



advertising & user experience

ANNUAL FINANCIAL STATEMENTS 2017

Joint-stock company with capital of € 4 329 132
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Consolidated Financial Statements for Financial Years 2017 and 2016

<i>Thousand of €</i>	Notes	Dec. 31, 2017	Dec. 31, 2016
Revenue from activities		15 700	21 407
Other		5 778	5 717
Net turnover	Note 16	21 478	27 124
Self-constructed assets		212	316
Adjustments to depreciation and provisions		446	480
Other income		4	330
Operating revenue		22 140	28 250
Operating expenses from activities	Note 17	14 324	18 784
Other purchases and external charges		2 459	5 170
Taxes, levies and similar payments		183	192
Wages and salaries		1 977	2 698
Social security charges		828	1 109
Depreciation on fixed assets		1 535	1 636
Provisions and impairment		971	191
Other expenses		513	540
Operating expenses		22 790	30 319
Operating income		- 650	- 2 069
Financial revenue		32 891	19 505
Interest and similar expenses		198	826
Book value of transferred assets		23 367	12 222
Provisions and impairment		4 138	3 955
Other		4 207	133
Financial expenses		31 911	17 136
Financial net income	Note 18	980	2 368
Proceeds from sales of assets		1	20
On management operations			76
Reversal of provisions		672	744
Extraordinary revenue		673	841
Book value of transferred assets		562	24
On management operations		7	438
Provisions and impairment		2	3
Extraordinary expenses		571	465
Extraordinary net result	Note 19	101	376
Net income before taxes		431	675
Taxes	Note 20	481	162
Net income		912	836

Balance sheets at December 31st, 2017 and December 31st, 2016

ASSETS - in thousands of euros	Notes	Dec. 31, 2017			Dec. 31, 2016
		Gross	Amort. and deprec.	Net	Net
Concessions, patents and software		9 686	8 548	1 138	1 959
Corporate goodwill					
Intangible assets in progress		49		49	86
Intangible fixed assets	Note 3	9 735	8 548	1 187	2 045
Property, plant and equipment		415	232	183	1 066
Other property, plant and equipment		2 018	1 971	47	72
PPE	Note 4	2 432	2 202	230	1 139
Affiliates		131 829	109 258	22 571	28 879
Receivables related to affiliates		6 994	5 294	1 700	127
Deposits and sureties		85		85	188
Treasury shares		444		288	1 489
Other financial assets		35		35	35
Long-term investments	Note 5	139 387	114 553	24 679	30 718
Total fixed assets		151 554	125 303	26 096	33 903
Trade notes and accounts receivable.	Note 6	19 105	1 054	18 051	27 066
Other receivables	Note 7	31 284	6 549	24 735	20 467
Receivables		50 389	7 603	42 786	47 533
Short-term investment securities		250		192	221
Liquid assets		1 981		1 981	2 414
Cash and cash equivalents	Note 8	2 231		2 172	2 635
Prepaid charges		190		190	400
Deferred charges		52		52	80
Unrealized foreign exchange losses		300		300	109
Total current assets		53 162	7 603	45 500	50 757
Total assets		204 716	132 906	71 596	84 660

Balance sheets at December 31st, 2017 and December 31st, 2016

LIABILITIES - in thousands of euros	Notes	Dec. 31, 2017	Dec. 31, 2016
Share capital and proprietorship accounts		4 329	4 329
Bond, merger and share premiums		11 355	72 450
Retained earnings			-61 931
Reserves		507	507
Profit or loss for the financial year		912	836
Tax-regulated provisions		3 251	3 921
Shareholders' equity	Note 9	20 355	20 112
Provisions for risks and expenses	Note 10	400	149
Borrowings from credit institutions	Note 11	3 388	3 980
Trade receivables and payables	Note 12	27 017	34 290
Taxation and social liabilities		3 039	3 106
Debts on fixed assets	Note 13	21	116
Other liabilities	Note 14	15 128	20 106
Operating liabilities		45 204	57 618
Unrealized foreign exchange gains	Note 15	2 203	2 726
Deferred income		46	76
Total liabilities		71 596	84 660

Note on the AdUX SA's financial statements

The individual financial statements for the year ended 31 December 2017 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

They were closed off by the Board of Directors on March 13th, 2018 and will be submitted for approval at the forthcoming Annual General Meeting which will rule on the closed accounts on December 31st, 2017..

AdUX S.A. ("AdUX" or "the Company") is a company domiciled in France. The registered office of the Company is located at 6, Place colonel Bourgoïn, 75012 Paris. The company is the holding of the AdUX Group, whose subsidiaries have a media sales activity.

Note 1. Highlights Of FY 2017

1.1. Business refocus strategy

AdUX Group continued to restructure its scope in 2017, opting to refocus on its Native Advertising (Quantum), Drive-to-Store (AdMoove) and Social Marketing (AdPulse) businesses. Its offers position AdUX on the latest trends in Internet advertising: discreet ads integrated into editorial content, geotargeted mobile ads and social media advertising.

To cement this positioning in the field of non-intrusive advertising, the company's Extraordinary General Shareholders' Meeting of May 4, 2017 decided to change HiMedia's name to "AdUX".

The Group's repositioning and refocus were completed at the end of 2017 with the sale of its traditional media sales activities in Spain and Italy, after the sale of its activities in Latin America during the summer:

- As part of an agreement reached with the Prisa group on August 3, 2017, AdUX S.A. sold its stake in Latam Digital Ventures (60%) for €2.7 million cash-free.
- On December 28, 2017, AdUX sold 51% of its Spanish subsidiary (HiMedia España publicidad online) to its local management for a token euro, resulting in the loss of control. This transaction followed the merger of the three existing Spanish structures and a simplification of the balance sheet.
- Lastly, on December 26, 2017, AdUX S.A. accepted a binding offer for its legacy media sales activity in Italy. Following the acceptance of this binding offer, a business transfer agreement was concluded between Hi-Media Italia SRL and Italiaonline SPA on February 14, 2018 (see "Subsequent events"). Under the terms of the transaction, the final sale price will be determined by June 15 at the latest.

The Group has now been pruned back to its target scope and is focusing on healthy, growing and technological businesses. Revenue from these activities, on which the Group will concentrate its development in the coming years, amounted to €34.2 million in 2017. The countries concerned are Sweden, Belgium, France, Spain, Italy and Portugal, with organic growth projects in Germany and the United Kingdom.

1.2. Other significant events

AdUX S.A. terminated the lease on its premises located at 6 place du Colonel Bourgoïn in Paris in advance on July 10, 2017, with effect from July 17, 2017. However, AdUX S.A. will continue to occupy the premises as the sub-tenant of the main tenant for a period of 12 months from the date of termination of the lease.

AdUX continued its divestment of HiPay Group in 2017. At December 31, 2017, AdUX held 25,460 HiPay Group shares representing as many voting rights, i.e. approximately 0.51% of its share capital and voting rights



Note 2. Accounting principles and methods

The financial statements are presented in accordance with French generally accepted accounting principles and reflect the ANC 2015-05 of December 28th, 2015 concerning the standard accounting practices. This regulation, which is mandatory from January 1, 2017, aims to clarify the terms and conditions for the recognition of forward financial instruments and hedging transactions. The impact of this regulation on the Company's balance sheet and income statement is not significant.

The following accounting policies have been adopted by the Company:

2.1. Intangible assets

Software and licenses acquired by the Company are recorded on the balance sheet at their acquisition value and depreciated over their estimated useful lives, between 3 and 5 years.

Brands acquired by the Company are recorded on the balance sheet at their acquisition value. They are not subject of amortization. They are depreciated if the operating conditions require so.

According to the CNC (French accounting authority) (avis 2004-15) on assets, applicable since 1 January 2005, development costs must meet the six following criteria to be capitalized:

- Technical feasibility of the project
- Intention to complete the project
- Commercial success
- Future economic benefits
- Financial feasibility – resources to complete, and use and sell the product
- Reliable cost evaluations

Business assets are recorded at their acquisition cost and may be depreciated if their market value is less than their book value at year end.

2.2. Property, plant and equipment

Fixed assets are stated at its acquisition cost and are depreciated over the useful lives as follows:

Fixtures and fittings	6 to 8 years	straight-line
Office and computer equipment	3 years	straight-line
Furniture	8 years	straight-line

2.3. Permanent financial investments and current accounts of subsidiaries

The gross value of subsidiaries is either acquisition cost or the amount of capital used on their constitution.

According to law 2006-1666 dated 21 December 2006, the cost of acquisition of equity interests incurred during the fiscal years ending on or after December 31, 2006 were capitalized and amortized over a period of five years through an accelerated depreciation.

A provision for impairment of securities and current accounts can be made when the going concern value, determined at the close of each fiscal year falls below their book value.

The value in use is calculated on the basis of the method of discounted cash flows on the basis of the Group's forecasts for 4 years, and of a terminal value discounted to infinity. The main assumptions in order to determine the value of the cash generating units are as follows:

- discount rate for Europe: 8.6% to 11.2% (8.9% to 11.1% in 2016), among countries
- long-term growth rate: 1% to 2.5% (1% to 2.5% in 2016),
- growth rate of sales: between -6.2% and +52% per year during the period 2018-2021, among countries and activities and new products launch.

A sensitivity analysis calculating the variation in key parameters (discount rate, long-term growth, EBITDA rate and revenue growth rate) did not point to any likely scenario in which the recoverable value of a CGU will become less than its book value.



2.4. Receivables and related accounts

Receivables are measured at their nominal value and a provision for impairment is established when a specific loss appears likely.

2.5. Short-term investment securities

Short-term investment securities are stated in the balance sheet at their acquisition value. When their inventory value is less than their acquisition cost, A provision for impairment is made for to cover the difference. Unrealized gains at the close are not recorded in the income statement.

2.6. Treasury shares

A provision for impairment of treasury shares is recognized when the book value exceeds the net asset value equal to the average share price over the last month before the end of the year.

2.7. Provisions for risks and expenses

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources without corresponding inflow for the Group that can be measured reliably. Provisions are reviewed at the end of each reporting period, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

2.8. Recognition of revenue billed to advertisers

The company's revenue breaks down mainly as follows:

Revenue from ordinary activities

- ✓ Billing of products from the marketing of advertising space on behalf of its subsidiaries;

AdUX S.A. may have cause to invoice revenue from contracts for the sale of advertising space on behalf of its subsidiaries. Its subsidiaries provide for the placing online and the circulation of advertising objects on one or more available media, over a period of time. The value of the contracts depends on the number of page views requested by the advertiser or the number of clicks/actions.

Advertising space can be sold over the counter, signified by the signing of purchase orders, or on automated platforms where bidding is carried out in real time (RTB).

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 (clicks or actions) if it is less than that specified in the contract.

For contracts outstanding at the reporting date, the revenue recognized to date is:

- either the value of the number of pages (clicks or actions) actually seen in the closing date if the number of viewed pages (clicks or actions) is less than or equal to that provided under the contract;
 - or the value of the number of viewed pages (clicks or actions) in the contract if the number of pages (clicks or actions) actually seen is higher than that under the contract.
- ✓ Recharge of websites expenses or the costs generated on automated platforms invoiced to AdUX on behalf of its subsidiaries;

Other revenue

- ✓ Recharge to its subsidiaries of Management fees, Brand fees and operating expenses incurred on behalf of its subsidiaries ;

2.9. Presentation of expenses to purchase spaces in the income statement

Space-buying fees billed by editors to Hi-Media are presented as operating expenses. The difference between the revenues billed by Hi-Media for advertisers and the space-buying fees billed by publishers to Hi-Media represent the commission fee perceived by Hi-Media.

Expenses relating to purchases of advertising space correspond mainly to the cost of purchasing space invoiced by the media to AdUX. In certain cases, AdUX can centralize the billing of expenses for purchases of advertising space invoiced by the media for several AdUX S.A. subsidiaries (see "Revenue").

In such cases, when AdUX receives the revenue derived from advertising sales contracts on behalf of its subsidiaries, the subsidiaries subsequently bill AdUX for their share of the revenue. As a result, these rebilling expenses appear in this category in the income statement.

2.10. Corporate tax

The corporate tax is recognized using the method of tax payable. It is not reflected in the income statement of future effects of the temporary tax differences.

2.11. Retirement benefits

Pension obligations on December 31st, 2017, calculated on the basis of the collective agreement in force in the Company and of information about the personnel in the Company at the close, are presented in off-balance sheet commitments.

2.12. Individual training entitlement

Law No. 2014-288, dated March 5th, 2014, relating to training, employment and social democracy repeals the statutory training entitlement system (DIF) and replaces it with the personal training account regime (CPF) as from January 1st, 2015.

DIF training hours not consumed are available for 5 years under the CPF regime. Under the new regime, an employee may accumulate up to 150 hours of training.

2.13. Tax credit to aid competitiveness and promote employment (CICE)

The CICE, which took effect on January 1st, 2013 resulted in the recognition by Hi-Media of an income, recorded in operating income under the line item "social security contributions".

The base consists of gross compensation paid, subject to social security contributions and not exceeding 2.5 times the minimum wage.

The tax credit rate for 2017 was 7%.

Note 3. Intangible assets

Changes in gross values are as follows:

<i>In thousands of euros</i>	Dec. 31, 2016	Increase	Decrease	Dec. 31, 2017
Software and licenses	9 307	336	31	9 612
AdUX Trademarks	74	-	-	74
Customer relations	-	-	-	-
Fixed assets in progress	86	267	304	49
Total	9 467	603	335	9 735

Software includes the commissioning of the IT developments of the previous year and the current year. Constructions in progress refer to internal IT developments.

Changes in depreciation and provisions for impairment are as follows:

<i>In thousands of euros</i>	Dec. 31, 2016	Increase	Decrease	Dec. 31, 2017
Software and licenses	7 421	1 126	-	8 548
AdUX Trademarks	-	-	-	-
Customer relations	-	-	-	-
Fixed assets in progress	-	-	-	-
Total	7 421	1 126	0	8 548

Changes in net values are as follows:

<i>In thousands of euros</i>	Dec. 31, 2016	Dec. 31, 2017
Software and licenses	1 886	1 064
AdUX Trademarks	74	74
Customer relations	-	-
Fixed assets in progress	86	49
Total	2 045	1 187

Note 4. Property, plant and equipment

Changes in gross values are as follows:

<i>In thousands of euros</i>	Dec. 31, 2016	Increase	Decrease	Dec. 31, 2017
Fixtures and fittings	1 442	40	-	415
Office and computer equipment	1 737	23	-	1 759
Furniture	259	-	-	259
Total	3 438	62		2 432

Changes in depreciation are as follows:

<i>In thousands of euros</i>	Dec. 31, 2016	Increase	Decrease	Dec. 31, 2017
Fixtures and fittings	376	362	505	232
Office and computer equipment	1 694	37	0	1 731
Furniture	229	10	-	239
Total	2 299	409	505	2 202

Changes in net values are as follows:

<i>In thousands of euros</i>	Dec. 31, 2016	Dec. 31, 2017
Fixtures and fittings	1 066	183
Office and computer equipment	43	28
Furniture	29	19
Total	1 139	230

Note 5. Long-term investments

Changes in gross values are as follows:

<i>In thousands of euros</i>	Dec. 31, 2016	Increase	Decrease	Dec. 31, 2017
Equity investments	148 365	4 774	21 309	131 829
Receivables related to affiliates	8 007	5 887		6 994
Deposits and sureties	188	0	103	85
Treasury shares	1 489		1 046	444
Other	35			35
Total	158 083	10 661	22 458	139 387

The main variations are related to:

- the sale of the stake AdUX held in Latam Digital Ventures and Hi-Media España Publicidad (see Note 1)
- the sales of HiPay Group shares
- the winding-up proceedings of Bonne Nouvelles Editions
- the sale of Admoove shares to Local Media. The two entities then merged and took the name Admoove

On December 31st, 2017, AdUX held 63,354 of its own shares (excl. liquidity contract)

Changes in depreciation are as follows:

<i>In thousands of euros</i>	Dec. 31, 2016	Increase	Decrease	Dec. 31, 2017
Equity investments	122 295	2 329	15 365	109 258
Receivables related to affiliates	5 070	224		5 294
Deposits and sureties				
Treasury shares	0		0	156
Other				
Total	127 365	2 552	15 365	114 708

Changes in net values are as follows (see Note 24):

<i>In thousands of euros</i>	Dec. 31, 2016	Dec. 31, 2017
Equity investments	26 070	22 374
Receivables related to affiliates	2 936	1 700
Deposits and sureties	188	85
Treasury shares	1 489	288
Other	35	35
Total	30 718	24 482

Note 6. Receivables and related accounts

Trade receivables and payables are as follows:

<i>In thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016
Customers	18 977	24 282
Invoices to be established	128	3 588
Receivables	19 105	27 870
Provision for impairment of receivables	-1 054	-804
Net receivables	18 051	27 066

Invoices to be established correspond to the services rendered to advertisers that were not yet billed on December 31st, 2017.

Third-party receivables and related accounts are mainly for a term of less than one year.

The provision for depreciation corresponds mainly to debt dues for which recoverability represents a risk at December 31st, 2017. Group receivables have no risk of non-recovery and are therefore not provisioned.

Under a factoring agreement signed in 2013, AdUX presented unpaid receivables amounting to €1,546k at December 31st, 2017 for which the Company transfers the risk of non-recovery in the case customers do not pay.

Note 7. Other receivables

Other receivables were as follows:

<i>In thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016
Supplier down payments and credit notes receivable	1 401	1 292
Other receivables	25 637	20 611
Value-added tax	3 662	3 831
Receivables on the factor including guarantee funds	584	324
Total other receivables	31 284	26 059
Provision for doubtful accounts	-6 549	-5 592
Total other receivables, net	24 735	20 467

The item "Other receivables" corresponds to €21,369k to current account of subsidiaries which are detailed in the table of subsidiaries and shareholdings. These current accounts are depreciated up to €6,249k in which €4,775k corresponds to the depreciation of the current account with Group Hi-media USA and €570k corresponds to the depreciation of the current account with HiMedia LLC.

Current accounts from the cash pooling between subsidiaries amount to €5,979k on December 31st, 2017.

Receivables on the factor correspond mainly to:

- Accounts receivable unavailable for 266 k €
- Reserves accounts for 198 k €
- The guarantee fund for 123 k€

Note 8. Marketable securities and cash

<i>In thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016
Short-term investment securities		
Treasury shares	250	221
Other shares		
Liquid assets	1 981	2 414
Cash and cash equivalents	2 231	2 635
Provision for impairment of treasury shares	-59	
Net cash and cash equivalents	2 172	2 635

Within the framework of the liquidity contract, AdUX holds 42,155 of its own shares.

Note 9. Shareholders' equity

9.1. Changes in equity

The following changes were recorded in equity during the year:

<i>In thousands of Euros</i>	Share capital	Issue premium	Reserves	Retained earnings	Profit or loss for the financial year	Tax-regulated provisions	Total
Dec. 31, 2016	4 329	72 450	507	- 61 931	836	3 921	20 112
Dividends							
Allocation of income				61 931	- 836		- 0
Capital increase							
Capital decrease	-						-
Income for the period					715		715
Other changes						- 669	- 669
Dec. 31, 2017	4 329	11 355	507	-	715	3 251	20 158

9.2. Share capital

On December 31st 2017, the share capital consists of 2,886,088 actions with a nominal value of €1.50 for each.

9.3. Stock option plan and allocations of bonus shares

9.3.1. 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 (before distribution of the HiPay and consolidation shares) (1)	385 000	105 000	490 000
Total number of shares available for subscription	159 620	64 600	224 220
Including number of shares that could be acquired by executive officers	0	49 600	49 600
Including number of shares that could be acquired by the ten leading employee	159 620	0	159 620
Beginning of exercise of the options	31 jan. 14	27 Aug. 2014	
Date of expiration	31 jan. 22	27 Aug. 2022	
Subscription price (in euros) (2)	2,13	1,93	
Number of options subscribed to on Dec. 31st, 2017	-	-	0

Data after share consolidation and after adjustment resulting from the distribution of HiPay securities : (3)	Plan n°11	Plan n°12	Total
Options cancelled during the period	855	0	855
Total number of shares available for subscription after the closing	25 092	10 155	35 247
Including number of shares that could be acquired by executive officers	0	7 797	7 797
Including number of shares that could be acquired by the ten leading employee	25 092	0	25 092

(1) Subscription price of the calculated options on the day of allocation 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).

(2) As part of the distribution of 80% of HiPay Group's shares in June 2015, the company adjusted the subscription price of the options to take into account the effect of this distribution on the share price Hi-Media.
The company also adjusted the number of allocated options to preserve the rights of allottees.
Finally, the number of options takes into account the grouping of shares made in July, 2015 with a parity of 1 new action for 15 old actions.

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

	2017		2016	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options in circulation at the opening	36 102	13,19	37 470	13,21
Options allocated during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options cancelled during the period	855	13,55	1 367	13,55
Options in circulation at the close	35 247	13,18	36 102	13,19
Options that could be exercise at the close	35 247	13,18	36 102	13,19

9.3.2. Allocations of free shares

	Plan n°28	Plan n°29 a	Plan n°29 b	Plan n°30 b	Total
Meeting date	06 May 14	04 May 17	04 May 17	04 May 17	
Date of the Board of Directors' meeting	07 Sep. 2015	04 May 17	04 May 17	12 Dec 17	
Total number of shares allocated	66 000	29 300	17 500	39 000	151 800
Including the number of shares that can be subscribed to by the authorized agents	-	-	-	-	-
Including the number of shares that can be subscribed to by the leading ten employee allocated	48 500	29 300	17 500	39 000	134 300
Number of cancelled shares	16 500	-	-	-	16 500
Number of shares definitively allocated as at Dec. 31, 2015	-	-	-	-	-
Number of shares that can be definitively allocated	49 500	29 300	17 500	39 000	135 300
End of acquisition period	07 Sep. 2018	04 May 18	04 Feb 19	12 Dec 18	
End of retention period	07 Sep. 2019	04 May 19	04 May 19	12 Dec 19	
Share price on the date of the executive board meeting	7,65	9,77	9,77	4,53	
Non-transferability discount	yes	yes	yes	yes	
Fair value of the free share	6,51	9,02	8,49	4,18	

Note 10. Provisions

<i>In thousands of Euros</i>	Dec. 31, 2016	Allocation	Reversal	Dec. 31, 2017
Provisions for disputes	0			0
Provision for unrealized foreign exchange losses	109	300	109	300
Other risk provisions	40	100	40	100
Total Other risk provisions	149	400	149	400
Provision for expenses	0			0
Total	149	400	149	400

Note 11. Borrowings from credit institutions

<i>In thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016	Issue currency	Expiration	Effective rate
Zero rate loan for innovation	1 920	2 400	EUR	2021	0%
Tax Credit Funding	1 449	1 576	EUR	2019	Variable
Accrued interest	-	-	EUR		Variable
Credit bank accounts	19	4	EUR	2016	Variable
Total	3 388	3 980			

In 2016, French tax receivables (« *Crédit d'Impôt Recherche* » and « *Crédit d'Impôt pour la Compétitivité et l'Emploi* ») were funded by a bank for €1,576k. The CICE 2013, which amounted to € 126k, was repaid on October 19, 2017.

As of December, 31st 2017, these fiscal receivables remain in the assets of the financial statements.

Note 12. Trade payables and related accounts

Trade receivables and payables are as follows:

<i>In thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016
Suppliers	24 380	26 349
Invoices to be received	2 637	7 941
Total	27 017	34 290

Accounts payable primarily include publisher billings to AdUX that have not yet been paid at the closing.

Note 13. Debts on fixed assets

The debts on fixed assets correspond mainly of IT services.

Note 14. Other liabilities

Other liabilities mainly relate to current account payables vis-à-vis the subsidiaries for €14,663k of which €8,981k of current account payables relate to cash pooling.

It also includes payables to customers and accrued credit notes for €679k.



Note 15. Unrealized foreign exchange gains

Unrealized foreign exchange gains, which amount to 2 203 k€ as at December 31st 2017, are mainly composed of foreign exchange gains on Group current accounts, 1 531 k€ of which are related to Group Hi-Media USA.

Note 16. Turnover**16.1. By activity**

<i>in thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016
Third-party revenue from activities	9 618	14 123
Intragroup revenue from activities	6 082	7 284
Other	5 778	5 717
Total	21 478	27 124

« Other » revenue mainly concerns recharge to Group subsidiary of management fees, brand fees and various operation expenses supported on their behalf.

16.2. By geographical area

<i>in thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016
France	12 043	15 433
Export	9 436	11 691
Total	21 478	27 124

Note 17. Operating expenses from ordinary activities

Operating expenses from activities are as follows:

<i>in thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016
External operating expenses from activities	4 897	8 558
Intragroup operating expenses from activities	9 427	10 226
Total	14 324	18 784

Note 18. Financial net income**18.1. Financial expenses**

<i>In thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016
Interest charges	198	826
Depreciation and impairment of equity investments in subsidiaries and receivables related	1 653	3 005
Other depreciation and impairment of financial assets	1 586	949
Abandoned or unclaimed accounts	0	0
Other financial charges	27 574	12 355
Financial expenses	31 011	17 136

Other financial charges consist mainly of the disposal of the following subsidiaries equity:

- Hi-media Network Internet España SL :	9 700 k€
- HiPay SAS :	3 885 k€
- Admoove SAS :	2 060 k€
- Bonne Nouvelle Editions SARL :	1 609 k€
- New Movil Media SL :	1 535 k€
- Hi Media España Publicidad Online :	1 390 k€

It should also be noted that this item also includes the disposal of receivables related to Hi-media Network Internet España SL shareholdings (1 012 k€) and the disposal of current accounts for 4 176 k€, of which 3 332 k€ linked to Hi-media Network Internet España SL.

The following equity securities were depreciated:

- Hi-media Network Internet España SL:	1 335 k€
- Mobvious Italy :	94 k€

Financial depreciation and amortization also consist of a write-down of the receivables associated with Hi-Media Italia Srl's equity investments for 224 k€.

18.2. Financial revenue

<i>In thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016
Interest on current accounts	372	820
Reversal of provisions of the securities	14 269	5 998
Revenues from equity investments	0	1 079
Other	17 153	11 607
Financial revenue	31 794	19 505

The item "Other" mainly consists of the profits associated with the disposal of securities sold during the year for the following amounts:

- HiPay SAS :	3 774 k€
- Admoove SAS :	2 712 k€
- Latam Digital Ventures :	2 407 k€

It should be noted that this item also consists of current account withdrawals for 5 763 k€, of which 3 915 k€ related to Hi-Media Network Internet España SL and 1 327 k€ related to Hi Media Digital Business SL.

Reversal of provisions mainly concerns the disposal of the following subsidiaries equity:

- Hi-media Network Internet España SL :	9 700 k€
- Bonne Nouvelle Editions :	1 609 k€
- New Movil Media SL :	1 535 k€

Note 19. Extraordinary result

In 2017, extraordinary income is mainly composed:

- Tax amortization write-off for € 672 k
- compensated by the net book value of the disposal of fixed assets following the termination in advance of the lease on the company premises which occurred in 2017 for (562) k€ (see Note 21. Off balance sheet commitments)

Note 20. Corporate tax

AdUX is head of a tax consolidation group consisting of its French subsidiaries owned at more than 95%: Adpulse SAS and Adysseum SARL. The tax treaty provides that the tax burden is supported by the subsidiary, as in the absence of tax consolidation.

The tax benefit related to tax losses of subsidiaries retained at AdUX France SA, is considered an immediate gain for the year at AdUX SA.

The tax profit of €493 k consists in particular of € 405k repayment of the 2015 Dividend Contribution, of €-125 k tax deduction related to Latam shares transfer, income and costs of the tax consolidation group for € 99 k and a French tax credit (Credit d'Impôts Recherche) for € 114 k.

Information on the deferred or latent tax situation:

<i>In thousands of Euros</i>	Dec. 31, 2017	Dec. 31, 2016
Offsets		
Investment subsidies		
Unrealized foreign exchange gains	2 203	2 726
Extraordinary depreciation	230	
Temporary non-deductible expenses		
Temporary non-taxable income		
Expenses deducted or taxable income for tax purposes and not yet recognized		
Items to be charged		
Tax loss carryovers	2 432	55 203

Rates of Tax applicable in 2016 : 33,33 %

Note 21. Off balance sheet commitments**21.1. Commitments received**

None

21.2. Off-balance sheet liabilities

AdUX SA canceled by anticipation his administration office in Paris on July 10, 2017 with effect date on July 17, 2017. However AdUX continues to occupy those offices as sub-lessee for 12 months from the termination date of the lease

In addition, HiMedia has a long-term lease for a portion of its computer population. This contract represents an annual rent (undiscounted) of k€ 204.



21.3. Staff benefits

Pension liabilities: On December 31st, 2017, the amount of the liability was estimated at €167k and accounted for actuarial elements.

Note 22. Disputes

Some labor relations litigations have arisen with former employees disputing the legitimacy of their dismissals. The company has set aside the provisions which considered necessary in the light of its judgment of the justification for the plaintiffs' demands.

Likewise, regarding business litigations, the company has set aside the provisions which considered necessary in the light of the risk associated to each of these litigations.

Note 23. Staff

The number of staff stood at 23 employees on December 31st, 2017 against 23 employees on December 31st, 2016.

Note 24. Officers and directors

This includes compensation of the chairman of the Board and the COO for a total amount of €234 k at December 31st, 2017, against €308k at December 31st, 2016. It is not granted the attendance fees to authorized agents.

The company has no commitment regarding pensions or regarding assimilated compensations.

Note 25. Event subsequent to December 31st, 2017

Following the acceptance of this binding offer, a business transfer agreement was concluded between Hi-Media Italia SRL and Italiaonline SPA on February 14, 2018 for the sale of the historical advertising network activity in Italy. Under the terms of the transaction, the final sale price will be determined by June 15, 2018 at the latest.

Table of subsidiaries and affiliates

Dénomination sociale	Adresse	Monnaie fonct..	Capital social ⁽¹⁾	Capitaux propres hors résultat et autre que le capital ⁽¹⁾		% de détection directe	Titres	
							Valeur brute ⁽²⁾	Valeur nette ⁽²⁾
Hi-Media Belgium SPRL	Av. des Volontaires 19 1160 Bruxelles	EUR	3 467	-	1 637	100%	4 627	3 727
Hi-Media Portugal Lda	Avenida Duque d'Avila 26 Lisboa	EUR	125	-	140	54%	71	-
Adysseum SARL	6 place Colonel Bourgoin, 75012 Paris	EUR	1 141	1 747		100%	9 484	3 069
Admoove SAS	6 place Colonel Bourgoin, 75012 Paris	EUR	130	-	334	100%	2 172	2 172
Hi-Media Sales AB	Box 71 - Hantverkargatan, 14 827 22 Ljusdal.	SEK	100		16 977	100%	16 243	6 172
Groupe Hi-media USA	101 5th Avenue, New York, NY 10003	USD	0	-	6 503	100%	64 879	- 0
HPMP	Av. des Volontaires 19 1160 Bruxelles	EUR	100		97	100%	90	90
Hi-media Nederland BV	Postbus 381, 1200 AJ Hilversum	EUR	20		757	100%	900	900
Hi-media Italy Srl	Via Cosimo del Fante 4, 20122 Milano	EUR	10		154	100%	6 200	-
Allopass Scandinavia	Box 71 - Hantverkargatan, 14 827 22 Ljusdal.	SEK	100		279	100%	10	-
Mobvious Italia SRL	Via Cosimo del Fante 4, 20122 Milano	EUR	10		10	100%	94	-
HiMedia Advertising	6 place Colonel Bourgoin, 75012 Paris	EUR	646	-	405	100%	646	646
Quantum SAS	6 place Colonel Bourgoin, 75012 Paris	EUR	50	-	1 394	81%	1 770	1 770
Hi-Media LLC	25 Taylor Street NO.202, San Francisco CA 94102	USD	0	-	569	100%	0	0
HiMedia Espana Publicidad Online S.L	Orense n°6, 28 020 Madrid	EUR	2 725	-	1 856	49%	1 335	-

⁽¹⁾ in thousands of operating monetary units

⁽²⁾ in thousands of Euros

Corporate name	Sales excluding taxes last financial year (1)	Income (profit or loss for the last financial year) ⁽¹⁾	Dividends received by the company during the year (2)	Average exchange rate	Date of creation or acquisition
Hi-Media Belgium SPRL	4 495	-478			09.03.00
Hi-Media Portugal Lda	967	3			31.10.00
Adysseum SARL	1 318	120			13.05.02
Admoove SAS	5 936	-807			02.12.11
Hi-Media Sales AB	42 873	3 744		9,84	04.09.06
Groupe Hi-media USA	0	-76		1,20	27.11.07
HPMP		0			17.09.07
Hi-media Nederland BV	476	383			31.08.09
Hi-media Italy Srl	4 399	-716			31.08.09
Allopass Scandinavia	0	-2		9,84	30.09.09
Mobvious Italia SRL	0	19			17.05.13
HiMedia Advertising	5 031	-779			02.12.14
Quantum SAS	8 464	-755			23.04.14
Hi-Media LLC		-17		1,20	30.04.15
HiMedia Espana Publicidad Online S.L	5 768	0			22.09.16

⁽¹⁾ in thousands of operating monetary units

⁽²⁾ in thousands of Euros