

HI-MEDIA: 2010 HALF YEAR RESULTS

- **Sales: 108.7 million euros (+8% proforma growth)**
- **Current EBIT¹: 7.1 million euros (+47% proforma growth)**
- **65.7 million euros in write-offs of assets**
- **Negative net results of 63.3 million euros**

Paris, 20 July 2010 – The on-line media group Hi-media (ISIN Code FR0000075988 - HIM, HIM.FR), the European leader in monetising the Internet audience, releases its results figures for the first half of the year 2010.

Main consolidated figures

H1 2010 <i>in million of euros</i>	H1 2009	H1 2009 <i>proforma</i>	H1 2010	Variation % <i>proforma</i>
Sales	74.3	100.7	108.7	8%
Gross profit	28.1	36.0	36.7	2%
<i>Gross margin</i>	<i>37.8%</i>	<i>35.7 %</i>	<i>33.8%</i>	
Current EBIT¹	7.1	4.9	7.1	47%
Stock based compensation	-1.5	-1.5	-1.1	-29%
Other non-current income and expenses	-	-	-62.0	Na
Financial result	-1.0	-1.2	-0.8	-23%
Share in the earnings of the companies treated on an equity basis	0.1	0.1	0.2	100%
Income before tax	4.7	2.2	-56.6	na
Income tax	-2.1	-2.0	-3.0	51%
Income tax on non current items	-	-	-3.7	na
Net income	2.6	0.2	-63.3	na

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

¹ Before stock based compensation and non current income and expenses

Commenting on the half year 2010 results, Cyril Zimmermann, Hi-media Group's founder and CEO, said that: « Our business continues to post strong growth in markets that are more and more technology oriented and global, gathering all digital communication tools. Our main strategic priority has been the AdLINK Media ad network integration which has been done by expanding the payment activity and by having new technological tools. At the same time, the Publishing activity is currently going through a deep positioning and valuation work. The newly combined Group first commercial results are encouraging and demonstrate that Hi-media is currently implementing, for the years to come, a very efficient and promising technological and sales organization. »

Hi-media Advertising

	H1 2009 <i>proforma</i>	H1 2010	Variation
Sales (€M) ²	54.2	52.9	-2%
Gross profit (€M) ²	23.8	23.0	-3%
Gross margin (%) ²	44%	44%	

During the first half of the year 2010 AdLINK Media integration went well in most of the countries. Hi-media Advertising proforma sales increased with the market:

- Belgium: +18% (excluding the declining SEM activity)
- Italy: +16%
- Portugal: +7%
- United Kingdom: +5%
- France: +5%
- Sweden: +3%

In Spain the activity resisted well (-2%) given the macro-economical context of the country. Nonetheless, the Group experienced some difficulties in Germany and in the Netherlands where teams and local management changes have been implemented. Hi-media did not lose any major clients in 2010 and even if it has decided to significantly revise down the sales level expectations for the second half of the year in these countries, the overall activity does not seem threatened. The recent actions taken in the two countries should improve their performance in the years to come.

Moreover, during the first six months of the year, the Group renewed some international contracts among which eBuddy, Viamichelin, Qype and signed new ones such as JustinTV, Zoover and Deviantart. The performance marketing business, launched during the second quarter of the year, as well as the mobile ad network will constitute some growth drivers in the years to come.

Lastly following the AdLINK Media integration, the advertising activity gross margin has been maintained at the same level compared to the first half of 2009 proforma.

Hi-media Payments

	H1 2009 <i>proforma</i>	H1 2010	Variation
Sales (€M) ²	46.0	55.8	+21%
Gross profit (€M) ²	12.3	13.7	+11%
Gross margin (%) ²	27%	25%	

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.

The Group Payments activity continues to deliver strong growth with a sales level up by 21% over the first six months of the year. This growth is mainly due to the international business dynamism validating Hi-media's expansion strategy that started two years ago. Belgium, Spain and Germany are the three areas where the growth of the activity is the most noticeable. The French sales level still grows at a double digits pace. The 2 points of gross margin decrease are due to a higher international sales level in the overall Payments activity and a regular decrease of invoiced Audiotel services.

Hi-media Publishing

	H1 2009 <i>proforma</i>	H1 2010	Variation
Sales (€M) ²	7.9	6.2	-22%
Gross profit (€M) ²	7.9	6.2	-22%
Gross margin (%) ²	100%	100%	

During the first half of the year, the Group Publishing activity posted a strong decrease in sales (-22% compared to 2009). This decline is mainly due to Fotolog and the average size French websites that recorded a decrease in audience and in sales. As a consequence, the company performed some impairment tests which led to write-offs of some assets for a total amount of 65.7 million euros (including the whole goodwill of Fotolog).

Jeuxvideo.com continues to post strong growth in audience and strong profitability. The Group decided to hire a new manager to head the Publishing activity in order to change priorities and restructure the teams.

Financial Situation

In a context of growth and mutation, the consolidated gross margin decreases by two points to 34% compared to the first half of the year 2009 proforma mainly due to a sales mix in favor of the Payments activity and in disfavor of the Publishing activity where respective gross margin are significantly different.

Current EBIT Improvement – Assets write-offs

Hi-media started generating cost synergies thanks to the AdLINK Media acquisition. Parts of them have been used to finance the Payments expansion in new countries as well as the launch of new advertising activities (performance marketing, mobile). Overall, the Group maintained its cost structure (-5% compared to H1 2009 proforma figures), which combined with the activity growth, generate a proforma current EBIT improvement at 7.1 million euro (+ 47%)³.

The stock based compensation cost of 1.1 million euros corresponds, in terms of IFRS accounting standards, to charges related to the value of the options and shares allocated to c.100 executives and other employees in 2008 and 2009 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 -62 million euros of non-current expenses are due to the Publishing assets write-offs.

³ Before stock based compensation and non current income and expenses

The negative financial income in an amount of 0.8 million euros, compared to 1.0 million euros in the first half of 2009, is due to the debt arising from the various past acquisitions.

The income tax charge of 6.7 million euro results from a current income tax of 1.9 million euro and from a differed income tax of 4.8 million euro (of which 3.7 million euros coming from the non-current items).

The consolidated net result for the first half of the year 2010 comes to -63.3 million euros.

Balance sheet strength

After the assets balance sheet revaluation, Hi-media has a solid financial structure with a long-term indebtedness (31.2 million euros) that remains very low compared to the shareholders' funds (98.5 million euros). The cash position stands at c.12 million euros as of June 30, 2010.

Perspectives :

During the first half of the year, the Group went through some difficulties on certain areas of its business due to issues coming from some isolated segments of activity or geographies. The other parts of the business continue to grow, to innovate and generate a satisfying profitability level.

The Group short term profitability is overall negatively impacted by the two underperforming Advertising geographies and some of the Publishing assets. The 2010 current EBIT should be comparable to the full year 2009 published current EBIT but should increase compared to the full year 2009 proforma one. Once these temporal issues will be solved, Hi-media should demonstrate growth in profitability again.

The financial report with respect to the first half of the year ending June 30, 2010, is available on the Group website at www.hi-media.com in the corporate information section.

This press release does not constitute an offer to sell, or a solicitation of an offer to buy Hi-Media shares. If you wish to obtain further information about Hi-Media, please refer to our website www.hi-media.com. This press release may contain some forward-looking statements. Although Hi-Media considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements. Hi-Media operates in a continually changing environment and new risks emerge continually. Hi-Media does not undertake and expressly disclaims any obligation to update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

About Hi-media Group :

Hi-media, the online media group, is one of the top Internet publisher in the world with nearly 50 million unique visitors per month on its proprietary websites. Hi-media is also the 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 Advertising and online content monetization via its micropayment platform Allopass. The group which operates in 10 European countries, USA and Brazil employs more than 500 people and posted in 2009 206 million euros in sales (proforma). Independent since its creation in 1996, the company is listed since 2000 on the Euronext Eurolist Paris (Eurolist B) 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 2010: On 3 November 2010 after the market close.

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Group's summary consolidated financial statements

Consolidated income statements for the half-years ending on 30 June 2010 and 30 June 2009

<i>in thousand euros</i>	30-Jun-10	Pro Forma 09	30-Jun-09
Revenue	108,656	100,676	74,279
Charges invoiced by the media	-71,957	-64,722	-46,185
Gross profit	36,699	35,954	28,094
Purchases	-10,301	-12,020	-8,332
Payroll charges	-16,869	-15,977	-10,274
Transfers to and write-backs from depreciation and provis	-2,385	-3,083	-2,354
Current operating profit (before stock based compensation)	7,144	4,873	7,133
Stock base compensation	-1,092	-1,535	-1,535
Other non-current income and expense	-62,032	-	-
Operating profit	-55,981	3,338	5,598
Cost of indebtedness	-1,016	-1,360	-1,133
Other financial income and charges	225	113	121
Net income of the consolidated companies	-56,771	2,091	4,586
Share in the earnings of the companies treated on an equit	186	93	93
Earnings before tax of the consolidated companies	-56,585	2,184	4,679
Income tax	-2,980	-1,977	-2,096
Income tax (on non recurring items)	-3,715	-	-
Net income of the consolidated companies	-63,280	207	2,583
Including minority interests	213	221	221
Including Group share	-63,493	-14	2,362

Consolidated balance sheets as of 30 June 2010 and 31 December 2009

ASSETS - in thousand euros	30-Jun-10	31-Dec-09
Goodwill	121,310	170,005
Intangible fixed assets	6,862	13,298
Tangible fixed assets	1,909	2,803
Deferred taxes	6,344	10,744
Non-current financial assets	1,752	1,608
Non-current assets	138,177	198,458
Accounts receivable	73,235	69,918
Other current assets	14,782	14,400
Current financial assets	-	19
Cash and cash equivalents	11,824	19,485
Current assets	99,841	103,822
TOTAL ASSETS	238,018	302,280

LIABILITIES - in thousand euros	30-Jun-10	31-Dec-09
Share Capital	4,438	4,427
Premiums on shares and on conveyance	124,098	123,348
Reserves and retained earnings	34,885	22,435
Treasury shares	-2,133	-1,916
Consolidated net income	-63,493	6,495
Shareholders' equity	97,794	154,788
Minority interests	705	824
Shareholders' equity (after minorities)	98,499	155,612
Long-term borrowings and financial liabilities	31,187	36,014
Non-current Provisions	1,001	982
Non current liabilities	798	897
Deferred taxes	593	628
Total non-current liabilities	33,579	38,521
short-term financial debts and bank overdrafts	17,927	15,202
Provisions	-	-
Accounts payable	62,841	69,058
Other current liabilities	25,172	23,887
Total current liabilities	105,940	108,147
Total liabilities and equity	238,018	302,280

Table of consolidated cash flows for financial year 2009 and for the half-years ending on 30 June 2010 and on 30 June 2009

<i>in thousand euros</i>	30-Jun-10	31-Dec-09	30-Jun-09
Net income	-63,280	6,920	2,593
<i>Adjustments for:</i>			
Depreciation of the fixed assets	2,555	4,374	2,110
Losses of value	61,921	-	-
Investment products	-	-46	-172
Interest expenses	1,036	2,079	1,176
Share in the earnings of the companies treated on an equity basis	-186	-372	-93
Earnings from disposals of tangible fixed assets	-	48	50
Costs of payments based on shares	1,092	2,216	1,535
Tax income / charges	6,695	3,265	2,086
Operating profit with variation of the operating capital	9,833	18,484	9,285
Variation of working capital	-6,342	5,253	3,392
Cash coming from operating activities	3,491	23,737	12,677
Interest paid	-864	-1,711	-1,085
Tax on earnings paid	-672	-4,365	-2,884
NET CASH COMING FROM OPERATING ACTIVITIES	1,954	17,661	8,708
Fair value valuation of cash equivalents	11	89	172
Acquisition of subsidiary, after deduction of cash acquired	-3,226	-8,500	-5,048
Acquisition of fixed assets	-2,230	-5,380	-2,961
Variation of financial assets	-271	-140	126
Variation of suppliers of fixed assets	-72	-440	-408
Change in perimeter impact	-	-	-
NET CASH COMING FROM INVESTMENT ACTIVITIES	-5,789	-13,557	-8,119
Proceeds from share issues	22	22	-
Redemption of own shares	-	-	-
New borrowings	-	6,016	-
Repayments of borrowings	-2,268	-8,999	-4,811
Dividends paid	-342	-391	-391
NET CASH COMING FROM FINANCING ACTIVITIES	-2,588	-3,352	-5,202
Exchange rate variation impact	-1,238	-53	-206
NET VARIATION OF CASH AND CASH EQUIVALENTS	-7,660	699	-4,820
Cash and cash equivalents at beginning of year	19,485	18,785	18,785
CASH AND CASH EQUIVALENT AT END OF PERIOD	11,824	19,485	13,966