



2015 INTERIM FINANCIAL REPORT

A corporation with a capital of 4 525 352,30 euros
6 place du Colonel Bourgoïn – 75012 Paris
Paris Trade and Companies Register 418 093 761
www.himediagroup.com

Summary

MANAGEMENT REPORT	3
GROUP'S SUMMARY CONSOLIDATED FINANCIAL STATEMENTS	6
NOTES CONCERNING THE GROUP'S SUMMARY CONSOLIDATED INTERIM FINANCIAL STATEMENTS	11
STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT	27

Management report

PRESENTATION OF EARNINGS FOR THE FIRST HALF OF 2015

I. Comments concerning the consolidated income statement

Sales from the period, amounted for €32.6 million, were down by 19% on the 1st half of 2014 (13% in pro forma ⁽¹⁾).

Gross margin of the Group amounted for €5.9 million, down by -66% on the first half 2014 (-56% in pro forma). Gross margin rate comes to 18%.

Purchases, that amounted for €5.3 million, down compared to the first half 2014 (€8.7 million). Other provisions and allocations related to depreciation and amortization are resulting, for €1 million, of investments directly linked to the development of technical platforms.

The current operating result amounts to -€10.4 million, which represents an decrease versus the 2014 first half (-€3.1 million).

The consolidated net income amounts to -€29.3 million (versus €18.4 million for the 2014 first half).

This net result can be detailed as follow:

- The current operating profit -€10.4 million (versus -€3.1 million for the first half of 2014).
- A non-operating income of -€14.6 million (against €26.6 million in the first half of 2014), including income and expenses related to the reorganization of HiMedia group to €4.1 million (composed mainly of the capital gain related to the dividend in kind distribution operations HiPay titles), impairment of goodwill CGU France "historical activity" , Italian and Portuguese and a partial impairment of goodwill of Sweden to -€21.5 million and the recognition of a badwill related to the acquisition of Orange ad network entities in Spain and Latin America for €2.8 million.
- And a tax expense of -€4 million (against -€5 million in the first half of 2014), including impairment of deferred tax assets on loss carryforwards -3.6 million of euros (France, Italy and Sweden).

II. Internal developments and innovations

During the first half of the year 2015, HiMedia communicated on the following developments:

- In developing of new out-stream formats and rich media,
- In the finalization of the developments or the revision of our internal tools (tools of invoicing, commercial management tool....).

HiMedia has also proceeded to the depreciation of intangible assets for €0.7m which corresponds to projects that will not be prosecuted.

Hi-Media has invested in the "Native Advertising" and "Drive to Store", through majority stakes in Quantum and Admoove companies during the first half of 2015.

III. Significant events of the period

a) Creation and introduction in stock exchange of HiPay Group

On June 29th, 2015, the Group HiPay got on Euronext. It comprises the following companies:

- HPME brought to the company HiPay Group on June 15th, 2015
- HiPay SAS brought by HiMedia to HPME on May 28th, 2015
- Mobile HiPay España brought by HiMedia to HPME on May 28th, 2015
- HiPay Payments do Brésil LTDA brought by Himedia to HPME on May 28th, 2015
- 53,9 % of HiPay Portugal's LDA capital brought by HiMedia to HPME on May 28th, 2015

⁽¹⁾ The pro forma 2014 take into account the sale of the Payments activities and Publishing activities including "Jeuxvideo.com".

b) Distribution to the shareholders of HiMedia of a dividend in kind

Distribution to the shareholders of HiMedia of an exceptional dividend in kind on June 30th, 2015, an amount of 51.9 millions of euros in the form of allocation of 80% of the actions HiPay Group, that is 43 603 772 actions, at the rate of an action HiPay Group for an action HiMedia.

c) Other variation of perimeter

On January 6th, 2015, HiMedia acquired 100% in AdMoove share capital.

On March 16th, 2015, HiMedia acquired the online advertising of Orange in Spain, United States and Mexico.

On May 1st, 2015, HiMedia acquired 2% in Quantum share capital, increasing its ownership from 49% to 51%.

On June 4th, 2015, HiMedia acquired 10% in Mobvious Italia share capital, increasing its ownership from 70% to 80%.

On June 30th, 2015, HiMedia sold 36% of its participation in Semilo to its founders.

IV. Important events since 30 June 2015

On July 14th, 2015, HiMedia sold 55% of its participation in HiMedia Deutschland AG.

MAIN RISKS AND UNCERTAINTIES CHARACTERISING THE SECOND HALF OF 2015

The main risks to which the Group is exposed are described in the Report to the President page 193 and following of the 2014 Reference Document filed with the AMF dated May 22th, 2015 under the number D.15-0527.

The Company is not aware of other risks and uncertainties affecting the Group.

PROSPECTS

The traditional non programmatic display advertising business continues to decline due to the evolution in the advertising market structure which makes the use of general advertising network less necessary. First half-year turnover has thus suffered from a 13% drop in pro forma figures. Consequently, the Group has conducted these past few months a strategic thinking and decided to end its investments in this historical commercial advertising activity.

However the mobile activities and marketing campaigns to drive store (drive by the location technology of Admoove acquired in January 2015) were dynamic on the end of the second quarter. Also, Native Advertising activity reported strong growth in the first half. In this way, HiMedia continue to invest in technology of these two promising marketing platforms.

At June 30 2015, the Group has a 15 million Euros of cash available in its balance sheet (the Group's cash available has been split between HiMedia and HiPay Group following the spin-off), no significant indebtedness and a 20% stake in HiPay Group.

These resources will enable to fund the new business strategy as well as the shift taken towards Native Advertising and Drive to Store marketing.

The second semester should see in addition a strong recovery in gross profit with a level of sales similar compared to H1. The shift in business and the costs reduction undertaken during the first semester should have a significant impact on EBITDA which should rise to reach a -1 and -2 million Euros range over the second semester before a return to positive profitability in 2016.

TRANSACTIONS BETWEEN AFFILIATED PARTIES

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

I. Compensation of management members

The compensation includes the remuneration paid to the Chairman of the Board of Directors, the attendance fees paid to the directors and are not remunerated by the Company (5 directors). The compensation and benefits relating to members of the management organs posted to the income statement amount to €274 thousand (against €252 thousand on June 30th, 2014). Furthermore, SPRL Cyril Zimmermann invoiced some advisory services (510K€) related to all the restructurations concerning the transfer of payment legal entities under HPME in order to introduce HiPay Group.

II. Transactions with the subsidiaries

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

The Group Hipay is from now on autonomous and the main part of the operations with the Group HiMedia consists of legal restructuring prior to its constitution and a sublease signed on June 30th, 2014 under which HiMedia SA invoices of costs under the rent and amortization (depreciation) of fixtures.

III. Other affiliated parties

During the first half of 2015, no significant operation has been carried out with:

- shareholders holding a significant voting right in the HiMedia S.A. capital,
- members of the management organs, including the directors,
- entities over which one of the main senior managers or shareholders exercise control, or notable influence, or hold a significant voting right.

Group's summary consolidated financial statements

Consolidated income statements for the half-years ending on 30 June 2015 and 30 June 2014

The income statement below integrates all the flows to the landing HiPay Group for the period of June 30th, 2015 and June 30th, 2014 in the column "Net income from discontinued operations".

<i>In thousands of euro</i>	Notes	30 June 2015	30 June 2014 ⁽¹⁾
Sales		32 616	40 205
Charges invoiced by the media		-26 739	-22 937
Gross profit		5 877	17 268
Purchases		-5 341	-8 663
Payroll charges	4	-9 938	-10 762
EBITDA		-9 402	-2 157
Depreciation and amortization		-989	-894
Current operating profit		-10 391	-3 050
Stock based compensation		-10	-74
Other non-current income and charges	5	-14 602	26 641
Operating profit		-25 003	23 517
Cost of indebtedness		-127	-127
Other financial income and charges		-145	-1
Earning of the consolidated companies		-25 275	23 390
Share in the earnings of the companies treated on an equity basis		-	-
Earnings before tax of the consolidated companies		-25 275	23 390
Income Tax	6	-4 004	-5 670
Income Tax on non-recurring items		-	705
Net income of the consolidated companies		-29 279	18 425
Net income from discontinued operations		-2 473	-3 057
Net income		-31 753	15 368
Minority interests from continuing operations		460	207
Minority interests from discontinued operations		-208	-263
Including Group Share		-31 501	15 424

	30 June 2015	30 June 2014
Weighted average number of ordinary shares	45 253 523	44 544 882
Earnings per share, Group share (in euro)	- 0,70	0,36
Weighted average number of ordinary shares (diluted)	45 253 523	45 368 502
Diluted earnings per share, Group share (in euro)	- 0,70	0,35

⁽¹⁾ The financial statements at 30 June 2014 have been prepared with the historical financial statements of Hi Media Group decreased to the combined financial statements of HiPay group established in accordance with the accounting policies presented in the notes to the annual financial statements 2015 of HiPay Group.
In accordance with IAS 8, the financial statements were regularized on VAT. The turnover was reduced by an amount of €0.5m; net income was reduced of the same amount (see Note 1.3 of the appendix to the consolidated financial statements dated December 31st, 2014).

Statement of Comprehensive Income for the half years ending on 30 June 2015 and on 30 June 2014

<i>in thousands of euro</i>	30 June 2015	30 June 2014
Net result	- 31 501	15 424
Other element of the global result		
- Hedge accounting on financial instruments	-	93
- Exchange differences	562	- 59
- Other	-	-
- Taxes on other elements of the global result	-	-
- Actuarial gain and losses related to post-employment benefits	-	-
Other elements of the global result, net of tax	562	33
Group share	602	33
Minority interests	- 40	-
Global result	- 30 939	15 458

Consolidated balance sheets as of 30 June 2015 and 31 December 2014

ASSETS - In thousands of euro	Notes	30 June 2015	31 Dec 2014
Net goodwill	7	20 932	86 447
Net intangible fixed assets	8	1 431	7 720
Net tangible fixed assets		1 719	1 382
Deferred tax credits	9	78	3 332
Other financial assets ⁽¹⁾		14 409	822
Non-current assets		38 570	99 703
Customers and other debtors	10	33 568	57 242
Other current assets	11	16 971	28 082
Current financial assets		19	13
Cash and cash equivalents	12	15 475	48 733
Assets held for sale and discontinued operations		640	716
Current assets		66 673	134 786
TOTAL ASSETS		105 242	234 489

LIABILITIES - In thousands of euro	Notes	30 June 2015	31 Dec 2014
Share capital		4 525	4 525
Premiums on issue and on conveyance		86 487	128 992
Reserves and retained earnings		-22 323	-18 626
Treasury shares		-6 703	-6 646
Consolidated net income (Group share)		-31 501	5 194
Shareholders' equity (Group share)		30 485	113 439
Minority interests		408	676
Shareholders' equity		30 893	114 115
Long-term borrowings and financial liabilities	13	2 277	2 263
Non-current provisions		720	835
Deferred tax liabilities	9	623	74
Non-current liabilities		3 620	3 172
Short-term financial liabilities and bank overdrafts	13	-0	-0
Suppliers and other creditors		55 299	91 228
Other current debts and liabilities	14	15 430	25 974
Liabilities held for sale and discontinued operations		0	-
Current liabilities		70 728	117 202
TOTAL LIABILITIES		105 242	234 489

⁽¹⁾ Of which 12 972k€ representing 20% of HiPay shares according to equity method following the carve-out

Table of consolidated cash flows for the half-years ending on 30 June 2015 and on 31 December 2014 and on 30 June 2014

In thousands of euro	Notes	30 June 2015	31 Dec 2014	30 June 2014
Net income		-31 753	5 285	15 368
Depreciation of the fixed assets		1 764	5 848	3 184
Value losses	7	21 528	15 247	15 247
Other non-current without impact on the cash	5	-5 526	6 081	10 478
Cost of net financial indebtedness		127	1 201	646
Share in associated companies		-	2 596	2 570
Net income on disposals of fixed assets		379	-55 495	-56 761
Cash flow from discontinued operations		-2 485	-	-
Cash flow from business to be divested		-	-	-
Costs of payments based on shares		10	81	74
Tax charge or proceeds	6	4 004	7 011	6 162
Operating profit before variation of the operating capital need		-11 951	-12 144	-3 032
Variation of the operating capital need		322	897	647
Cash flow coming from operating activities		-11 629	-11 247	-2 384
Interest paid		-74	-1 152	-595
Tax on earnings paid		-2	-747	-524
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES		-11 705	-13 145	-3 504
Income from disposals of fixed assets		-	-	-
Valuation at fair value of the cash equivalents		-	-	-
Proceeds from disposals of financial assets		-	1 859	-
Disposal of subsidiary, after deduction of cash transferred	3	-	81 540	81 540
Acquisition of a subsidiary		-1 892	-98	-104
Acquisition of fixed assets		-2 734	-4 194	-2 953
Variation of financial assets		-963	-7	-69
Variation of suppliers of fixed assets		1 119	515	49
Effect of the perimeter variations ⁽¹⁾		-14 105	-	-
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES		-18 575	79 615	78 463
Proceeds from share issues		0	13	1
Redemption of own shares		-	-4 378	128
New borrowings		14	2 292	-
Repayments of borrowings	13	-	-21 572	-4 386
Other financial liabilities variation		-2 705	-4 080	-2 968
Dividends paid to minority interests		-234	-234	-225
NET CASH FLOW COMING FROM FINANCING ACTIVITIES		-2 925	-27 959	-7 450
Effect of exchange rate variations		-53	17	5
NET VARIATION OF CASH AND OF CASH EQUIVALENTS		-33 258	38 527	67 514
Cash and cash equivalents on January 1 st		48 733	10 207	10 207
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		15 475	48 733	77 721

⁽¹⁾ Of which -€14.4 million following the carve-out with HiPay

Table showing the variation of consolidated shareholders' equity for the half years ending on 30 June 2015 and on 30 June 2014

<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 Shareholders' equity
January 1, 2014	45 112 645	4 511	127 881	- 2 457	701	3 423	- 19 919	114 138	970	115 108
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	- 225	- 225
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	128	-	-	-	128	-	128
Stock options and free shares impact(2)	-	-	-	-	74	-	-	74	-	74
Perimeter variation	-	-	-	-	-	175	-	175	- 213	- 388
Income and charges directly posted in shareholders' equity	-	-	-	-	-	33	-	33	-	33
Net income of the period	-	-	-	-	-	-	15 951	15 951	- 57	15 895
Total global income	-	-	-	-	-	33	15 951	15 985	- 57	15 928
June 30, 2014	45 112 645	4 511	127 881	- 2 329	775	3 281	- 3 968	130 150	475	130 625
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	- 8	- 8
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	140 878	14	-	4 520	-	-	-	4 506	-	4 506
Stock options and free shares impact(2)	-	-	-	-	7	-	-	7	-	7
Perimeter variation	-	-	-	-	-	1 428	-	1 428	61	1 367
Income and charges directly posted in shareholders' equity	-	-	-	-	-	27	-	27	-	27
Net income of the period	-	-	-	-	-	-	10 757	10 757	148	10 610
Total global income	-	-	-	-	-	27	10 757	10 784	148	10 636
December 31, 2014	45 253 523	4 525	127 881	- 6 849	782	1 827	- 14 725	113 440	675	114 115
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	245	245	- 32	- 277
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	58	-	-	-	58	-	58
Stock options and free shares impact(2)	-	-	-	-	10	-	-	10	-	10
Perimeter variation	-	-	-	-	-	51 723	-	51 723	- 23	51 746
Income and charges directly posted in shareholders' equity	-	-	-	-	-	562	-	562	40	602
Net income of the period	-	-	-	-	-	-	31 501	31 501	252	31 753
Total global income	-	-	-	-	-	562	31 501	30 939	- 212	31 151
June 30, 2015	45 253 523	4 525	127 881	- 6 907	793	- 49 335	- 46 470	30 485	408	30 893

(1) As of June 30th, 2015, HiMedia S.A. holds 618,041 treasury shares. Moreover within the framework of the liquidity contract, HiMedia holds 171,568 of its own shares as of June 30th, 2015.

(2) See Note 16 in connection with the share subscription option plans and the allocations of free shares.

Notes concerning the Group's summary consolidated interim financial statements

Note 1. Significant event

a) Creation and introduction in stock exchange of HiPay Group

On June 29th, 2015, the HiPay Group entity got on Euronext. HiPay group comprises the following companies:

- HPME brought to the company HiPay Group on June 15th, 2015
- HiPay SAS brought by HiMedia to HPME on May 28th, 2015
- Mobile HiPay España brought by HiMedia to HPME on May 28th, 2015
- HiPay Payments do Brasil LTDA brought by HiMedia to HPME on May 28th, 2015
- 53,9 % of HiPay Portugal's LDA capital brought by HiMedia to HPME on May 28th, 2015

Distribution to the shareholders of HiMedia of an exceptional dividend in kind on June 30th, 2015, an amount of 51.9 millions of euros in the form of allocation of 80% of the actions HiPay Group, that is 43 603 772 actions, at the rate of an action HiPay Group for an action HiMedia.

The accounting translation of these operations in the biannual accounts on June 30th, 2015 is translated by:

- Taking into account the half-year results of subsidiaries bearing HiPay Group in the income from discontinued operations for the period going from January 1st, 2015 till June 30th, 2015. The income statement for the exercise 2014 was also restated to present the activities HiPay Group on this line income from discontinued operations. The detail by section of the income statement of June 30th, 2015 and June 30th, 2014 of HiPay Group is presented below.
- The distribution of 80% of the shares of HiPay Group entails a loss of control of this company. A capital gain of deconsolidation of 6.4 million euros was thus calculated on June 30th, 2015.
- The 20% of shares HiPay Group still held by the company are classified HiMedia equity affiliates and integrated to their market value at June 30th, 2015.

The other contributions of titles (securities) of HiMedia to HPME have no incidences on consolidated financial statements.

HiPay Group income statement for the half-years ending on 30 June 2015 and 30 June 2014:

<i>in thousands of Euros</i>	30 June 2015	30 June 2014
Sales	12 512	11 288
Purchases	- 6 809	- 5 779
Payroll charges	- 4 229	- 3 437
EBITDA	1 474	2 072
Depreciation and amortization	- 1 172	- 1 264
Current operating profit	302	808
Stock based compensation	-	-
Other non-current income and charges	- 2 566	- 2 683
Operating profit	-2 264	-1 875
Cost of indebtedness	- 57	- 519
Other financial income and charges	116	7
Earning of the consolidated companies	-2 206	-2 387
Share in the earnings of the companies treated on an equity basis	-	-
Earnings before tax of the consolidated companies	-2 206	-2 387
Income Tax	- 268	- 670
Income Tax on non-recurring items	-	-
Net income of the consolidated companies	-2 473	-3 057
Including minority interests	208	263
Including Group share	-2 681	-3 320

Besides, it is reminded that, in a context of recent European legislative change, HiPay group decided, starting from 2015, to modify the accounting for its turnover from activities called "micropayments" using telecom resources, and move from crude turnover recognition to a net recognition, as was already the case for other sources of income of the payment activity. The net turnover corresponds to the former gross margin.

HiPay Group balance sheet for the year ending on 31st December 2014:

To simplify the reading of the balance sheet changes during the period , we present below the balance of accounts combined HiPay Group :

ASSETS - in thousands of Euros	31 Dec.2014 ⁽¹⁾
Net Goodwill	45 222
Net intangible fixed assets	6 308
Net tangible fixed assets	81
Deferred tax credits	37
Other financial assets	237
Non-current assets	51 885
Customers and other debtors	17 253
Other current assets	19 813
Current financial assets	-
Cash and cash equivalents	23 337
Current assets	60 402
TOTAL ASSETS	112 287

LIABILITIES - in thousands of Euros	31 Dec.2014 ⁽¹⁾
Share capital	-
Premiums on issue and on conveyance	-
Reserves and retained earnings	61 305
Consolidated net income (Group share)	- 6 078
Shareholders' equity (Group share)	55 227
Minority interests	585
Shareholders' equity	55 812
Long-term borrowings and financial liabilities	-
Non-current Provisions	214
Non-current liabilities	-
Deferred tax liabilities	33
Non-current liabilities	248
Short-term financial liabilities and bank overdrafts	7 120
Current provisions	-
Suppliers and other creditors	28 409
Other current debts and liabilities	20 698
Current liabilities	56 228
TOTAL LIABILITIES	112 287

⁽¹⁾ The balance sheet of the combined financial statement comes from the registration documents n°15-251 filed with the AMF the 2nd of June 2015

b) Other variation of perimeter

On January 6th, 2015, HiMedia acquired 100% in AdMoove share capital.

On March 16th, 2015, HiMedia acquired the online advertising of Orange in Spain, United States and Mexico.

On May 1st, 2015, HiMedia acquired 2% in Quantum share capital, increasing its ownership from 49% to 51%.

On June 4th, 2015, HiMedia acquired 10% in Mobvious Italia share capital, increasing its ownership from 70% to 80%.

On June 30th, 2015, HiMedia sold 36% of its participation in Semilo to its founders.

Note 2. Accounting principles and methods

i. Preparation bases for the summary financial statements

The interim financial statements for the 1st half of 2015 are to be read as a complement to the audited consolidated financial statements for the financial year ending on December 31, 2014 as appearing in the reference document filed with the Financial Markets Authority (AMF) on May 22th, 2015.

The interim consolidated financial statements as of June 30th, 2015 are established in accordance with the accounting and valuation principles of the IFRS international accounting standards adopted by the European Union. Those international accounting standards consist of the IFRS (International Financial Reporting Standards), of the IAS (International Accounting Standards), as well as of their interpretations adopted by the European Union on June 30th, 2015 (publication in the Official Journal of the European Union).

The interim consolidated financial statements for the half-year ending on June 30th, 2015 have been prepared in accordance with the provisions of standard IAS 34 concerning "Interim financial information".

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

The interim consolidated financial statements dated June 30th, 2015 as well as the notes relating thereto have been established on the responsibility of the Board of Directors, and were closed out at its meeting held on September 7th, 2015. They were the object of a limited examination by the auditors.

ii. Accounting principles and valuation methods

HiMedia Group has applied the same accounting methods as in its consolidated financial statements for the financial year ending on December 31st, 2014, except for standards, amendments and interpretations applicable for the first time as from January 1st, 2015.

Standards, amendments and interpretations, whose application is mandatory as of January 1st, 2015:

- Amendments induced IFRS annual improvements cycle of 2011- 2013:
 - o IFRS 1: « First-time Adoption of International Financial Reporting Standards »
 - o IFRS 3: Business Combinations : « Scope exceptions for joint ventures »
 - o IFRS 13: « Fair Value Measurement »
 - o IAS 40: « Investment Property »
- IFRIC 21, Levies.

The application of these standards, amendments and interpretations to be applied as from January 1st, 2015 did not have a material impact on the Group's condensed interim consolidated financial statements as of and for the six-month period ended June 30th, 2015.

iii. Use of estimates and judgments

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

- The goodwill and the impairment tests,,
- The intangible assets,
- The financial instruments,
- The deferred tax credits,
- The depreciation of receivables,
- The provisions for risk.

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

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

Note 3. Consolidation base

Corporate name	Country	% held directly and indirectly on 30/06/2015	% held directly and indirectly on 31/12/2014	Consolidation method	Date of creation or of acquisition	Date of financial year closeout
Created companies						
Hi-media Belgium SPRL	Belgium	100%	100%	FC	09.03.00	31.12
Hi-media Portugal LTDA	Portugal	54%	54%	FC	31.10.00	31.12
Hi-Pi SARL	France	100%	100%	FC	13.05.02	31.12
Hipay Mobile Espana SL	Spain	-	100%	-	29.12.06	31.12
HPMP SPRL	Belgium	100%	100%	FC	17.09.07	31.12
HPME SA	Belgium	-	100%	-	08.05.08	31.12
Allopass Scandinavia AB	Sweden	100%	100%	FC	30.09.09	31.12
Allopass Mexico SRLCV	Mexico	100%	100%	FC	17.07.09	31.12
Hi-media Payment do Brasil LTDA	Brazil	-	100%	-	16.11.11	31.12
Hi-media Regions SAS	France	49%	49%	EM	06.12.12	31.12
Mobvious Italia SRL	Italy	80%	70%	FC	17.05.13	31.12
Quantum SAS	France	51%	49%	FC	23.04.14	31.12
Fotolog SAS	France	49%	49%	EM	15.05.14	31.12
Hi-media France Advertising SAS	France	100%	100%	FC	02.12.14	31.12
HiPay Group	France	20%	-	EM	16.03.15	31.12
Adexpert SPRL	Belgique	50,1%	50,1%	FC	06.06.14	31.12
Local Media SAS	France	50,1%	50,1%	FC	02.12.11	31.12
Latam Digital Ventures	USA	70%	-	FC	02.02.15	31.12
Acquired companies						
Hi-media Deutschland AG	Germany	100%	100%	FC	30.04.01	31.12
Europemission SL	Spain	50%	50%	EM	25.03.04	31.12
Admoove	France	100%	-	FC	06.01.15	31.12
Hi-Midia Brasil SA	Brazil	14%	14%	EM	18.07.05	31.12
Hipay SAS	France	-	100%	-	08.02.06	31.12
Hi-media Sales AB	Sweden	100%	100%	FC	04.09.06	31.12
Groupe Hi-media USA Inc	USA	100%	100%	FC	27.11.07	31.12
Vivat SPRL	Belgium	100%	100%	FC	14.03.08	31.12
Bonne Nouvelle Editions SARL	France	100%	100%	FC	06.06.08	31.12
Hi-media Nederland BV	Netherland	100%	100%	FC	31.08.09	31.12
Hi-media Italia SRL	Italy	100%	100%	FC	31.08.09	31.12
Hi-media Network Internet España SL	Spain	100%	100%	FC	31.08.09	31.12
Pragma Consult SPRL	Belgium	45%	45%	EM	30.01.12	30.09
Semilo BV	Netherland	-	36%	-	01.02.12	31.12
New Movil Media SL	Spain	100%	100%	FC	13.12.12	31.12
TheBluePill SAS	France	100%	100%	FC	13.02.13	31.03
Eresmas	USA	70%	-	FC	16.03.15	31.12
Starm Interactiva	Mexico	70%	-	FC	16.03.15	31.12
Hi Media Digital Business SL	Spain	100%	-	FC	16.03.15	31.12

On January 6th, 2015, HiMedia acquired 100% in AdMoove share capital.

On March 16th, 2015, HiMedia acquired the online advertising of Orange in Spain, United States and Mexico.

On May 1st, 2015, HiMedia acquired 2% in Quantum share capital, increasing its ownership from 49% to 51%.

On June 4th, 2015, HiMedia acquired 10% in Mobvious Italia share capital, increasing its ownership from 70% to 80%.

On June 30th, 2015, HiMedia sold 36% of its participation in Semilo to its founders.

On 27th of May 2015, shares of companies HiPay Mobile Espana SL, HiPay SAS, HiPay Payments do Brasil, and 53,9% of HiPay Portugal's capital were brought by Hi-Media to HPME.

In 15th of June 2015, shares of HPME were brought to HiPay Group SA, recently created.

On the 30th of June 2015, HiMedia paid an exceptional dividend in kind to the shareholders related to 80% of HiPay Group shares.

These operations are presented in the significant event of the period.

Note 4. Payroll charges

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

<i>In thousands of euro</i>	30 June 2015	30 June 2014
Salaries	6 569	7 328
Social security charges	3 314	3 393
Provision for end-of-career indemnities	55	41
Payroll charges ⁽¹⁾	9 938	10 762

⁽¹⁾ Included payroll charges of L'Odyssée Interactive for €0.8 million on June 30th, 2014.

Staff changes were as follows:

	31 Dec 2014	Incoming	Outgoing	30 June 2015
France	229	27	-119	137
Foreign	179	57	-55	181
Staff	408	84	-174	318

Note 5. Other non-current income and expenses

The non-recurring expenses (-€14.6m) mainly result from:

- Income and expenses related to the reorganization of the group HiMedia for 5 million - mainly composed of the capital gain related to the distribution of non-cash assets as dividends of Hipay shares
- Expenses related to the disputes and the breaches of commercial contract for -0.8 million
- The goodwill impairment of French "historical activity" CGU, Italian and Portuguese CGU and partial goodwill impairment of Swedish CGU entity for -€21.5 million
- In recognition of a badwill related to the acquisition of Orange entities in Spain and Latin America for -€2.8 million

Note 6. Tax on earnings

The tax charge breaks down as follows:

<i>In thousands of euro</i>	30 June 2015	30 June 2014
Current taxes	-192	-90
Deferred taxes	-3 812	-4 875
Tax (charge)/Proceeds	-4 004	-4 965
<i>Effective tax rate (%)</i>	<i>-16%</i>	<i>21%</i>

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

<i>In thousands of euro</i>	30 June 2015	30 June 2014
Tax rate in France	33,33%	33,33%
Theoretical tax (charge)/proceeds	8 425	- 7 704
<i>Elements concerning the comparison with the effective rate:</i>		
Effect of change in rates	-	-
Earnings charged to losses subject to carryover not previously recorded	891	-
Recognition of deferred tax credits on losses carried over	- 3 587	- 5 173
Difference of tax rate between the countries	- 733	- 908
Effect of non-asset deficit transfers from the fiscal year	- 3 053	304
Permanent differences and other elements	- 5 946	8 199
Taxes without basis	- 1	318
Real tax (charge)/proceeds	- 4 004	- 4 965
<i>Effective tax rate</i>	<i>-16%</i>	<i>21%</i>

HiMedia France S.A., Hipay SAS, Hi-Pi SARL and Bonne Nouvelle Editions SARL have been consolidated for fiscal purposes.

Note 7. Goodwill

<i>In thousands of euro</i>	31 Dec 2014	Forex	Ch. In scope	Transfert	Increases	Decreases	30 June 2015
Goodwill	166 563	-	-44 587	-	-	-	121 976
Impairments	-80 116	-	600	-	-	-21 528	-101 045
Net goodwill	86 447	-	-43 987	-	-	-21 528	20 932

The variation of perimeter is mainly related to:

- the HiPay Group deconsolidation for 45 222 thousands of euros
- AdMoove's goodwill for €2 million

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

in thousands of euros	31 Dec 2014	Reallocation	Exchange var.	Var. perimeter	Increase	Decrease	30 June 2015
Hi-media France	9 993	-	-	-	-	-9 993	-
Hi-media Allemagne	0	-	-	-	-	-	0
Hi-media Belgique	4 194	-	-	-129	-	-	4 065
Hi-media UK	-	-	-	-	-	-	-
Hi-media Espagne	6 337	-	-	-	-	-	6 337
Hi-media Italie	4 761	-	-	-	-	-4 761	-
Hi-media Pays-Bas	-	-	-	-	-	-	-
Hi-media Portugal	82	-	-	-	-	-82	-
Hi-media Sweden	15 174	-	-	-	-	-6 691	8 483
The Blue Pill	682	-	-	-682	-	-	-
Admoove	-	-	-	1 963	-	-	1 963
Quantum	-	-	-	83	-	-	83
Advertising sector	41 225	-	-	1 235	-	-21 528	20 932
Hipay	45 222	-	-	-45 222	-	-	-
Payments sector	45 222	-	-	-45 222	-	-	-
Goodwill	86 447	-	-	-43 987	-	-21 528	20 932

The acquisitions of the period, AdMoove (goodwill of €2 million) and Quantum (not significant goodwill), related specialized technologies in the "Native Advertising" and "Drive to Store" , which are different from business activities historical advertising of HiMedia has been integrated into a new CGU "Native and Drive to store", whose business are different of the historical advertising activities of HiMedia which are subject to a separate CGU than the CGU France "historical activities", called below "CGU France - historical activities".

Following a significant decline in the economic environment during pasts months, the trend of activity in which the Group operates, was taken during the summer of 2015, a strategic review of historical activities of the Group's advertising. Impairment indices have been identified on the following CGU:

CGU	Indications of value loss indentified
Hi-media France « historical activities »	- Financial performance compared with budget forecast - Recognized costs and anticipation of the terms of publisher contracts with guarantee minimum contractual clauses
Hi-media Italy	- Financial performance compared with budget forecast - Lost contract with publisher which represented 30% of website expenses in the forecast used for the impairment on 31th December 2014 - Departure of a key manager at the end of the second quarter of 2015
Hi-media Portugal	- Financial performance compared with budget forecast - Spin-off between Payment and Advertising activities on 29th June 2015 - The payment activity was the main contributor of the revenue and EBITDA of the CGU mainly composed of payment activity
Hi-media Sweden	- Financial performance compared with budget forecast - Renegotiation of the contract with the main publisher which represented 90% of revenue in the forecast used for the impairment on 31th December 2014

Indicators of an impairment loss conducted the company to perform an impairment test at June 30, 2015 on those CGU under the same terms and conditions as past year (in accordance with terms defined in the note 9.2 of the consolidated financial statements 2014). This procedure, mainly based on discounted future cash flows method, consists in evaluating the recoverable amount for each entity generating its own cash flows.

The main assumptions in order to determine the value of the cash generating units are as follows at June 30, 2015:

- 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 (2015-2018 normative),
- long-term growth rate: 1.6% to 2.5% (vs. +2.5% as December 31, 2014),
- discount rate for Europe: 6.5% to 9.9%, among countries (same as December 31, 2014)
- growth rate of sales: between -37% and +4% per year during the period 2015-2018, among countries and activities and new products launch (vs. +7% à 32% as December 31, 2014).

Those test conducted the company to recognize total or partial impairment at June 30th, 2015, on the following CGU (Cash Generating Unit):

- Impairment on CGU France (€10m)
- Impairment on CGU Italy (€4.8m)
- Impairment on CGU Portugal (€0.01m)
- Partial impairment on CGU Sweden (€6.7m)

This strategic review and test these values have also led to both impairment of intangible assets (see Note 8) and deferred tax assets (see Note 9) related to these CGU.

Regarding the CGU which goodwill was not impaired at June 30, 2015, the business plans reflect the maintaining of the weight of the top 3 publishers observed in previous periods. According to the CGU, the top 3 publishers represents between 30% and 50% of the portfolio of publishers.

A sensitivity analysis of the calculation to changes in key parameters was performed on the values of unimpaired goodwill at June 30, 2015. This analysis did not reveal any probable scenario where the recoverable value of a cash generated unit would fall below its carrying value. Changes in key parameters used in this sensitivity analysis are shown below:

	Discounting rate		Growth rate to infinity		Rate EBITDA	Revenue Growth Rate
	Rate used	Var	Rate used	Var		
Hi-media Belgique	8,2%	+200 pts	2,5%	-150 pts	-200 pts	-20%
Hi-media Espagne	9,6%	+200 pts	2,5%	-100 pts	-80 pts	-5%
Native et Drive to store	6,5%	+200 pts	2,5%	-150 pts	-200 pts	-20%

Sensitivity tests were performed by changing the hypothesis above both separately and in pairs, and the results did not bring any probable scenario where the recoverable amount of a CGU is less than its carrying value.

Note 8. Intangible fixed assets

<i>In thousands of euro</i>	30 June 2015	31 Dec 2014
Software and licences	861	4 374
Trademarks	74	75
Customer relations	137	137
Fixed assets in progress	349	3 134
Other	10	1
Total	1 431	7 720

The variation of the period is mainly link to the intangible fixed assets of HiPay Group (see Note 1) as well as depreciation corresponding to abandoned projects on historical activities in the amount of €0.7m.

Note 9. Differed taxes**i. Recognized differed tax credit and liabilities**

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

The sources of the net deferred tax credit and liabilities recognized as of June 30th, 2015 are as follows:

<i>In thousands of euro</i>	30 June 2015	31 Dec 2014
Tax loss carryovers	0	3 658
Intangible fixed assets	0	0
Other timing differences	78	-324
Deferred tax credits	78	3 332

Following the strategic review conducted in recent months and the prospects for degraded traditional governance activities, reasonable covering horizon loss carryforwards no longer keeps their activation. The variation is mainly due to the impairment of deferred tax assets composed of tax loss carryforwards of the tax group whose head is HiMedia France for €2.8m and Italy for €0.7m and Sweden for €0.1m.

ii. Unrecognized deffered tax credits

As of June 30th, 2015, the unrecognized deferred tax credits consisted mainly of the undefined losses carried over 20 years through Group Hi-media USA for €18.1m as well as undefined losses carried of HiMedia France S.A. for €48 million, which can be undefined carried forward for France and the tax consolidation group.

Note 10. Trade and other receivable

<i>In thousands of euro</i>	30 June 2015	31 Dec 2014
Customers	35 382	62 390
Depreciation	-1 814	-5 148
Customers and other debtors	33 568	57 242

The contractual conditions of the factoring contracts Hi-pi SARL and HiMedia S.A. (signed in 2013) make it possible to transfer the main risks and advantages connected with the transferred receivables, and hence to take them off the balance sheet.

The accounts receivable which are derecognized in this way in accordance with IAS 39 under the terms of factoring contracts come to €7m as of June 30th, 2015.

The variation of the period is mainly link to the receivable of HiPay Group (see Note 1).

Note 11. Other current assets

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

The prepaid charges correspond mainly to overheads relative to the period after the June 30th, 2015.

<i>In thousands of euro</i>	30 June 2015	31 Dec 2014
Financial and corporate assets	8 777	10 614
Current accounts	4 220	657
Prepaid charges	862	635
Factor guarantee fund	339	1 049
Hi-pay available cash balance	-	12 387
Others	2 773	2 739
Other current assets	16 971	28 082

The variation of the period is mainly link to HiPay Group (see Note 1).

Note 12. Cash and cash equivalents

<i>In thousands of euro</i>	30 June 2015	31 Dec 2014
Open End Investment Fund	-	3 007
Cash reserve with the factor	-	286
Liquid assets	15 475	45 440
Cash and cash equivalents	15 475	48 733

The variation of the period is mainly link to HiPay Group (see Note 1).

Note 13. Borrowings and financial liabilities

<i>In thousands of euro</i>	Balance sheet balance on 30 June 2015		<i>Issue currency</i>	<i>Expiration</i>
	Non-current	Current		
Zero-interest financing for innovation	2 277	-	EUR	2021
Accrued interest on debts	-	-		
Bank overdrafts	-	-		
Total	2 277	-		

Note 14. Other current debts and liabilities

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

<i>In thousands of euro</i>	30 June 2015	31 Dec 2014
Taxation and social liabilities	8 455	19 725
Debts on fixed assets	1 731	612
Prepaid income	233	275
Other liabilities	5 011	5 362
Other current liabilities	15 430	25 974

The variation of the period is mainly link to HiPay Group (see Note 1).

Note 15. Segment information

<i>In thousands of euro</i>	France		Rest of World		Total	
	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014
Sales	14 570	18 821	18 045	21 384	32 616	40 205
Gross profit	-2 731	5 778	8 608	11 490	5 877	17 268
EBITDA ⁽¹⁾	-7 272	-3 568	-2 130	1 412	-9 402	-2 157
Current operating profit	-8 160	-3 968	-2 231	918	-10 391	-3 050
Operating profit	-13 868	39 067	-11 135	-15 551	-25 003	23 517
Financial result	-3 529	-94	3 256	-33	-272	-127
Income Tax	-3 117	-3 227	-887	-1 738	-4 004	-4 965
Net income of the consolidated companies	-20 514	38 292	-8 766	-19 868	-29 279	18 425

⁽¹⁾ Current operating profit before allowance and write off of amortization and accruals.

Since the payment activity transfer, HiMedia presents his segment information by geographical area.

Note 16. Stock option plan and allocations of free shares**a. Stock options**

	Plan n°11	Plan n°12	Total
Meeting date	03 May 11	03 May 11	
Date of Board of Directors meeting	31 Jan. 12	27 Aug. 2012	
Total number of shares allocated ⁽¹⁾	385 000	105 000	490 000
Total number of shares available for subscription	179 005	64 600	243 605
Including number of shares that could be acquired by authorized agents	-	49 600	49 600
Including number of shares that could be acquired by the ten leading employee	94 250	-	94 250
Beginning of exercise of the options	31 Janv. 12	27 Aug. 2012	
Date of expiration	31 Janv. 22	27 Aug. 2012	
Subscription price (in euro) ⁽²⁾	2,13	1,93	
Exercise procedures ⁽³⁾	A	A	
Number of shares subscribed on June 30, 2015	-	-	-
Options cancelled during the period	18 250	0	18 250
Remaining options non subscribed	179 005	64 600	243 605

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

⁽²⁾ Subscription price of the options calculated on the day of award of the options and corresponding to the weighted average of the market prices during the last 20 trading sessions (for certain plans, a 5% reduction has been made).

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

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

	1 st half of 2015		2014	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options in circulation at the opening	309 355	1,94	442 371	1,95
Options allocated during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options cancelled during the period	18 250	2,13	-	2,10
Options in circulation at the close	243 605	-	309 355	1,94
Options that could be exercise at the close	243 605	2,07	309 355	1,94

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

Date of the Board of Directors' meeting	31 Jan. 2012	27 Aug. 2012
Number of options allocated	385 000	105 000
Fair value of an option on the date of allocation	0.42	0.45
Fair value of the plan on the date of allocation	228 611	47250
Exercise price of the option	2.13	1.93
Anticipated volatility of the option price	55%	51%
Anticipated lifetime	2 years	2 years
Dividend expected on the options	-	-
Option lapse rate adopted	-	-
Risk-free interest rate adopted	0.96%	0.10%

b. Allocation of free shares

Pursuant to IFRS 2, the plans for allocation of free shares are valued on the basis of the HiMedia share price on the day of the meeting of the Board of Directors deciding on allocation of the said free shares.

	Plan n°27	Total
Meeting date	03 May 11	
Date of the Board of Directors' meeting	11 Oct. 13	
Total number of shares allocated	10 000	10 000
Including the number of shares that can be subscribed to by the authorized agents	-	0
Including the number of shares that can be subscribed to by the leading ten employee allocated	-	0
Number of cancelled shares	-	0
Number of shares definitively allocated as at June 30, 2015	-	0
Number of shares that can be definitively allocated	10 000	10 000
End of acquisition period	11 Oct. 15	
End of retention period	11 Oct. 17	
Share price on the date of the executive board meeting	1.80	
Non-transferability discount	yes	
Fair value of the free share	1.13	

Note 17. Off balance sheet commitments**a. Commitments received**

HiMedia has no commitment on June 30th, 2015.

b. Commitments given

The lease signed on May 2nd 2014 concerning the premises housing of the French operations of the Group, which represents a commitment of €1.05 million per year (non-indexed) until June 30th, 2020.

Under the agreement signed on May 25th, 2011, a shareholder of Hi-media Brasil has an option to buy Hi-Midia Brasil shares held by Hi-media SA.

c. 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.

Note 18. Transactions between affiliated parties

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

I. Compensation of management members

The compensation includes the remuneration paid to the Chairman of the Board of Directors, the attendance fees paid to the directors and are not remunerated by the Company (5 directors). The compensation and benefits relating to members of the management organs posted to the income statement amount to €274 thousand (against €252 thousand on June 30th, 2014).

II. Transactions with the subsidiaries

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

The Group Hipay is from now on autonomous and the main part of the operations with the Group HiMedia consists of legal restructuring prior to its constitution and a sublease signed on June 30th, 2014 under which HiMedia SA invoices of costs under the rent and amortization (depreciation) of fixtures.

III. Other affiliated parties

During the first half of 2015, no significant operation has been carried out with:

- shareholders holding a significant voting right in the HiMedia S.A. capital,
- members of the management organs, including the directors,
- entities over which one of the main senior managers or shareholders exercise control, or notable influence, or hold a significant voting right.

Note 19. Important events since 30 June 2015

On July 14th, 2015, HiMedia sold 55% of its participation in HiMedia Deutschland AG.

Statement by the person responsible for the interim financial report

I hereby attest that to my best knowledge, the summary financial statements presented in the 2015 semiannual financial report are established in accordance with the applicable accounting standards and give a fair representation of the property, financial situation and earnings of the company and of the set of companies included in the consolidation, and that the semiannual financial report offers a fair representation of the important events occurring during the first six months of the financial year and of their effect on the semiannual financial statements, of the main risks and uncertainties for the remaining six months of the financial year, and of the main transactions between affiliated parties.

Cyril Zimmermann
Chairman of the Board of Directors and Managing Director of HiMedia SA