the credit risk, the Hi-Media SA company has taken out credit insurance. The credit insurance contract concluded is based on three services: prevention, collection, indemnification.

Prevention: the credit insurer provides continuous supervision and informs the company in case of a deterioration of its customers' solvency.

Collection: in case of bad debts, the company forwards the legal proceedings consisting of all documents proving the claim to the insurance company, which intervenes with the defaulting debtor and sees to collection by friendly agreement or by way of legal proceedings.

Indemnification: the company will be indemnified in case of established insolvency or of judicial proceedings affecting the debtor. In the other cases, if it has been impossible to make collection within the waiting period defined in the contract, the insurance company will also provide indemnification for the claim. The insurance company bears 75% of the amount, including all taxes, namely 90% of the amount excluding taxes. The indemnification period is approximately from one to five months. To benefit from such coverage, the subsidiaries must first obtain the insurer's coverage approval customer by customer.

In addition, the companies Allopas SNC, Mobile Trend SAS and Mobile Works SAS have taken out factoring contracts for which the main risks and advantages have been transferred to the factoring company (cf. note 1.9).

The maximum exposure to the credit risk on the closeout date is indicated in the following notes:

- Note 15 Paid accounts and notes receivable
- Note 16 Other current assets Other current assets
- Note 17 Cash and cash equivalents

2.2. Liquidity risk

The liquidity risk corresponds to the risk that the Group runs of experiencing difficulties in honoring its debts when they mature. The Group's approach to managing the liquidity risk is to make sure, insofar as possible, that it will always have sufficient liquidity to meet its liabilities when they come due, under normal or "tense" conditions, without incurring any unacceptable losses or impairing the Group's reputation.

The Group has established management of the cash flow needs aimed at optimizing its return of cash flow on investment. This excludes the potential impact of extreme circumstances, such as natural disasters, that one cannot be reasonably predict.

Moreover the Group has concluded, for certain subsidiaries, factoring contracts enabling it to obtain short-term financing and to be more flexible in daily management of its liquidity.

As of 31 December 2009, the remaining contractual expiration due dates of the financial liabilities are analyzed as follows (including the interest payments):

(in thousands of euros)	Book value	Contractual cash flows	less than 1 year	1-5 years	More than 5 years
Credit line 1 ¹	32 992	35 195	10 032	25 163	-
Credit line 2	400	432	308	124	-
AdLink's Vendor loan	12 195	13 166	664	12502	-
Hi-Media SA factor ² debt	5 446	5 555	5 555	-	-
Accounts payable	72 067	72 067	72 067	-	-
Taxation and social liabilities	17 190	17 190	17 190	-	-
Liabilities connected with the holdings	5 376	5 376	5 376	-	-
Other liabilities	1 120	1 120	1 120	-	-
Bank overdrafts	-	-	-	-	-
Total	146 786	150 101	112 312	37 789	-

¹ Interest rates used to determine the future contractual cash flows are based on Euribor 3-month as of December 31, 2009.

² The factor debt will be extinguished once all of the customers have paid their debts to the factor or once the factor retransfers the unpaid invoices to Hi-Media.

2.3. Market risk

2.3.1. Exchange risk

The exchange risk corresponds to the risk that variations of exchange rates will affect the Group's earnings or the value of the financial instruments held. The purpose of exchange risk management is to manage and keep exposure to the market risks within acceptable limits, while optimizing the profitability / risk tandem.

The Group is exposed to an exchange risk:

- in connection with the activity of its subsidiaries based in the United States (Group Hi-media USA Inc.) and in Sweden (Hi-media Sales and Hi-media Network) and in UK (Hi-media Ltd), which are fully consolidated, as well as, to a smaller extent,
- in connection with the activity carried on by its subsidiaries consolidated on the basis of the equity method in China (Hi-Media Chine) and in Brazil (Hi-Media Brazil),
- on the incomes received through micropayments activity from outside the euro zone (mainly Latin America and United States),

For Group Hi-media USA Inc, the Swedish subsidiaries, Hi-media Ltd and Hi-media China and Hi-media Brazil, all of the purchases and sales, investment expenditures, and assets and liabilities of those subsidiaries as well as the related goodwill are denominated, respectively, in Dollars, Swedish Crowns, Pounds Sterling, Yuan and Real.

Concerning the micropayment activity, the currency of the payments to the websites can be different from the currency of the perceived incomes.

The Group's investments in its subsidiaries having a functional currency that is not the euro are not covered insofar as the Group considers that such exchange positions are long term by their very nature.

in thousands of euros

Sensitivity to the exchange rate	USD	SEK	GBP
Total assets	58 321	18 143	2 536
Total liabilities	(4 365)	(3 195)	(7 088)
Net position	53 956	14 948	(4 552)
Assumptions regarding variation against the euro	1%	1%	1%
Impact on the P&L	(13)	24	(6)
Impact on shareholders' equity	(12)	22	(54)

2.3.1. Interest free rate

Following acquisition of a significant syndicated borrowing in 2007 (cf. note 19. Borrowings and financial debts), the Group adopted a policy consisting in making sure that at least 50% of the exposure to interest rate variations on borrowings bears on fixed rates.

To that end, some interest rate swaps were taken out at the start of 2008.

2.4. Categorization of financial instruments

<i>in thousands of euros</i>	Fair value by earnings	CATEGORIES				31 Dec. 2009	
		Assets available for sale	Loan receivables	Deb tat amortized cost	Derivative instruments	Value in balance sheet	Fair value
Other financial assets	625	300	-	-	-	925	925
Account receivable	-	-	72 927	-	-	72 927	72 927
Other current assets	-	-	12 618	-	-	12 618	12 618
Current financial assets	19	-	-	-	-	19	19
Cash and cash equivalents	19 485	-	-	-	-	19 485	19 485
Financial assets	20 129	300	85 545	-	-	105 974	105 974
Borrowings and financial liabilities	-	-	-	51 216	-	51 216	51 216
Non-current liabilities	-	-	-	-	897	897	897
Account payable	-	-	-	72 067	-	72 067	72 067
Other current debt and liabilities	-	-	-	23 686	-	23 686	23 686
Financial liabilities	-	-	-	146 969	897	147 866	147 866

Fair value hierarchy

The financial instruments valued at the fair value after their first posting are organized into a hierarchy in the following way:

Level 1: the short-term investments are estimated at their fair value by income statement in reference to quoted prices quoted on active markets.

Level 2: the derived instruments are valued in reference to observable parameters on active markets.

Level 3: the financial assets available for sale are recognized at their fair value based on valuation techniques using figures that are not observable parameters on active markets.

Note 3. Consolidation base**3.1. List of consolidated entities**

Corporate name	Country	% held directly and indirectly on 31/12/2009	% held directly and indirectly on 31/12/2008	Date of creation or acquisition	Date of financial year closeout
<i>Companies created</i>					
Hi-media Belgium SPRL	Belgium	100%	100%	09.03.00	31.12
Hi-media Portugal Lda	Portugal	53.90%	53.90%	31.10.00	31.12
Hi-Pi SARL	France	100%	100%	13.05.02	31.12
Hi-media Advertising Web SL	Spain	100%	100%	29.12.06	31.12
HPMP SPRL	Belgium	100%	100%	17.09.07	31.12
HPME SA	Belgium	100%	100%	08.05.08	31.12
Allopass Scandinavia	Sweden	100%	-	30.09.09	31.12
Allopass Mexico SRLCV	Mexico	100%	-	17.07.09	31.12
<i>Companies acquired</i>					
Hi-media Network AB	Sweden	100%	100%	11.12.00	31.12
Hi-media Deutschland AG	Germany	100%	100%	30.04.01	31.12
Europemission SL	Spain	50%	50%	25.03.04	31.12
Hi-Midia Brasil SA	Brazil	25%	25%	18.07.05	31.12
Hi-media China Limited	China	49%	49%	01.05.06	31.12
Allopass SNC	France	100%	100%	08.02.06	31.12
L'Odyssée Interactive SAS	France	88%	88%	31.05.06	31.12
Hi-media Sales AB	Sweden	100%	100%	04.09.06	31.12
Groupe Hi-media USA Inc.	USA	100%	100%	27.11.07	31.12
Vivat SPRL	Belgium	34%	34%	14.03.08	31.12
Bonne Nouvelle Editions SARL	France	100%	100%	06.06.08	31.12
Mobile Trend SAS	France	100%	100%	13.06.08	31.12
Mobile Works SAS	France	100%	100%	13.06.08	31.12
Hi-media Nederland BV (ex. AdLink Internet Media BV)	Holland	100%	-	31.08.09	31.12
Hi-media Italy Srl (ex. AdLink Internet Media Srl)	Italy	100%	-	31.08.09	31.12
Hi-media Network Internet España SL (ex. AdLink Internet Media S.L.U.)	Spain	100%	-	31.08.09	31.12
Hi-media Ltd (ex. AdLink Internet Media Ltd.)	England	100%	-	31.08.09	31.12
AdLink Media Deutschland GmbH	Germany	100%	-	31.08.09	31.12
Net:Dialogs GmbH	Germany	100%	-	31.08.09	31.12

On August 31, 2009, the Group proceeded to acquire the online advertising network activity of the AdLink Internet Media AG group.

In order to accompany growth of micro-payment in Europe and the world at large, the Allopas Scandinavia and Allopas Mexico subsidiaries were created on September 30, 2009 and July 17, 2009 respectively.

During the financial year, the legal structure of the group also underwent reorganization:

- Hi-media Advertising Web SL absorbed Publicidad y Marketing SL.
- Hi-media Belgium absorbed Publicityweb SPRL on April 29, 2009 with effect from January 1, 2009 retroactively.
- The name and legal form of Eurovox SAS on December 31, 2008 was changed on April 10, 2009; Eurovox S.A.S. became Allopas S.N.C.
- The corporate names of Hi-media Scandinavia AB and Hi-media Local AB were changed on May 12, 2009 and May 6, 2009 respectively: Hi-media Scandinavia AB became Hi-media Network AB and Hi-media local became Hi-media Sales AB.
- The corporate name of Fotolog inc. was changed on May 22, 2009: Fotolog Inc. became Group Hi-media USA Inc. Group Hi-Media USA represents two « doing business as » : Fotolog (website) and Allopas USA that are followed respectively in the segment Publishing and Micropayment.
- AdLink Internet Media SAS was the object of a universal transmission of assets to Hi-media France on December 29, 2009
- AdLink Media Belgium was merged with Hi-media Belgium SPRL on July 1, 2009

All subsidiaries are consolidated on the basis of full consolidation, with the exception of Europermission SL, which is consolidated by the proportional method, and of Hi-media China Limited, Hi-Midia Brasil SA and Vivat, which are consolidated on the basis of the equity method.

3.2. Acquisition of the media activity of the AdLink group

3.2.1. Financial statements on entry into the scope

Assets in thousands of euros	Net value	Liabilities in thousands of euros	Value
Intangible fixed assets	15	Share capital	26
Tangible fixed assets	504	Issue premium	1 014
Long-term investments	69	Earnings, reserves, retained earnings	-5 616
Total fixed assets	588	Shareholders' equity	-4 576
Accounts receivable	18 377	Provisions	-
Other receivables	662	Financial liabilities	-
Liquid assets	1 307	Accounts payable	23 160
		Other liabilities	2 350
TOTAL ASSETS	20 934	TOTAL LIABILITIES	20 934

3.2.2. Analysis of the acquisition

On July 6, 2009, Hi-media signed a draft agreement with a view to acquiring 100% of the voting rights of AdLink Media Deutschland GmbH, the online advertising network activity of the AdLink Internet Media AG group.

This transaction was completed on August 31, 2009, following legal restructuring resulting in the transfer of the securities of the companies in the Adlink group (which engage in advertising network activity) to a legal entity Adlink Media Deutschland GmbH, which was created as part of the acquisition.

Determination of the valuation

In order to calculate the relative value of the two companies, a multi-criteria analysis was used.

For Hi-media, the following were taken into consideration:

- Recent stock exchange performance,

- Target prices established by analysts covering the security,
- Price-earnings ratios of a sample of comparable companies and
- A more fundamental valuation based on the available discounted cash flows.

For AdLink Media Deutschland GmbH, the following were taken into consideration:

- Price-earnings ratios and
- The available discounted cash flows.

Cost of business combination

AdLink Media Deutschland GmbH, was transferred to Hi-media in accordance with the following terms of the draft agreement:

- Delivery of 3,940,000 shares with a nominal value of € 0.10 and valued in the consolidated accounts at € 4.29 per share (price of the Hi-media share on August 31, 2009), issued by Hi-media as a capital increase measure with a premium on conveyance of € 15,9 million equal to the difference between the value of the conveyances, i.e. € 16.9 million, the nominal capital increase of € 394,000, and the related costs, net of tax effect, for € 0,5 million.
- Delivery of 795,000 shares held internally by Hi-media, valued in the consolidated accounts at € 4.29 per share (price of the Hi-media share on August 31, 2009). The historic cost of treasury share in the consolidated account was higher than the share price as of August 31, 2009, the difference have been booked in deduction of issue premium.
- Deferred payment in the form of a seller loan worth € 12.2 million. This seller loan, whose due date has been fixed at June 30, 2011, is a bullet loan and bears annual interest of 3.7% for the first 12 months and 5% for the remaining period.
- Regulation, following completion of the financial statements on August 31, 2009 of the entities acquired and of their audit, of an adjustment aiming at covering/redeeming the operating capital need of the company group acquired. This adjustment has been fixed at € 3.9 million in favor of Hi-media.

On completion of this transaction, AdLink Internet Media AG holds 10.7% of the share capital in Hi-media. On October 6, 2009, the AdLink group transferred its Hi-media shares for the benefit of the parent company, the United Internet group, one of Europe's principal suppliers of Internet access.

Allocation of the acquisition price will be carried out within a period of 12 months following the acquisition.

An allocation of the AdLink goodwill to the different cash generating units identified has been realized as at the date of acquisition depending on the relative value of each cash-generating-unit. Those relative values have been determined using the method of discounted future net cash flows.

The calculation of consolidated goodwill before final allocation looks as follows:

<i>in millions of euros</i>	
Book value of the assets and of the liabilities	-4,6
<i>Adjustments of fair value of the assets, liabilities and contingent liabilities on the date of acquisition:</i>	
Deferred tax credits	0,9
Total adjustments of the fair value of the assets, liabilities and contingent liabilities	0,9
Fair value of the assets acquired, and of the liabilities and contingent liabilities assumed	-3,7
Consolidated goodwill before final allocation	34,4
Business combination cost	30,7

Note 4. Revenue

The breakdown of Revenue by activities looks as follows:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Advertising network	79 928	58 480
Micropayments	94 647	74 356
Publication of Internet sites	10 457	10 212
<i>Elimination of the intragroup transactions between the activities</i>	- 12 710	- 7 377
Revenue	172 323	135 671

The Revenue done in publishing Internet sites represents sales after deducting the advertising network commissions. In 2009, total Revenue done on the group's site came to 9 % of the total.

Note 5. Payroll charges

The breakdown of the payroll charges between salaries, social security charges and provision for end-of-career indemnities look as follows:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Salaries	16 534	15 547
Social security charges	6 464	5 837
Provision for end-of-career indemnities	27	20
Payroll charges	23 025	21 404

This increase is mainly explained by the integration of AdLink's staff as of September 1, 2009.

The staff varied as follows:

	31 Dec. 2008	Incoming	Outgoing	31 Dec. 2009
France	220	69	62	227
Foreign	170	194	85	279
Staff	390	263	147	506

Note 6. Valuation of stock options and free shares**6.1. Charge of the period**

The payroll charges relative to the options and free shares entered in the income statement in accordance with the IFRS 2 standard break down as follows:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Valuation of stock options and free shares	1 774	2 606
Takeover of the Fotolog Inc. retention plans	442	805
Payments based on shareholders' equity instruments	2 216	3 411

6.2. Future charge**6.2.1. Payments based on shares settled by issue of Hi-Media shares**

This charge is calculated at each closing depending on objective achievements and turnover. In order to determine the future expected charge on those plans, parameters are updated at each closing following the past achievements and management's best estimates of the future realization. As a result, the final parameters could be different from the one initially estimated. Consequently, the Group has decided to present this future charge within sensitivity tables.

Charges 2010

		Turnover							
		0%	5%	10%	15%	20%	25%	30%	35%
Probability of achieving objectives	20%	1 907	1 700	1 494	1 288	1 082	876	669	463
	30%	2 008	1 792	1 576	1 360	1 144	928	712	496
	50%	2 210	1 974	1 738	1 503	1 267	1 031	796	560
	70%	2 412	2 157	1 901	1 646	1 391	1 135	880	625
	90%	2 614	2 339	2 064	1 789	1 514	1 239	964	689
	100%	2 715	2 430	2 146	1 861	1 576	1 291	1 006	722

Charges 2010 à 2013

		Turnover							
		0%	5%	10%	15%	20%	25%	30%	35%
Probability of achieving objectives	20%	2 847	2 531	2 215	1 898	1 582	1 266	950	633
	30%	3 014	2 679	2 344	2 009	1 675	1 340	1 005	671
	50%	3 346	2 974	2 603	2 231	1 860	1 488	1 117	745
	70%	3 678	3 270	2 862	2 453	2 045	1 637	1 228	820
	90%	4 011	3 566	3 120	2 675	2 230	1 785	1 340	895
	100%	4 177	3 713	3 250	2 786	2 323	1 859	1 396	932

6.2.2. Payments based on shares settled in cash

These payments based on shares and settled in cash correspond to the option plan awarded by Fotolog Inc. to its employees prior to its acquisition by Hi-Media. Those plans were taken over by Hi-Media as payment based on shares settled in cash and valued, pursuant to IFRS 2, on the basis of the Fotolog Inc. share value as determined during the acquisition.

The future charge to be recognized on those plans looks as follows:

<i>in thousands of euros</i>	Cumulative future charges	at 1 year	from 1 year to 5 years
Payments based on shares settled in cash	347	325	22

Note 7. Other non-current income and charges

Non-current charges relating mainly to the costs linked with restructuring costs, termination of service provision (premises, sites, marketing studies), notably as part of the acquisition of AdLink.

Note 8. Financial net income

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Investment proceeds	46	174
Interest on borrowing	- 1 822	-2 028
Other financial charges	- 191	-414
Financial net income	- 1 967	-2 268

Note 9. Tax on earnings

The tax charge breaks down as follows:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Current taxes	-3 540	-2 348
Deferred taxes	275	1 620
Tax (charge)/Proceeds	-3 265	-728
<i>Effective tax rate (%)</i>	32 %	10 %

The difference between the effective tax rate and the theoretical tax rate is to be analyzed as follows:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Tax rate in France	33,33%	33.33%
Theoretical tax (charge) / proceeds	-3 393	-2 384
<i>Elements of comparison with the effective rate</i>		
Earnings charged to carryover losses not previously recorded	-	-
Recognition of deferred tax credits on losses carried over	746	1 236
Difference of tax rate between the countries	175	174
Permanent difference and other elements	-793	246
Real tax (charge)/proceeds	-3 265	-728
<i>Effective tax rate</i>	32 %	10 %

The charge for 2009 current taxes consists mainly of the taxes on profits.

As of 31.12.09, the effective tax rate results mainly from:

- the recognition of deferred tax credits for losses carried over arising during the prior financial years, valued so that the said deferred tax credits are consumed during the coming three years.
- permanent differences, particularly as concerns the charge connected with the free shares allocated.

Hi-Media France SA, MobileTrend SAS, Mobile Works SAS, Hi-Pi SARL and Bonne Nouvelle Editions SARL have been consolidated for fiscal purposes.

Note 10. Goodwill

During the year, the group recorded the following in particular:

- The goodwill of the AdLink branches for 34.3 M€ (cf. 3.2 Acquisition of the media activity of the AdLink group)
- The variation of the value of the Fotolog Inc. goodwill denominated in dollars, for -2.0 M€.
-

<i>in thousands of euros</i>	31 Dec. 2008	Conversion	Var. perimeter	transfer	Increases	Decreases	31 Dec. 2009
Goodwill	144 709	-2 043	34 324	-	2 984	-	179 974
Depreciation	-9 969	-	-	-	-	-	-9 969
Net goodwill	134 740	-2 043	34 324	-	2 984	-	170 005

10.1. MobileTrend

Pursuant to IFRS 3, Hi-media allocated the Mobile Trend acquisition price to the fair value of the assets, liabilities and contingent liabilities which are identified. The assets, liabilities and contingent liabilities identified below meet the criteria of IFRS 3.37: their fair value can be valued in a reliable manner and forms the source for future cash receipts or payments in the case of assets other than intangible assets and liabilities other than contingent liabilities.

Hi-media has identified an intangible asset representing the technologies developed by the technical teams of Mobile Trend before the acquisition for € 101,000. Since the market value of this technology is non-observable, this asset was valued using the reproduction cost method (development charges necessary for reconstitution of such a technology). The associated liability deferred tax taken into account comes to € 34,000 and finds its counterpart in goodwill. Taking into account the nature of this asset, Hi-media states that obsolescence is foreseeable, mainly due to technological evolution. In addition, Hi-media is already capitalizing the development costs, and regards these assets as having a finite useful life. The useful life of the technologies identified at Mobile Trend has been fixed at 5 years, in accordance with the accounting principles applied by the Group in relation to the depreciation duration of technologies identified during the acquisition.

In accordance with IFRS 3, Hi-media investigated the existence of any other asset, liability or contingent liability not valued by Mobile Trend.

With regard to the commercial relations of Mobile Trend, the latter mainly consist of relationships with the users of mobile services which are neither contractual nor nominal and whose durability is not demonstrable and therefore not measurable. Furthermore, the trademark is not linked to the purchase deed and does not have any separate identity of its own. The commercial relations and the trademark will therefore not be posted separately from goodwill.

10.2. Fotolog

During the acquisition of Fotolog, the goodwill generated by this acquisition had been assigned to CGU Fotolog Inc. which was regarded as an independent CGU within the publishing sector.

Under the principles of IAS 36.80 and IAS 36.87, the following factors prompted us to re-assign the goodwill of Fotolog Inc. as of December 31, 2009 :

- Following the application of IFRS 8 since December 31, 2008, the consolidated financial statements present sector-based information for the following 3 sectors: advertising, micropayment and publishing. Fotolog Inc. now releases cash-flows towards these 3 segments.
- Every legal entity generating independent cash flows corresponds to a CGU attached to one of these 3 sectors.
- The range of activities acquired in the purchase of Fotolog includes use of the Fotolog site within the publishing sector, but also provides activity flows to the advertising and micropayment sectors, notably via the additional margin generated by other group subsidiaries which sell Fotolog products as a network and/or payment method.
- The acquisition of Fotolog also brought with it know-how and commercial relations which will allow the group to establish its micropayment activities on the continent of America.

As a result, the group considered it necessary to reallocate the initial goodwill of Fotolog Inc. to CGU Allopas USA, Allopas International, Hi-media Spain and Hi-media France. This goodwill reallocation has been calculated as of the 31 December 2009 using the discounted cash flows method, with the same parameters as those used in the impairment tests.

10.3. Evaluation of the recoverable value of the goodwill on 31.12.09

Within the framework on the check on the value of the goodwill, a depreciation test was carried out on 31.12.09 in application of the procedure established by the group. That procedure, relying mainly on the method of discounted future net cash flows, consists in determining the recoverable value of each entity generating its own cash flows.

The main assumptions in order to determine the value of the cash generating units are as follows:

- method for valuation of the cash generating unit: value in use,
- number of years for which the cash flows are estimated and projected to infinity: 4 years,
- long-term growth rate: 2.5% (2.5 % in 2008),
- discounting rate Europe: 8,6 % (9 % in 2008),
- discounting rate USA: 8,1 % (9 % in 2008),
- Fotolog revenue growth rate between +35 % et +15 % per year on the period 2010-2013
- The assumptions used to determine the value of Allopas US shows an important growth, as the business is at its beginning.

The discounting rate corresponds to the weighted average cost of capital. It has been calculated by the company on the basis of internal information for the debt and the shareholders' equity, and of analysts' data for the beta, the risk-free rate and the risk premium.

The long-term growth rate results from an average of the estimates of a representative sample of analysts' notes.

The result of the said depreciation tests did not lead on 31.12.09 to recognition of any value losses.

Moreover an analysis of the sensitivity of the calculation to the variation of the key parameters (discounting rate and long-term growth rate) did not point to any likely scenario under which the recoverable value of a cash generating unit will become less than its book value. The result of this sensitivity analysis is presented below.

<i>In thousand euros</i>	Discounting rate		long-term growth rate	
	Actual rate	Rate variation where carrying amount equals to book value (basis point)	Actual rate	Rate variation where carrying amount equals to book value (basis point)
Hi-media France	8,6 %	>1 000 pts	2,5 %	- 250 pts
Hi-media Belgique	8,6 %	+ 190 pts	2,5 %	- 250 pts
Hi-media Allemagne	8,6 %	+ 240 pts	2,5 %	- 250 pts
Hi-Media Portugal	8,6 %	>1 000 pts	2,5 %	- 250 pts
Hi-media Local (Sweden)	8,6 %	+ 560 pts	2,5 %	- 250 pts
Hi-media UK	8,6 %	+ 320 pts	2,5 %	- 250 pts
Hi-media Italie	8,6 %	>1 000 pts	2,5 %	- 250 pts
Hi-media Pays-Bas	8,6 %	+ 980 pts	2,5 %	- 250 pts
Hi-media Espagne	8,6 %	> 1 000 pts	2,5 %	- 250 pts
Allopass	8,6 %	> 1 000 pts	2,5 %	- 250 pts
Allopass USA	8,1 %	+ 320 pts	2,5 %	- 250 pts
Fotolog	8,1 %	+ 310 pts	2,5 %	- 250 pts
L'Odyssée Interactive	8,6 %	> 1 000 pts	2,5 %	- 250 pts
Hi-Pi / Bonne Nouvelle Editions	8,6 %	> 1 000 pts	2,5 %	- 250 pts

10.4. Net book value of goodwill assigned to each UGT

The net book value of the goodwill assigned to each UGT (Unit Generating Cash Flow) looks as follows:

<i>in thousands of euros</i>	31 Dec. 2008	Conversion	Var. perimeter	transfer	Increases	Decreases	31 Dec. 2009
Hi-media France	1 693	-	6 595	401	-	-	8 689
Hi-media Belgium	967	-	2 722	-	66	-	3 755
Hi-media Germany	77	-	8 833	-	-	-	8 910
Hi-Media Portugal	82	-	-	-	-	-	82
Hi-media Local (Sweden)	15 174	-	-	-	-	-	15 174
Hi-media UK	-	-	763	-	-	-	763
Hi-media Italy	-	-	4 761	-	-	-	4 761
Hi-media Netherland	-	-	1 971	-	-	-	1 971
Hi-media Spain	-	-	8 679	2 259	-	-	10 938
Advertising Sector	17 993	-	34 324	2 660	66	-	55 043
Allopass	34 899	-	-	6 905	2 918	-	44 722
Allopass USA	-	-	-	6 710	-	-	6 710
Micropayment Sector	34 899	-	-	13 615	2 918	-	51 432
Fotolog	60 181	-2 043	-	-16 275	-	-	41 863
L'Odyssée Interactive	20 302	-	-	-	-	-	20 302
Hi-Pi / Bonne Nouvelle Editions	1 365	-	-	-	-	-	1 365
Publishing Sector	81 848	-2 043	-	-16 275	-	-	63 530
Net Consolidated Goodwill	134 740	-2 043	34 324	-	2 984	-	170 005

Mobile Trend earn-out was booked as the best estimate of the management at that date. This estimate is subject to discussions with sellers.

Note 11. Intangible fixed assets

The fixed assets in progress arising during the period correspond either to developments of new products (for instance, new internet sites), or to development of new software items supporting the activity, as well as to the costs incurred in connection with creation of an electronic wallet.

The gross value of the intangible fixed assets has changed as follows:

<i>in thousands of euros</i>	31 Dec. 2008	Var. perimeter	Transfer	Increases	Decreases	31 Dec. 2009
Software and licenses	6 788	55	4 404	1 867	329	12 785
Trademarks	4 574	-	-	-	-	4 574
Customer relations	657	-	-	-	-	657
Fixed assets in progress	3 152	-	- 4 404	2 068		816
Other	269	1	-	31	-	300
Total	15 440	56	-	3 966	329	19 132

The cumulative amortization and depreciation of the intangible fixed assets change as follows:

<i>in thousands of euros</i>	31 Dec. 2008	Var. perimeter	Transfer	Increases	Decreases	31 Dec. 2009
Software and licenses	2 694	40	-	2 901	174	5 462
Trademarks	-	-	-	-	-	-
Customer relations	191	-	-	82	-	273
Fixed assets in progress	-	-	-	-	-	-
Other	100	-	-	-	-	100
Total	2 986	40	-	2 983	174	5 835

The net values of the intangible fixed assets change as follows:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Software and licenses	7 324	4 093
Trademarks	4 574	4 574
Customer relations	384	466
Fixed assets in progress	816	3 152
Other	200	169
Total	13 298	12 454

The net book value of the intangible fixed assets having an indefinite use duration assigned to each UGT looks as follows:

in thousands of euros

UGT	Assets	31 Dec. 2009	31 Dec. 2008
Allopass SNC	Allopass trademark	384	384
L'Odyssée Interactive SAS	jeuxvideo.com trademark	884	884
Hi-Media SA	Hi-Media trademark	73	73
Fotolog Inc.	Fotolog trademark	3 124	3 233
Total		4 465	4 574

Note 12. Tangible fixed assets

The gross value of the tangible fixed assets changes as follows:

<i>in thousands of euros</i>	31 Dec. 2008	Var. perimeter	Transfer	Increases	Decreases	31 Dec. 2009
Fittings & installations	769	229	-188	225	74	960
Office equipment and computer hardware	5 948	174	-3	1 335	1 580	5 874
Furniture	336	416	191	95	33	1 006
Total	7 053	819	-	1 655	1 687	7 840

The cumulative amortization and depreciation of the tangible fixed assets change as follows:

<i>in thousands of euros</i>	31 Dec. 2008	Var. perimeter	Transfer	Increases	Decreases	31 Dec. 2009
Fittings & installations	117	-	-7	143	70	183
Office equipment and computer hardware	3 618	94	-38	1 255	549	4 379
Furniture	182	221	45	106	79	474
Total	3 917	315	-	1 504	698	5 037

Changes in the net values of the tangible fixed assets look as follows:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Fittings & installations	777	652
Office equipment and computer hardware	1 495	2 329
Furniture	531	155
Total	2 803	3 136

Note 13. Deferred taxes

13.1. Recognized deferred tax credit and liabilities

The details concerning the deferred taxes posted to earnings are presented in Note 9 above.

The sources of the net deferred tax credit and liabilities recognized as of December 31, 2009 are as follows, presented on a net basis by taxation entity:

NET DEFERRED TAX CREDITS		
<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Tax loss carryovers	13 585	13 204
Intangible fixed assets	-2 151	-1 624
Other timing differences	-689	-1 916
Deferred tax credits	10 744	9 664

NET DEFERRED TAX LIABILITIES		
<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Intangible fixed assets	785	472
Other timing differences	-157	215
Deferred tax liabilities	628	687

The deferred tax liabilities recognized as at December 31, 2009 concerning the CVAE tax amounts to 133 k€.

13.2. Unrecognized deferred tax credits

As of 31.12.09, the unrecognized deferred tax credits consisted mainly of the following losses which are subject to indefinite carry over (as base):

- 1 347 k€ for the Hi-Media USA Inc. group
- 352 k€ for Bonne Nouvelle Editions S.A.R.L.
- 255 k€ for Hi-Pi S.A.R.L.

Making a total of 1 954 k€, representing an unrecognized deferred tax credit of 674 k€.

Note 14. Other financial assets

As of 31.12.09, the other financial assets broke down as follows:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Securities treated on an equity basis	670	364
Other securities	332	300
Deposits and sureties	606	282
Total	1 608	946

Other securities consist of € 300,000 for the Group's holding in capital of the company which publishes the information site rue89.com. The group has a holding of 7.5 %. That holding is classified under assets available for sale.

Note 15. Trade notes and accounts receivable

All of the accounts receivable are at less than one year.

The accounts receivable include the invoices transferred under a factoring contract concluded in 2001 by Hi-Media, for which the society has taken out credit insurance in advance, and hence has not transferred the credit risk to the Factor. The amount of the receivables transferred on 31.12.09 came to 5,291 k€.

The depreciation corresponds mainly to due receivables for which recoverability represents a risk as of 31.12.09.

The invoices to be established correspond mainly to the retransfers to be received by the telephone operators, for the months of November and December, in connection with the "micro-payment" activity, which were not invoiced for as of 31.12.09.

The accounts receivable include the invoices transferred by Hi-media SA under a factoring contract without transfer of the credit risk. The value of these receivables transferred comes to 6,093 k€ as of June 30, 2009.

On the other hand, the contractual conditions of the factoring contracts (concluded in 2008) of Allopass SNC, Mobile Trend SAS and Mobile Works SAS make it possible to transfer the main risks and advantages connected with the transferred receivables, and hence to take them off the balance sheet.

In effect, pursuant to IAS 39, the receivables transferred to third parties (factoring contract) are removed from the Group's assets when the risks and advantages associated with them are substantially transferred to such third parties and if the factoring company in particular accepts the credit risk, the interest risk and the collection period (note 1.9).

The credit risk corresponds to the risk of non-recovery of the receivable. Under the deconsolidation contracts of the entities in the group, the credit risk is borne by the factoring company. This means that the group is no longer exposed to the risks of recovery of the invoice, and, as a result, the disposal is regarded as being without recourse.

The rate and collection period risk corresponds to the transfer of the financial risk linked with extending the duration of the recovery of the receivables and to the cost of carry accruing thereto. Under the deconsolidating contracts of the entities in the group, the

commission rate for a given disposal is adjusted exclusively subject to EURIBOR and the time it took to settle the previous disposal. The financing commission is paid at the start of the period and is not subsequently modified.

The risk of technical dilution is linked with non-payment of the receivable due to faults observed in services rendered or commercial disputes. For every deconsolidating contract signed by the entities in the group, the guarantee reserve does not cover the general risks or the risk of delayed payment; the basis of the guarantee is made up to cover the debits (credit notes etc.) of technical dilution.

The accounts receivable which are derecognized in this way in accordance with IAS 39 under the terms of factoring contracts come to 18.3 M€ as of December 31, 2009.

The cash available under these contracts comes to 7.9 M€ as of December 31, 2009.

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Customers	51 589	39 056
Invoices to be established	20 469	8 758
Depreciation	- 2 140	-1 045
Trade notes and accounts receivable.	69 918	46 769

The book value indicated above represents the maximum exposure to the credit risk for this heading.

The anteriority of the commercial receivables as of the closeout date breaks down as follows:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Not due	56 099	31 999
0-30 days	4 444	4 101
31-120 days	6 344	7 783
120-360 days	1 689	2 446
More than one year	1 342	440
Other current assets.	69 918	46 769

The depreciation of commercial receivables developed as follows during the financial year:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Depreciation: balance on January 1	1 045	723
Period funding	260	397
Posted loss of value	- 388	- 75
Perimeter variation	1 223	-
Depreciation: balance on December 31	2 140	1 045

Note 16. Other current assets

All of the other current assets are at less than one year.

The prepaid charges correspond mainly to the share of marketing charges invoiced for and overheads relative to the period after 31.12.09.

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Fiscal and company assets	9 927	6 041
Current accounts	553	537
Prepaid charges	1 782	1 040
Other	2 138	3 101
Other current assets	14 400	10 719

The book value indicated above represents the maximum exposure to the credit risk for this heading.

Note 17. Cash and cash equivalents

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
"OPCVM" fund shares	1 000	2 024
Reserve at factor's	7 864	11 440
Liquid assets	10 621	5 366
Cash and cash equivalents	19 485	18 830

The book value indicated above represents the maximum exposure to the credit risk for this heading.

Note 18. Shareholders' equity

For the variation of the group's consolidated shareholders' equity, refer to sur la page 8 above.

The par value of the Hi-Media share is 0.10 €.

Management of the shareholders' equity concerns the shareholders' equity as defined in the IFRS standards. It consists mainly in deciding on the level of the present or future capital as well as on payout of dividends.

The shareholders' equity breaks down into the share of minorities and the group share. The share of the minorities consists of the share held by non-group shareholders of L'Odysée Interactive and of Hi-Media Portugal. It varies mainly as a function of changes in those subsidiaries' reserves.

The group share shareholders' equity consists of the share capital of Hi-Media S.A., reduced by the internally held shares, as well as the reserves and earnings accumulated by the group.

The group wants to have the employees participate in the capital by allocations of stock options and of free shares.

Note 19. Borrowings and financial debts

On 7 November 2007 Hi-Media obtained a syndicated line of credit amounting to 41.5 M€.

That credit line breaks down into one line of 14 million euros (tranche A1), having a duration of five years, and another line amounting to 27.5 million euros (tranche A2), with a duration of six years.

As of December 31, 2007, tranche A1 and tranche A2 had been drawn on in full.

Tranche A1 made it possible to repay the borrowing of 5 million euros taken out on 30 June 2006 and to partially refinance the price of acquisition of Hi-Media Local AB, formerly Medianet.

Tranche A2 enabled the group to finance the acquisition of Fotolog and of Mobile Trend group, as well as launching some new projects.

By means of an additional clause to the contract for loans of 41 M€ dated November 7, 2007, the Group has requested that finances aimed specifically at covering the cost of acquiring the AdLink Media Deutschland shares and the restructuring costs associated with this transaction be set in place. This financing (tranche A3) comes to 6 M€.

<i>in thousands of euros</i>	Balance sheet balance on 31 Dec. 2008		<i>Issue currency</i>	<i>Expiration</i>	<i>Effective rate</i>
	<i>Non- current</i>	<i>Current</i>			
Syndicated loan - Tranche A1	5 562	2 932	EUR	2012	Euribor 3 months + 1.10 %
Syndicated loan - Tranche A2	13 657	4 800	EUR	2013	Euribor 3 months + 1.35 %
Syndicated loan - Tranche A3	4 470	1 571	EUR	2013	Euribor 3 months + 1.75 %
AdLink seller loan	12 195	154	EUR	2011	3.7 % to 5.0 %
Financing connected with factoring	-	5 446	EUR	Indet.	Euribor 3 months + 0.8 %
Bank overdrafts	-	-	EUR	2009	fixed
Other Borrowings	129	298	EUR/USD	2011	fixed/variable
Total	36 014	15 202			

The following were concluded pursuant to the borrowing contract signed in October 2007:

- an initial interest rate swap fixed payer / variable recipient 3-month Euribor starting in February 2008 (due in February 2012) for a notional amount of 9.8 M€,
- a second interest rate swap fixed payer / variable recipient 3-month Euribor starting in July 2008 (due in July 2013) for a notional amount of 13.7 M€.

The effectiveness tests that were performed showed that hedging accounting could be applied to these two swaps starting in the second half of the year 2008. Thus the variation of fair value of these swaps was posted as a reduction of the shareholders' equity, with, as counterpart, a non-current liability (cf. Note 21).

Note 20. Non-current Provisions

20.1. Details concerning non-current provisions

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Provisions for risk	580	593
Provision for charges	28	96
End-of-career indemnities	374	87
Non-current Provisions	982	776

20.2. Staff benefits

The evaluation of commitments is determined by the method of projected credit units.

The commitments have been calculated in accordance with the provisions contained in the advertising collective bargaining agreements for Hi-Media and Hi-Pi, the collective bargaining agreement SYNTEC for l'Odyssée Interactive, Mobile Trend and Allopas, the Journalists' collective bargaining agreement, and the collective bargaining agreement of the special information press for BNE.

The trend of the provision relative to the group's retirement commitments looks as follows:

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Discounted value of the obligations as of 1 January	87	315
Cost of services rendered and financial cost	27	20
Actuarial losses/(gains) posted to shareholders' equity	17	-228
Perimeter variation	243	-
Discounted value of the obligations as of December 31	374	87

The perimeter variation corresponds to the integration of the AdLink entities. The corresponding obligations have been calculated in accordance with the specific legal requirements of each country.

The assumptions used in evaluation of the retirement commitments at the close are as follows:

	2009	2008	2007
Discounting rate	4.75%	5.00 %	4.25 %
Rate of future increase of salaries	2.50%	2.50 %	2.50 %
Retirement age (Executives)	65 years	65 years	65 years
Retirement age (Non-Executives)	62 years	62 years	62 years
Survival table	INSEE F 2005	INSEE F 2005	INSEE F 2000

Note 21. Non-current liabilities

The non-current liabilities consist mainly of the fair value of the hedging financial instruments concluded in connection with the borrowing (cf. Note 19)

Note 22. Other current debts and liabilities

All other debts and liabilities are due at less than one year.

<i>in thousands of euros</i>	31 Dec. 2009	31 Dec. 2008
Taxation and social liabilities	17 190	15 040
Debts on fixed assets	192	592
Prepaid income	451	1 068
Other liabilities	6 054	1 076
Other current liabilities	23 887	27 536

Note 23. Financial information**23.1. Pro forma income statement****23.1.1. Preliminary note**

According to the *instruction AMF 2007-05* as of October 2, 2007 in application of article 222-2 of the *règlement général de l'AMF* the provision of pro forma financial information appears necessary in the event of a significant change to an issuer's situation following a determined transaction, such as a variation of more than 25 % in one or more indicators of its activity.

The pro forma financial information refers to the consolidated income statement dated December 31, 2009.

The pro forma income statement given below are presented in thousands of euros and reflect the effect of the acquisition of the media activity of the AdLink group on Hi-media's consolidated income statement if said acquisition had taken place on January 1, 2009.

The pro forma income statement:

- is presented solely by way of illustration and do not necessarily constitute an indication of the operating results nor of the financial situation of the group which emerged from the acquisition, such as they would have been presented if the acquisition had been performed on January 1, 2009;
- do not constitute an indication of the future operating results nor of the future financial situation of the group which emerged from the acquisition;
- is based on preliminary estimates and hypotheses which Hi-Media considers to be reasonable.

23.1.2. Retained conventions

The pro forma consolidated accounts dated December 31, 2009 are prepared as if the acquisition had taken place on January 1, 2009 on the basis of Hi-Media's audited consolidated accounts dated December 31 and the audited accounts of the media subsidiaries of the AdLink group as of December 31, 2009.

Since the functional currencies of the entities acquired may be different from the euro, the relevant income statements have been converted using the average exchange rate observed over the period.

23.1.3. 2009 pro forma consolidated income statement

<i>in thousands of euros</i>	Hi-media published 2009	Pro forma adjustments	Hi-media pro forma 2009
Revenue	172 323	34 096	206 419
Expenses invoiced by the media	-109 272	-24 451	-133 723
Gross margin	63 051	9 645	72 696
Purchases	-19 571	-6 074	-25 645
Payroll charges	-23 025	-6 463	-29 487
Transfers to and write-backs from depreciation and provisions	-3 939	-976	-4 915
Current operating profit <i>(before valuation of stock options and free shares)</i>	16 516	-3 867	12 649
Valuation of stock options and free shares	-2 216	-	-2 216
Other non-current income and charges	-2 520	-1 203	-3 724
Operating profit	11 780	-5 071	6 709
Cost of indebtedness	-2 079	-	-2 079
Other financial income and charges	111	-78	34
Net income of the consolidated companies	9 812	-5 148	4 664
Share in the earnings of the companies treated on an equity basis	372	-	372
Earnings before tax of the consolidated companies	10 185	-5 148	5 036
Taxes	-3 265	7	-3 257
Net income of the consolidated companies	6 920	-5 141	1 779

23.1.4. Notes on the 2009 pro forma consolidated income statement

The pro forma adjustments presented above correspond to the consolidated income statements of the Media entities of the AdLink Group for the period starting January 1, 2009 to August 31, 2009.

Within the framework of the production of those pro forma accounts, the Hi-media group chooses to restate the revenue and gross profit realized during the first quarter of 2009 and concerning significant websites contracts lost at the end of 2008. The impact of those adjustments represents a decrease of 1,9 M€ of revenue and 0,6 M€ of gross profit.

An interest cost of 305 k€ has also been added to take into account interests on the vendor loan of AdLink as if it has been booked as of January 1, 2009.

23.2. Detailed Hi-Media & AdLink income statement

The following table shows the respective contribution of Hi-media and AdLink in the 2009 Group income statement:

<i>in thousands of euros</i>	Hi-media	AdLink	Eliminations	Consolidated
Revenue	154 232	18 519	-403	172 348
Expenses invoiced by the media	-97 289	-12 336	333	-109 292
Gross margin	56 943	6 183	-70	63 056
Purchases	-16 436	-3 131	-10	-19 577
Payroll charges	-20 121	-2 988	79	-23 030
Transfers to and write-backs from depreciation and provisions	-3 837	-102	-	-3 939
Current operating profit <i>(before valuation of stock options and free shares)</i>	16 548	-39	-	16 510
Valuation of stock options and free shares	-2 216	-	-	-2 216
Other non-current income and charges	-2 114	-407	-	-2 520
Operating profit	12 219	-445	-	11 774
Cost of indebtedness	-2 079	1	-	-2 079
Other financial income and charges	111	-	-	111
Net income of the consolidated companies	10 251	-445	-	9 806
Share in the earnings of the companies treated on an equity basis	372	-	-	372
Earnings before tax of the consolidated companies	10 623	-445	-	10 178
Taxes	-3 437	173	-	-3 265
Net income of the consolidated companies	7 186	-272	-	6 914

Note 24. Segment information**24.1. Earnings by activity**

	Advertising		Micropayments		Publishing		Eliminations		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	79 928	58 480	94 647	74 356	10 457	10 212	(12 710)	(7 377)	172 323	135 671
<i>including share generated on the group's sites</i>	<i>7 981</i>	<i>9 661</i>	<i>4 724</i>	<i>2 419</i>	<i>10 457</i>	<i>10 212</i>	<i>(7 725)</i>	<i>(7 175)</i>	<i>15 437</i>	<i>15 117</i>
Gross margin	31 196	24 782	22 564	19 966	9 291	10 175			63 051	54 923
Operating profit by activity	14 000	10 161	10 595	10 713	(744)	655			23 852	21 529
<i>Profitability rate</i>	<i>18 %</i>	<i>17 %</i>	<i>11 %</i>	<i>14 %</i>	<i>-7 %</i>	<i>6 %</i>			<i>14 %</i>	<i>16 %</i>
Restatement of the margin generated by the Publishing entities over the other entities in the group	(2 394)	(2 898)	(376)	(121)	2 771	3 019			-	-
Operating profit by restated activity	11 606	7 263	10 219	10 592	2 027	3 674			23 852	21 529
<i>Profitability rate</i>	<i>15 %</i>	<i>12 %</i>	<i>11 %</i>	<i>14 %</i>	<i>19 %</i>	<i>36 %</i>			<i>14 %</i>	<i>16 %</i>
Unallocated income and charges excluding stock options and free shares									(7 336)	(6 372)
Operating profit before valuation of stock options and free shares									16 516	15 157
Valuation of stock options and free shares									(2 216)	(3 411)
Operating profit									11 780	9 368
Financial net income									(1 968)	(2 268)
Share of earnings, equity basis									372	51
Taxes									(3 265)	(728)
Net income									6 920	6 423
Group share									6 495	6 079

24.2. Total assets

	Sales of advertising spaces		Micropayments		Publishing		Eliminations		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Total assets	144 148	73 896	101 855	82 113	86 916	102 213	(27 630)	(20 930)	305 289	237 292

Hi-Media SA, while having mainly assets connected with the advertising space selling activity, also bears the holding company's infrastructures. The connected assets have been left in the advertising space sales sector.

24.3. Revenue by geographical area

	France		Rest of World		Eliminations		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	159 279	110 378	52 660	33 855	(39 616)	(8 561)	172 323	135 671

Note 25. Stock option plan and allocations of free shares**25.1. Stock options**

	Plan no. 1	Plan no. 2	Plan no. 3	Plan no. 4	Plan no. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Total
Meeting date	30 June 99	21 April 00	21 April 00	21 April 00	21 April 00	21 April 00	25 April 03	25 April 03	25 April 03	April 24, 2008	
Date of the Board of Directors' meeting	30 June 99 17 Nov. 99	4 May 00 27 June 00	14 Sept. 00	Nov. 2, 2000	13 Dec. 00	23 Oct. 01	26 May 03	10 July 03	12 January 05	19 Dec. 08	
Total number of shares allocated ⁽¹⁾	152 475	37 210	70 734	27 400	37 037	91 001	500 000	350 000	150 000	50 000	1 465 857
Total number of shares available for subscription	-	2 850	-	1 700	2 866	-	70 000	-	89 000	50 000	216 416
Including the number of shares that can be subscribed to by the authorised agents	-	2 850	-	-	-	-	50 000	-	-	-	52 850
Including the number of shares that can be subscribed to by the leading ten employee allocatees	-	-	-	-	2 866	-	20 000	-	67 000	-	89 866
Beginning time for exercise of the options	1 July 04	5 May 02	15 Sept. 02	3 Nov. 02	14 Dec. 02	23 Oct. 03	26 May 05	10 July 05	12 January 07	19 Dec. 08	
Date of expiration	30 June 09	4 May 10	14 Sept. 10	2 Nov. 10	13 Dec. 10	23 Oct. 11	25 May 13	10 July 13	12 January 15	14 May 18	
Subscription price (in euro) ⁽²⁾	0,01	8,06	9,93	8,20	5,31	0,59	0,33	0,35	1.14	1.81	
Exercise procedures ⁽³⁾	A	B	B	B	B	B	A	A	A	C	
Number of shares subscribed to on 31/12/09	22 879	-	-	-	-	-	430 000	350 000	34 500	-	837 379
Options cancelled during the period	-	-	-	-	-	-	-	-	-	-	-
Remaining options	-	2 850	-	1 700	2 866	-	70 000	-	89 000	50 000	216 416

(1) Options allocated to the employees present in the Company to date, the employees having left the Company being unable to retain the benefit of such options.

(2) Subscription price of the options calculated on the day of allocation of the options and corresponding to the weighted average of the market prices for the last twenty trading sessions, to which a 5% reduction has been applied.

(3) Procedure A: 100 % of the options may be exercised following a period of 2 years after the Board of Directors meeting that allocated the said options.

Procedure B : 1/3 of the options may be exercised at the end of a period of 2 years following the Board of Directors meeting that allocated the said options, then 1/3 the following year, and the remaining third 4 years after the allocation.

Procedure C: 1/6 at the end of each quarter-year following the beginning time for exercise of the options.

The number of options and the weighted average of the exercise prices are as follows:

	2009		2008	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options in circulation at the opening	255 732	1.19	210 311	0.92
Options allocated during the period	-	-	50 000	1.81
Options exercised during the period	34 316	1.01	4 579	0.01
Options cancelled during the period	-	-	-	-
Options in circulation at the close	216 416	1.23	255 732	1.19
Options subject to exercise at the close	216 416	1.23	230 731	1.12

The parameters adopted for valuation of the stock option plans granted after 7 November 2002 are as follows:

Date of the Board of Directors' meeting	26 May 03	10 July 03	12 January 05	19 Dec. 2008
Number of options allocated	500 000	350 000	150 000	50 000
Fair value of an option on the date of allocation	0.36	0.36	1.45	0.06
Fair value on the date of allocation	179 424	125 034	217 270	3 000
Exercise price of the option	0.33	0.35	1.14	1.81
Anticipated volatility of the option price	212%	208%	184%	51%
Anticipated lifetime	4 years	4 years	4 years	2 years
Dividend expected on the options	-	-	-	-
Option lapse rate adopted	-	-	-	-
Risk-free interest rate adopted	3.11%	2.80%	2.94%	3.51 %

25.2. Allocations of free shares

	Plan no. 1	Plan no. 2	Plan no. 3	Plan no. 4	Plan no. 5	Plan no. 6	Plan no. 7
Meeting date	Nov. 2, 2005	Nov. 2, 2005	Nov. 2, 2005	Nov. 2, 2005	Nov. 2, 2005	Nov. 2, 2005	Nov. 2, 2005
Date of the Board of Directors' meeting	Dec. 22, 2005	Jan. 20, 2006	Feb. 23, 06	July 13, 2006	Sept. 11, 2006	Nov. 2, 2006	Dec. 28, 2006
Total number of shares allocated	154 000	94 000	275 600	144 500	143 000	10 000	60 000
Including the number of shares that can be subscribed to by the authorised agents	-	7 500	168 000	10 000	100 000	-	-
Including the number of shares that can be subscribed to by the leading ten employee allocatees	-	37 500	38 000	47 500	-	10 000	30 000
Number of cancelled shares	22 000	7 000	10 800	9 000	4 000	-	1 000
Number of shares that can be definitively allocated 31 Dec. 2009	132 000	87 000	264 800	135 500	139 000	10 000	59 000
Number of shares that can be definitively allocated	-	-	-	-	-	-	-
End of acquisition period	Dec. 22, 2007	Jan. 20, 2008	Feb. 23, 2008	July 13, 2008	Sept. 11, 2008	Nov. 2, 2008	Dec. 28, 2008
End of retention period	Dec. 22, 2009	Jan. 20, 2010	Feb. 23, 10	July 13, 2010	Sept. 11, 2010	Nov. 2, 2010	Dec. 28, 2010
Share price on the date of the board meeting	6.05	7.75	9.99	7.03	7.63	6.36	7.33
Non-transferability discount	-	-	-	-	-	-	-
Fair value of the free share	6.05	7.75	9.99	7.03	7.63	6.36	7.33

	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14
Meeting date	Nov. 2, 2005	Nov. 2, 2005	Nov. 2, 2005	Nov. 2, 2005	Nov. 2, 2005	Nov. 2, 2005	Nov. 2, 2005
Date of the Board of Directors' meeting	March 1, 2007	May 14, 2007	June 14, 2007	July 23, 2007	Nov. 8, 2007	Dec. 19, 2007	April 22, 2008
Total number of shares allocated	510 000	8 000	14 500	15 000	28 500	103 000	80 000
Including the number of shares that can be subscribed to by the authorised agents	170 626	-	-	-	-	-	-
Including the number of shares that can be subscribed to by the leading ten employee allocatees	138 666	-	-	-	5 000	40 000	10 000
Number of cancelled shares	121 358	-	3 000	-	7 000	-	30 000
Number of shares that can be definitively allocated 31 Dec. 2009	388 642	8 000	11 500	15 000	21 500	57 000	-
Number of shares that can be definitively allocated	-	-	-	-	-	12 000	50 000
End of acquisition period	March 1, 2009	May 14, 2009	June 14, 2009	July 23, 2009	Nov. 8, 2009	Dec. 19, 2009 Dec. 19, 2011	April 22, 2010
End of retention period	March 1, 2011	May 14, 2011	June 14, 2011	July 23, 2011	Nov. 8, 2011	Dec. 19, 2011	April 22, 2012
Share price on the date of the board meeting	6.70	7.15	7.38	7.52	6.94	5.45	5.20
Non-transferability discount	-	-	-	-	-	-	Yes
Fair value of the free share	6.70	7.15	7.38	7.52	6.94	5.45	4.28

	Plan no. 15	Plan no. 16	Plan no. 17	Plan no. 18	Plan no. 19	Total
Meeting date	April 24, 2008	April 24, 2008	April 24, 2008	April 24, 2008	April 24, 2008	
Date of the Board of Directors' meeting	July 22, 2008	Sept. 24, 2008	Dec. 19, 2008	Mar. 13, 2009	Nov. 30, 2009	
Total number of shares allocated	40 000	1 350 000	69 000	5 000	346 000	3 450 100
Including the number of shares that can be subscribed to by the authorised agents	-	450 000	-	-	-	906 126
Including the number of shares that can be subscribed to by the leading ten employee allocatees	-	800 000	14 000	-	-	1 170 666
Number of cancelled shares	-	29 000	-	-	-	244 158
Number of shares that can be definitively allocated 31 Dec. 2009	-	-	-	-	-	1 328 942
Number of shares that can be definitively allocated	40 000	1 321 000	69 000	5 000	346 000	1 843 000
End of acquisition period	July 22, 2010	Jan. 24, 2011 July 24, 2011 Sept. 24, 2012 January 24, 2013	Dec. 19, 2010	Mar. 13, 2011	Nov. 30, 2012 Nov. 30, 2013	
End of retention period	July 22, 2012	July 24, 2013 Sept. 24, 2012	Dec. 19, 2012	March 23, 2013	Nov. 30, 2013	
Share price on the date of the board meeting	4.25	3.10	1.74	1.97	4.68	
Non-transferability discount	Yes	Yes	Yes	Yes	Yes	
Fair value of the free share	3.52	2,33	1.38	1.58	3.58	

Note 26. Off balance sheet commitments**26.1. Commitments received**

During the acquisition of Fotolog Inc. (which became Group Hi-media USA Inc.), of the Mobile Trend group and of the online advertising network entities of the AdLink Internet Media AG group, Hi-Media benefits from a clause guaranteeing the liabilities.

The shares retained by United Internet are still subject to a commitment to retain shares received by way of remuneration for the AdLink Internet Media AG conveyance for a period of 1 year to end on August 31, 2010 (on October 6, 2010, the AdLink Internet Media AG group transferred its Hi-media shares, representing 10.7% of the group's capital for the benefit of its parent company, the United Internet group).

This retention commitment could end before this date, notably if a third-party were to make an offer for Hi-media or if Hi-media were to either alter the substance of its assets or merge with another entity. In addition, United Internet undertakes not to increase its holding beyond 21% for the next two years.

In the event that Hi-media decide to proceed to a capital increase before the end of "vendor loan", AdLink AG has committed to subscribe (by offsetting the debt which becomes due) to the capital increase under the following conditions:

- If the share issue price is equal or lower than 3.63 €, AdLink AG has committed to acquire the shares not subscribed by the public within the limits of the principal amount of the debt.
- If the capital increase is carried out with retention of preferential subscription rights and the price of the share is higher than € 3.63, AdLink AG has committed to subscribe to this capital increase up to its preferential subscription rights and within the principal amount of its debt.

26.2. Commitments given

In connection with the acquisition of MobileTrend, Hi-Media committed itself to paying an additional price in 2010 based on a multiple of the pre-tax earnings of MobileTrend group for financial year 2009.

The lease signed May 15, 2008 concerning the premises of the French activities of the Group represents a commitment of 1.6 M€ per year (not index linked) until December 15, 2017.

26.3. Covenants

Conclusion of the syndicated credit line mentioned in Note 19 above requires Hi-Media to respect covenants based on the following financial ratios:

- Financial indebtedness ratio (net consolidated indebtedness / consolidated EBITDA)
- Gearing ratio (net consolidated indebtedness / consolidated shareholders' funds)
- Ratio of coverage of the debt by the net cash flow (consolidated net cash flow / debt service)

As of December 31, 2009, Hi-Media was in compliance with those covenants.

26.4. Pledges

Within the framework of the syndicated credit line acquired by Hi-Media (cf. Note 19 Borrowings and Financial debts above), Hi-Media pledged, to the benefit of the participating credit institutions, the securities of its subsidiaries Allopass SNC, L'Odyssée Interactive SAS and Hi-Pi SARL as well as the edia SA business.

Hi-Media Deutschland pledged K€ 20 worth of short-term investment securities in order to guarantee payment of its rentals.

26.5. Disputes

By a document dated 20 July 2007, SPORT24 served a writ on HI-MEDIA on the main issue to appear before the Commercial Court of Paris on the grounds of termination of talks and of an alleged impossibility of concluding an advertising network contract with another service provider, and demanding 180 k€. Hi-Media is resisting those applications and is applying for 240 k€ in a cross-application.

In addition, in July 2007, Allopass and Eurovox companies were the object of a tax reassessment bearing on financial years 2005 and 2006. The cost of the said reassessment should be covered by the guarantee of liabilities obtained in connection with acquisition of the Eurovox group.

In December 2005, Hi-Media served writs on the companies Winch Hébergement and leurop to obtain forced execution of the advertising network contract signed on 11 March 2005 between Hi-Media and Winch Hébergement for marketing the advertising space of the website ifrance.com. The Commercial Court rejected Hi-Media's application and fined it 28k€. Hi-Media has appealed that decision.

There is a dispute between Hi-Media and the former partners of a company acquired by Hi-Media. That dispute bears on the conditions concerning payment of the additional price provided for in the acquisition contract. Hi-media was fined 43 k€ by the court of first instance and has appealed against this decision.

There was a dispute between the Hi-media USA Inc. group (formerly Fotolog Inc.) and Fotomedia concerning alleged illicit use of a patent. The cost of this dispute, if any, should be covered by the guarantee of liabilities concluded in connection with acquisition of the Hi-media USA Inc. group.

A commercial dispute existed between Hi-media and La Poste regarding the execution of an advertising network contract. A settlement, taken into account on the financial year, was found with La Poste in December 2009.

Some industrial tribunal customers have arisen with former employees disputing the legitimacy of their dismissals. The company has set aside the provisions it considers necessary in the light of its judgement of the justification for the plaintiffs' demands.

Note 27. Events occurring since December 31, 2009

On February 26, 2010, Hi-media increased its holding from 7.5% to 9.35% in the capital of Rue89 by subscribing to a capital increase for 150 k€.

On March 9, 2010, Hi-media Belgium Sprl increased its participation by 34,3% to 44% in the capital of Vivat by acquiring 13 supplementary shares from some other shareholders for an amount of 1 euro.

Note 28. Transactions between affiliated parties

28.1. Compensation paid to the members of the management organs

This compensation includes the remuneration paid to the Chairman of the Board of Directors, the attendance fees received by the directors who are individuals and are not paid by the Company (3 directors) and the compensation paid to the Chief Operating Officer.

These compensation and benefits relative to the Group's senior managers come to 1,064 k€ on December 31, 2009, compared to 1,394 k€ on December 31, 2008.

28.2. Transactions with the subsidiaries

Hi-Media SA invoices its subsidiaries for the holding company expenses as well as for the trademark expenses, which are eliminated in the consolidated financial statements.

28.3. Other affiliated parties

During 2009, no other significant transactions were made with:

- shareholders holding a significant amount of voting rights in the capital of Hi-Media S.A.,
- members of the management organs, including the directors,
- entities over which one of the main senior managers exercises control, joint control, notable influence, or in which he holds a significant amount of voting rights.