



# **2012 CONSOLIDATED FINANCIAL STATEMENTS**

Joint-stock company with capital of € 4 562 864.50  
15/17 rue Vivienne – 75002 Paris  
418 093 761 R.C.S. Paris  
[www.hi-media.com](http://www.hi-media.com)

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## Consolidated Financial Statements for FY 2012 and 2011

<i>in thousands of Euro</i>	Notes	31 Dec. 2012	31 Dec. 2011
Sales	Note 4	194 736	229 927
Charges invoiced by the media		-127 831	-154 467
<b>Gross profit</b>		<b>66 904</b>	<b>75 460</b>
Purchases		-24 292	-24 341
Payroll charges	Note 5	-28 441	-30 407
Depreciation and amortization		-4 040	-3 148
<b>Current operating profit (before stock based compensations)</b>		<b>10 132</b>	<b>17 564</b>
Stock based compensation	Note 6	-669	-1 241
Other non-current income and charges	Note 7	-398	-288
<b>Operating profit</b>		<b>9 065</b>	<b>16 035</b>
Cost of indebtedness	Note 8	-1 685	-2 059
Other financial income and charges	Note 8	-279	306
<b>Earning of the consolidated companies</b>		<b>7 100</b>	<b>14 282</b>
Share in the earnings of the companies treated on an equity basis		-638	15
<b>Earnings before tax of the consolidated companies</b>		<b>6 462</b>	<b>14 297</b>
Income Tax	Note 9	-533	-3 034
Income Tax on non-recurring items	Note 9	-	-
<b>Net income of the consolidated companies</b>		<b>5 930</b>	<b>11 263</b>
Including minority interests		446	474
<b>Including Group share</b>		<b>5 483</b>	<b>10 789</b>
	Notes	31 Dec. 2012	31 Dec. 2011
Weighted average number of ordinary shares		44 876 770	44 870 554
Earnings per share, Group share (in euro)		0.12	0.24
Weighted average number of ordinary shares (diluted)		45 309 017	45 165 622
Diluted earnings per share, Group share (in euro)		0.12	0.24

## Statement of Comprehensive Income for FY 2012 and 2011

<i>in thousands of euro</i>	31 Dec. 2012	31 Dec. 2011
<b>Net result</b>	<b>5 483</b>	<b>11 263</b>
<b>Other element of the global result</b>		
- Actuarial gain and losses related to post-employment benefits	-99	-53
- Hedge accounting on financial instruments	-234	48
- Translation adjustments	-534	-591
- Other	-63	-
- Taxes on other elements of the global result	-	-
<b>Other elements of the global result, net of tax</b>	<b>-930</b>	<b>-596</b>
Group share	-930	-596
Minority interests	-	-
<b>Global result</b>	<b>4 553</b>	<b>10 667</b>

## Consolidated Balance Sheets as at December 31, 2012 and December 31, 2011

<b>ASSETS - in thousands of euro</b>	<b>Notes</b>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
Net Goodwill	Note 10	121 315	121 419
Net intangible fixed assets	Note 11	10 873	9 828
Net tangible fixed assets	Note 12	1 701	1 963
Deferred tax credits	Note 13	7 362	5 605
Other financial assets	Note 14	3 386	2 111
<b>Non-current assets</b>		<b>144 637</b>	<b>140 926</b>
Customers and other debtors	Note 15	67 442	79 285
Other current assets	Note 16	24 928	22 756
Current financial assets		15	15
Cash and cash equivalents	Note 17	14 483	17 926
Assets held for sale and discontinued operations		1 529	-
<b>Current assets</b>		<b>108 396</b>	<b>119 982</b>
<b>TOTAL ASSETS</b>		<b>253 033</b>	<b>260 908</b>
<b>LIABILITIES - in thousands of euro</b>	<b>Notes</b>	<b>Dec 31. 2012</b>	<b>Dec 31. 2011</b>
Share capital		4 562	4 562
Premiums on issue and on conveyance		123 975	123 975
Reserves and retained earnings		-15 255	-24 718
Treasury shares		-3 537	-2 065
Consolidated net income (Group share)		5 483	10 789
<b>Shareholders' equity (Group share)</b>		<b>115 228</b>	<b>112 541</b>
Minority interests		1 237	1 074
<b>Shareholders' equity</b>	Note 18	<b>116 466</b>	<b>113 615</b>
Long-term borrowings and financial liabilities	Note 19	20 054	25 149
Non-current Provisions	Note 20	1 246	1 335
Non-current liabilities	Note 21	727	493
Deferred tax liabilities	Note 13	496	552
<b>Non-current liabilities</b>		<b>22 522</b>	<b>27 530</b>
Short-term financial liabilities and bank overdrafts	Note 19	19 910	22 680
Current provisions		-	-
Suppliers and other creditors		74 970	74 882
Other current debts and liabilities	Note 22	19 164	22 201
<b>Current liabilities</b>		<b>114 045</b>	<b>119 763</b>
<b>TOTAL LIABILITIES</b>		<b>253 033</b>	<b>260 908</b>

Table of Consolidated Cash Flows for FY 2012 and 2011

<i>in thousands of euro</i>	Notes	31 Dec. 2012	31 Dec. 2011
Net income		5 930	11 263
<i>Adjustments for:</i>			
Depreciation of the fixed assets		3 609	3 829
Value losses			-
Investment income			-
Cost of net financial indebtedness	Note 8	1 685	2 060
Share in associated companies		638	-15
Net income on disposals of fixed assets		-529	-351
Costs of payments based on shares	Note 6	669	1 241
Tax charge or proceeds	Note 9	533	3 034
<b>Operating profit before variation of the operating capital need</b>		<b>12 535</b>	<b>21 060</b>
Variation of the operating capital need		6 820	-4 789
<b>Cash flow coming from operating activities</b>		<b>19 354</b>	<b>16 271</b>
Interest paid		-1 692	-2 427
Tax on earnings paid		-3 392	-4 151
<b>NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES</b>		<b>14 271</b>	<b>9 692</b>
Income from disposals of fixed assets		1	24
Valuation at fair value of the cash equivalents			-
Proceeds from disposals of financial assets		1	623
Disposal of subsidiary, after deduction of cash transferred			-
Acquisition of a subsidiary		-1 952	-107
Acquisition of fixed assets		-5 249	-6 321
Variation of financial assets		147	-101
Variation of suppliers of fixed assets		-18	
Effect of the perimeter variations			-33
<b>NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES</b>		<b>-7 070</b>	<b>-5 916</b>
Proceeds from share issues		-1	-
Repurchase of own shares		-2 332	27
New borrowings	Note 19	1 983	36 203
Repayments of borrowings	Note 19	-6 758	-39 783
Other financial liabilities variation	Note 19	-3 065	3 355
Dividends paid to minority interests		-442	-414
<b>NET CASH FLOW COMING FROM FINANCIAL ACTIVITIES</b>		<b>-10 616</b>	<b>-612</b>
<b>NET VARIATION OF CASH AND CASH EQUIVALENTS</b>		<b>-3 425</b>	<b>3 169</b>
Effect of exchange rates variation		-10	4
Cash and cash equivalents on January 1		17 908	14 739
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD <sup>(1)</sup></b>		<b>14 483</b>	<b>17 908</b>

<sup>(1)</sup> Asset cash flow reduced by bank overdrafts. See Note 19 Borrowings and financial liabilities

Table of Changes in Consolidated Shareholder's Equity for FY 2012 and 2011

<i>in thousands of euro</i>	Number of shares	Share capital	Premiums	Treasury shares	Reserve for options and free shares	Income and expenses on equity	Reserves and consolidated earnings	Shareholders' equity (Group share)	Shareholders' equity Minority interests	Shareholders' equity
<b>January 1, 2011</b>	<b>44 469 495</b>	<b>4 427</b>	<b>123 975</b>	<b>- 2 105</b>	<b>2 486</b>	<b>4 815</b>	<b>-32 059</b>	<b>101 558</b>	<b>1 014</b>	<b>102 573</b>
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	- 414	- 414
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions <sup>(1)</sup>	-	-	-	1 154	-	-	- 1 114	40	-	40
Stock options and free shares impact <sup>(2)</sup>	1 152 650	115	-	-	1 069	-	-	1 184	-	1 184
Perimeter variation	-	-	-	-	-	-	434	- 434	-	434
Income and charges directly posted in shareholders' equity	-	-	-	-	-	596	-	- 596	-	596
Net income of the period	-	-	-	-	-	-	- 10 789	10 789	474	11 263
Total global income	-	-	-	-	-	596	10 789	10 193	474	10 667
<b>December 31, 2011</b>	<b>45 622 145</b>	<b>4 562</b>	<b>123 975</b>	<b>- 951</b>	<b>3 555</b>	<b>4 219</b>	<b>- 22 818</b>	<b>112 541</b>	<b>1 074</b>	<b>113 616</b>
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	- 283	- 283
Call exercise	6 500	1	-	-	1	-	-	-	-	-
Shares redemptions <sup>(1)</sup>	-	-	-	1 471	-	-	-	- 1 471	-	1 471
Stock options and free shares impact <sup>(2)</sup>	-	-	-	-	550	-	-	550	-	550
Perimeter variation	-	-	-	-	-	-	944	- 944	-	944
Income and charges directly posted in shareholders' equity	-	-	-	-	-	930	-	- 930	-	930
Net income of the period	-	-	-	-	-	-	5 483	5 483	446	5 930
Total global income	-	-	-	-	-	930	5 483	4 553	446	4 999
<b>December 31, 2012</b>	<b>45 628 645</b>	<b>4 563</b>	<b>123 975</b>	<b>- 2 422</b>	<b>4 104</b>	<b>3 289</b>	<b>- 18 279</b>	<b>115 228</b>	<b>1 237</b>	<b>116 466</b>

<sup>(1)</sup> As of December 31, 2012, Hi-Media SA holds 921,185 treasury shares. Moreover within the framework of the liquidity contract, Hi-media holds 122,170 of its own shares as of December 31, 2012 purchased under the liquidity contract.

<sup>(2)</sup> See Note 24 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 2012 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 12, 2013 and are been submitted for approval to the Shareholders' Meeting on May 14, 2013.

### Note 1. Accounting principles and methods

#### 1.1. Reporting entity 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 ended December 31st, 2012 include the Company and its subsidiaries (together referred to as "the Group" and each individually as "the Group entities") and the Group's share in the associated companies and joint ventures.

#### 1.2. Basis of preparation

In application of European regulation n° 1606/2002 of July 19, 2002, the consolidated financial statements published for financial year 2012 are established in accordance with the international accounting standards set forth by the IASB (International Accounting Standards Board). These international accounting standards consist of IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), and their interpretations, which were adopted by the European Union on December 31st, 2012 (published in the Official Journal of the European Union).

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

- derivative financial instruments, at fair value,
- financial instruments at fair value through profit or loss, measured at fair value,
- financial assets available for sale, at fair value,
- the liabilities resulting from transactions for which payment is based on shares and which will be paid in cash, at fair value.

The consolidated financial statements are presented in euro, which is the Company's operating (functional) currency. All financial information presented in euro is rounded off to the nearest thousand euros.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for changes in accounting policies relating to the implementation of new standards and amendments that entered into force on 1 January 2012 and listed below.

The accounting methods are applied uniformly by the Group entities.

Hi-Media Group has applied the same accounting method as in its consolidated financial statements for the year ending on December 31, 2011, it should be noted that:

a) The following new standards, amendments and interpretations, must be applied but had no effect on the Group financial statements:

- Amendment to IFRS1 – Severe hyperinflation and removal of fixed dates for first-time adopters
- Amendment to IFRS7 – Disclosures – transfer of financial assets

b) The following new standards, amendments and interpretations published but not adopted by the EU, were not applied in early:

- Amendment to IAS 19 – Employee benefits
- IAS 27 revised - Consolidated and Separate Financial Statements
- IAS 28 Revised – IAS 28 Investments in Associates and Joint Ventures
- Amendment to IAS 7 and IFRS 32 – Financial instruments on asset and liability offsetting
- IFRS 9 – Financial instruments,
- IFRS 10 – Consolidated financial statements,

- IFRS 11 – Joint arrangements,
- IFRS 12 – Disclosure of interest in other entities,
- IFRS 13 – Fair value measurement.

### 1.3. Consolidation principles

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to direct financial and operational policies of the entity to obtain benefits from its activities. To appreciate the control, potential voting rights which can currently be exercised are taken into consideration. Subsidiary financial statements are included in the consolidated financial statements upon the date which control was gained through the date upon which control ended. Subsidiary accounting methods are modified when necessary to align those adopted by the Group.

#### 1.3.1. Companies under exclusive control

The companies controlled directly or indirectly by Hi-Media S.A. are fully consolidated.

#### 1.3.2. Associate companies (companies accounted for under the equity method)

Associate companies are the entities in which the Company has significant influence over the financial and operating policies, without having control. Significant influence is presumed when the Group holds from 20% to 50% of the voting rights of an entity. Associate companies are accounted for under the equity method and are initially recorded at cost. The Group's investments include goodwill identified on acquisition, net of accumulated impairment losses. The consolidated financial statements include the Group's share in total profits and losses and movements in equity accounted by the equity method, after taking into account adjustments for compliance of accounting policies with those of Group, from the date that significant influence is exercised until the date that significant influence ceases.

If the Group's share of the losses exceeds its interest in the company under the equity method, the book value of equity affiliates (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 on behalf of the company.

#### 1.3.3. Transactions eliminated in the consolidated financial statements

Balance sheet amounts and transactions, income and expenses resulting from intra-group transactions are eliminated during preparation of consolidated financial statements. Income from transactions with associate companies is eliminated through consideration of investments in equity shares up to the Group's interest in the company.

Losses are eliminated in the same manner as income but only where they do not represent a loss in value.

### 1.4. Foreign currency

#### 1.4.1. Foreign currency transactions

Exchange differences on assets and liabilities denominated in foreign currency of an entity are recognized in earnings or financial results of the entity according to the nature of the underlying transaction.

The exchange differences relating to monetary elements forming part of the net investment in foreign subsidiaries are included in translation reserves at their amount net of tax.

The Balance sheet accounts expressed in foreign currency are converted into euro at the rate of the closing of the FY, excluding the net position which is maintained at its historical value. The income statement and cash flow expressed in foreign currencies are converted at the average monthly exchange rate, absenting significant changes in the exchange rate. Currency gains and losses resulting from application of these different rates are not included in the income statement for the period but directly allocated into conversion reserves in the consolidated financial statements.

#### 1.4.2. Activities abroad

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated into euro by using the exchange rate on the closing date. Revenues and expenses of a foreign operation, apart from overseas operations in a hyperinflationary economy are translated into euro using the exchange rates prevailing at the dates of transactions.

Exchange differences arising from the conversion are posted to the conversion reserve under 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 in determining the carrying amounts of 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, deemed reasonable in light of the circumstances. They are also used as the basis for the exercise of judgments 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 those originally estimated.

The estimates and the underlying assumptions are reviewed on an ongoing basis. The impact of the changes in accounting estimates is directly entered in the accounting during the period of the change if it affects only that period, or during the period of change and future periods if they are also affected by the change.

### 1.6. Intangible fixed assets

#### 1.6.1. Goodwill

Business Combinations outlines the accounting when an acquirer obtains control of a business. Such business combinations are accounted for using the 'acquisition method'. Control is the ability to manage the financial and operating strategies of an entity in order to get a direct benefit from its activities. To measure this control, the Group takes into account the potential voting rights which are currently exercisable.

Goodwill is evaluated by the group at acquisition date as:

- The fair value of the consideration transferred; plus
- If the business combination is done step by step, the fair value of any participation previously held in the acquired company; minus
- The net amount accounted (generally at the fair value) for the identifiable acquired assets and liabilities

When the difference is negative, revenue can be directly booked in the result as a gain on a bargain purchase

The acquisition costs, other than the ones related to a debt or capital account issuance, the group has to bear due to the business combination, are booked in expenses.

Any consideration to be paid, such as a price adjustment clause to be paid among the achievement of any performance ratio, is evaluated at the fair value at the acquisition date. The changes of the fair value of the consideration which could occur at a later date are booked in the P&L.

Impairment test methods of cash generating units are detailed in 1.8 below. In the event of impairment, depreciation is included in profit for the year.

Goodwill related to associate company acquisitions is included in the item "Equity method investments." They are tested through impairment test on the securities.

#### 1.6.2. Other intangible assets

### *Research and development costs*

Development costs, including those related to software and new sites or new versions of sites, are capitalized as intangible assets as soon as the company can demonstrate:

- its intention and financial and technical ability to conduct the development project to completion;
- its ability to use or sell the intangible asset, upon completion;
- the availability of adequate technical and financial resources to complete the development and sale;
- that it is likely that the future economic advantages attributable to the development expenditure will go to the company;
- and that the cost of the asset may be measured reliably.

Other research and development costs are expensed in the period in which they are incurred.

These intangible assets are depreciated over the estimated useful life according to the consumption of the economic benefits connected with them. They are impaired, if possible, if their recoverable value is less than their book value.

### *Other acquired intangibles*

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

An acquired intangible asset is recognized in the balance sheet as soon as its cost can be reliably measured, on the basis that in such a case the future economic benefits attributable to the asset will go to the company.

These intangible assets consist primarily of trademarks, licenses and software, and customer relations. Licenses, software and customer relations, which have a finite useful life, are amortized over a period of between 3 and 8 years.

## **1.7. Property, plant and equipment**

The original value of PPE corresponds to their purchase cost.

Maintenance costs and repairs are expensed as incurred, except those incurred for increased productivity or to extend the useful life of the property.

Assets financed by finance leases, where risks and rewards have been transferred to the lessee, are presented to the asset for the present value of future payments or market value, whichever is lower. Corresponding debt is recognized under financial liabilities. These capital assets are amortized according to the method and useful life described below.

The depreciation is expensed over the estimated useful life for each asset.

The estimated useful lives are as follows:

Fixtures and fittings	5 to 10 years
Office and computer equipment	3 to 5 years
Furniture	4 to 8 years

## **1.8. Impairment of fixed assets**

### **1.8.1. Financial assets**

A financial asset is examined on each closing date to determine if there is an objective evidence of impairment. The Group considers that a financial asset is impaired if there is objective evidence that one or several events had a negative impact on the future estimated cash flows of the asset.

The loss of value of a financial asset measured at amortized cost is the difference between its carrying amount and the value of estimated future cash flows, discounted at the original effective interest rate on financial assets.

Impairment losses are recognized in earnings.

The impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

### **1.8.2. Non-financial assets**

The carrying amounts of non-financial assets of the Group, other than deferred tax liability, are examined on each closing date to assess if there is any indication of an asset which has been impaired. If there is such an indication, the asset's recoverable amount is appraised. For goodwill, intangible assets with indeterminate useful life or which are not yet ready to be put on service, the recoverable amount is estimated on each closing date. The recoverable amount of an asset or cash generating unit is the greatest amount between its useful value and the depreciated fair value from sales costs. To assess the useful value, future estimated cash flows are updated at pre-tax rates reflecting current market appreciation of the time value of money and specific risks to the asset. For the purpose of impairment tests, assets are regrouped in the smallest group of assets generating cash inflows resulting from continued use, largely independent of cash inflows generated from other assets or groups of assets, i.e. cash generating units. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit is greater than its recoverable amount. Impairment losses are recognized in the income statement. An impairment loss recognized as a cash generating unit (group of units) is allocated first to reduce the carrying amount of any goodwill allocated to cash generating unit, then the reduction in carrying value of other assets of the unit (group of units) pro rata to the carrying value of each asset in the unit (group of units).

An impairment loss recognized in connection with goodwill cannot be reversed. For other assets, on the closing date of each FY the Group assesses if there is an indication that impairment losses recognized during previous periods have decreased or no longer exist. An impairment loss is reversed if there is a change in assessments used to determine the recoverable amount. The carrying value of an asset, increased due to the reversal of impairment loss must not be greater than the carrying value which would have been determined, net of depreciation, if no impairment loss had been recognized.

### 1.9. Receivables

Trade receivables are initially assessed at their fair value then at the amortized cost and subject to individual consideration. Impairment loss is recognized when the current value (updated value of estimated future cash flows) is less than the book value.

The receivables transferred to third parties (billing contract) are removed from the Group's assets when the risks and benefits 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 payback period.

The credit risk is the risk of non-recovering receivables. Under contracts deconsolidating the entities in the Group, the credit risk is supported by the factoring company. This means that the Group is no longer exposed to the risks of non-recovery, and, as a result, the disposal is regarded as being without recourse.

The rate risk and payback period risk corresponds to the transfer of the financial risk linked with the lengthening of the debt collection period and carrying costs relating thereto. Under the deconsolidating contracts of the entities in the Group, the commission rate for a given disposal is adjusted exclusively according 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 warranty does not cover the general risks or the risk of delayed payment; the guarantee fund is made up to cover the debts (credit notes etc.) in a technical dilution.

### 1.10. Cash and cash equivalents and current financial assets

The cash and cash equivalents comprise the elements that are immediately liquid and whose changes in fair value are not significant, such as cash in bank deposit accounts, mutual fund shares and the cash reserve account with the factor. Current financial assets that do not meet the definition of cash equivalents and held for future transactions are valued at fair value and changes are recorded in the income statement.

### 1.11. Assets held for sale and discontinued operations

A non-current asset or a group of assets and liabilities is held for sale when its carrying value may be recovered principally through its divestiture and not by its continued utilization. To meet this definition, the asset must be available for immediate sale and the divestiture must be highly probable. These assets and liabilities are recognized as assets held for sale and liabilities associated with assets held for sale, without offset. The related assets recorded as assets held for sale are valued at the lowest value between the fair value (net of divestiture fees) and the carrying value, or cost less accumulated depreciation and impairment losses, and are no longer depreciated.

## 1.12. Capital

### 1.12.1. Common shares (common stock)

Common shares are classified as equity instruments. Incidental costs directly attributable to the issuance of common stock or stock options are deducted from equity, net of tax.

### 1.12.2. Repurchase of equity instruments (treasury shares)

If the Group repurchases its treasury stock, the compensation amount paid, including directly related costs, is recognized net tax, reduced by shareholders' equity. Shares repurchased are classified as treasury stock and deducted from shareholders' equity. When treasury stock is sold or reissued, the amount received is recognized via increasing shareholders' equity, and the transaction profit or loss is transferred as retained earnings increases or decreases.

## 1.13. Loans

All loans are initially recognized at the fair value of the received compensation corresponding to the cost, net of the fees directly tied to these loans. After initial recognition, loans are assessed at their amortized cost using the effective interest rate method. This rate corresponds to the internal rate of return allowing updating of the expected cash flows over the duration of the loan. Moreover, if the loan includes an incorporated derivative (in the case for example of an exchangeable bond) or if it includes a shareholders' equity component (in the case of a convertible bond), the amortized cost is calculated solely on the debt component once the derivative is incorporated or the shareholders' equity component is separated. In case of future expected cash flows changes (for example, anticipated reimbursement initially unforeseen), then the amortized cost is adjusted by compensating the result to reflect new expected cash flows, updated at initial effective interest rates.

## 1.14. Derivative financial instruments

Derivative financial instruments are used to manage exposure to financial risk. All derivatives are assessed and recognized at their fair value: initially on the contract subscription date and subsequently during each closing. Processing of profit (loss) reevaluation depends on the designation or not of the derivative as a hedge and if that is the case, the nature of the hedged element.

Derivative fair value fluctuations not designated as hedge instruments are recognized in earnings during the period to which they are related. Fair value is based on market value for listed instruments or on mathematical models such as options pricing model or updating methods for cash flows for unlisted instruments.

Changes in fair value of derivatives designated as hedges of cash flows are recognized in other comprehensive income and reported reserves within shareholders' equity for the effective portion of changes in fair value of financial instruments, and in profit gains and losses relating to the ineffective portion. The amounts recognized in equity are recycled in the income statement based on the income statement impact of hedged items.

## 1.15. Provisions

A provision is recognized when the Group has a current, legal or implicit bond resulting from a past event regarding a third-party, and about which it is likely or certain that it will provoke a resources outflow benefiting this third-party. In cases of restructuring, a bond is made when the restructuring has been subject of a detailed plan or a start of execution.

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

When companies are regrouped, a provision is also posted for purchase contracts held by the acquired company with unfavorable conditions compared to those of the market on the date of acquisition.

## 1.16. Employee benefits

### 1.16.1. Cost based plans

A cost based plan is a defined post-employment plan under which an entity pays fixed contributions to a separate entity and has no legal or constructive obligation to make additional contributions. Contributions payable to a defined contribution plan are recognized under charges related to employee benefits when due.

#### 1.16.2. Defined-benefit pension plans

A defined-benefit plan refers to post-employment defined benefits other than defined contribution plan. Group net bonds pursuant to defined benefit plans are assessed separately for each plan in assessing the amount of future benefits acquired by personnel in exchange for services rendered during the current and previous periods. This amount is updated to determine its current value. The cost of past unrecognized services and the fair value of plan assets are then deducted. Calculations are made every year by a qualified actuary, using the projected unit credit method. The Group recognizes immediately in other comprehensive income of all actuarial gains and losses under defined benefit plans.

#### 1.16.3. Benefits upon termination of the employment contract

Benefits at the end of the employment contract are recognized as expenses when the Group, without realistic possibility of retraction, is manifestly involved in a formalized and detailed plan either through redundancies before the normal retirement date or packages encouraging premature retirement to reduce payroll, and concerned persons must have been informed before the closing date. Preliminary retirement benefits are recognized as expenses if the Group has issued a package encouraging the early retirements, and it is likely the package will be accepted and the number of persons accepting it could be assessed in a reliable way.

#### 1.16.4. Short-term benefits

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

#### 1.16.5. Share-based payments

Buy options and share subscription options as well and bonus shares are granted to senior managers and to certain Group employees. In accordance with IFRS 2 "Share-Based Payment", options and shares are valued at fair value at the grant date. The related expense is recalculated each closing date in function of the levels reached from performance criteria and Sales rates. To determine the future expected expense on these plans, the parameters are recalculated at each closing in function of past completion and better estimate of management on that date. Parameters defined could thus appear different to those initially valued.

##### i. Instruments settled by issuing Hi-Media shares

To value these instruments, the Group uses the Black & Scholes mathematical model. Changes in market conditions subsequent to the date of grant shall not affect the initial assessment. In particular, plans to award free shares are valued on the basis of share price the day Hi-Media board of directors has determined the allocation of bonus shares, taking into account the period -assignment of the share after the acquisition of rights and the expected dividends.

The fair value of these instruments, determined at the grant date is expensed in return on equity, and spread over the period during which the beneficiaries acquire their rights. The evaluation of the charges takes into account the probability of achieving performance and presence conditions.

The cumulative charge on these instruments is adjusted at each balance sheet according to the refresh rate affect performance and presence. This difference is recognized in the income statement.

##### ii. Instruments settled by cash remittances

Charges, measured at grant date are spread over the period during which the beneficiaries acquire their rights. The consideration of this charge is a debt. The evaluation of the charges takes into account the probability of achieving performance and presence conditions.

When these plans come from acquisitions of subsidiaries, the estimated life of the instrument is calculated on the basis of the plans originally granted to employees.

The cumulative charge on these instruments is revalued at each balance sheet. Where appropriate, the valuation difference is recognized in the income statement.

### 1.17. Segment information

In accordance with IFRS 8, the Group presents segment information based on internal reporting, as it is reviewed regularly by the Executive Board to assess the performance of each sector and allocate resources.

An operating segment is a component of the company:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the chief operating decision maker of the entity to make decisions about resources to be allocated to the segment and assess its performance, and for which specific financial information is available.

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

- Advertising network
- Online payment
- Editing websites

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

Accordingly, the Group provides in Note 23 the following information:

- segment sales, margin and the segment operating profit,
- segment assets,
- Reconciliations of the totals of segment information with the corresponding amounts of the Group.

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

### 1.18. Income Tax

Income tax expense (charge or income) includes the tax expense (income) and the deferred tax expense (income). Tax is recognized in income/expense unless it relates to a business combination or to elements that are recognized directly in equity or in other comprehensive income in which case it is recognized in equity or other elements of comprehensive income.

Current tax is the estimated amount of tax payable in relation to taxable income of a period, and is determined using tax rates enacted or substantively enacted at the balance sheet date, any adjustment added to the amount tax payable with regard to previous periods.

Deferred tax is determined and recognized using the balance sheet approach of the liability method for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. The following elements are not subject to deferred taxes: the initial recognition of an asset or liability in a transaction that is not a regrouping of businesses and that affects neither the accounting profit nor the taxable income, and the temporary differences connected with investments 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 accounted for in case of a taxable temporary difference generated from the initial recognition of 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 at 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 settle 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.

### 1.19. Revenue recognition

#### *Recognition of gross revenue*

Under IAS 18-7/18-8, the company that acts as a principal in the transaction recognizes the amounts billed to end customers as revenue. In order to determine whether the company is acting as a principal or as an agent, it should assess the risks and

responsibilities taken by the company to deliver the goods or render the services. From that viewpoint, Hi-Media referred to EITF 99-19, within the framework of application of IFRS, which gives a list of indicators to determine 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 users.

#### 1.19.1. Advertising Activity

The advertising network business consists of providing advertisers with a comprehensive service on their advertising campaigns on websites with which Hi-Media has signed a management 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 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. Sales corresponds to the amounts charged to advertisers.

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

The activity breaks down into three marketing methods:

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

The sale of advertising space includes putting on line and dissemination of advertising banners in different sizes on one or more media (websites) by Hi-Media in-house for a specified period. The value of the contracts depends on a cost per thousand for advertising displays and the volume purchased by the advertiser.

For contracts completed by the closing date, the revenue recognized in the income statement is the value of the contract or the value of the number of viewed pages if it is less than that specified in the contract.

For contracts outstanding at the reporting date, the revenues recognized to date is the value of the number of pages actually viewed at the closing date if the number of page viewed is less than or equal to that provided for the contract.

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

Sponsorship contracts provide for fixed compensation packages for the insertion of the logo or other distinguishing mark of advertisers on the medium concerned, governed by Hi-Media. The package is recognized as revenue over the term of service.

#### 1.19.2. Online payment

Online payment activity involves three separate activities:

- "Allopass" payment platform allowing internet sites to provide users pay access to their content;
- Providing interactive voice response (IVR) and technical performance regarding the corresponding invoice.
- "Hi-Pay" e-wallet.

In the first case, sales are consistent with repayments made by telephone operators in respect of phone numbers or SMS used via the Internet to access internet site content. Hi-Media then compensates the site to which the user gained access.

In the second case, Hi-Media intervenes to provide the customer with technical services and the Sales will be determined by finding the difference between the amount received from the telephone operators and the repayments made to the partners.

In the third case, through its e-wallet Hi-Media furnishes technical assistance to the client and sales will be determined through the difference between the amount receive from the users and consented payment to the partners minus technical fees owed to external technical service providers.

Note that on August 23, 2011, the French Prudential Supervisory Authority gave Allopass definitive payment method status.

### 1.20. Operating profit

Operating profit is obtained by deducting, from the current operating profit, the charges for stock options and free shares and the other non-recurring 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-recurring nature.

### 1.21. Earnings per share

The Group presents basic and diluted earnings per share for its common shares. The basic earnings per share are calculated by dividing the earnings attributable to the Company's common shareholders by the weighted average number of common shares in circulation during the period. Earnings per diluted share is determined by adjusting the profit attributable to the holders of the common shares and the weighted average number of common shares in circulation for the effects of all dilutive potential common shares, which include the stock options and the free shares allocated to the members of the management and staff.

## Note 2. Financial risk management

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

- credit risk
- liquidity risks
- market risk

This note provides information concerning the Group's exposure to each of the above risks, its objective, its policy and procedures for measuring and managing risk and managing capital. Quantitative information appears in other places in the consolidated financial statements.

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

### 2.1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises mainly from receivables and 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 customers, particularly including the risk of default by activity sector and country in which the customers do business, 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 analyzed individually 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 each closing, the Group determines a level of impairment representing its estimate of the losses on receivables and other debts, and investments. This impairment is determined by an analysis of individualized significant risks.

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

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

Collection: in case of default, the company forwards the legal proceedings consisting of all documents proving the claim to the insurance company, which intervenes with the defaulter and sees to collection by amicable or legal means.

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 qualify for such coverage, the subsidiaries must first obtain the insurer's coverage approval customer by customer and making the unpaid declaration within 150 days after the term.

In addition, the companies Allopas and Mobile Works have concluded factoring contracts for which the main risks and advantages have been transferred to the factoring company (see note 1.9).

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

- Note 14 Other financial assets
- Note 15 Customers and other debtors
- Note 16 Other current assets.

## 2.2. Liquidity risk

The liquidity risk corresponds to the risk that the Group will encounter difficulties in honoring its debts when they mature. The Group's approach to managing the liquidity risk is to ensure, as far 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.

The group conducted a special review of its liquidity risk and deems that it is able to meet future scheduled payments.

As at December 31, 2012, the remaining contractual maturities of financial liabilities were as follows (including interest payments):

(in thousands of euro)	Book value	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Syndicated loan <sup>1</sup>	27 732	30 206	8 745	21 461	-
Accrued interest on loans	61	61	61	-	-
Financing connected with factoring <sup>2</sup>	11 802	12 128	12 128	-	-
Accounts payable	75 276	75 276	75 276	-	-
Taxation and social liabilities	16 779	16 779	16 779	-	-
Other liabilities	2 079	2 079	2 079	-	-
Bank overdrafts	-	-	-	-	-
<b>Total</b>	<b>133 729</b>	<b>136 529</b>	<b>115 068</b>	<b>21 461</b>	-

<sup>1</sup> The rate used to determine the contractual future cash flows are based on the 3-month Euribor at December 31st, 2012.

<sup>2</sup> A contract made by Hi-Media whose main risks and benefits are non-transferrable: The factoring 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.

The Borrowings and financial liabilities are detailed in the note 19

## 2.3. Market risk

### 2.3.1. Currency risk

Currency risk is the risk that changes in exchange rates will affect the Group's earnings or the value of the financial instruments held. Currency risk management aims to control market risk exposures within acceptable limits, while optimizing the profitability/risk tandem.

The Group is exposed to a currency risk:

- on the activities of its subsidiaries based in the US (Hi-Media Group Inc. USA.), Sweden (Hi-Media Sales and Hi-Media Network), fully consolidated and, to a lesser extent,
- in connection with the activity carried on by its subsidiaries consolidated on the basis of the equity method in China (Hi-Media Chine), in Brazil (Hi-Midia Brasil), and the United Kingdom (Hi-Media Ltd.).
- on revenue from the micro-activity outside the euro area (primarily Latin America and the United States).

100% of the purchases and sales, of capital expenditure, assets and liabilities of those subsidiaries and goodwill pertaining thereto are denominated, respectively, in dollars, Swedish crowns, Yuan and Real.

Regarding the online payment business, the currency of repayment to partner sites may differ from the income received.

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

*in thousands of euro*

<b>Sensitivity to exchange rate</b>	<b>USD</b>	<b>SEK</b>
Total assets	3 665	25 890
Total liabilities	-10 477	-2 379
Net position	-6 813	23 511
Assumptions regarding changes against the euro	1%	1%
<b>Impact on profit before tax</b>	<b>5</b>	<b>-15</b>
<b>Impact on equity</b>	<b>67</b>	<b>-41</b>

### 2.3.2. Interest rate risk

Following subscription to a large adjustable rate syndicated loan in June 2011 (see. Note 19 Borrowings and financial liabilities), the Group adopted a policy consisting of ensuring that less than 50% of exposure to interest rate fluctuations on loans related to fixed rates. To that end, interest rate swaps were incurred in the 2011 second semester.

## 2.4. Categorization of financial instruments

<i>in thousands of euro</i>	Fair value by earnings	Assets available for sale	CATEGORIES			31 Dec. 2012	
			Loans and receivables	Debts at amortized cost	Derivative instruments	value in balance sheet	Fair value
Other financial assets	317	3 069	-	-	-	3 386	3 386
Receivable	-	-	67 442	-	-	67 442	67 442
Other current assets	-	-	24 493	-	-	24 493	24 493
Current financial assets	-	-	-	-	-	-	-
Cash and cash equivalents	14 483	-	-	-	-	14 483	14 483
<b>FINANCIAL ASSETS</b>	<b>14 799</b>	<b>3 069</b>	<b>91 935</b>	<b>-</b>	<b>-</b>	<b>109 803</b>	<b>109 803</b>
Borrowings and financial debts	-	-	-	39 964	-	39 964	39 964
Non-current liabilities	-	-	-	-	727	727	727
Accounts payable	-	-	-	74 970	-	74 970	74 970
Other current debts and liabilities	-	-	-	18 852	-	18 852	18 852
<b>FINANCIAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133 787</b>	<b>727</b>	<b>134 514</b>	<b>134 514</b>

## Fair value hierarchy

Financial instruments measured at fair value after initial recognition are arranged by hierarchy as follows:

- Level 1 Short-term investments are valued at fair value through profit or loss by reference to quoted prices in active markets.
- Level 2 Derivatives are evaluated by reference to observable prices in active markets.
- Level 3 financial assets available for sale are measured at fair value based on valuation techniques using data on assets and liabilities that are not based on observable market

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

Company name	Pays	2012	2011	Consolidation method	Date of creation / acquisition
<b><i>Sociétés créées</i></b>					
Hi-media Belgium SPRL	Belgium	100%	100%	Global	09.03.00
Hi-media Portugal LTDA	Portugal	53.90%	53.90%	Global	31.10.00
Hi-Pi SARL	France	100%	100%	Global	13.05.02
Hi-media Advertising Web SL	Spain	100%	100%	Global	29.12.06
HPMP SPRL	Belgium	100%	100%	Global	17.09.07
HPME SA	Belgium	100%	100%	Global	08.05.08
Allopass Scandinavia AB	Sweden	100%	100%	Global	30.09.09
Allopass Mexico SRLCV	Mexico	100%	100%	Global	17.07.09
Hi-media Payment do Brasil LTDA	Brasil	99.99%	99.99%	Global	16.11.11
Hi-media Regions SAS	France	49%	-	Equity	06.12.12
<b><i>Sociétés acquises</i></b>					
Hi-media Network AB	Sweden	100%	100%	Global	11.12.00
Hi-media Deutschland AG	Germany	100%	100%	Global	30.04.01
Europemission SL	Spain	50%	50%	Equity	25.03.04
Hi-Midia Brasil SA	Brasil	14%	14%	Equity	18.07.05
Hi-media China Limited	China	49%	49%	Equity	01.05.06
Allopass SAS	France	100%	100%	Global	08.02.06
L'Odysée Interactive SAS	France	88%	88%	Global	31.05.06
Hi-media Sales AB	Sweden	100%	100%	Global	04.09.06
Groupe Hi-media USA Inc	USA	100%	100%	Global	27.11.07
Vivat SPRL	Belgium	44%	44%	Equity	14.03.08
Bonne Nouvelle Editions SARL	France	100%	100%	Global	06.06.08
Hi-media Nederland BV	Holland	100%	100%	Global	31.08.09
Hi-media Italia SRL	Italy	100%	100%	Global	31.08.09
Hi-media Network Internet España SL	Spain	100%	100%	Global	31.08.09
Hi-media LTD	UK	50%	50%	Equity	31.08.09
Local Media SAS	France	45%	45%	Equity	02.12.11
Pragma Consult SPRL	Belgium	100%	-	Global	30.01.12
Semilo BV	Holland	36.3%	-	Equity	01.02.12
La Tribune Nouvelle SAS	France	27.8%	-	Equity	13.02.12
New Movil Media SL	Spain	55.02%	-	Global	13.12.12

On January 25th, 2012, Hi-Media SA has signed an agreement among which the assets of the Hi-Media Nederland BV entity, related to the Advertising activity have been transferred to the company Semilo BV and Hi-Media SA has acquired, directly and indirectly, 36.3% of the Semilo BV equity.

Hi-Media SA has submitted a joint offer to buy the assets of "La Tribune" with the company La Tribune Nouvelle. This joint offer has been approved by the "tribunal de commerce de Paris", dated June 30<sup>th</sup> 2012. From now on, Hi-Media SA has 27.8% of the shares of the company La Tribune Nouvelle.

On December 13th, 2012, Hi-media acquired 55.02% of the shares of the Spanish company New Movil Media, S.L.

During the year, the reorganization of the legal structure of the Group took place: the Hi-media SA company absorbed the Mobile Works SAS company on December 31<sup>st</sup>, 2012.

#### Note 4. Sales

The breakdown of sales by activities is as follows:

<i>in thousands of euros</i>	31 Dec. 2012	31 Dec. 2011
Advertising network	93 750	110 771
Online payments	106 513	123 994
Publishing	11 504	12 194
<i>Elimination of the intercompany transactions between activities</i>	-17 032	-17 032
<b>Sales</b>	<b>194 736</b>	<b>229 927</b>

Sales in publishing Internet sites are the revenue after deductions of the advertising network commissions.

In 2012, total sales for the Group's site came to 7% 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 Euro</i>	31 Dec. 2012	31 Dec. 2011
Salaries	19 627	21 228
social security charges	8 723	9 144
Provision for end of career indemnities	90	35
<b>Payroll charges</b>	<b>28 441</b>	<b>30 407</b>

Staff changes were as follows:

	31 Dec. 2011	Incoming	Outgoing	31 Dec. 2012
France	255	53	-55	253
Foreign	221	22	-51	192
<b>Staff</b>	<b>476</b>	<b>75</b>	<b>-106</b>	<b>445</b>

#### Note 6. 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>	31 Dec. 2012	31 Dec. 2011
Valuation of stock options and free shares	669	1 219
Fotolog Inc. retention plans	-	22
<b>Payments based on shareholders' equity instruments</b>	<b>669</b>	<b>1 241</b>

#### Note 7. Other non-current income and charges

Other non-current income and expenses are related to effects from:

- Income and expenses related to activities or entities which were subject to strategic reorganizations (-1.1m€)
- Income and expenses related to failure of certain partners of Payment activities (+0.7m€)

**Note 8. Financial net income**

<i>in thousands of euro</i>	31 Dec. 2012	31 Dec. 2011
Investment products	104	135
Interest on borrowing	-1 685	-2 060
Other comprehensive income	-384	172
<b>Financial net income</b>	<b>-1 965</b>	<b>-1 753</b>

**Note 9. Income Tax**

The tax charge breaks down as follows:

<i>in thousands of euro</i>	31 Dec. 2012	31 Dec. 2011
Current taxes	-2 902	-3 588
Deferred taxes	2 369	554
Deferred taxes (on non-recurring items)	0	0
<b>Tax (charge)/Proceeds</b>	<b>-533</b>	<b>-3 034</b>
<i>Effective tax rate (%)</i>	8%	21%

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

<i>in thousands of Euro</i>	31 Dec. 2012	31 Dec. 2011
<b>Tax rate in France</b>	<b>33,33%</b>	<b>33,33%</b>
Theoretical tax (charge)/proceeds	-2 154	-4 766
<i>Elements concerning the comparison with the effective rate:</i>	-	-
Effect of non-current write-downs on assets	-	-
Earnings charged to losses subject to carryover not previously recorded	75	-
Recognition of deferred tax credits on losses carried over	2 096	-
Difference of tax rate between the countries	5	1 266
Effect of non-asset deficit transfers from the fiscal year	-579	-2 925
Permanent differences and other elements	731	4 214
Taxes without basis	-707	-823
<b>Real tax (charge)/proceeds</b>	<b>-533</b>	<b>-3 034</b>
<i>Effective tax rate</i>	8%	21%

The charge for 2012 current taxes consists mainly of the taxes on profits.

As at December 31st, 2012, the effective tax rate results mainly from:

- Deferred tax on unrecognized tax losses in the previous periods;
- Deferred tax on unrecognized tax losses in the period;
- Permanent differences notably from expenses related to free shares, accelerated tax depreciation, release of accrual on non-consolidated current account,
- Taxes without basis notably from tax to the value added of companies (CVAE).

Hi-Media France SA, Allopass SAS, Hi-Pi SARL and Bonne Nouvelle Editions SARL have been consolidated for tax purposes.

#### Note 10. Goodwill

<i>in thousands of Euro</i>	31 Dec. 2011	Changes in currency	Var. perimeter	Increase	Decrease	31 Dec. 2012
Goodwill	186 288	-	-105	-	-	186 183
Impairment	-64 869	-	-	-	-	-64 869
<b>Net goodwill</b>	<b>121 419</b>	-	<b>-105</b>	-	-	<b>121 314</b>

#### 10.1. Net book value of goodwill assigned to each CGU

The net book value of the goodwill assigned to each CGU (Cash Generating Unit) is as follows

<i>in thousands of Euro</i>	31 Dec. 2011	Reallocation	Changes in currency	Change in consolidation scope	Increase	Decrease	31 Dec. 2012
Hi-media France	9 993	-	-	-	-	-	9 993
Hi-media Germany	8 910	-	-	-	-	-	8 910
Hi-media Belgium	4 065	-	-	129	-	-	4 194
Hi-media UK	-	-	-	-	-	-	-
Hi-media Spain	10 939	-	-	1 736	-	-	12 675
Hi-media Italy	4 761	-	-	-	-	-	4 761
Hi-media Nederland	1 971	-	-	-1 971	-	-	-
Hi-Media Portugal	82	-	-	-	-	-	82
Hi-Media Local (Sweden)	15 174	-	-	-	-	-	15 174
<b>Advertising sector</b>	<b>55 895</b>	-	-	<b>-105</b>	-	-	<b>55 790</b>
Allopass	45 222	-	-	-	-	-	45 222
<b>Payments sector</b>	<b>45 222</b>	-	-	-	-	-	<b>45 222</b>
L'Odysée Interactive	20 302	-	-	-	-	-	20 302
<b>Advertising sector</b>	<b>20 302</b>	-	-	-	-	-	<b>20 302</b>
<b>Goodwill</b>	<b>121 419</b>	-	-	<b>-105</b>	-	-	<b>121 314</b>

The changes in scope are related to the acquisition of Pragma consult in Belgium and New Movil in Spain and also the transfer of Hi-media Netherlands assets as part of the agreement signed with Semilo (as written in the note 3.1).

### 10.2. Evaluation of the recoverable value of the goodwill on December 31<sup>st</sup>, 2012

In context of control of goodwill value, an impairment test was done on December 31<sup>st</sup>, 2012 according to the same methods as with prior fiscal years. 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 (2013-2016 normative),
- long-term growth rate: 2.5% (2.5% in 2011),
- discount rate for Europe: 6.8% to 12.5% (8.5% to 12.5% in 2011), among countries
- growth rate of sales: between +5% and +15% per year during the period 2013-2016, among countries and activities

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 December 31<sup>st</sup>, 2012 to recognition of any value losses.

Moreover a sensitivity analysis calculating the variation in key parameters (discount rate, long-term growth rate and EBITDA gross margin) did not point to any likely scenario in which the recoverable value of a CGU will become less than its book value. The key parameters variation used for the sensitivity analysis are presented below:

<i>En milliers d'euros</i>	Discounting rate		Growth rate to infinity		EBITDA rate
	Rate used		Rate used		
Hi-media France	7.5%	≥200 pts	2.5%	≤-150 pts	≥-200 pts
Hi-media Belgium	8.0%	≥200 pts	2.5%	≤-150 pts	≥-200 pts
Hi-media Germany	6.9%	≥150 pts	2.5%	≤-150 pts	≥-100 pts
Hi-media Portugal	12.5%	≥200 pts	2.5%	≤-150 pts	≥-200 pts
Hi-media local (Sweden)	6.8%	≥200 pts	2.5%	≤-150 pts	≥-200 pts
Hi-media Italy	11.2%	≥200 pts	2.5%	≤-150 pts	≥-200 pts
Hi-media Spain	9.1%	≥100 pts	2.5%	≤-100 pts	≥-100 pts
Allopass	7.5%	≥200 pts	2.5%	≤-150 pts	≥-200 pts
L'Odyssee Interactive	7.5%	≥200 pts	2.5%	≤-150 pts	≥-200 pts

In the impairment tests, the above variables have been adjusted together or separately and the results didn't show any likely scenario where the recoverable value of a CGU is under its accounting value.

### Note 11. Intangible fixed assets

Development fees capitalized during the period are mentioned in the line "software and licenses" and correspond mainly to:

- The development of new platforms to help webmasters driving their daily advertising activity
- The development of a new payment platform
- The integration of the new payment solutions inside the Allopass and Hipay platforms
- The certification process PCI-DSS of the payment platforms
- The developments done on the SMS telecom platform

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

<i>in thousands of euro</i>	31 Dec. 2011	Changes in currency	Transfer	Increase	Decrease	31 Dec. 2012
Software and licenses	18 649	6	4 157	686	-3 983	19 513
Trademarks	4 828	-67	-	-	-	4 761
Customer relations	657	-	-	-	-	657
Fixed assets in progress	3 126	-	-4 157	3 962	-5	2 926
Other	494	-	-	-	1	495
<b>Total</b>	<b>27 754</b>	<b>-62</b>	<b>-</b>	<b>4 648</b>	<b>-3 987</b>	<b>28 352</b>

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

<i>in thousands of euro</i>	31 Dec. 2011	Changes in currency	Transfer	Increase	Decrease	31 Dec. 2012
Software and licenses	13 483	6	-	2 912	-3 411	12 990
Trademarks	3 478	-67	-	-	-	3 411
Customer relations	438	-	-	82	-	520
Fixed assets in progress	70	-	-	22	-	93
Other	456	-	-	10	-	466
<b>Total</b>	<b>17 925</b>	<b>-62</b>	<b>-</b>	<b>3 026</b>	<b>-3 411</b>	<b>17 479</b>

The net values of the intangible assets changed as follows:

<i>in thousands of euro</i>	31 Dec. 2012	31 Dec. 2011
Software and licenses	6 523	5 165
Trademarks	1 350	1 350
Customer relations	137	219
Fixed assets in progress	2 834	3 056
Other	30	38
<b>Total</b>	<b>10 873</b>	<b>9 828</b>

The net book value of the intangible assets having an indefinite use duration assigned to each CGU is as follows:

*in thousands of euro*

CGU	Assets	31 Dec. 2012	31 Dec. 2011
Allopass	Allopass trademark	384	384
L'Odyssée Interactive	jeuxvideo.com trademark	884	884
Hi-Media	Hi-Media trademark	74	74
	Other	8	8
<b>Total</b>		<b>1 350</b>	<b>1 350</b>

**Note 12. Tangible fixed assets**

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

<i>in thousands of euro</i>	31 Dec. 2011	Changes in currency	Transfer	Increase	Decrease	31 Dec. 2012
Fittings & installations	1 090	1	-	67	-129	1 028
Office equipment and computer hardware	7 482	36	-58	479	-3 949	3 991
Furniture	1 115	4	-36	38	-4	1 117
<b>Total</b>	<b>9 687</b>	<b>42</b>	<b>-94</b>	<b>583</b>	<b>-4 082</b>	<b>6 136</b>

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

<i>in thousands of euro</i>	31 Dec. 2011	Changes in currency	Transfer	Increase	Decrease	31 Dec. 2012
Fittings & installations	420	0	-	148	-105	463
Office equipment and computer hardware	6 542	34	-58	564	-3 933	3 149
Furniture	762	3	-36	99	-5	823
<b>Total</b>	<b>7 724</b>	<b>37</b>	<b>-94</b>	<b>811</b>	<b>-4 043</b>	<b>4 436</b>

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

<i>in thousands of euro</i>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
Fittings & installations	565	670
Office equipment and computer hardware	841	940
Furniture	295	353
<b>Total</b>	<b>1 701</b>	<b>1 963</b>

### Note 13. Deferred taxes

#### 13.1. Recognized deferred tax credit and liabilities

The breakdown of deferred taxes recognized in income is presented in Note 9.

The sources of the net deferred tax credit and liabilities recognized as at December 31st, 2012 are as follows:

<b>NET DEFERRED TAX CREDITS</b>		
<i>in thousands of euro</i>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
Tax loss carryovers	7 767	5 305
Intangible fixed assets	-135	-142
Other timing differences	-270	442
<b>Deferred tax credits</b>	<b>7 362</b>	<b>5 605</b>

<b>NET DEFERRED TAX LIABILITIES</b>		
<i>in thousands of euro</i>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
Intangible fixed assets	977	928
Other timing differences	-481	-376
<b>Deferred tax liabilities</b>	<b>496</b>	<b>552</b>

**13.2. Unrecognized deferred tax credits**

On December 31, 2012, unrecognized deferred tax credits were mainly losses which could be carried over indefinitely through Fotolog for €20.2m.

**Note 14. Other financial assets**

As of December 31, 2012 the other financial assets broke down as follows:

<i>in thousands of Euro</i>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
Equity affiliates	2 841	1 475
Other securities	128	130
Deposits and sureties	417	505
<b>Total</b>	<b>3 386</b>	<b>2 110</b>

The change in other securities was mainly due to the acquisition of the shares of Semilo (cf Note 3.1).

**Note 15. Customers and other debtors**

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

<i>in thousands of euro</i>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
Customers	70 172	81 329
Depreciation	-2 730	-2 044
<b>Customers and other debtors</b>	<b>67 442</b>	<b>79 285</b>

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

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 online payment activity, which were not invoiced for as at December 31, 2012.

Trade receivables include invoices sold under factoring contracts when credit risk is not transferred to the factoring company. When transferring credit risk, the receivables sold are derecognized.

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

<i>in thousands of euro</i>	31 Dec. 2012	31 Dec. 2011
Unmatured	52 171	63 518
0-30 days	5 139	6 732
31-120 days	4 333	2 894
120-360 days	3 340	4 198
More than one year	2 459	1 943
<b>Customers and other debtors</b>	<b>67 442</b>	<b>79 285</b>

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

<i>in thousands of Euro</i>	31 Dec. 2012	31 Dec. 2011
<b>Depreciation: Balance as at January 1st</b>	<b>2 044</b>	<b>2 169</b>
Period funding	1 361	240
Impairment loss	-675	-188
Change in scope	-	-177
<b>Depreciation: balance on December 31st</b>	<b>2 730</b>	<b>2 044</b>

The depreciation corresponds mainly to due receivables whose collectability presents a risk as at December 31st, 2012.

- i. Receivables transferred without transfer of credit risk

Factoring contracts concluded by Hi-Media SA, for which the company took out a pre-credit insurance, does not transfer credit risk to the factor.

The amount of receivables transferred without transfer of risk at December 31st, 2012 amounted to € 11.8 million.

- ii. Receivables sold without credit risk transfer

The contractual terms of factoring agreements (concluded in 2008) for Allopass SAS allow the transfer of significant risks and rewards related to receivables sold, and thus their de-recognition of balance sheet.

Under IAS 39, receivables transferred to third parties (factoring contract) are removed from the Group's assets when the risks and benefits 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 payback 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 supported 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 risk and payback period risk corresponds to the transfer of the financial risk linked with the lengthening of the debt collection period and carrying costs relating thereto. Under the deconsolidating contracts of the entities in the Group, the commission rate for a given disposal is adjusted exclusively according 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 amount of receivables sold with credit risk transfer and derecognized under IAS 39 in connection with factoring contracts at December 31, 2012 amounted to € 15.6 million.

The cash available under these contracts amounted to € 4.6 million at December 31, 2012.

**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 December 31st, 2012.

<i>in thousands of euro</i>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
Financial and corporate assets	11 347	10 685
Current accounts	420	616
Prepaid charges	435	783
Factor guarantee fund	1 390	3 014
HiPay available cash balance	6 282	3 574
Other	5 053	4 084
<b>Other current assets</b>	<b>24 928</b>	<b>22 756</b>

The item Financial and corporate assets is mainly composed of VAT and IS receivables.

**Note 17. Cash and cash equivalents**

<i>in thousands of euro</i>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
"OPCVM" fund shares	2 000	900
Reserve at factor's	4 567	2 802
Liquid assets	7 916	14 223
<b>Cash and cash equivalents</b>	<b>14 483</b>	<b>17 925</b>

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

**Note 18. Shareholders' equity**

For changes in shareholders' equity of the Group, see 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'Odyssee Interactive, of Hi-Media Portugal and New Movil Media. It varies mainly as a function of changes in those subsidiaries' reserves and earnings from its subsidiaries.

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 liabilities**

<i>in thousands of Euro</i>	<b>Balance sheet balance on 31 Dec. 2012</b>		<i>Issue currency</i>	<i>Expiration</i>	<i>Effective rate</i>
	<i>Non-current</i>	<i>Current</i>			
Syndicated loan	20 054	7 679	EUR	2016	Eur3M + 1.5% à +2%
Accrued interest on debts	-	61	EUR	2013	variable
Financing connected with factoring	-	12 170	EUR	Undet.	Eur3M + 0.9 %
Bank overdrafts	-	-	EUR		variable
<b>Total</b>	<b>20 054</b>	<b>19 910</b>			

### 19.1. Syndicated loan

On June 16, 2011 Hi-Media obtained a syndicated line of credit amounting to €40 million.

That credit line breaks down into one line of €31.6 million (tranche A), and another line amounting to €8.4 million (tranche B), with a duration of five years.

Tranche A was fully withdrawn on June 16, 2011. It enabled:

- the reimbursement up to €19.4 million of the syndicated loan taken out November 7, 2007, as well as the complementary tranche subscribed on August 31, 2009 by amendment to this contract for financing acquisition cost of Adlink Internet Media shares and restructuring costs tied to that transaction.
- the reimbursement of up to €12.2 million for seller credit implemented August 31, 2009 to finance acquisition of AdLink Internet Media.

Tranche B will allow the Group to finance investments and acquisitions. It was withdrawn up to €6.6 million on December 31, 2012.

The repayment of €6.9 million presented in the line "Repayments of borrowings" in the consolidated cash flow table as at December 31st, 2012 essentially corresponds to the two following flows:

- Reimbursement of the syndicated credit (tranche A) taken out 2011 up to €6.3 million.
- Reimbursement of the First annuity of the syndicated credit (tranche B) taken out 2011 up to €0.6 million.

The following were concluded pursuant to the loan agreement signed in June 2011:

- an initial interest rate swap fixed payer / variable recipient 3-month Euribor (due in June 2016) for a notional amount of €16 million,
- an second interest rate swap fixed payer / variable recipient 3-month Euribor (due in June 2016) for a notional amount of €15.6 million,

This rate swap was in replacement of those implemented in February and July 2008 in context of the former credit agreement of October 2007.

The hedge accounting has continued to be applied in 2012. As a consequence, the change in the fair value of the swaps has been booked directly in the equity and the counterpart is in the non-current liabilities.

Covenants and pledges related to the syndicate loan are respectively described in the notes 25.3 and 25.4.

### 19.2. Financing connected with factoring

Disposed receivables in context of the factoring contract without transferring credit risk are not de-recognized (see Note 15 Customers and other debtors

). In exchange for financing received during disposal of these receivables, the Group recognized a financial debt. This financial debt does not present contractual deadlines, it increases with receivable disposals and is reduced during settlement of the latter by debtors.

**Note 20. Non-current Provisions****20.1. Details concerning non-current provisions**

<i>in thousands of euro</i>	31 Dec. 2012	31 Dec. 2011
Provisions for risks and expenses	537	765
End-of-career benefits	709	570
<b>Non-current provisions</b>	<b>1 246</b>	<b>1 335</b>

Risk and expense provision are essential due to business disputes and labor relations disputes.

**20.2. Staff benefits**

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

Commitments have been calculated in accordance with the provisions of the advertising collective agreement of Hi-Media and Hi-Pi, the Syntec collective agreement for the Odyssey Interactive and Allopass and journalist's collective agreement and the collective agreement for specialized press for BNE.

The trend of the provision relative to the Group's retirement commitments is as follows:

<i>in thousands of euro</i>	31 Dec. 2012	31 Dec. 2011
Discounted value of the obligations as at January 1	570	482
Cost of services rendered and financial cost	40	35
Actuarial losses/(gains) recognized in equity	99	53
Change in scope	-	-
<b>Discounted value of the obligations as at December 31, 2012</b>	<b>709</b>	<b>570</b>

The assumptions used in the assessment of pension liabilities for the French entities at closing are as follows:

	2012	2011	2010
Discounting rate	3.00%	3.80%	4.45%
Rate of future increase of salaries	2.50%	2.50%	2.50%
Retirement age (Executives)	65 ans	65 ans	65 ans
Retirement age (Non-Executives)	62 ans	62 ans	62 ans
Actuarial table	INSEE F 2006	INSEE F 2006	INSEE F 2006

**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 (see 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 euro</i>	31 Dec. 2012	31 Dec. 2011
Taxation and social liabilities	16 779	19 059
Debts on fixed assets	305	340
Prepaid income	311	216
Other liabilities	1 768	2 586
<b>Other current liabilities</b>	<b>19 164</b>	<b>22 201</b>

The entry Taxation and social liabilities is made up mostly of VAT debt and debt to social welfare entities.

**Note 23. Segment information**
**23.1. Earnings by activity**

	Advertising		Online payment		Publishing		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>Sales</b>	<b>93 750</b>	<b>110 771</b>	<b>106 513</b>	<b>123 994</b>	<b>11 504</b>	<b>12 194</b>	<b>-17 032</b>	<b>-17 032</b>	<b>194 736</b>	<b>229 927</b>
<i>including share generated on the Group's sites</i>	9 563	8 771	616	2 126	11 504	12 194	-8 778	-9 185	12 905	13 906
<b>Gross profit</b>	<b>33 219</b>	<b>39 162</b>	<b>24 877</b>	<b>26 848</b>	<b>8 809</b>	<b>9 450</b>			<b>66 904</b>	<b>75 460</b>
<b>Operating profit by activity</b>	<b>7 603</b>	<b>11 206</b>	<b>7 281</b>	<b>10 493</b>	<b>2 760</b>	<b>3 763</b>			<b>17 644</b>	<b>25 462</b>
<i>Profitability rate</i>	8 %	10 %	7 %	8 %	24 %	31 %			9 %	11 %
Restatement of the margin generated by the Publishing entities over the other Group entities	-2 869	-2 631	-123	-272	2 992	2 903			-	-
<b>Operating profit by restated activity</b>	<b>4 734</b>	<b>8 575</b>	<b>7 157</b>	<b>10 221</b>	<b>5 752</b>	<b>6 666</b>			<b>17 644</b>	<b>25 462</b>
<i>Profitability rate</i>	5 %	8 %	7 %	8 %	50 %	55 %			9 %	11 %
Unallocated income and charges excluding stock options and free shares									-7 512	-7 898
<b>Operating profit before valuation of stock options and free shares</b>									<b>10 132</b>	<b>17 564</b>
Valuation of stock options and free shares									-669	-1 241
Non-current income and charges									-398	-288
<b>Operating profit</b>									<b>9 065</b>	<b>16 035</b>
Financial net income									-1 965	-1 753
Share of earnings, equity basis									-638	15
Taxes									-533	-3 034
<b>Net income</b>									<b>5 930</b>	<b>11 263</b>
<b>Group share</b>									<b>5 483</b>	<b>10 789</b>

**23.2. Total assets**

	Sales of advertising spaces		Online payment		Publishing		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Total assets, net	135 455	157 232	139 981	141 337	33 384	32 277	-55 787	-69 938	253 033	260 908

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

**23.3. Sales by geographical area**

	France		Rest of World		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Sales	156 227	186 504	62 164	71 556	-23 656	-28 133	194 736	229 927

**Note 24. Stock option plan and allocations of free shares****24.1. Stock options**

	Plan n°7	Plan n°8	Plan n°9	Plan n°10	Plan n°11	Plan n°12	Total
Meeting date	Apr 25, 2003	Apr 25, 2003	Apr 25, 2003	Apr 24, 2008	May 3, 2011	May 3, 2011	
Date of the Board of Directors' meeting	May 26, 2003	July 10, 2003	Jan 12, 2005	Dec. 19, 2008	Jan 31, 2012	Aug 27, 2012	
Total number of shares allocated <sup>(1)</sup>	500 000	350 000	150 000	50 000	385 000	105 000	1 540 000
Total number of shares available for subscription	50 000	-	58 000	50 000	385 000	105 000	648 000
Including number of shares that could be acquired by the authorized agents	50 000	-	-	-	-	80 000	130 000
Including number of shares that could be acquired by the ten leading employee	-	-	49 000	-	232 500	-	281 500
Beginning of exercise of the options	May 26, 2005	July 10, 2005	Jan 12, 2007	Dec 19, 2008	Jan 31, 2012	Aug 27, 2012	
Date of expiration	May 25, 2013	July 10, 2013	Jan 12, 2015	May 14, 2018	Jan 31, 2022	Aug 27, 2022	
Subscription price (in euro) <sup>(2)</sup>	0.33	0.35	1.14	1.81	2.13	1.93	
Exercise procedures <sup>(3)</sup>	A	A	A	C	A	A	
Number of shares subscribed to on December 31st, 2012	450 000	350 000	65 500	-	-	-	865 500
Options cancelled during the period	-	-	10 500	-	-	-	10 500
Remaining options	50 000	-	47 500	50 000	385 000	105 000	637 500

<sup>(1)</sup> 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.

<sup>(2)</sup> Subscription price of the options calculated on the day of award of the options and corresponding to the weighted average of the market prices for the last twenty trading sessions (for certain plans, a 5% reduction has been applied).

<sup>(3)</sup> Procedure A: 100% 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.

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 having awarded 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:

	2012		2011	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options in circulation at the opening	158 000	1.10	202 500	1.03
Options allocated during the period	490 000	2.09	-	-
Options exercised during the period	-	-	44 500	0.78
Options cancelled during the period	-	-	-	-
Options in circulation at the close	637 500	1.86	158 000	1.10
Options that could be exercise at the close	637 500	1.86	158 000	1.10

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 2003	10 July 2003	12 Jan 2005	19 Dec 2008	31 jan 2012	27 Aug 2012
Number of options allocated	500 000	350 000	150 000	50 000	385 000	105 000
Fair value of an option on the date of allocation	0.36	0.36	1.45	0.06	0.42	0.45
Fair value of the plan on the date of allocation	179 424	125 034	217 270	3 000	228 611	47 250
Exercise price of the option	0.33	0.35	1.14	1.81	2.13	1.93
Anticipated volatility of the option price	212%	208%	184%	51%	55%	51%
Anticipated lifetime	4 ans	4 ans	4 ans	2 ans	2 ans	2 ans
Dividend expected on the options	-	-	-	-	-	-
Option lapse rate adopted	-	-	-	-	-	-
Risk-free interest rate adopted	3.11%	2.80%	2.94%	3.51%	0.96%	0.10%

**24.2. Allocations of free shares**

	Plan n°19	Plan n°20	Plan n°21	Plan no.22	Plan n°23	Plan n°24	Total
Meeting date	24 apr. 08	24 apr.08	24 apr.08	24 apr.08	03-may-11	03-may-11	
Date of the Board of Directors' meeting	30 nov.09	19 july 10	02 dec.10	26 jan.11	31 jan. 12	27-aug-12	
Total number of shares allocated	346 000	15 000	55 000	80 000	351 500	140 000	987 500
Including the number of shares that can be subscribed to by the authorized agents	-	-	-	-	-	80 000	80 000
Including the number of shares that can be subscribed to by the leading ten employee allocated	-	-	-	-	243 000	-	243 000
Number of cancelled shares	248 400	-	15 000	25 000	-	-	288 400
Number of shares definitively allocated as at Dec. 31, 2012	-	-	-	-	-	-	-
Number of shares that can be definitively allocated	97 600	15 000	40 000	40 000	351 500	140 000	684 100
End of acquisition period	30 nov.12 30 nov.13						
End of retention period	30 nov.13	19 july 14	02 dec. 14	26 jan. 15	31 jan. 16	27- aug .16	
² Share price on the date of the executive board meeting	4.68	4.4	3.28	3.97	2.24	2.16	
Non-transferability discount	Oui	Oui	Oui	Oui	Oui	Oui	
Fair value of the free share	3.58	3.54	2.39	2.98	1.91	1.84	

**Note 25. Off balance sheet commitments****25.1. Commitments received**

In context of the acquisition of the AdLink Internet Media AG Group, Hi-Media benefits from a tax liability guarantee provision up to the end of the prescription.

Under the agreement signed on February 17<sup>th</sup> 2012, Hi media has an option to sell La Tribune Nouvelle shares to its main shareholder.

**25.2. Commitments given**

The lease signed 15 May 2008 concerning the premises housing the French operations of the Group represents a commitment of €1.6 million per year (non-indexed) until 15 December 2017.

Under the agreement signed on May 25<sup>th</sup> 2011, a shareholder of Hi-midia Brasil has an option to buy Hi-midia Brasil shares held Hi-media SA.

**25.3. Covenants**

The subscription of the syndicated loan mentioned in Note 19 Borrowings and financial above requires Hi-Media to respect covenants based on the following financial ratios, calculated according to the definitions of the banking contract:

- Ratio of financial debt R1 (consolidated net debt/consolidated EBITDA) less than or equal to 2.5
- Gearing ratio R2 (consolidated net debt/consolidated equity) less than or equal to 0.65

At December 31, 2012, Hi-Media meets the two ratios.

**25.4. Pledges**

Within the framework of the syndicated credit line subscribed by Hi-Media (see Note 19 Borrowings and financial liabilities), Hi-Media pledged to the benefits of the participating credit institutions the securities of its subsidiaries Allopass SAS, l'Odysée Interactive SAS, Hi-Pi SARL, as well as Hi-Media SA business.

**25.5. Litigations**

Some labor relations 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 judgment of the justification for the plaintiffs' demands.

**25.6. Events that have occurred since December 31st, 2012**

On February 12<sup>th</sup>, 2013, Hi-media SA has acquired TheBluePill company, which is specialized in the direct marketing and affiliation. This acquisition has been done with an initial price of €200k. In the agreement, a complementary price, which cannot exceed €200k has been provided.

**25.7. Transactions between affiliated parties****25.8. Compensation of members of management bodies**

This includes compensation of the CEO, and director's fees issued to director not compensated by the Company (5 directors). Compensation and benefits of the members of executive units amounts to €412k as at December 31, 2012, (including €12k related to the valuation of free shares for 2012), versus €1,029k as at December 31, 2011.

The decrease of the compensation of the members of executive is mainly due to the resignation of the deputy CEO in the year 2011.

**25.9. Transactions with the subsidiaries**

Hi-Media SA charges its subsidiaries ad serving costs, holding costs (management fees), brand fees and personnel expense, which are eliminated in the consolidated accounts.

**25.10. Other affiliated parties**

During 2012, no other significant transactions have been conducted with:

- shareholders holding a significant amount of voting rights in the capital of Hi-Media S.A.,
- members of the management bodies, including the directors,
- entities over which a senior executive has control, joint control, or significant influence, or in which they have significant voting rights.