



2009/2010 annual results New business model

In 000 euros	06/30/2010	06/30/2009	06/30/2010 After reallocation*	06/30/2009 After reallocation*
Sales	37 822	58 771	16 503	23 914
Gross margin	18 223	25 868	9 996	14 692
<i>Gross margin rate</i>	48.2 %	44.0 %	60.6 %	61.4 %
EBIDTA**	520	(4 728)	251	(4 855)
Operating result	(1 096)	(40 811)	(209)	(40 938)
Result before tax	(1 103)	(40 810)	(217)	(40 937)
<i>Income tax</i>	1 103	(52)	1 103	(52)
Net result	0	(40 862)	886	(40 989)

* After reallocation of discontinued activities or being currently transferred

** EBITDA : Operating result before provisions for depreciation

The financial statements are certified.

Index Multimedia Board of Directors meeting held on October 29, 2010, chaired by Mr. Tanimoto, has closed the 2009/2010 annual financial statements.

Finalization of the restructuring

The sales of the financial year are € 37.8M (including € 16.5M for the continued activities) against € 58.7M (including € 23.9M for the continued activities) in the 2008/2009 financial year, integrating, as foreseen, the decrease of non strategic businesses in the recovering plan and which became more significant over the second half year.

In line with its action plan, the Index Multimedia group has continued optimizing its costs all along the 2009/2010 financial year and finalized during the second half year the reorganization of its business model.

The gross margin increased significantly to 48.2% (including 60.6% for the continued activities) compared with the 2008/2009 financial year at 44% (including 61.4% for the continued activities).

The cost optimization and reduction plan implemented by Index Multimedia has allowed a drastic reduction of the marketing expenses (-45%), the costs linked to partnerships (-31%), as well as the personal costs (-46%). Supported by the very positive impact of the measures and the development of the monetisation of its know-how (licence), the EBITDA** of the group became positive at € 520K (including €251K for the continued activities) against a loss of € -4 728K during the last financial year (including € -4 855K for the continued activities).

The operating result shows also a significant improvement in reducing the operating loss to € -1M (including € -0.2M for the continued activities) against € -40.8M (including € -40.9M for the continued activities) for the 2008/2009 financial year (which included an impairment of the goodwill of € 33.8M). The net result of the group is at break even after allocation of a carry back loss of € 1M.

Index Multimedia's financial structure remains solid with shareholders equity of € 19.2 M and a gearing (net debt/equity) close to zero (1.48%). The net cash position is of € 2M at the closing of the financial year (including € 1.9M for the continued activities).

A new high profitability business model

Following the decision of the Board of Directors, Index Multimedia has restructured as soon as July 1st 2010 its Well-Being and Mass Market direct marketing activities in transferring them to its CAT subsidiary (held 100% by Index Multimedia) within a partial assets contribution scheme.

This business, which sale is almost finalized, is not any more part of the Group's strategy which anticipates through its Japanese "lab" Index Holdings the growth of community type of services and online games.

The Board of Directors meeting on November 8, 2010 has decided to approve an additional social plan in order to adapt the staff number to the new structure of the Group.

Thus, when this sale will be completed, the Group now focussed on a single business segment, the *Digital Entertainment*, will be organized around 6 poles with high margin:

- The **Community Services** with the offering of paying applications and particularly the advertising on its flagship web site Tchatche.com with its more than 4 million members and now also available on iPhone, IPad and Android mobile phones.
- The **BtoO activities** with the acquisition, the production and distribution of high added value mobile contents to the 3 main operators in France as well as the main MVNO (Mobile Virtual Network Operators)
- The **BtoB activities** (indirect sales) including namely online sports gambling, games and quizzes and hosting facilities (server centre)
- The **Online Games** with the launch of the game "The Tower of Druaga" scheduled on December 20, 2010 and which will provide to the group recurrent revenues with the monthly subscription model
- The **Mass Market and Well-Being activities** which regroup the WAP and WEB products of Index Multimedia.

Focussing on solid and recurring profitable activities, which represent in 2009/2010 a revenue of € 16.5M with a positive net result of € +886K after tax and discontinued business, the Group has with the growth of these new activities an important source of profitability.

INDEX MULTIMEDIA is specialized in the development and sale of multimedia products and services.
INDEX MULTIMEDIA is listed at Euronext Paris (Compartment C) under ISIN code: FR0004061513 -
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