INDEX MULTIMEDIA GROUP

CONSOLIDATED FINANCIAL STATEMENTS

AS OF

DECEMBER 31, 2010

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Balance sheet

In K€	Notes	12/31/2010 (6 months)	06/30/2010 (12 months)
ASSETS			
Goodwill	6	15 752	15 752
Other intangible assets	7	2 661	1 719
Tangible fixed assets	8	695	1 227
Other financial fixed assets (not current)	9	1 314	281
Deferred tax assets		-	-
Other non-current assets	10	1 369	1 056
Non-current assets		**21 791**	**20 035**
Accounts recevaibles	11	6 081	9 347
Current income tax receivables		-	24
Other current assets	12	2 320	3 139
Current financial assets	9	1 080	-
Cash and cash equivalents	13	1 810	1 897
Current assets		**11 291**	**14 407**
Assets related to activities to be discontinued	25	-	5 192
TOTAL ASSETS		**33 082**	**39 633**
LIBILITIES AND SHAREHOLDERS EQUITY			
Share capital	14	1 346	1 346
Share premiums		56 093	56 093
Translation reserves		(180)	(159)
Reserves		(38 039)	(38 046)
Net income pertaining to the shareholders		(1 958)	-
Group share of consolidated equity		**17 262**	**19 234**
Minority interests			-
Equity		**17 262**	**19 234**
Long term borrowings and financial liabilities	17	584	807
Provisions (non-current)	16	2 172	1 896
Employees benefits	16	203	307
Deferred tax liabilities		-	-
Non-current liabiities		**2 959**	**3 010**
Short term borrowings and financial liabilities	17	502	1 481
Provisions	16	1 381	301
Accounts payables		6 086	5 668
Current income tax payable	18	1 750	1 750
Other current liabilities	18	3 142	4 105
Current liabilities		**12 861**	**13 305**
Lialibilites related to activities to be discontinued	25	-	4 085
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		**33 082**	**39 633**

Income statement

In K€	Notes	12/31/2010 (6 months)	12/31/2009 (6 months) revised	06/30/2010 (12 months)
Sales of maintained operations	**26**	**6 849**	**9 220**	**16 503**
Marketing expenses		(250)	(379)	(733)
Repayments to partners		(1 797)	(3 070)	(5 774)
Other purchases and external expenses		(2 349)	(3 056)	(5 355)
Taxes and duties		(292)	(347)	(471)
Personnel costs	19	(2 450)	(2 039)	(4 266)
Amortization		(440)	(274)	(439)
Provisions		8	283	281
Impairment of the goodwill		-	-	(276)
Licenses and authors rights		(359)	(282)	(741)
Other operating income		194	145	1 700
Other operating expenses		(287)	(350)	(654)
Operating income		**(1 173)**	**(148)**	**(225)**
Gross cost of the financial debt		(23)	(76)	(107)
Income from cash and cash equivalents		22	20	75
			-	-
Net cost of the financial debt		**(1)**	**(56)**	**(32)**
Other financial income		1	-	127
Other financial expenses		(95)	(8)	(103)
Financial result		**(95)**	**(64)**	**(8)**
Income/loss before tax of maintained operations		**(1 268)**	**(212)**	**(233)**
Income tax	20	(42)	7	1 108
Income/loss after tax of maintained operations		**(1 310)**	**(205)**	**875**
Result of discontinued activities or to be discontinued	25	(648)	502	(875)
Net income/loss		**(1 958)**	**297**	**0**
Pertaining to the shareholders of the parent company		(1 958)	297	0
Pertining to minority interests		-	-	-
Net earnings per share for the shareholders of the company (in Euro)	15			
- basic		-0,149	0,037	0,000
- diluted		-0,149	0,037	0,000
Earnings per share for the shareholders of the company (in Euro) for the maintained operations	15			
- basic		-0,099	-0,025	0,084
- diluted		-0,099	-0,025	0,084

* Revised (cf. Note 24 – discontinued activities)

Global result statement

In K€	31/12/2010 (6 months)	31/12/2009 (6 months)
Net consolidated result	(1 958)	297
Translation differences	(21)	(19)
Other elements of the global result (recognized directly in Shareholders equity)	(21)	(19)
Consolidated global result	(1 979)	278
Pertaining to minority interests	-	-
Pertaining to the group's shareholders	(1 979)	278

Change in shareholders equity statement

In K€	Capital	Premium	Other reserves	Treasury stock	Translation differences	Result	Total group equity	Minority	Shareholders equity
As of 06/30/2009	838	49 445	6 411	(3 565)	(172)	(40 862)	12 096	-	12 096
Other elements of the global result recognized directly in equity	-	-	-	-	(19)	-	(19)	-	(19)
Result of the period	-	-	0	-	-	297	297	-	297
Consolidated global result	-	-	-	-	(19)	297	278	-	278
Profit/loss from disposal of treasury stock	-	-	(25)	25	-	-	-	-	-
Allocation of income	-	-	(40 862)	-	-	40 862	-	-	-
Share buy-back	-	-	-	(9)	-	-	(9)	-	(9)
Other changes	-	-	-	-	-	-	-	-	-
As of 12/31/2009	838	49 445	(34 476)	(3 548)	(192)	297	12 364	-	12 364
As of 06/30/2010	1 346	56 092	(34 476)	(3 569)	(159)	-	19 234	-	19 234
Other elements of the global result recognized directly in equity					(21)		(21)	-	(21)
Result of the period						(1 958)	(1 958)	-	(1 958)
Consolidated global result	-	-	-	-	(21)	(1 958)	(1 979)	-	(1 979)
Capital increase							-		-
Profit/loss from disposal of treasury stock			(35)	35			-		-
Allocation of income			-			-	-		-
Share buy-back				7			7		7
Other elements of the global result recognized							-		-
As of 12/31/2010	1 346	56 092	(34 511)	(3 527)	(180)	(1 958)	17 263	-	17 262

Cash flow statement

In K€	Notes	12/31/2010 (6 months)	12/31/2009 (6 months)
Income (loss) before discontinued operations		(1 310)	(205)
Depreciation, amortization and provision		1 541	(140)
Tax liabilities		47	(4)
Deferred tax liabilities		(5)	-
Gain on sale or exchange of equity investments		335	162
Financial expenses		-	76
Other elements of the result without cash impact		-	60
Cash flow		608	(52)
Change in working capital requirements (5)		3 085	2 018
Paid taxes		-	231
Interest expenses reclassified in financing activities		-	-
net cash flow from discontinued activities		-	-
I- CASH FOW FROM OPERATING ACTIVITIES		3 693	2 197
Acquisition of intangible fixed assets		(994)	(118)
Acquisition of tangible fixed assets		(13)	(4)
Proceeds from disposal of intangible fixed assets		-	-
Proceeds from disposal of tangible fixed assets		14	2
Net change in loan and credit facilities **(1)**		(1 432)	101
Net change debt/acquisition of fixed assets **(2)**		(208)	-
Net change debt/disposal of fixed assets **(3)**		-	-
Impact of perimeter changes		-	13
II- CASH FLOW FROM INVESTMENT ACTIVITIES		(2 633)	(6)
Capital increase by the parent company		-	-
Dividends paid by the parent company		-	-
Share by-back		(70)	(34)
Disposal of treasury stock		78	25
Loan granted by INDEX HOLDINGS JAPAN		-	-
Repayment of the loan to INDEX HOLDINGS JAPAN		(83)	-
Repayment of other loans		-	(55)
Paid interests		-	(27)
Other changes in financial liabilities **(4)**		(1 066)	(1 323)
III – CASH FLOW FROM FINANCING ACTIVITIES		(1 141)	(1 414)
IV - Impact of change in exchange rates		(2)	(2)
V- CASH FOW BEFORE DISCONTINUED ACTIVITIES (I + II+ III+ IV)		(83)	774
V- CAS FLOW FROM ACTIVITIES TO BE DISCONTINUED (I + II+ III+ IV) (4)	25	(107)	(4 142)
VII – NET CASH FLOW FOR THE PERIOD (V + VI)		(190)	(3 396)
Net cash and cash equivalents at the beginning of the period		1 891	1 753
Cash and cash equivalents from discontinued operationsat the beginning of the period		107	4 240
Net cash and cash equivalents at the closing before discontinued activities	13	1 808	2 527
Net cash and cash equivalents at the closing from discontinued activities		-	70
CHANGE IN CASH AND CASH EQUIVALENTS		(190)	(3 396)

‘*Revised (cf. note 24 – discontinued activities)

(1) The change in loan and credit facilities corresponds the grant of loans without guarantee to CAT of 385K€ and 1 164K€ and to the refund of security deposit of 123K
(2) The net change on debt on acquisition of fixed assets correspond mainly to the payment of the balance of the investment on the Blogsphere project for 300K€;
(3) The sale of the CAT and Taktil subsidiaries was subject to a debt payable over 2 years;
(4) The other changes in financial liabilities correspond to advance payments on financing of debts received and refunded to Factocic, the factoring company;
(5) Including (3 266 K€) change in net accounts receivables items, (418) K€ change in net accounts payables items, (317) K€ change in other receivables related to maintained operations and 965K€ change on other payables related to maintained operations.

Notes to the summary half year financial statements

Note 1. Introduction

The INDEX MULTIMEDIA group is one of the main providers of multimedia added value products and services intended for the mass market and the corporate sector in France.

INDEX MULTIMEDIA is a French corporation (société anonyme), listed for trading at the Paris Stock Exchange (Euronext Compartment C) registered and domiciled in France.
Its registered office is located at: 36 rue Jacques Babinet à Toulouse.

The summary half year financial statements as of December 31, 2010 were closed on February 28, 2011 by the Board of Directors.

Unless otherwise specifically indicated, the financial statements are presented in thousands (rounded-off) Euros.

Note 2. Accounting principles and valuation methods

Basis of preparation of the financial statements

Pursuant to the European Regulation n°1606/2002 of July 19, 2002, the summary half year consolidated accounts of the INDEX MULTIMEDIA group as of December 31, 2010 were prepared in accordance with the IAS 34 standards related to the summary financial information of the IFRS referential as adopted by the European Union on December 31, 2010.

The currency used for the presentation of the consolidated financial statements and notes is the Euro.

The consolidated financial statements are prepared according to the historical cost convention with the exception of some assets and liabilities categories according to the provisions of the IFRS rules. The concerned categories are mentioned in the following notes.

The comparison accounts presented were prepared according to the IFRS 5 standards – Non-current assets owned for sale and discontinued activities. (See Note 24 « Discontinued activities »).

Standards and interpretations used for the preparation of the intermediary accounts summarized as of December 31, 2010 are identical to those used for the preparation of the annual consolidated financial statements closed as of June 30, 2010 and available on Index Multimedia' s web site.
These standards and interpretation were completed by the provisions of standards, interpretations and amendments which application is compulsory for the first time on the financial years starting January 1st or July 1st, 2010 and namely:

- April 2009 annual improvements : yearly amendments aiming at improving and clarifying 9 standards and 2 interpretations and deriving from the Rules of March 23, 2010 (EU n°243/2010) ;
- Amendment of IAS 32, related to the presentation of financial instruments and concerning the rights issuance classification;
- Amendment of IFRS 2 on the share-based payments and the accounting for group of the cash-settled share-based payment transactions;
- IFRIC 15 « Contracts for the building of real estate » and which does not concern the activities of the group;
- IFRIC 17 « Distribution of non-monetary assets to shareholders »;

- IFRIC 18 « Transfers of assets from accounts receivables»;
- IFRIC 19 « cancellation of financial liabilities with equity instruments »;
- May 2010 annual improvements for the amendments aiming at improving the IFRS 3 and the consequences of the IFRS 3 modifications on IAS 32 and IAS 39 as well as on IFRS 7, and the transitory provisions for the modifications resulting from the IAS 27 revision on IAS 21, IAS 28 and IAS 32 and resulting from the regulation of February 18, 2011 (EU n°149/2911).

The application of these new standards has had no impact on the result and balance sheet of the period.

The Group has not applied by anticipation standards and interpretations which application is not compulsory as of December 31, 2010. This concerns particularly:

- Amendment of IAS 24, related to the information about related parties under the form of state organization ;
- Amendment of the IFRIC 14 interpretation, related to recognition of assets under defined service providing scheme and concerning anticipated payments of minimum financing requirements ;
- May 2010 annual improvements for the amendments aiming at improving namely 2 standards (IFRS 1 and IAS 34) and the interpretation IFRIC 13 and resulting from the regulation of February 18, 2011 (EU n°149/2911).

In a first analysis, the Group do not expect any impact from these applications on its result and balance sheet.

At last, the standards and interpretations published by IASB but not yet adopted by the European Union will enter in force and effect compulsorily only after this adoption and are therefore not applied by the Group as of December 31, 2010.

As intermediary accounts, they do not include all information required by the IFRS referential for the preparation of annual consolidated financial statements. These notes have to be completed by reading INDEX MULTIMEDIA’s financial statements published for the fiscal year closed as of June 30, 2010 with the exception of the specific items of these intermediary financial statements described below:

- Retirement benefits: the cost of retirement benefits as of December 31, 2010 is calculated for the staff remaining after the social plan (cf. Note 3), on the cumulated basis since the beginning of the financial year until December 31, 2010 from a rate related to the cost of retirement benefits, determined actuarially at the end of the previous financial year, adjusted in order to take into account the important changes of the market since that date as well as reductions, liquidations or other non recurrent important events.

- Calculation of income tax: the income tax expenses for the period are calculated based on a tax rate which would be applicable to the total result of the financial year, i.e. in applying to the result before tax of the period the actual average rate estimated for the financial year.

- The sales of the company do not have a seasonal nature.

Use of estimates

The preparation of the financial statements according to IFRS standards requires for the General Management using judgement, making estimates and assumptions which have an impact on the application of the accounting methods and amount of assets and liabilities, income and expenses and on information related to potential assets or liabilities items.

Underlying estimates and assumptions are made based on the past experience and other factors considered reasonable under the given circumstances and some hypotheses concerning the future.

Accounting estimates which require making hypotheses are mainly used for the impairment of the goodwill and continuation of operations.

Note 3. Main events of the period

Disposal of the CAT and TAKTIL companies

On December 10, 2010, based on the financial statements closed as of November 30, 2010 the Group has sold the totality of its shares in its subsidiaries CAT (in which the well-being and mass market direct marketing activities were transferred as of August 1, 2010) and TAKTIL for the respective amounts of 400 K€ and 300 K€, payable over 2 years (cf. Note 9).

Within this transaction, the group has also granted two loans to CAT for a global amount of 385K€ payable in 24 instalments with an interest rate of 3%.
Moreover, the postponed repayment of current accounts for the respective amount of 1 164K€ for CAT and 11K€ for Taktil was granted with an interest rate of 4% and over 52 instalments.

Employment saving plan

The Board of Directors meeting of November 8, 2010 has decided to authorize the implementation of a redundancy plan for economic grounds aiming at suppressing 18 jobs maximum in order to adapt the staff number to the new structure of the Group.

During the period from July 1 to December 31, 2010, no departure was made within this plan.

According to the IAS 37 standards, a provision of 977 K€ was recognized in the operating result as of December 31, 2010, including 612 K€ for personnel expenses.

Launch of the Tower of Druaga game

On December 22, 2010, the online game *Tower of Druaga – The recovery of Babylim* was officially launched. Until January 27, 2011, date of the opening of the online shop, the game was totally free.

Sale of 2 Blogsphere licenses

End of September, the company has sold 2 licenses for the use of the Blogsphere software on the Japanese territory to the Japanese companies SKYKITT co. Ltd and WISETRADE co. Ltd. The revenue from the sale of these 2 licenses amounted globally to 828 K€ (90 000 K¥). Debts related to this sale are payable on a quarterly basis over 2 years and are updated at the rate of Euribor 1 year + 1%.

Appointment of an independent director

The General Shareholders meeting of December 17, 2010 has decided to appoint Mr. Claude Yoshizawa as independent director for a period of 6 years which will end after the Ordinary Shareholders Meeting to be held in the year 2016 to approve the financial statements closed as of June 30, 2016.

Resignation of a Managing Director « Directeur Général Délégué »

Mr. Fumiaki Yamato has resigned as Directeur Général Délégué on December 31, 2010. This resignation was approved by the Board of Directors on January 27, 2011.

Litigation with an employee

The company has received a notification letter dated July 13, 2010 for a hearing at the conciliation department of the Industrial Court upon request of an employee who required the examination by the Court of the legal termination of his employment contract, against INDEX MULTIMEDIA, and the payment of the global amount of 682 625€.

It has to be noted that this employee has later been dismissed for serious fault, notified by letter dated September 29, 2010 for grounds having no link with those mentioned by him to support his request for legal termination.

According to the IAS 37standards, a provision was booked.

Inquiry by the AMF Investigation Department

The company has undergone an inquiry by the Investigation Department of the Financial Markets Authority concerning the lack of information published in the Prospectus of December 23, 2009 and the Additional Note of January 11, 2010 concerning the tax audit notified on December 23, 2009 (see Note 18). The conclusions of this audit are currently being examined by the AMF Committee.

Note 4. Post-closing events

The Board of Directors meeting of January 27, 2011 has decided that its subsidiaries: 123 Multimédia Edition, Acheter, Luna, Société des Techniques et Innovations (each of them owned up to 100%) would be subject to a merger (transmission universelle de patrimoine) with their parent company Index Multimedia.

The same Board of Directors has decided the anticipated liquidation of the subsidiaries Clever Technologies Maroc and A3W Telecom own respectively up to 99.97% and 100%.

Note 5. Evolution of the scope of consolidation

Sale of CAT and TAKTIL

The subsidiaries CAT and TAKTIL were sold on December 10, 2010 based on the November 30, 2010 financial statements for an amount of respectively 400 K€ and 300 K€, payable over 2 years. This operation has generated a result on disposal of 731 K€ and 240 K€ recognized in Result of discontinued activities.

Note 6. Goodwill

The goodwill amount was allocated to the different CGU defined by the Group as described in Note 25 according to the new organization in force since July 1, 2010.

The net goodwill remains unchanged compared with June 30, 2010 and is amounting to 15 752 K€.

Note 7. Intangible fixed assets

As of December 31, 2010, the changes of the period in intangible fixed assets are presented below:

	Concessions, patents and similar rights	Contractual relationships	Other intangible assets	Total
Gross value opening balance	2 941	9 896	1 701	14 538
Depreciation and amortization	(2 711)	(9 896)	(212)	(12 819)
Net value opening balance (1)	**230**	**-**	**1 489**	**1 719**
Acquisitions (2) (3)	342	-	821	1 163
Disposals	(8)	-	-	(8)
Translation differences	-	-	-	-
Change in scope (4)	(9)	-	-	-
Other changes (5)	1 294	-	(1 294)	-
Gross value closing balance	**4 560**	**9 896**	**1 228**	**15 684**
Amortization (6)	(216)	-	-	(216)
Disposals	8	-	-	8
Translation differences	-	-	-	-
Change in scope (4)	4	-	-	-
Other changes	-	-	-	-
Depreciation and amortization closing balance	**(2 915)**	**(9 896)**	**(212)**	**(13 023)**
Activities to be discontinued	-	-	-	-
Net value closing balance	**1 646**	**-**	**1 015**	**2 661**

(1) Non-current assets related to discontinued activities excluded;
(2) Software and assimilated rights acquisitions of 342K€ include:
 a. SNS or 192 K€
 b. Tower of Druaga for 150 K€
(3) Current intangible fixed assets of 821 K€ include:
 a. Oshokuji-navi for 706 K€
 b. Tower of Druaga for 32 K€ ;
 c. SNS for 35 K€ ;
(4) The change in scope corresponds to the disposal of Taktil; Taktil assets were not recognized as of June 30, 2010 in the non-current assets related to discontinued operations item
(5) Reclassification of 1 294 K€ of the current intangible fixed assets items in software and assimilated rights for the following projects:
 a. Blogsphere for 900 K€ ;
 b. Tower of Druaga for 313 K€ ;
 c. SNS for 66 K€ ;
(6) Including 150 K€ for the amortization of Blogsphere over the period

As of December 31, 2010, the contractual relationships valued within the acquisition of Wonderphone were integrally amortized.

Note 8. Tangible fixed assets

As of December 31, 2010, the changes of the period in the tangible fixed assets are presented below:

In K€	Technical installations, hardware and equipment	Other tangible assets	Total
Gross value opening balance	5 549	2 999	8 548
Depreciation and amortization opening balance	(5 230)	(2 091)	(7 321)
Net value opening balance (1)	**319**	**908**	**1 227**
Acquisitions	12	1	13
Disposals (2)	(112)	(1 133)	(1 245)
Translation differences	-	-	-
Change in scope (3)	(8)	(121)	(129)
Other changes	1	12	13
Gross value closing balance	5 442	1 758	7 200
Amortization	(112)	(122)	(234)
Depreciation following impairment test	-	-	-
Disposals (2)	108	897	1 005
Translation differences	-	-	-
Change in scope (3)	4	41	45
Other changes	-	-	-
Depreciation and amortization closing balance	(5 230)	(1 275)	(6 505)
Activities to be discontinued	-	-	-
Net value closing balance	212	483	695
incl. Finance lease assets (4)	97		

(1) Non-current assets related to CAT discontinued activities excluded;
(2) Disposals correspond mainly to write off for 240 K€;
(3) The change in scope correspond to the disposal of Taktil; Taktil assets are not recognized as of June 30, 2010 in non-current asset related to discontinued activities;
(4) Only one lease contract remains with EMC2 as of December 31, 2010.

Note 9. Non-current and current financial assets

As of December 31, 2010, the changes of the period in non-current financial assets are presented below:

In K€	06/30/2010	Acquisitions	Repayments / Disposals	Depreciation	12/31/2010
Interests in non consolidated companies	-	-	-	-	-
Loans and debts (1)	279	1 549	(170)	-	1 659
Treasury stock	-	70	(70)	-	-
Other financial assets on disposals (2)	2	734	-	-	736
Total gross	281	2 353	(240)	-	2 395
Provisions on interests in non consolidated companies	-	-	-	-	-
Non current financial assets	281	2 353	(240)	-	2 395
- of which current	-	1 081	-	-	1 009
- of which non current	281	1 273	(240)	-	1 314

(1) The loan acquisitions correspond to:
  a. Loan without guarantee of 385 K€ to CAT payable over 2 years including 157 K€ presented in non-current financial assets and 228 K€ presented in current financial assets ;
  b. Loan without guarantee of 1 092 K€ to CAT including 793 K€ payable over 4 years starting on 05/31/2011. The loan is presented for 620 K€ in non-current financial assets and 431 K€ presented in current financial assets.

(2) The financial assets on sales correspond mainly to the GENESIS debt without guarantee on the sale of CAT and TAKTIL shares for 700 K€, including 337 K€ presented in non-current financial assets and 350 K€ presented in current financial assets. This debt is scheduled over 2 years and remunerated at 2.4%.

Note 10. Other non-current assets

As of December 31, 2010, the changes of the period of other non-current assets are presented below:

In K€	06/30/2010	Acquisitions	Repayments / Disposals	Discounted value	12/31/2010
Non-current income tax receivables (1)	1 056	-	-	13	1 069
Non current accounts receivables (2)	-	300	-	-	300
Other non-current assets	1 056	300	-	13	1 369

(1) The tax credit is related to a request for carry back recoverable in 2012 of 1 094 K€ adjusted at 2.4% on 1 year.

(2) Debts without guarantee of 815 K€ on the sale of 2 Blogsphere licenses, including 300 K€ recognized in non-current and 515 K€ recognized in current accounts receivables. These debts are scheduled over 2 years and adjusted at the rate of Euribor 1 year + 1%.

Note 11. Accounts receivables

The accounts receivables item has changed as follows:

In K€	12/31/2010	06/30/2010
Accounts receivables gross value	8 809	11 963
Depreciation	(2 728)	(2 616)
Accounts receivables net value	**6 081**	**9 347**

(1) This item includes as of December 31, 2010 the France Telecom debts transferred to the factoring company, Factocic for 553 K€ (against 2 069 K€ as of June 30, 2010).

The breakdown by anteriority of the accounts receivables and corresponding depreciations is the following:

In K€	12/31/2010	not due	Due less than 3 months	From 3 to 6 months	From 6 to 9 months	More than 9 months
Accounts receivables gross value	8 809	4 263	1 258	231	862	2 196
Depreciation	(2 728)	(47)	-	(51)	(727)	(1 903)
Accounts receivables net value	**6 081**	**4 216**	**1 258**	**180**	**135**	**293**

Note 12. Other current assets

The other current assets item is presented below:

In K€	12/31/2010	06/30/2010
Income tax receivables	1 968	1 922
Social security tax receivables	22	12
Other receivables	95	719
Prepaid expenses	235	486
Total net	**2 320**	**3 139**

Note 13. Cash and cash equivalents

Cash and cash equivalents can be broken down as follows:

In K€	12/31/2010	06/30/2010
Marketable securities	936	26
Cash	874	1 871
Gross cash and cash equivalents	**1 810**	**1 897**
Bank overdrafts	(1)	(6)
Net cash and cash equivalents	**1 808**	**1 891**

Note 14. Equity

Share Capital

The share capital as of December 31, 2010 amounted to 1 346 K€, divided into 13 456 570 shares with a nominal value of 0.10 Euro.
All shares carry a single voting right.
The average number of outstanding shares as of December 31, 2010 is the following:

	12/31/2010 (6 months)	06/30/2010 (12 months)
Average number of ordinary shares outstanding at opening	13 160 535	8 115 559
Capital increase	-	5 074 135
Amortization of capital	-	-
Change treasury stock	5 409	(29 159)
Average number of ordinary shares outstanding at closing	13 165 944	13 160 535

Treasury stock

As of December 31, 2010, Index Multimedia held a treasury stock portfolio of 290 626 shares with a total value of 360 K Euros.
The treasury stock is charged to consolidated shareholders' equity as of December 31, 2010.
The average number of treasury stock has changed as follows:

	Number	Value (1)
Number of treasury stock as of June 30, 2010	296 035	314 739
Acquisitions of the period	55 736	
Disposals of the period	61 145	
Cancellations of the period	-	
Number of treasury stock as of December 31, 2010	290 626	359 1

(1) Corresponding to the net book value of treasury stock in Index Multimedia SA's individual accounts.

Payment in shares

- **Authorization of a free shares program to the benefit of employees up to 10% of the share capital**

During the Extraordinary Shareholders General Meeting of May 13, 2008, the Board of Directors was authorized to allocate free shares to employees and executives of Index Multimedia. This operation would be made as follows:

- Maximum share of capital granted to employees: 10% ;
- Maximum share of the capital granted per beneficiary of this allocation: 10% ;
- Minimum duration for the acquisition of shares: two years, except exceptional cases. After the acquisition period, this operation will lead to a capital increase by incorporation of reserves, profit, share premium to the benefit of beneficiaries;
- Minimum duration of holding obligation of the shares: two years ;
- The shareholders renounce rightfully to their subscription preferential right.

During the Shareholders General Meeting of May 13, 2008 a delegation of 38 months was given by the Shareholders General Meeting to the Board of Directors to allocate these shares.
As of today, the Board of Directors did not make use of this allocation authorization.

- **Authorization of a stock option programme up to 5% of the share capital**

During the Extraordinary Shareholders General Meeting of November 30, 2009, the Board of Directors was authorized to allocate to employees and officers of Index Multimedia:

- options carrying the right of subscription to new shares of the company issued within a capital increase operation and/or
- options carrying the right to purchase shares acquired by the company under legal conditions

The operation would be made as follows:

- Maximum share of the group's capital allocated to employees and officers: 5% ;
- Maximum share of the group's capital allocated per person who can benefit from this grant: 10% ;
- Subscription price of the shares: it cannot be less than 80% of the average share price traded on Euronext Eurolist during twenty stock exchange trading days preceding the day when the stock options will be allocated;
- Purchase price of the shares: it cannot be less than 80% of the average purchase price of the shares held by the company;
- Maximum duration of exercise: eight years;
- Shareholders renounce rightfully to their preferential right of subscription.

During this last Shareholders General Meeting, a delegation of 38 months was granted by the Shareholders General Meeting to the Board of Directors to allocate these options.

As of today, the Board of Directors did not make use of this authorization of allocation.

Note 15. Earnings per share

Information on results and shares used for the calculation of earnings per shares, basic and diluted, for all the company's activities are the following:

	12/31/2010 (6 months)	12/31/2009 (6 months) *
Net result before discontinued operations group's share	(1 310)	(205)
Net result for discontinued operations group's share	(648)	502
Weighted average number of ordinary shares for the basic result per share	**13 172 423**	**8 111 376**
Dilution effect of the free shares granted (1)	-	-
Weighted average number of ordinary shares for the diluted result per share	**13 172 423**	**8 111 376**
Earnings per share (in Euro) before discontinued operations	-0.099	-0.025
Earnings per share (in Euro) for discontinued operations	-0.049	0.062
Total basic earnings per share (in Euro)	**-0.149**	**0.037**
Total diluted earnings per share (in Euro)	**-0.149**	**0.037**

(1) No dilutive instrument was issued as of today (cf. Note 14)

Note 16. Provisions

Retirement benefit provision

Employee benefits provisioned as of December 31, 2010 pertain mainly to contractual retirement benefits for employees of the French companies of the Group.

The retirement benefits provision was as of December 31, 2010 203 K€ (against 307 K€ as of June 30, 2010).

Other provisions

The changes of other provisions for the period are broken down as follows:

In K€	Provisions for litigations			Total provisions for litigation	Other provisions (1)	Total
	Business related	Employees related	Tax related			
Opening value 06/30/2010 (12 months)	1 642	392	104	2 138	58	2 196
Increase	10	540		550	977	1 527
Reversal of provisions used	(137)	(3)	-	(140)		(140)
Reversal of provisions unused	(30)		-	(30)		(30)
Translation differences	(10)	-	-	(10)		(10)
Change in scope	-	-	-	-		-
Other changes	10	-	-	10	-	10
Closing value 12/31/2010 (6 months)	1 485	929	104	2 518	1 035	3 553
- of which current	234	118	52	404	977	1 381
- of which non current	1 251	811	52	2 114	58	2 172

(1) The provision of 977 K€ corresponds to the provision on the Employment Saving Plan recognized over the period according to IAS 37 (cf. Note 3).

Note 17. Financial liabilities

As of December 31, 2010, the changes in financial liabilities of the period are presented below:

In K€	Finance lease liabilities	Index Holdings Japan loan (1)	Factoring (2)	Other financial liabilities	Total
Opening balance 06/30/2010	156	1 060	1 066	6	2 288
Increase			-		-
Decrease	(47)	(83)		(6)	(136)
Change	-	-	(1 066)	-	(1 066)
Other changes	-			-	-
Closing balance 12/31/2010	108	978	-	-	1 086
- of which current	108	394	-	-	502
- of which non-current		584	-	-	584

(1) Index Holdings Japan has granted a loan of 1 000 K€ to Index Multimedia payable in 36 instalments from October 31, 2010 until September 30, 2013, at the rate of Euribor 1 year + 1%.
(2) Financing through Factocic was not used as of December 31, 2010.

Note 18. Other current liabilities

The other current liabilities are detailed as follows:

In K€	12/31/2010	06/30/2010
Income tax liabilities (1)	**1 750**	**1 750**
Advances	-	-
Employee related liabilities	749	1 158
Tax related liabilities	2 134	2 469
Unearned revenue	238	107
Other current liabilities	20	370
Total other current liabilities	**3 142**	**4 105**

(1) Tax audit on accounting over the period from 07/01/05 until 06/30/08

Index Multimedia has received within the month of December 2009, a notification of adjustment related to the financial years closed as of June 30, 2006, 2007 et 2008 and grounded on the non deposit of tax forms concerning the follow-up statement of the depreciation subject of article 1763-I-e of the General Tax Code, leading to an adjustment of 5% of the depreciation for each fiscal year, i.e. a total amount of 8 123 184 Euros. It is established that the absence of providing this document has had no harmful consequence for the Public Treasury, being a purely formal omission. The company questioned this adjustment and proposed the amount of 150 000 Euros on April 5, 2010. As of today, the tax administration did not reply to this proposal. Under these circumstances, the Group has maintained the provision of 1 750K€ recognized as tax liability in the accounts as of December 31, 2009. The counterpart was recognized in tax expenses according to IAS 12.

Note 19. Personnel costs and head count

The breakdown of personnel costs and head count is presented below:

In K€	12/31/2010 (6 months)	12/31/2009 (6 months)
Wages and salaries	1 873	1 406
Social security expenses	523	633
Other employee related expenses	54	-
Total	2 450	2 039

The personnel expenses as of December 31, 2010 include a provision of 612 k€ for the social plan (see note 3).

According to IFRS 5, the average head count of the Group in which the CAT and Taktil subsidiaries head count is not included is the following:

Average head count	12/31/2010 (6 months)	12/31/2009 (6 months)
Management	51	53
Non management	30	45
Total	81	98

Note 20. Income tax

Carried forward non deferred deficits

The non deferred deficits not activated as of December 31, 2010 are amounting to 4 931 K€, i.e. a non booked deferred tax amount of 1 698 K€ at a rate of 34.43%.

It has to be noted that the Group recognizes the deferred tax on carried forward deficits only up to the amount of the deferred tax liability (net) on the other deferred tax liabilities, i.e. a recognized ADT of 1 287 K€ as of December 31, 2010 (against 1 238 K€ as of June 30, 2010).

Note 21. Related Parties

Compensation for the principal officers

As of December 31, 2010, the salaries and benefits in kind granted to the company's officers are broken down as follows:

Compensation for the principal officers (*)	12/31/2010 (6 months)	30/06/2010 (12 months)
Salaries and other short term benefits	76	155
Post termination compensation		
Other compensation **(1)**	36	32
Contract termination compensation		
Share based payments		
Directors fees		8
Total	**112**	**195**

(*) The officers, members of the parent company of Index Multimedia are not remunerated by the latter within the social mandates exercised within the Group.

(1) Other compensations were paid to Mr. Yamato. They do not correspond to a salary but to a director's fee.

Other transactions with related parties

Index Multimedia is included in the consolidated scope of its Japanese majority shareholder Index Europe Holdings Limited (43.7%). The latter being itself part of the Japanese Group Index Corp. having also directly 36.89% of Index Multimedia's shares.

The following transactions were made with the related parties:

In k€	INDEX HOLDINGS and subsidiaries (Index Multimedia group excl.)
Customers debts	194
Suppliers debts	(239)
Other debts	(978)
Total financial statements elements	**(1 023)**
Financial interests	(11)
Financial income	4
Provisions	(4)
Repayments to Partners	(1)
Hosting	(29)
Miscellaneous services	(70)
Marketing expenses	-
Total income statement elements	**(111)**

Note 22. Finance lease commitments

The finance lease commitment schedule, in discounted value, related to finance lease agreements, is the following:

Liabilities associated with finance lease agreements - minimum payment for the lease	12/31/2010 (6 months)	06/30/2010 (12 months)
Less than 1 year	117	117
Between 1 and 5 years	-	59
More than 5 years	-	-
Total	117	176
Future expenses associated with finance lease agreements	17	20
Discounted value of liabilities associated with finance lease agreements	100	156
Less than 1 year	100	99
Between 1 and 5 years	-	57
More than 5 years	-	-
Total	100	156

Index Holdings is guarantor at first request towards the company signatory of the new finance lease agreement.
The guarantee is granted for a maximum amount of 401 456 € starting of January 4, 2009, it will end on January 1, 2012.

Note 23. Commitment and contingent liabilities

Litigation with Sedaine Benelux

By letter dated July 24, 2009 Sedaine Benelux requested AMF, based on article 234-3 of AMG General Rules, the implementation by the majority shareholder of Index Multimedia of a public offer or the share price guarantee on Index Multimedia's shares, which, according to it, should have been made in December 2004.

Sedaine Benelux' claim was at first rejected by AMF and then by the Paris Court of Appeal, towards which the requestor appealed, by decision dated May 18, 2010 Sedaine Benelux was sentenced to pay to Index Multimedia the amount of 8.000 Euros pursuant to article 700 of the CPC as well as the total legal expenses.

Sedaine Benelux appealed on September 17, 2010 towards the Final Court of Appeal against the decision of May 18, 2010 made by the Paris Court of Appeal. It has to be noted that if the decision of the Final Court of Appeal would be in favour of Sedaine Benelux, the majority shareholder of Index Multimedia would be liable for the financial consequences.

In parallel, Sedaine Benelux has deposited on January 4, 2010 a claim in order to obtain the deferment of the execution of the decision made by the AMF on December 22, 2009 approving by visa number 09-371 the prospectus related to the capital increase of Index Multimedia.

By decision of January 26, 2010, the President of the Paris Court of Appeal has rejected the request for deferment of the said decision, has confirmed the rightful requests of AMF and Index Multimedia, and also sentenced Sedaine Benelux to pay to Index Multimedia the amount of 10.000 Euros pursuant to the provisions of article 700 of the CPC as well as the total legal expenses, but Index Multimedia has maintained its reconvention requests.

By decision of September 23, 2010, the Paris Court of Appeal has noted the waiver of Sedaine Benelux and rejected Index Multimedia's requests.

Other commitments made

- Support of Index Multimedia to its A3W and 123 Multimedia Ltd subsidiaries

Index Multimedia is committed supporting its A3W and123 Multimedia Ltd subsidiaries up to 32 K€ in case of financial difficulties met by these subsidiaries.

- Liability guarantee

As part of the sales agreement of its shares in its Option Images and Cell Broadcast Africa subsidiaries, Index Multimedia is guarantor for the tax and employees related liabilities for commitments before December 31, 2006 of these subsidiaries. For this purpose an initial provision of 188 K€ for employees related litigations was recognized and written off up to 130 K€ as of June 30, 2010. This position has not changed over the period.

As part of the sales agreement of its shares in its CAT and Taktil subsidiaries, Index Multimedia is guarantor for liabilities until December 31, 2012. As far as the tax, customs and employee related guarantee is concerned, the guarantee expires on the statutory limitation date applicable to the guaranteed fiscal year closed as of June 30, 2010.

Note 24. Discontinued activities

Within its restructuring, the Group has decided to sell its Well-Being and Mass Market direct marketing activities regrouped in its CAT subsidiary further to a partial assets contribution from Index Multimedia. This contribution approved by the Board of Directors meeting of July 30, 2010, concerns the Eurofirst DVD 5 database, tangible fixed assets as well as 28 people dedicated to the concerned activities.

Taking this decision into account, the corresponding assets were presented in the consolidated financial statements as of June 30, 2010 as activities to be discontinued and sold according to IFRS 5 – Non-current assets held for sale and discontinued activities, generating the following incidences:

- All the transactions related to the CAT activity were regrouped on the income statement line: « Net result of activities to be discontinued » ;
- Assets and liabilities were regrouped on the balance sheet assets and liabilities line: « Assets / Liabilities related to discontinued activities ».

Activities to be discontinued did not integrate the activity of the Taktil subsidiary in the financial statements presented as of June 30, 2010. The Group has decided to sell this subsidiary as of December 10, 2010 at the same time as the CAT activity. Therefore, the financial statements as of June 30, 2010 were reviewed to take into account Taktil's assets in the activities to be discontinued item.

Consolidated accounts prepared as of December 31, 2009 did not present assets related to activities to be discontinued. The consolidated financial statements as of December 31, 2009 were reviewed according to the IFRS 5 standards for the CAT and Taktil activities for comparison purposes between the half year financial statements.

Net result of discontinued activities as of December 31, 2010

In K€	12/31/2010 (6 months)	12/31/2009 (6 months)
Income from discontinued activities	2 737	12 563
Expenses from discontinued activities	(4 351)	(12 058)
Income/loss before tax of discontinued activities	**(1 614)**	**505**
Tax income/expenses on the result of discontinued activities	(5)	(3)
Net result of discontinued activities (1)	**(1 619)**	**502**
Result from sale of discontinued activities	971	-
Tax income/expenses on the result of sale of discontinued activities (2)	-	-
Income/loss of discontinued activities or being discontinued (3)	**(648)**	**502**

(1) Results integrated until November 30, 2010;

(2) The result on sale of discontinued activities is not subject to tax;

(3) The result of discontinued activities includes expenses of abt. 500 K€ invoiced by Index Multimedia over the period.

Revised income statement as of December 31, 2009

In K€	12/31/2009 (6 months) published	Revised IFRS 5 CAT & TAKTIL	12/31/2009 (6 months) revised*
Sales of maintained operations	**21 783**	**(12 563)**	**9 220**
Marketing expenses	(6 669)	6 290	(379)
Repayments to partners	(3 835)	765	(3 070)
Other purchases and external expenses	(6 238)	3 182	(3 056)
Taxes and duties	(427)	80	(347)
Personnel costs	(2 897)	858	(2 039)
Amortization	(864)	590	(274)
Provisions	283	-	283
Impairment of the goodwill	-	-	-
Licenses and authors rights	(532)	250	(282)
Other operating income	145	-	145
Other operating expenses	(393)	43	(350)
Operating income	**357**	**(505)**	**(148)**
Gross cost of the financial debt	(76)	-	(76)
Income from cash and cash equivalents	20	-	20
	-	-	-
Net cost of the financial debt	**(56)**	**-**	**(56)**
Other financial income	-	-	-
Other financial expenses	(8)	-	(8)
Financial result	**(64)**	**-**	**(64)**
Income/loss before tax of maintained operations	**293**	**(505)**	**(212)**
Income tax	4	3	7
Income/loss after tax of maintained operations	**297**	**(502)**	**(205)**
Result of discontinued activities or to be discontinued	-	502	502
Net income/loss	**297**	**0**	**297**
Pertaining to the shareholders of the parent company	297	0	297
Pertining to minority interests			-
Net earnings per share for the shareholders of the company (in Euro)			
- basic	0,037	0,000	0,037
- diluted	0,037	0,000	0,037
Earnings per share for the shareholders of the company (in Euro) for the maintained operations			
- basic		-0,047	-0,019
- diluted		-0,047	-0,019

Revised cash flow as of December 31, 2009

In K€	12/31/2009 (6 months) published	Revised IFRS 5	12/31/2009 (6 months)
Income (loss) before discontinued operations	**297**	**(502)**	**(205)**
Depreciation, amortization and provision	450	(590)	(140)
Tax liabilities	(4)	-	(4)
Deferred tax liabilities	-	-	-
Gain on sale or exchange of equity investments	162	-	162
Financial expenses	76	-	76
Other elements of the result without cash impact	60	-	60
Cash flow	**1 040**	**(1 092)**	**(52)**
Change in working capital requirements	(983)	3 001	2 018
Paid taxes	231	-	231
Interest expenses reclassified in financing activities	-	-	-
net cash flow from discontinued activities	-	-	-
I- CASH FOW FROM OPERATING ACTIVITIES	**288**	**1 909**	**2 197**
Acquisition of intangible fixed assets	(118)	-	(118)
Acquisition of tangible fixed assets	(4)	-	(4)
Proceeds from disposal of intangible fixed assets	-	-	-
Proceeds from disposal of tangible fixed assets	2	-	2
Change in loan and credit facilities	101	-	101
Net change debt/acquisition of fixed assets **(1)**	(2 261)	2 261	-
Net change debt/disposal of fixed assets **(2)**	-	-	-
Impact of perimeter changes	13	-	13
Net cash flow from investments of discontinued activities	-	-	-
II- CASH FLOW FROM INVESTMENT ACTIVITIES	**(2 267)**	**2 261**	**(6)**
Capital increase by the parent company	-	-	-
Dividends paid by the parent company	-	-	-
Share buy-back	(34)	-	(34)
Disposal of treasury stock	25	-	25
Loan granted by INDEX HOLDINGS JAPAN	-	-	-
Repayment of the loan to INDEX HOLDINGS JAPAN	-	-	-
Repayment of other loans	(55)	-	(55)
Paid interests	(27)	-	(27)
Other changes in financial liabilities **(3)**	(1 323)	-	(1 323)
III – CASH FLOW FROM FINANCING ACTIVITIES	**(1 414)**	**-**	**(1 414)**
IV - Impact of change in exchange rates	(2)	-	(2)
V- CASH FOW BEFORE DISCONTINUED ACTIVITIES (I + II+ III+ IV)	**(3 396)**	**4 170**	**774**
V- CAS FLOW FROM ACTIVITIES TO BE DISCONTINUED (I + II+ III+ IV) (4)	**-**	**(4 170)**	**(4 170)**
VII – NET CASH FLOW FOR THE PERIOD (V + VI)	**(3 396)**	**4 142**	**(3 396)**
Net cash and cash equivalents at the beginning of the period	5 993	(4 200)	1 793
Cash and cash equivalents from discontinued activities at opening	-	4 200	4 200
Net cash and cash equivalents at the closing before discontinued activities	2 597	(70)	2 527
Net cash and cash equivalents at the closing from discontinued activities	-	70	70
CHANGE IN CASH AND CASH EQUIVALENTS	**(3 396)**	**-**	**(3 396)**

(1) Repayment of the 2007 income tax advances on the subsidiary A3W ;
(2) Payment of the DVD 5 database acquired in June 2009 ;
(3) The other changes in financial liabilities correspond to advances on financing of debts received and reimbursed to Factocic, the factoring company.

Note 25. Segment reporting

From July 1, 2010 on, the activity of the group is divided into six operating segments used for internal reporting purposes:

- Well-Being (net of the contribution to CAT) ;
- Mass Market (net of the contribution to CAT) ;
- Online Games;
- Indirect sales;
- Community services;
- B2O (Business to operators).

The breakdown of the revenue and gross margin for each operating segment is the following:

(K€) 12/31/2010 (6 months)	Community services	BtoO (Operators)	Indirect Sales	Well-Being	Mass market	Online games	Total
Sales	1 938	1 482	2 746	498	185	-	**6 849**
Gross margin	1 841	1 366	1 038	498	143	- 85	**4 801**
In % of the sales	94.99%	92.17%	37.80%	100.00%	77.30%	N/A	**70.10%**

(K€) 12/31/2009 (6 months)	Community services	BtoO (Operators)	Indirect Sales	Well-Being	Mass market	Online games	Total
Sales	1 331	1 569	5 857	297	166	-	**9 220**
Gross margin	1 216	1 569	2 574	296	116	-	**5 771**
In % of the sales	91.36%	100.00%	43.95%	99.66%	69.88%	N/A	**62.59%**

The other expenses cannot be directly allocated by activity.

Due to the pooling of resources (equipment, human resources, financial resources), mainly concentrated on Index Multimedia as of December 31, 2010, it seems to the group not appropriate to allocate the assets and liabilities by operating segment.

Attestation de M. Takuo TANIMOTO Président Directeur Général sous la responsabilité duquel est établi le présent rapport financier

Je soussigné Takuo TANIMOTO

Président Directeur Général

Atteste, qu'à ma connaissance les comptes sont établis conformément aux normes comptables applicables et donnent une image fidèle du patrimoine, de la situation financière et du résultat de la société INDEX MULTIMEDIA, ou de l'ensemble des entreprises comprises dans la consolidation, et que le rapport semestriel d'activité présente un tableau fidèle des informations mentionnées à l'article 226-6 du règlement AMF.

Le 28 février 2011

Takuo TANIMOTO

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HALF YEAR ACTIVITY REPORT AS OF DECEMBER, 31 2010 (6 MONTHS)

We present you our half year activity report pursuant to the requirements of articles R232-13 of the Commercial Code, L.451-1-2 of the Finance and Monetary Code and 222-4 of the AMF General Rules.

I – Major event of the period

Sales of CAT and Taktil companies

On December 10, 2010, on the basis of accounts as of November 30, 2010, the group has sold the CAT (in which "Well-being direct marketing" and "Mass market direct marketing" activities were transferred on August 1st, 2010) and Taktil subsidiaries for respectively € 400 K and € 300 K, payable over a 2 years period.
In the framework of this transaction, the group has also granted 2 loans for a global amount of € 385 K to CAT payable in 24 monthly maturities with an interest rate of 3%.
Moreover a delay in repayment of deposit accounts for a respective amount of € 1 164 K for CAT and € 11 K for Taktil was granted with an interest rate of 4 % and 52 monthly payments.

Restructuring plan

The board of directors of November 8, 2010 has decided to authorize the implementation of a restructuring plan aiming to cut 18 jobs at a maximum in order to fit staff to the new group structure.

From July 1, 2010 to December 31, 2010, no lay-off related to this plan has occurred.

According to the IAS 37 rule, a provision has been booked in the accounts as of December 31, 2010.

Launch of the online game " Tower of Druaga"

The online game "Tower of Druaga – The recovery of Babylim" was officially launched in France on December 22, 2010. The online shop opened on January 27, 2011. Until this date, the game was totally free.

Sales of 2 Blogsphere licenses

Late September the company has sold 2 licenses enabling the use of Blogsphere software on the Japanese Territory to Skykitt co. Ltd and Wisetrade co. Ltd.

The global sale of these 2 licenses amounts to 826 K€ (90 000 K¥). Payment of these receivables is set on a quarterly basis over 2 years and they are discounted on a basis of Euribor 1-year + 1%.

Appointment of an independent director

The General Assembly of December 17, 2010 has decided to appoint Mr. Claude Yoshizawa as an independent director for a six-year period. This period will end during the General Assembly of shareholders to be held in 2016 for the approval of June 30, 2016 accounts.

Resignation of a Directeur Général Délégué

On December 31, 2010 Mr. Fumiaki Yamato has resigned from his functions of Directeur Général Délégué. The board of directors of January 27, 2011 has approved his resignation.

Litigation with an ex-employee

The company received a notification on July 13, 2010 from the conciliation office of the Industrial Tribunal upon request of an employee requiring the examination by the Court of the legal termination of his employment contract for fault from Index Multimedia, and the payment of a global amount of 682 625 €.

It has to be noted that this employee has been dismissed for serious fault, notified by letter of September 29, 2010, for reasons having no link with those indicated by him to support his request for legal termination.

According to the IAS 37 rule, a provision was booked in the accounts as of December 31, 2010.

Investigation by the AMF's investigators

The company is subject to investigations by the AMF's investigators regarding the lack of information on the tax audit notified on December 23, 2009 (see note 16 to the summary consolidated accounts) in the prospectus filed in December 23, 2009, and its addendum dated January 11, 2010. The conclusion of this investigation is currently examined by the college of the AMF.

II – Financial review

The summary consolidated half year financial statements as of December 2010 are closed by the board of directors during its meeting of February 28, 2011.

II.1 Consolidated income statement of the group

The situation of the interim consolidated financial statements as of December 31, 2010 (6 months) is presented with reference to the consolidated financial statements closed as of June 30, 2010 of 12 months for the balance sheet items and with reference to the consolidated financial statements closed as of December 31, 2009 of 6 months for income statement items, for compliance purpose with normative prescriptions in terms of financial information.

Referential, accounting principles and methods

Pursuant to the regulation n°1606/2002 adopted on July 19, 2002 by European Parliament and the European Council, the summary half year consolidated financial statements were prepared in compliance with the IFRS referential (International Financial Reporting Standards) as adopted in the European Union as of December 31, 2010.
The international accounting standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards) as well as SIC interpretations (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee).

The accounting principles and methods adopted in the summary half year financial statements as of December 31, 2010 are identical to those used in the consolidated financial statements prepared as of June 30, 2010.

No change in accounting method or estimate having an impact on the amount of the consolidated accounts of the group was made by Index Multimedia during the period.

According to IFRS5, half year financial statements as of December 31, 2009 has been adjusted in order to present items related to discontinued activities on an isolate line.

The summary half year consolidated financial statements covering a period of 6 months closed as of December 31, 2010 were prepared in accordance with the IAS 34 and IFRIC 10 standards and IFRS specific texts related to the interim financial information in the European Union.
As a summary accounts, they do not include all information required by IFRS referential for the preparation of annual accounts and have therefore to be read in relation with the consolidated accounts of the group prepared according to the IFRS referential as adopted by the European Union for the financial year closed as of June 30, 2010.

II.1.1 Revenue and gross margin

The consolidated sales amounted to € 6 849 K as of December 31, 2010. The breakdown per business segment is the following:

(K€)	Community Services	BtoO	Indirect Sales	Well-Being	Mass market	Online games	Total
Turn over	1 938	1 482	2 746	498	185	-	**6 849**
Gross margin	1 841	1 366	1 038	498	143	- 85	**4 801**
Gross margin ratio HY1 2010/2011	94,99%	92,17%	37,80%	100,00%	77,30%	N/A	**70,10%**
Gross margin ratio HY1 2009/2010	91,36%	100,00%	43,95%	99,66%	69,88%	N/A	**62,59%**

The refocusing of Index Multimedia on the *WEB Entertainment* demonstrates the good performance of maintained activities and this despite the impact inherent to the selective reduction of partnerships which mechanically weights on the business.

The gross margin is amounting to € 4 801 K as of December 31, 2010 against € 5 772 K as of December 31, 2009 (including IFRS5 adjustments).

It represents 70,10% of the turn over and shows an increase of 7,51 points compared with the December 31, 2009 one.

The main activity changes are the following:

- Community Services: the new services show a good dynamic especially "Tchatche.com" with a growth of 14 % and the "logosonneries" site with an increase of 1 028 % compared with the same period last year.

- Business to operator: this activity remain stable

- Indirect Sales : this activities confirm their decline

  Mainly micropayment and historical business has decreased

- Well-Being : This activity is still growing by 68 % compared with the same period of last year.
- Mass Market : these activities confirm their decline but this decrease is compensated by the increase of the revenue generated by the "123 Club" service (+217 %).

- Online Games : due to the commercial launch end of December 2010 of the online game "The Tower of Druaga", the first results are expected in the third quarter of the fiscal year 2010/2011.

II.1.2 Operating result

The operating result exceptional items excluding is amounting for the first half year to €+ 38 K against €- 148 K as of December 31, 2009 (including IFRS5 adjustments). The exceptional items for the first half year 2010/2011 are amounting to €- 1 211 K and included:

- A provision for restructuring plan of € 977 K implemented in order to adapt staff size to the new structure of the group.
- € 234 K write-off of tangible assets mainly composed of fittings not totally amortized related to released premises in the framework of restructuring.

The other purchases and external expenses are amounting to € 2 349 K against € 3 056 K as of December 31, 2009. They represent 34% of the turn over versus 33% last year.

Personnel costs are amounting to € 2 450 K against € 2 039 K as of December 31, 2009. They represent 35.77 % of the turn over (26,84% without impact of the provision for restructuring plan) compare to 22,11% last year.

Amortization of tangible and intangible assets is amounting to € 440 K against € 274 K as of December 31, 2009. The increase is mainly due to the amortization related to the Blogsphere license acquired during the second half of the fiscal year 2009/2010.

The net result of continued activities is €– 1 310 K including €- 1 211 K of exceptional item.

Result of discontinued activities is amounting to €- 648 K. This amount includes a consolidated gain on sale of €+ 732 K for CAT and of €+ 239 K for Taktil.

II.2 Financial structure

Cash flow from the current business are amounting €+ 3 693 K against €+ 2 197 K. This flow can be mainly explained by the change of the working capital of €+ 3 085 K and by the cash flow from operations of €+608 K.

Cash flow from investment operations are amounting to €- 2 633 K. This change corresponds mainly to the payment of the last installment for the Blogsphere license acquired during fiscal year 2009/2010, the Oshokuji navi licence and the loans granted to CAT.

Cash flow from financing operations show a decrease in financial resources of €- 1 141 K. This change correspond mainly to the fact that as of December 31, 2010 the company did not use advances on the financing from Factocic.

All these flows show a negative change in net cash of € - 190 K. Cash position of the Group is amounting as of December 31, 2010 to € 1 808 K.

III – Outlook

The half year 2010-2009 starts with the need to continue improving Index Multimedia's profitability on its current business line, both in its business approach and the ongoing streamlining of its mode of operation and to prepare future activities of the company ,especially on web.

In order to ensure our responsiveness to product and technological development requirements, we are continuing our special partnerships with those providers we know or whose expertise we have tested, always in the spirit of improving our profitability at the risk of this research having a negative impact on volume.

Going forward, we set new clear strategy to focus our resources to "Digital Web Entertainment Business" domain.

In this context, mainly two businesses appear to be priority stalwarts:

>Community service
Concerning SNS (Social Net Working) business,
We have already 7.5 Millions visitors per month on "Tchatche.com" SNS web site.
Continuing to improve both functionality and attractiveness

>Online game
We have launched "Tower of Druaga" on December in France and have scheduled to launch it in UK and Germany within this year 2011.

IV – Transaction with related parties

Transaction with related parties (mainly with Index Holdings) are described in note 23 in the notes to the consolidated accounts of June 30, 2010 as well as in note 21 to the summary consolidated financial statements as of December 31, 2010. They continued over the first half year 2010/2011 based on the same agreements with Index Holdings.

V – Main post-closing events

The board of directors of January 27, 2011 has decided that 123 Multimédia Edition, Acheter, Luna, Société des Techniques et Innovations subsidiaries (held by 100%) will be merged with their mother company Index Multimedia.

This board of directors has also decided the early liquidation of Clever Technologies Maroc and A3W Telecom respectively held by 99,97% and 100%.