



2010 INTERIM FINANCIAL REPORT

A corporation with a capital of 4 437 949,50 euros
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Management report

PRESENTATION OF EARNINGS FOR THE FIRST HALF OF 2010

I. Comments concerning the income statement

Sales by activity

<i>In thousands of euro</i>	30 June 2010	30 June 2009	30 June 2009 pro forma
Advertising	52 858	28 243	54 153
Payments	55 798	46 036	46 036
Sales	108 656	74 279	100 676

Sales for the period totaled 108,656 thousand euro, up 46% compared with the first half of 2009. The strong dynamism of the Group's payments business and the impact of the acquisition of AdLINK Media (acquisition on August 31, 2009) in the online advertising segment are the two main factors in this performance.

Although the advertising business has changed in size following the integration of AdLINK Media, the Payments business remains the leading source of revenue of the Hi-media Group:

- Very strong growth in the advertising business of +87% following the integration of AdLINK Media. In pro forma terms, growth amounted to -2% owing to operational problems and market problems in Germany and the Netherlands, while the remaining countries showed positive growth trends in a market environment that was picking up again compared with 2009.
- The Payments business continued to grow, recording growth of +21% compared with the first half of 2009. Growth in business remains high on the domestic market of France, and the proportion of international business has increased thanks to the dynamism of countries where operations were launched two years ago (Spain, Belgium) and more recently with Latin America and Germany. Nevertheless, achievements are deceiving in the US.

Revenue generated on the Group's sites is down 22%, owing to the poor performance of certain Group sites, particularly Fotolog. Revenue therefore amounted to 6.2 million euro for the first half of financial year 2010, compared with 7.9 million euro for the same period in 2009. This poor performance has caused the Group to review the organization of these activities and to carry out write-downs on various assets.

As a result, the Group's gross profit amounted to 36.7 million euro, up 31% compared with the first half of 2009 (28.1 million euro). The gross margin stood at 34%, down 2 percentage points compared with the first half of 2009 pro forma (36%); this drop was due to (i) a mix in favor of the Payments business, (ii) the smaller share of the revenue of the Publishing business, which has a margin of 100%.

The gross profit of the Advertising business amounted to 23.0 million euro (15.8 million euro in the first half of 2009). The gross margin of these activities amounted to 44%, stable compared with the first half of 2009 pro forma.

The gross profit of the Payments business amounted to 13.7 million euro (12.3 million euro in the first half of 2009). This corresponds to a margin of 25%, down slightly on the first half of 2009 (27%).

Purchases, which totaled 10.3 million euro, are up 24% compared with the first half of 2009 (8.3 million euro), mainly due to the integration of AdLINK Media and the growth in business. In pro forma terms, purchases are down 14% compared with 2009; this reduction is linked in particular to the synergies arising from the acquisition of AdLINK Media.

The cost of the wage bill, 16.9 million euro, was also largely due to changes in scope (10.3 million euro in the first half of 2009). In pro forma terms, the cost of the wage bill is comparable with the 1st semester of 2009 (16.0 million euro), thanks to the synergies arising from the acquisition of AdLINK Media.

At 2.4 million euro, transfers to and write-backs from depreciation and provisions remained stable compared with the first half of 2009.

Operating profit before valuation of stock options and free shares totaled 7.1 million euro, a sharp increase compared with the first half of 2009 in pro forma terms (4.9 million euro).

Consolidated net income amounted to -63,280 thousand euro (compared with 2,583 thousand euro as at June 30, 2009). This figure breaks down into:

- a current operating profit of 7,144 thousand euro (compared with 7,133 thousand euro as at June 30, 2009);
- a non-current result of -63,124 thousand euro, including write-downs on assets amounting to 62 million euro;
- net financial income of -790 thousand euro (-1,012 thousand euro as at June 30, 2009) comprising mainly interest linked to loans taken out at the end of 2007 and in 2009 in order to finance acquisitions.
- and tax charges of -6,695 thousand euro (-2,096 thousand euro as at June 30, 2009), comprising current tax charges of -1,871 thousand euro (-1,462 thousand euro for the first half of 2009) and deferred tax charges of 4,824 thousand euro (634 thousand euro as at September 1, 2009), of which 3,715 thousand euro relates to write-offs of deferred tax asset.

I. Acquisitions and purchases of holdings

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

On March 9, 2010, Hi-media Belgium Sprl increased its holding in Vivat from 34.3% to 44% by acquiring an additional 13 shares from other partners for 1 euro.

On March 24, 2010, Hi-media sold the 10% stake that it had held in Sport.fr.

II. In-house developments and innovations

During the first half of 2010, Hi-media announced the following developments:

- With regard to the payments business:
 - o New mobile payment solution MPME (Micro-Payment Mobile & Enablers – Mobile Micropayment & Enablers) on its platform.
 - o Opening of offices for payment activities in the UK and Germany, to extend the commercial reach of Allopass and establish its leadership.
- With regard to the advertising business:
 - o Launch of a European mobile network service with a wide range of solutions available at premium mobile sites in France, the Netherlands, Spain, Germany and Italy.
 - o Launch of performance marketing business as of April in France and in May in Spain. This service is set to be extended to all European countries where the Group has advertising activities.

III. Important events since 30 June 2010

None.

MAIN RISKS AND UNCERTAINTIES CHARACTERISING THE SECOND HALF OF 2010

The main risks to which the Group is exposed for the second half of 2010 are detailed in the section concerning "Risk factor" of the 2009 Annual Report filed with the Financial Markets Authority on 20 April 2010 and available on the company's internet site www.Hi-media.com. The company is unaware of any other risks and uncertainties for the remaining six months of the financial year.

PROSPECTS

The economic environment is improving compared with 2009. The online advertising market is recovering gradually. This tends to favor performance marketing in a market that remains febrile. Nevertheless, technological, demographic and market trends offer significant growth prospects for the online advertising market, particularly the graphic advertising segment. Owing to its dominant position in all the main European countries and its 138 million represented internet users (Comscore, January 2010), the Hi-media Group is in an ideal position to benefit from these basic trends.

Moreover, the successful launch of new services such as the mobile network or performance marketing offers new prospects for growth and conquering market share.

With respect to the Group's second source of revenue, online payments, the use of Internet, especially in the Entertainment segment (video games, music, etc.), offers very good growth prospects for a player such as Hi-media which already generates over 8 million transactions per month in this area. At the same time, the growth of the relative weight of certain clients with a low gross margin profile in France and abroad, where the Group is increasing its market share, will continue to have an impact on the overall gross margin of this activity.

On July 20, 2010, for the first half of the year 2010 revenue release, the Group announced that, given the current business revenue rate, partly explained by Fotolog and Hi-Pi's revenues that are lower than expected and taking into account the incremental charges of the different developments that have been decided, the Group's current operating profit for the full year 2010 would be similar to full year 2009 one.

TRANSACTIONS BETWEEN AFFILIATED PARTIES

The affiliated parties of Hi-media group correspond to the authorized agents, senior managers and directors of the group, as well as the companies in which they exercise control, joint control or notable influence, or hold a significant voting right.

I. Compensation of management members

The compensation includes the remuneration paid to the Chairman of the Board of Directors, the attendance fees paid to the directors who are individuals and are not remunerated by the Company (3 directors) and the compensation paid to the Chief Operating Officer. The compensation and benefits relating to members of the management organs posted to the income statement amount to 514 thousand euro (against 710 thousand euro on 30 June 2009).

II. Transactions with the subsidiaries

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

III. Other affiliated parties

During the first half of 2010, no significant operations were carried out with:

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

Group's summary consolidated financial statements

Consolidated income statements for the half-years ending on 30 June 2010 and 30 June 2009

<i>In thousands of euro</i>	Notes	30 June 2010	30 June 2009
Sales	3	108 656	74 279
Charges invoiced by the media		-71 957	-46 185
Gross profit		36 699	28 094
Purchases		-10 301	-8 332
Payroll charges	4	-16 869	-10 274
Transfers to and write-backs from depreciation and provisions		-2 385	-2 354
Current operating profit <i>(before valuation of stock options and free shares)</i>		7 144	7 133
Valuation of stock options and of free shares	5	-1 092	-1 535
Other non-current income and charges	7	-62 032	-
Operating profit		-55 981	5 598
Cost of indebtedness		-1 016	-1 133
Other financial income and charges		225	121
Earnings of consolidated companies		-56 771	4 586
Share in the earnings of the companies treated on an equity basis		186	93
Earnings before taxes of the consolidated companies		-56 585	4 679
Income tax	6	-2 980	-2 096
Income tax on non recurring items	6	- 3 715	-
Net income of the consolidated companies		-63 280	2 583
Including minority interests		213	221
Including Group Share		-63 493	2 362
	Notes	30 June 2010	30 June 2009
Weighted average number of ordinary shares		43 970 813	39 050 430
Earnings per share, Group share (in euros)		(1,44)	0,06
Weighted average number of ordinary shares (diluted)		46 275 188	40 955 354
Diluted earnings per share, Group share (in euros)		(1,37)	0,06

Consolidated balance sheets as of 30 June 2010 and 31 December 2009

ASSETS - In thousands of euro	Notes	30 June 2010	31 Dec. 2009
Net goodwill	7	121 310	170 005
Net intangible fixed assets	8	6 862	13 298
Net tangible fixed assets		1 909	2 803
Deferred tax credits	9	6 344	10 744
Other financial assets		1 752	1 608
Non-current assets		138 177	198 458
Customers and other debtors	10	73 235	69 918
Other current assets	11	14 782	14 400
Current financial assets		-	19
Cash and cash equivalents	12	11 824	19 485
Current assets		99 841	103 822
TOTAL ASSETS		238 018	302 280
LIABILITIES - In thousands of euro	Notes	30 June 2010	31 Dec. 2009
Share capital		4 438	4 427
Premiums on issue and on conveyance		124 098	123 348
Reserves and retained earnings		34 885	22 435
Treasury shares		-2 133	-1 916
Consolidated net income (Group share)		-63 493	6 495
Shareholders' equity (Group share)		97 794	154 788
Minority interests		705	824
Shareholders' equity		98 499	155 612
Long-term borrowings and financial liabilities	13	31 187	36 014
Non-current provisions		1 001	982
Non-current liabilities	14	798	897
Deferred tax liabilities	9	593	628
Non-current liabilities		33 579	38 521
Short-term financial liabilities and bank overdrafts	13	17 927	15 202
Current provisions		-	-
Suppliers and other creditors		62 841	69 058
Other current debts and liabilities	15	25 172	23 887
Current liabilities		105 940	108 147
TOTAL LIABILITIES		238 018	302 280

Table of consolidated cash flows for financial year 2009 and for the half-years ending on 30 June 2010 and on 30 June 2009

<i>In thousands of euro</i>	Notes	30 June 2010	31 Dec. 2009	30 June 2009
Net income		-63 280	6 920	2 583
<i>Ajustments for :</i>				
Depreciation of the fixed assets		2 555	4 374	2 110
Value losses	7	61 921	-	-
Investment income		-	-46	-172
Cost of net financial indebtedness		1 036	2 079	1 176
Share in associated companies		-186	-372	-93
Net income on disposals of fixed assets		-	48	50
Costs of payments based on shares	5	1 092	2 216	1 535
Tax charge or proceeds	6	6 695	3 265	2 086
Operating profit before variation of the operating capital need		9 833	18 484	9 285
Variation of the operating capital need		-6 342	5 253	3 392
Cash flow coming from operating activities		3 491	23 737	12 677
Interest paid		-864	-1 711	-1 085
Tax on earnings paid		-672	-4 365	-2 884
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES		1 954	17 661	8 708
Income from disposals of fixed assets		-	815	-
Valuation at fair value of the cash equivalents		11	89	172
Proceeds from disposals of financial assets		-	-	-
Disposal of subsidiary, after deduction of cash transferred		-	-	-
Acquisition of a subsidiary		-3 226	-8 500	-5 048
Acquisition of fixed assets		-2 230	-5 380	-2 961
Variation of financial assets		-271	-140	126
Variation of suppliers of fixed assets		-72	-440	-408
Effect of the perimeter variations		-	-	-
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES		-5 789	-13 557	-8 119
Proceeds from share issues		22	22	-
Redemption of own shares		-	-	-
New borrowings		-	6 016	-
Repayments of borrowings	13	-2 268	-8 999	-4 811
Dividends paid		-342	-391	-391
NET CASH FLOW COMING FROM FINANCING ACTIVITIES		-2 588	-3 352	-5 202
Effect of exchange rate variations		-1 238	-53	-206
NET VARIATION OF CASH AND OF CASH EQUIVALENTS		-7 660	699	-4 820
Cash and cash equivalents on January 1		19 485	18 785	18 785
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD ⁽¹⁾		11 824	19 485	13 966

⁽¹⁾ Positive cash flow reduced by bank overdrafts. Cf. note 13

Table showing the variation of consolidated shareholders' equity for the half years ending on 30 June 2009 and on 30 June 2010

<i>In thousands of euro</i>	Numbers 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. 2009	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	467 221	47	1	-	-46	-	-	2	-	2
Shares redemptions ⁽¹⁾	-	-	-	110	-	-	-	110	-	110
Stock options and free shares impact ⁽²⁾	-	-	4 161	-	-2 886	-	-	1 275	-	1 275
Income and charges directly posted in shareholder's equity	-	-	-	-	-	-1 430	-	-1 430	-24	-1 453
Net income of the period	-	-	-	-	-	-	2 362	2 362	221	2 583
Total global income	-	-	-	-	-	-1 430	2 362	932	198	1 129
30 June 2009	40 273 679	4 027	107 173	-6 050	1 309	1 362	22 989	130 810	620	131 430
Dividend paid to the minorities	-	-	-	-	-	-	-	-	-	-
Call exercise	56 316	6	18	-	-3	-	-	21	-	21
Shares redemptions ⁽¹⁾	-	-	-	235	-	-	-	235	-	235
Stock options and free shares impact ⁽²⁾	-	-	221	-	277	-	-	499	-	499
AdLink's acquisition	3 940 000	394	15 935	3 899	-	-	-	20 228	-	20 228
Income and charges directly posted in shareholder's equity	-	-	-	-	-	-1 137	-	-1 137	-	-1 137
Net income of the period	-	-	-	-	-	-	4 133	4 133	204	4 337
Total global income	-	-	-	-	-	-1 137	4 133	2 996	204	3 200
31 Dec. 2009	44 269 995	4 427	123 348	-1 916	1 583	225	27 122	154 788	824	155 612
Dividend paid to the minorities	-	-	-	-	-	-	-	-	-342	-342
Call exercise	109 500	11	20	-	-9	-	-	22	-	22
Shares redemptions ⁽¹⁾	-	-	-	-217	-	-	-	-217	-	-217
Stock options and free shares impact ⁽²⁾	-	-	730	-	188	-	-	918	-	918
Income and charges directly posted in shareholder's equity	-	-	-	-	-	5 776	-	5 776	11	5 787
Net income of the period	-	-	-	-	-	-	-63 493	-63 493	213	-63 280
Total global income	-	-	-	-	-	5 776	-63 493	-57 717	224	-57 494
30 June 2010	44 379 495	4 438	124 098	-2 133	1 762	6 001	-36 372	97 794	705	98 499

(1) As of June 30, 2010, Hi-media S.A. holds 239,153 treasury shares. Moreover within the framework of the liquidity contract, hi-media holds 152,452 of its own shares as of June 30, 2010.

(2) Cf. Note 18 in connection with the share subscription option plans and the allocations of free shares.

Report on global net income for the half years ending on 30 June 2009 and on 30 June 2010

<i>In thousands of euro</i>	30 June 2010	30 June 2009
Net result	(63 280)	2 583
Other elements of the global result		
- Actuarial gain and losses related to post-employment benefits	-	-
- Hedge accounting on financial instruments	99	-254
- Translation adjustments	5 687	-1 199
- Other	-	-
- Taxes on other elements of the global result	-	-
Other elements of the global result, net of tax	5 787	-1 453
Group share	5 776	-1 430
Minority interests	11	-24
Global result	(57 494)	1 129

Notes concerning the Group's summary consolidated interim financial statements

Note 1. Accounting principles and methods

i. Preparation bases for the summary financial statements

The interim financial statements for the 1st half of 2010 are to be read as a complement to the audited consolidated financial statements for the financial year ending on 31 December 2009 as appearing in the reference document filed with the Financial Markets Authority (AMF) on 20 April 2010.

The interim consolidated financial statements as of 30 June 2010 are established in accordance with the accounting and valuation principles of the IFRS international accounting standards. Those international accounting standards consist of the IFRS (International Financial Reporting Standards), of the IAS (International Accounting Standards), as well as of their interpretations adopted by the European Union on 30 June 2010 (publication in the Official Journal of the European Union).

The interim consolidated financial statements for the half-year ending on 30 June 2010 have been prepared in accordance with the provisions of standard IAS 34 concerning "Interim financial information". The said statements include, for comparison purposes, the income statement for the 1st half of 2009 and the balance sheet dated 31 December 2009.

Hi-media group's consolidated financial statements include the financial statements of Hi-media S.A. and of its subsidiaries (the whole being designated as "the Group"), as well as the Group's holdings in its affiliated companies or companies under joint control. They are presented in thousands of euro.

The interim consolidated financial statements dated 30 June 2010 as well as the notes relating thereto have been established on the responsibility of the Board of Directors, and were closed out at its meeting held on 26 August 2010. They were the object of a limited examination by the auditors.

ii. Accounting principles and valuation methods

Hi-media group has applied the same accounting methods as in its consolidated financial statements for the financial year ending on 31 December 2009, with the exception of the following elements.

a) The following new standards, amendments and interpretations must be applied starting with the financial year beginning on 1 January 2010, but had no effect on the group's financial statements:

- IFRS 3 and IAS 27 (both as revised) – Business combinations: the group will apply IFRS 3 and IAS 27 as revised to all combinations carried out starting on 1 January 2010;
- IFRIC 12 – Service concession arrangements
- IFRIC 15 – Agreements for the construction of real estate
- IFRIC 16 – Hedges of a net investment in a foreign operation
- IFRIC 17 – Distribution of non-cash assets to owners
- IFRIC 18 – Transfers of assets from customers

b) The following new standards, amendments and interpretations, published but not adopted by the EU, do not have to be applied for the financial year beginning on 1 January 2009, and were not applied early:

- Amendments to IFRIC 14 – Minimum Funding Requirements
- Amendments to IAS 32 – Classification of right issues
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

iii. 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, such as events to come, 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.

Note 2. Consolidation base**2.1. List of consolidated entities**

Corporate name	Country	% held directly and indirectly on 30/06/10	% held directly and indirectly on 31/12/09	Date of creation or of 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%	100%	30.09.09	31.12
Allopass Mexico SRLCV	Mexic	100%	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	44%	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)	Netherlands	100%	100%	31.08.09	31.12
Hi-media Italy Srl (ex. AdLink Internet Media Srl)	Italy	100%	100%	31.08.09	31.12
Hi-media Network Internet España SL (ex. AdLink Internet Media S.L.U.)	Spain	100%	100%	31.08.09	31.12
Hi-media Ltd (ex. AdLink Internet Media Ltd.)	UK	100%	100%	31.08.09	31.12
Net:Dialogs GmbH	Germany	100%	100%	31.08.09	31.12

All subsidiaries are consolidated on the basis of full consolidation, with the exception of Europemission 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.

2.2. Perimeter variation

There were no perimeter variations during the 1st half of 2010.

Note 3. Sales

Sales break down as follows by activity:

<i>In thousands of euro</i>	30 June 2010	30 June 2009
Advertising	52 858	28 243
Payments	55 798	46 036
Sales	108 656	74 279

Note 4. 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 euro</i>	30 June 2010	30 June 2009
Salaries	12 524	7 184
Social security charges	4 329	3 078
Provision for end-of-career indemnities	16	12
Payroll charges	16 869	10 274

The staff varied as follows :

	31 Dec. 2009	Incoming	Outgoing	30 June 2010
France	227	30	23	234
Foreign	279	48	47	280
Staff	506	78	72	514

Note 5. Valuation of stock options and free shares

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 euro</i>	30 June 2010	30 June 2009
Valuation of stock options and free shares	918	1 275
Fotolog Inc. retention plans	174	260
Payments based on shareholders' equity instruments	1 092	1 535

Note 6. Tax on earnings

The tax charge breaks down as follows:

<i>In thousands of euro</i>	30 June 2010	30 June 2009
Current taxes	- 1 871	-1 462
Deffered taxes	- 1 109	-634
Deffered taxes (on non recurring items)	-3 715	-
Tax (charge)/Proceeds	- 6 695	-2 096
<i>Effective tax rate (%)</i>	<i>-12%</i>	<i>45 %</i>

Given the new business plans of Group Hi-media USA established as of June 30, 2010, Hi-media does not consider anymore than it will generate sufficient tax profit in order to use Group Hi-media USA's tax losses carried forward. The related deferred tax asset has been cancelled (cf Note 7.2).

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

<i>in thousands of euro</i>	30 June 2010	30 June 2009
Tax rate in France	33,33%	33,33%
Theoretical tax (charge)/proceeds	18 862	-1 560
<i>Elements concerning the comparison with the effective rate:</i>		
Effect of non-current write-downs on assets (cf. Note 7)	-25 683	-
Effect of change in rates	-372	-
Earnings charged to losses subject to carryover not previously recorded	163	1
Recognition of deferred tax credits on losses carried over	-	24
Difference of tax rate between the countries	1 034	108
Permanent differences and other elements	-699	-670
Real tax (charge)/proceeds	-6 695	-2 096
<i>Effective tax rate</i>	-12 %	45 %

The charge for the 1st half of 2010 current taxes consists mainly of the taxes on profits.

As at June 30, 2010, the effective tax rate results mainly from:

- the effect of write-downs on assets, particularly goodwill (cf. Note 7 Goodwill below), with no impact on tax,
- permanent differences, particularly charges linked to payments based on shareholders' equity instruments.

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

Note 7. Goodwill

<i>In thousands of euro</i>	31 Dec. 2009	Forex	Increases	Decreases	30 June 2010
Goodwill	179 974	8 692	1 002	-	189 668
Depreciation	-9 969	-	-58 389	-	-68 358
Net goodwill	170 005	8 692	-57 388	-	121 310

7.1. Net Goodwill variation by CGU

<i>In thousands of euro</i>	31 Dec. 2009	Var. Conversion	Var. perimeter	Transfer	Increases	Decreases	30 June 2010
Hi-media France	8 689	-	-	-	192	-	8 881
Hi-media Belgique	3 755	-	-	-	310	-	4 065
Hi-media Allemagne	8 910	-	-	-	-	-	8 910
Hi-Media Portugal	82	-	-	-	-	-	82
Hi-media Local (Suède)	15 174	241	-	-	-	-	15 415
Hi-media UK	763	-	-	-	-	-	763
Hi-media Italie	4 761	-	-	-	-	-	4 761
Hi-media Pays-Bas	1 971	-	-	-	-	-	1 971
Hi-media Espagne	10 938	-	-	-	-	-	10 938
Advertising sector	55 043	241	-	-	502	-	55 786
Allopass	44 722	-	-	-	500	-	45 222
Allopass USA	6 710	1 167	-	-	-	7 877	-
Micropayment sector	51 432	1 167	-	-	500	7 877	45 222
Fotolog	41 863	7 284	-	-	-	49 147	-
L'Odyssée Interactive	20 302	-	-	-	-	-	20 302
Hi-Pi	1 365	-	-	-	-	1 365	-
Publishing sector	63 530	7 284	-	-	-	50 512	20 302
Net Goodwill	170 005	8 692	-	-	1 002	58 389	121 310

The increase of 500 thousand euro in goodwill at Allopass is due to the revaluation of the additional price for 2009 on the basis of the final company results of Mobile Trend drawn up in June 2010. The final Mobile Trend earn-out was recognized at its final amount, as agreed with the sellers.

The change in foreign currency of +8,692 thousand euro essentially corresponds to the difference for converting USD into euro for the goodwill of Fotolog and Allopass USA, recorded in USD, between December 31, 2009 and June 30, 2010.

The final allocation of the acquisition price for AdLink will be carried out within a period of 12 months following the acquisition.

7.2. Evaluation of the recoverable value of the goodwill on June 30, 2010

A depreciation test is carried out if necessary, in accordance with the procedures defined in Note 10.3 of the appendix to the consolidated financial statements dated December 31, 2009, when an indication of value loss exists at the time of the semi-annual closeout.

The main assumptions in order to determine the value of the cash generating units as at June 30, 2010 are as follows:

- method for valuation of the cash generating unit: value in use
- number of years of net cash flows before projection to perpetuity: 4 years (2013)
- long-term growth rate: 2.5% (2.5% in 2009)
- discounting rate: 8.9% to 9.7% depending on CGU (8.9% to 9.7% in 2009)

The economic environment in the first half of 2010 did not differ significantly from that anticipated in the value tests carried out at the end of 2009, with the exception of the following cash generating units (CGU):

CGU	Segment	Indications of value loss monitored
Fotolog	Publishing	<ul style="list-style-type: none"> ▪ Financial performance compared with budget forecast ▪ Development of advertising markets in the relevant geographical areas ▪ Audience of the site/active members and benchmark in relation to other similar sites
Hi-Pi	Publishing	<ul style="list-style-type: none"> ▪ Financial performance compared with budget forecast ▪ Development of the French-speaking advertising market
Allopass USA	Payments	<ul style="list-style-type: none"> ▪ Financial performance compared with budget forecast ▪ Development of the online payments market in the USA ▪ Signed/broken contracts

7.2.1. Fotolog

The assumptions with respect to the Fotolog topline growth that were used in the value tests on December 31, 2009 (particularly revenue growth rate between +22% and +30% per year over the 2010-2013 period) took into account:

- A stable development of the site audience compared to 2009
- The signing of several major advertising network contracts for Latin America and Europe
- A similar level of revenue from the contract with Google to that generated in 2009
- The implementation of a cost-cutting plan implying the relocation of some of the employees of Fotolog in Latin America
- The development of the Goldcam "premium" subscriptions through the launch of a new service in partnership with telecom operator in Latin America
- Growing advertising markets in Latin America and Spain

During the first half of 2010, Hi-media management experienced some difficulties in implementing the plan and objectives defined in 2009:

- The site audience and the number of active members steadily fell during the first half of 2010. This drop in audience has been very clear since March/April on the two main countries of Fotolog (Argentina and Chile) whereas the brutal decrease in audience in February was due to an external cause, the earthquake in Chile alone.
- No additional advertising network contracts have been signed despite the negotiations in progress since the beginning of 2010. Moreover, some 2009 contracts with a minimum guarantee have not been renewed.
- The level of the Google revenue dropped sharply during the first half of 2010

- Company has not been successful in relocating some of the Fotolog employees in Latin America in accordance with the plan
- Company has not been successful to launch the new “premium” GoldCam service that should have brought new memberships as the telecom operator Fotolog was in discussion with postponed the final validation of this new payment service.

Those events and trends are structural and will persist; they have a deep impact on the growth’s objective of Fotolog’s activity.

In the context of the various disappointments experienced, management decided in June to update the Fotolog business plan which now forecasts (i) a year-on-year drop in revenue in 2010 and 2011, (ii) a long-term reduction in investment, in sales and in marketing as these have not produced the expected effects, and (iii) the relocation in France of the technical functions. As a consequence of all these changes, an impairment test has been performed on the basis of the new business plan. The impairment test demonstrates the necessity to proceed to a write-down on Fotolog assets.

The impairment charges breakdown are the following:

- | | | |
|----------------------|-------|-------------|
| - Goodwill: | -45.8 | EUR million |
| - Fotolog trademark: | -3.4 | EUR million |
| - Website: | -2.1 | EUR million |
| - Other assets: | -0.6 | EUR million |
| - Deferred taxes: | -3.7 | EUR million |

7.2.2. Hi-Pi

The assumptions regarding growth prospects at Hi-Pi business level that were used to perform the impairment test on the 31st of December, 2009 (revenue growth rate between +5% and +65% per year over the 2010-2013 period) took into account:

- A stable development of the site audience compared to 2009
- A growing advertising market in France

During the first half of 2010, the audience of the websites did not sufficiently increase. Advertising revenues have proved to be lower than expected compared to the initial 2010 budget. Therefore management decided in June to reduce investment in Hi-Pi and to update the business plan. An impairment test has been performed on the basis of the new business plan. It demonstrated the necessity to carry out a write-down on Hi-Pi assets.

The impairment charges breakdown are the following:

- | | | |
|-------------------|------|-------------|
| - Goodwill: | -1.4 | EUR million |
| - Website: | -1.2 | EUR million |
| - Deferred taxes: | 0.4 | EUR million |

7.2.3. Allopas USA

The assumptions regarding growth expectations for Allopas USA that were used to perform the impairment on the 31st of December, 2009 (revenue growth rate between +1,100% and +20% per year over 2010-2013 period) took into account:

- A customer portfolio development in the USA (recruitment of websites for which Allopas provides micropayment services)
- Some local telcos relationship developments in order to ensure a better payment methods coverage

During the first half of 2010, sales performances were disappointing, as competition get tough on this market. An impairment test has been performed on the basis of a revised business plan. It demonstrated the necessity to entirely write down the goodwill of Allopas USA.

The impairment charges breakdown are the following:

- | | | |
|-------------|------|-------------|
| - Goodwill: | -7.4 | EUR million |
|-------------|------|-------------|

Note 8. Intangible fixed assets

The expenses capitalized during the period (1.8 million euro) correspond mainly to:

- the creation of the *hi-media performance* technical platform for the network activities;
- the development of the Telecom back-office platforms for the Group's Payments activities;
- the integration of new payment solutions on the Allopass and Hipay platform.

<i>In thousands of euro</i>	30 juin 2010	31 déc. 2009
Software and licences	4 220	7 323
Trademarks	1 342	4 574
Customer relations	342	384
Fixed assets in progress	909	817
Other	49	200
Total	6 862	13 298

Note 9. Deferred taxes

- Recognized deferred tax credit and liabilities

The details concerning the deferred taxes posted to earnings are presented in Note 6 above.

The sources of the net deferred tax credit and liabilities recognized as of June 30, 2010 are as follows, presented on a net basis by taxation entity:

NET DEFERRED TAX CREDITS		
<i>In thousands of euro</i>	30 June 2010	31 Dec. 2009
Tax loss carryovers	6 575	13 585
Intangible fixed assets	243	-2 151
Other timing differences	-474	-689
Deferred tax credits	6 344	10 744

NET DEFERRED TAX LIABILITIES		
<i>In thousands of euro</i>	30 June 2010	31 Dec. 2009
Intangible fixed assets	807	785
Other timing differences	-214	-157
Deferred tax liabilities	593	628

ii. Unrecognized deferred tax credits

As of 30 June 2010, the unrecognized deferred tax credits consisted mainly of the following losses subject to indefinite carryover (on base):

- 352 k€ for Bonne Nouvelle Editions S.A.R.L.
- 255 k€ for Hi-Pi S.A.R.L.
- 17 378 k€ for Hi-Media USA Inc. group, following the write-off of capitalized tax losses carried forward

Making a total of 17 985 k€, representing an unrecognized deferred tax credit of 6 292 k€.

Note 10. Trade notes and accounts receivable

<i>In thousands of euro</i>	30 June 2010	31 Dec. 2009
Customers	75 544	72 058
Depreciation	- 2 209	-2 140
Trade notes and accounts receivable	73 235	69 918

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 30.06.10 came to 7,795 k€.

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.

The accounts receivable which are derecognized in this way in accordance with IAS 39 under the terms of factoring contracts come to 20.4 M€ as of June 30, 2010.

The cash available under these contracts comes to 2.5 M€ as of June 30, 2010.

Note 11. 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 30.06.10.

<i>In thousands of euro</i>	30 June 2010	31 Dec. 2009
Fiscal and company assets	10 842	9 927
Current accounts	-	553
Prepaid charges	1 406	1 782
Other	2 534	2 138
Other current assets	14 782	14 400

Note 12. Cash and cash equivalents

<i>In thousands of euro</i>	30 June 2010	31 Dec. 2009
"OPCVM" fund shares	1 000	1 000
Reserve at factor's	2 677	7 864
Liquid assets	8 147	10 621
Cash and cash equivalents	11 824	19 485

Note 13. Borrowings and financial liabilities

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.

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 41.5 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) with a duration of four years comes to 6 M€.

<i>In thousands of euro</i>	Balance sheet balance on 30 June 2010		<i>Issue currency</i>	<i>Expiration</i>	<i>Effective rate</i>
	<i>Non- current</i>	<i>Current</i>			
Syndicated loan	18 957	9 615	EUR	2012/2013	Eur3M + 1,1% to +1,75%
AdLink seller loan	12 195	227	EUR	2011	3,7 % à 5,0 %
Financing connected with factoring	-	7 795	EUR	Indet.	Eur3M + 0,8 %
Bank overdrafts	-	-	EUR	2010	fixed/variable
Other Borrowings	35	290	EUR/USD	2011	fixed/variable
Total	31 187	17 927			

The repayment of 2.3 million euro presented in the line "Repayments of borrowings" in the consolidated cash flow table as at June 30, 2010 essentially corresponds to the following flows:

- Payment of the semiannual installment of the syndicated loan and changes in accrued interest not yet due in the amount of 4.6 million euro
- Change in the balance financed by the Hi-media France SA factor in the amount of -2.3 million euro

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 hedging accounting has been applied to these two swaps. Thus the variation of fair value of these swaps (99 thousand euro) was posted as a reduction of the shareholders' equity, with, as counterpart, a non-current liability.

Note 14. 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 13).

Note 15. Other current debts and liabilities

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

<i>In thousands of euro</i>	30 June 2010	31 Dec. 2009
Taxation and social liabilities	19 266	17 190
Debts on fixed assets	120	192
Prepaid income	790	451
Other liabilities	4 996	6 054
Other current liabilities	25 172	23 887

Note 16. Pro forma income statement

The pro forma income statement given below are presented In thousands of euro 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.

16.1. Pro forma income statement

<i>In thousands of euro</i>	30 June 2010	30 June 2009	Adjustments	30 June 2009 Pro Forma
Revenue	108 656	74 279	26 397	100 676
Expenses invoiced by the media	-71 957	-46 185	-18 537	-64 722
Gross margin	36 699	28 094	7 860	35 954
Purchases	-10 301	-8 332	-3 688	-12 020
Payroll charges	-16 869	-10 274	-5 703	-15 977
Transfers to and write-backs from depreciation and provisions	-2 385	-2 354	-729	-3 083
Current operating profit (before valuation of stock options and free shares)	7 144	7 133	-2 260	4 873
Valuation of stock options and free shares	-1 092	-1 535	-	-1 535
Other non-current income and charges	-62 032	-	-	-
Operating profit	-55 981	5 598	-2 260	3 338
Cost of indebtedness	-1 016	-1 133	-227	-1 360
Other financial income and charges	225	121	-8	113
Income of the consolidated companies	-56 771	4 586	-2 496	2 091
Share in the earnings of the companies treated on an equity basis	186	93	-	93
Earnings before tax of the consolidated companies	-56 585	4 679	-2 496	2 184
Taxes	-2 980	-2 096	119	-1 977
Taxes on non-current elements	-3 715	-	-	-
Net income of the consolidated companies	-63 280	2 583	-2 376	207

16.2. Retained conventions

The pro forma consolidated accounts dated June 30, 2009 are prepared as if the acquisition had taken place on January 1, 2009 on the basis of Hi-media's consolidated accounts dated June 30 and the non audited accounts of the media subsidiaries of the AdLink group as of June 30, 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.

16.3. 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 June 30, 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 million euro of revenue and 0.6 million euro of gross profit.

An interest cost of 227 thousand euro 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.

Note 17. Segment information

Operational sectors are presented according to the methods described in the 2009 annual report and correspond to the 3 operational poles to which resources are affected.

	Advertising		Micropayment		Publishing		Eliminations		Total	
	S1 10	S1 09	S1 10	S1 09	S1 10	S1 09	S1 10	S1 09	S1 10	S1 09
Revenue	54 330	30 261	55 064	46 311	5 054	5 117	(5 792)	(7 410)	108 656	74 279
<i>Of which own and operated websites</i>	<i>4 151</i>	<i>4 494</i>	<i>2 008</i>	<i>1 978</i>	<i>5 054</i>	<i>5 117</i>	<i>(5 053)</i>	<i>(3 684)</i>	<i>6 160</i>	<i>7 905</i>
Gross profit	19 870	12 408	12 586	11 033	4 243	4 652			36 699	28 094
Operating profit by activity	5 286	6 499	6 054	4 687	(826)	(342)			10 514	10 843
<i>Profitability rate</i>	<i>10 %</i>	<i>21 %</i>	<i>11 %</i>	<i>10 %</i>	<i>-16 %</i>	<i>-7 %</i>			<i>10 %</i>	<i>15 %</i>
Restatement of the margin generated by the Publishing entities over the other entities in the group	(1 245)	(1 348)	167	(92)	1 079	1 440			-	-
Operating profit by restated activity	4 040	5 151	6 221	4 595	253	1 098			10 514	10 843
<i>Profitability rate</i>	<i>7 %</i>	<i>17 %</i>	<i>11 %</i>	<i>10 %</i>	<i>5 %</i>	<i>21 %</i>			<i>10 %</i>	<i>15 %</i>
Unallocated income and charges excluding stock options and free shares									(3 370)	(3 711)
Operating profit before valuation of stock options and free shares									7 144	7 133
Valuation of stock options and free shares									(1 092)	(1 535)
Non current income and charges									(62 032)	-
Operating profit									(55 980)	5 598
Financial net income									(790)	(1 012)
Share of earnings, equity basis									186	93
Taxes									(6 695)	(2 096)
Net income									(63 280)	2 583
Group share									(63 493)	2 362

Note 18. Stock option plan and allocations of free shares**18.1. 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 juin 99	21 avr. 00	21 avr. 00	21 avr. 00	21 avr. 00	21 avr. 00	25 avr. 03	25 avr. 03	25 avr. 03	24 avr. 08	
Date of Board of Directors meeting	30 juin 99 17 nov. 99	4 mai 00 27 juin 00	14 sept. 00	2 nov. 00	13 déc. 00	23 oct. 01	26 mai 03	10 juil. 03	12 janv. 05	19 déc. 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	-	-	-	1 700	2 866	-	70 000	-	82 500	50 000	207 066
Including number of shares that could be acquired by authorized agents	-	-	-	-	-	-	50 000	-	-	-	50 000
Including number of shares that could be acquired by the ten leading employee	-	-	-	-	2 866	-	20 000	-	67 000	-	89 866
Beginning of exercise of the options	1 juil. 04	5 mai 02	15 sept. 02	3 nov. 02	14 déc. 02	23 oct. 03	26 mai 05	10 juil. 05	12 janv. 07	19 déc. 08	
Date of expiration	30 juin 09	4 mai 10	14 sept. 10	2 nov. 10	13 déc. 10	23 oct. 11	25 mai 13	10 juil. 13	12 janv. 15	14 mai 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 30/06/10	22 879	-	-	-	-	-	430 000	350 000	41 000	-	843 879
Options cancelled during the period	-	2 850	-	-	-	-	-	-	-	-	2 850
Remaining options	-	-	-	1 700	2 866	-	70 000	-	82 500	50 000	207 066

⁽¹⁾ Options allocated to the employees currently present in the company, 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 award of the options and corresponding to the weighted average of the market prices during the last 20 trading sessions (for certain plans, a 5% reduction has been made).

⁽³⁾ Procedure A: 100% of the options may be exercised at the end of a 2-year period following the meeting of the Board of Directors having allocated the said options.

Procedure B: 1/3 of the options may be exercised at the end of a 2-year period following the meeting of the Board of Directors having awarded the said options, then 1/3 the following year, and the remaining 1/3 four years after 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:

	1st half of 2010		2009	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options in circulation at the opening	216 416	1,23	255 732	1,19
Options allocated during the period	-	-	-	-
Options exercised during the period	6 500	1,14	34 316	1,01
Options cancelled during the period	2 850	8,06	-	-
Options in circulation at the close	207 066	1,14	216 416	1,23
Options that could be exercised at the close	207 066	1,14	216 416	1,23

The parameters adopted for valuing the share option plans granted after 7 November 2002 are as follows:

Date of the Board of Directors meeting	26 May 03	10 July 03	12 Jan. 05	19 Dec. 2008
Number of options allocated	500 000	350 000	150 000	50 000
Fair value of an option on the allocation date	0.36	0.36	1.45	0.06
Fair value of the plan on the allocation date	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%

18.2. Allocation of free shares

Pursuant to IFRS 2, the plans for allocation 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 the said 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	34 000	30 000
Number of shares that can be definitively allocated 30 june 2010	388 642	8 000	11 500	15 000	21 500	57 000	50 000
Number of shares that can be definitively allocated	-	-	-	-	-	12 000	-
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	-	-	-	-	-	-	Oui
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	89 000	5 000	346 000	3 470 100
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	20 000	-	-	298 158
Number of shares that can be definitively allocated 30 June 2010	-	-	-	-	-	1 378 942
Number of shares that can be definitively allocated	40 000	1 321 000	69 000	5 000	346 000	1 793 000
End of acquisition period	July 22, 2010	Jan. 24, 2011 July 24, 2011 Sept. 24, 2012	Dec. 19, 2010	Mar. 13, 2011	Nov. 30, 2012 Nov. 30, 2013	
End of retention period	July 22, 2012	January 24, 2013 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	Oui	Oui	Oui	Oui	Oui	
Fair value of the free share	3,52	2,33	1,38	1,58	3,58	

Note 19. Off balance sheet commitments**19.1. Commitments received**

During the acquisition 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.

19.2. Commitments given

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

19.3. Pledges

Within the framework of the syndicated credit line acquired by Hi-Media (cf. Note 13 Borrowings and Financial debts above), hi-media pledged, to the benefit of the participating credit institutions, the securities of its subsidiaries Allopas SNC, L'Odysée Interactive SAS and Hi-Pi SARL as well as the hi-media SA business.

19.4. 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 thousand euro. Hi-Media was resisting those applications and was applying for 240 thousand euro in a cross-application. SPORT24 was condemned to pay 82 thousand euro to Hi-media. This litigation is over.

In addition, in July 2007, Allopas 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 28 thousand euro. The Court of Appeal confirmed the first decision. The litigation is over.

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 thousand euro 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. This litigation was settled and the cost of the settlement was mainly covered by the guarantee of liability.

A commercial dispute opposes Hi-media to Pumbby regarding the execution and termination of an advertising network contract.

A dispute related to alleged behaviors of denigration opposes Hi-media to Rentabiliweb.

Some industrial tribunal litigations 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.

Statement by the person responsible for the interim financial report

I hereby attest that to my best knowledge, the summary financial statements presented in the 2010 semiannual financial report are established in accordance with the applicable accounting standards and give a fair representation of the property, financial situation and earnings of the company and of the set of companies included in the consolidation, and that the semiannual financial report offers a fair representation of the important events occurring during the first six months of the financial year and of their effect on the semiannual financial statements, of the main risks and uncertainties for the remaining six months of the financial year, and of the main transactions between affiliated parties.

Cyril Zimmermann

Chairman of the Board of Directors and Managing Director of Hi-media S.A.

Auditors' report concerning the 2010 semiannual financial information