hi-media
On-line media group

Press Release

Paris, 31 August 2009

Hi-media Group announces a 42% increase in operating profit for the first half of 2009

- **The Group demonstrates the strength of its model in a context of crisis:**
  - **Sales exceeding 74 million euros (+22%)**
  - **Operating profit[1] at 7.1 million euros (+42%)**
- **AdLINK Internet Media integration in a mastered environment and with a solid financial situation**

Paris, 31 August 2009 – The Hi-media on-line media group (ISIN code FR0000075988 - HIM, HIM.FR), one of the European leaders in monetisation of the Internet audience, announces its earnings for the first half of 2009.

Main consolidated data

6 months ending on 30 June in million of euros	**H1 2008**	**H1 2009**	**% variation**
Sales	60.8	74.3	22.2%
Gross profit	24.3	28.1	15.8%
Gross margin	*39.9%*	*37.8%*	
Operating profit[1]	5.0	7.1	41.9%
Net earnings of the consolidated companies	1.0	2.6	167.7%

(The consolidated income statement, cash flow statement and balance sheet appear in an appendix to the present press release.)

Commenting on the results for the first half of financial year 2009, Cyril Zimmermann, Hi-media's Founder and CEO, said that "Since the beginning of the year the media market has offered very limited visibility, but thanks to the very strong mobilisation of its teams and the strength of its economic model, Hi-media recorded exceptional performance in the sector with a 22% increase in sales and a 42% rise in operating profit for the first six months of the year. Hence it is under good conditions that the group is going to tackle the integration of AdLINK Media, thus creating the European leader in the advertising network activity and in micropayments."

[1] Before stock based compensation

On-line advertising (Hi-media Network)

	H1 2008	H1 2009	Variation
Sales (M€)[2]	30.4	28.2	-7%
Gross profit²	16.6	15.8	-5%
Gross margin²	55%	56%	

In the first half of the year, the advertising network activity demonstrated strong resilience to the current unfavourable environment with a limited 7% decline in activity, partly offset by an increased gross margin (particularly thanks to the contribution made by the group's proprietary sites).

Micropayments (Allopass)

	H1 2008	H1 2009	Variation
Sales (M€)[2]	30.4	46.0	+51%
Gross profit²	7.7	12.3	+60%
Gross margin²	25%	27%	

The Allopass business increased by more than 50% in the first half of the year, with an even stronger increase in gross profit (+60%).
Indeed, in a context characterised by an advertising market in crisis, the demand from site publishers for micropayment solutions markedly increases. Thus Hi-media decided to speed up development of this activity in France with a new site, and internationally with local teams in Spain, Portugal, Belgium, Sweden and the United States.

Publishing

	H1 2008	H1 2009	Variation
Sales (M€)²	5.8	7.9	+36%
Marge brute²	5,7	7,9	+0,6%
Gross margin²	99.0%	99.6%	

Hi-media Group's Publishing division has more than 53 million unique users per month, including c.50% in Europe.

Anticipating the decline of the advertising market, as of 2008 the group diversified the revenue from its own sites by developing micropayment revenue streams, now representing more than 26% of sales (16% in the first half of 2008). Thus the audience growth continues to power the sales increase (+36% compared with the first half of 2008).

About 28% of the consolidated gross profit now comes from Group sites.

Financial situation

[2] We should point out that the consolidated sales and gross profit do not correspond to the addition of the three activities: publishing, on-line advertising and micropayments. The reason is that the sales and the gross profit from the Publishing activity are to be found to a great extent in the sales and margin generated by the micropayment and on-line advertising activities.

Hi-media has managed to maintain a very high growth rate, in spite of the current crisis. The consolidated gross margin is characterised by slight erosion, at 38%, because of the increased share of micropayments (for which the margin is less than the one on advertising activities) in the group total revenue. Nevertheless, the margin for each of the activities increased which demonstrates a good management of the sales growth.

Strong increase of earnings and profitability

While the media sector is particularly affected by the current economic crisis, Hi-media has recorded a strong increase in activity and in its growth profit, which - combined with a control of the cost structure (+4% increase with a stabilisation of the personnel cost at -1% and an increase of 13% of the other expenses) - makes it possible to post a strong increase in profitability. The operating profit[3] of 7.1 million euros is up by 42% in comparison with the same period last year.

The stock based compensation cost of 1.5 million euros corresponds, in terms of IFRS accounting standards, to charges related to the value of the shares allocated to 119 executives and other employees from 2007 to 2008 subject to performance conditions, within the framework of the plans approved by the Shareholders' Meeting in 2005 and 2008 (having no effect on the cash position). The said charge should be less for the second part of the year.

The negative financial net income of -1.0 million euros versus -0.7 million euros in the first half of 2008, results from the debt raised from various acquisitions.

The tax charge of 2.1 million euros results from a current tax of 1.5 million euros and deferred taxes charge of 0.6 million euros.

Net income after tax for the first half of the financial year 2009 comes to 2.6 million euros, up by 168% in comparison to the first half of 2008.

Balance sheet strength

Hi-media has a strong financial structure. The Group's long-term indebtedness (23.2 million euros) remains very limited in comparison to the shareholders funds (131.4 million euros) and it respects all of the ratios negotiated with the banks. The positive cash position comes to nearly 14 million euros on 30 June 2009.

Perspectives:

The internet advertising market is contracting for the first time since 2002, but to a smaller extent compared to the other media. Hence the Internet continues to gain market shares vis-à-vis the traditional media, and the growth prospects for on-line advertising in the medium term remain very favourable.

The acquisition of AdLINK Internet Media is going to enable the group's advertising activity to become a European leader and to acquire a strategic position in anticipation of the rally on the advertising market that can be anticipated with the improvement of the macroeconomic context. Moreover the combination of the Hi-media and AdLINK advertising network activities should generate more than 5 million euros in cost synergies, and will give rise to an extremely powerful commercial offering, combining a

[3] Before stock based compensation

cumulative audience of more than 127 million unique users per month[4] with strengthened targeting capacities.

Thus the group is going to be able to continue to deploy the synergies between its various activities within a widened perimeter and a mastered environment. Furthermore it has to be underlined that during the discussions held with the AdLINK shareholders, on the basis of its figures at the end of March 2009 and while emphasising the low visibility available to it at that time, the Group communicated to its counterpart annual financial objectives for the year 2009 of 158 million euros in sales, 16 million in operating profit[5], and 7 million euros in net income, before consolidation of the AdLINK activity and of the costs connected with its integration.

The financial report with respect to the first half of the year ending June 30, 2009, is available on the Group website at www.hi-media.com in the corporate information section.

About Hi-media Group :

Hi-media, the online media group, is one of the top Internet publisher in the world with more than 50 million unique visitors per month on its proprietary websites. Hi-media is also a leading European player in online advertising and electronic payment. Its business model relies thus on two different sources of revenues: online advertising via its dedicated ad network Hi-media Network and online content monetization via its micropayment platform Allopass. The group which operates in 6 European countries, China, USA and Brazil employs more than 370 people and posted in 2008 135 million euros in sales. Independent since its creation in 1996, the company is listed since 2000 on the Euronext Eurolist Paris (Eurolist C) and is included in the SBF 250, CAC IT and CAC Small 90. ISIN code: FR0000075988. Hi-media qualifies for FCPI as it received the OSEO label of "innovating company".
Site : www.hi-media.com

Financial communication

Sales and quarterly information for the third quarter of 2009: On 5 November 2009 after the market close.

Investor contacts:

Cyril Zimmermann
President and CEO.

David Bernard
Chief Operating Officer
Tel: (33) 1 73 03 89 00,
Fax: (33) 1 73 03 89 54

E-mail: infofin@hi-media.com

---

[4] Source: Comscore, May 2009
[5] Before stock based compensation

Group's summary consolidated financial statements

Consolidated income statements for the half-years ending on 30 June 2009 and 30 June 2008

in thousands of euros	30 June 2009	30 June 2008
Sales	74 279	60 817
Charges invoiced by the media	-46 185	-36 550
Gross profit	**28 094**	**24 268**
Purchases	-8 332	-7 344
Payroll charges	-10 274	-10 373
Transfers to and write-backs from depreciation and provisions	-2 354	-1 525
Current operating profit *(before valuation of stock options and free shares)*	**7 133**	**5 026**
Valuation of stock options and of free shares	-1 535	-2 203
Other non-current income and charges	-	-
Operating profit	**5 598**	**2 823**
Cost of indebtedness	-1 133	-717
Other financial income and charges	121	-
Earnings of consolidated companies	**4 586**	**2 106**
Share in the earnings of the companies treated on an equity basis	93	-
Earnings before taxes of the consolidated companies	**4 679**	**2 106**
Taxes	-2 096	-1 141
Net income of the consolidated companies	**2 583**	**965**
Including minority interests	221	172
Including Group Share	**2 362**	**793**

	30 June 2009	30 June 2008
Weighted average number of ordinary shares	39 050 430	38 783 650
Earnings per share, Group share (in euros)	0,06	0,02
Weighted average number of ordinary shares (diluted)	40 955 354	39 721 845
Diluted earnings per share, Group share (in euros)	0,06	0,02

Consolidated balance sheets as of 30 June 2009 and 31 December 2008

ASSETS - ***in thousands of euros***	**Notes**	**30 June 2009**	**31 Dec. 2008**
Net goodwill		134 473	134 740
Net intangible fixed assets		13 240	12 455
Net tangible fixed assets		3 065	3 135
Deferred tax credits		8 939	9 664
Other financial assets		1 044	946
Non-current assets		**160 762**	**160 940**
Customers and other debtors		43 624	46 769
Other current assets		11 932	10 719
Current financial assets		19	36
Cash and cash equivalents		13 966	18 830
Current assets		**69 541**	**76 354**
TOTAL ASSETS		**230 303**	**237 294**

LIABILITIES - ***in thousands of euros***	**30 June 2009**	**31 Dec. 2008**
Share capital	4 027	3 981
Premiums on issue and on conveyance	107 173	103 011
Reserves and retained earnings	23 298	21 581
Treasury shares	-6 050	-6 160
Consolidated net income (Group share)	2 362	6 079
Shareholders' equity (Group share)	**130 810**	**128 492**
Minority interests	620	813
Shareholders' equity	**131 430**	**129 305**
Long-term borrowings and financial liabilities	23 200	27 051
Non-current provisions	776	776
Non-current liabilities	1 045	791
Deferred tax liabilities	670	687
Non-current liabilities	**25 691**	**29 305**
Short-term financial liabilities and bank overdrafts	14 104	14 945
Current provisions	-	-
Suppliers and other creditors	37 379	36 203
Other current debts and liabilities	21 699	27 536
Current liabilities	**73 182**	**78 684**
TOTAL LIABILITIES	**230 303**	**237 294**

Table of consolidated cash flows for financial year 2008 and for the half-years ending on 30 June 2009 and on 30 June 2008

in thousands of euros	Notes	30 June 2009	31 Dec. 2008	30 June 2008
Net income		2 583	6 423	965
Adjustments for:				
Depreciation of the fixed assets		2 110	2 773	1 318
Value losses		-	83	-
Investment income		-172	-94	-35
Interest charges		1 176	2 028	852
Extraordinary charge for commercial dispute		-	1 717	-
Share in associate companies		-93	-51	-
Earnings on disposals of fixed assets		50	200	45
Costs of share-based payments		1 535	3 411	2 203
Tax charge or credit		2 096	728	1 141
Operating profit before variation of operating capital need		9 285	17 217	16 232
Variation of account receivable and other debtors		2 057	-2 458	-4 895
Variation of accounts payable and other creditors		1 335	6 091	6 376
Net variation of provisions and personnel benefits		-	98	-208
Cash flow coming from operating activities		12 677	20 948	7 760
Interest paid		-1 085	-2 028	-852
Tax paid on earnings		-2 884	-2 207	-1 549
NET CASH FLOW COMING FROM OPERATING ACTIVITIES		**8 708**	**16 713**	**6 409**
Proceeds from disposals of fixed assets		-	-	-
Valuation of cash equivalents at fair value		172	94	63
Proceeds from disposals of financial assets		-	-	-
Disposal of a subsidiary, after deduction of the cash transferred		-	-	-
Subsidiary acquisition		-5 048	-11 860	-11 942
Acquisition of fixed assets		-2 961	-6 556	-3 044
Variation of financial assets		126	-276	-294
Variation of suppliers of fixed assets		-408	523	56
Effect of perimeter variations		-	-45	-
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES		**-8 119**	**-18 121**	**-24 700**
Proceeds from share issues		-	-	-
Redemption of treasury shares		-	-2 948	-1 960
New borrowings		-	23 825	22 890
Repayments of borrowings		-4 811	-9 789	-1 504
Dividends paid		-391	-274	-274
NET CASH FLOW COMING FROM FINANCING ACTIVITIES		**-5 202**	**10 815**	**11 083**
Effect of exchange rate variations		-206	-52	37
NET VARIATION OF CASH AND OF CASH EQUIVALENTS		**-4 820**	**9 355**	**-7 311**
Cash and cash equivalents on January 1		18 786	9 431	9 431
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (1)		**13 966**	**18 786**	**9 431**

(1) *Positive cash flow reduced by bank overdrafts.*