

HI-MEDIA GROUP: FULL YEAR 2010 RESULTS

- **Sales: 222 million euro (+8% proforma growth)**
- **Current operating profit¹: 16 million euro (+27% proforma growth)**
- **Asset write-downs of 65.9 million euro**

Paris, 23 March 2011 – 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 full year 2010.

Main consolidated figures

<i>Fiscal year ending 31 December (million of euro)</i>	2009	2009 proforma	2010	Variation % proforma	Variation % published
Sales	172.3	204.9	222.0	8%	29%
Gross profit	63.1	72.7	75.6	4%	20%
<i>Gross margin</i>	<i>36.6%</i>	<i>35.5%</i>	<i>34.1%</i>		
Current operating profit¹	16.5	12.6	16.0	27%	-3%
Stock based compensation	-2.2	-2.2	-1.9	-16%	-16%
Other non-current expenses and income	-2.5	-3.7	-62.2	na	
Financial income	-2.0	-2.0	-1.6	-20%	-20%
Share in net income of associate companies	0.4	0.4	0.4	-	-
Pre-tax income (loss)	10.2	5.0	-49.3	na	na
Income tax	-3.3	-3.3	-5.6	72%	71%
Income tax on non-current items	-	-	-3.8	na	na
Net income (loss) of the consolidated companies	6.9	1.8	-58.6	na	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 the results for 2010, Cyril Zimmermann, founder and CEO of Hi-media declared: "During the last 18 months and supported by a sustainable growth, the Group went through major changes in order to successfully integrate AdLINK Media ad network, expand internationally and develop its technological assets. Hi-media is now a major player in the digital media sector in Europe. Our Group has the relevant organization and tools in place to keep growing and improve its profitability - a priority for the current year and going forward".

Hi-media Advertising: Growth path recovery at the end of 2010 and during 2011

	2009 published	2009 proforma	2010	proforma variation	Published variation
Sales (M€) ²	76.3	109.1	107.9	-1%	41%
Gross profit (M€) ²	38.0	47.6	47.9	1%	26%
Gross margin (%) ²	50%	44%	44%		

The Group largely reorganized and repositioned its advertising activity during 2010. These changes began to bear fruits during the 2010 fourth quarter, a year after AdLINK Media acquisition.

The end of year 2010 demonstrated a positive growth upturn (+4.3%³) along with stable margins. **This growth path recovery over the second half of 2010 is expected to continue during 2011.**

Hi-media Payments: Strong organic growth

	2009	2010	Variation
Sales (M€) ²	95.9	114.1	19%
Gross profit (M€) ²	25.1	27.7	11%
Gross Margin (%) ²	26%	24%	

The Group's online payment business articulated around both the Allopass platform (www.allopass.com) and the Hipay e-wallet solution continues to enjoy double-digit organic growth. Activity is strong in France **and foreign offices posted excellent results (59% increase in the number of transactions).**

Strong growth is expected for 2011 with margins under control and no major new costs to support.

Hi-media Publishing: return to profitability

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.

³ Excluding search marketing and sponsored links

	2009	2010	Variation
Sales (M€) ⁴	15.4	14.1	-8%

Following a drop in sales of 22% during the first half of 2010, essentially due to the poor performance of Fotolog and a complete write-down of assets for this site, the Group proceeded to a major reorganization of its Publishing unit, which posted a positive growth at the end of 2010 (increase in sales of 7% during the second half of 2010).

Despite an unfavorable basis of comparison for the first 6 months of 2011, this activity will be stable in 2011, and will be contributive to the Group results.

Financial Situation

Within this context of growth and changes, the proforma gross margin remained under control at around 34%.

Improved proforma Current Operating Profit – Asset write-downs

The year 2010 saw Hi-media's proforma current operating profits grow by 27% to reach 16 million euro, thanks its activity growth and its cost savings generated through the acquisition of AdLINK Media. Some of these savings were used to finance the reorganization in some countries, and to launch new advertising activities, all of which will contribute to the Group 2011 profits.

The non-current expense of 62.2 million euro was caused by the write off of assets in the Publishing activity.

The income tax of 9.4 million euro consists in a current tax of 3.6 million euro, and a deferred tax of 5.8 million euro (of which 3.8 million euro is linked to non-current items).

The net income of the consolidated companies for the full year 2010 came in at a loss of 58.6 million euros.

Solidity of the Balance Sheet

Following the complete valuation review of its balance sheet assets, Hi-media Group has a solid financial structure. The Group's long-term debt (15 million euro) remains limited compared with the shareholder equity (103 million euro). The cash position stood at 15 million euro as of December 31, 2010.

Perspectives

The Group proceeded to a complete reorganization of some activities that could potentially harm its profitability. This did not have any negative impact on the overall growth trend, and Hi-media is very well-positioned in its markets to ensure a continuous activity growth trends during 2011.

This underlying growth is expected to go along with stable margins in each business segment, as well as a strict cost control policy to ensure profits growth, a priority for this year and going forward.

The financial statements for the accounts closed on 31 December 2010 are available on the Group website (www.hi-media.com) under Corporate Information.

⁴ 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.

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 under the Corporate Information heading.

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 publishers in the world. Hi-media is also the leading European player in interactive advertising and electronic payments. 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 Hi-media Payments.

The group which operates in 9 European countries, USA and Brazil employs more than 500 people and in 2010 posted 220 million euros in sales. 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".

Website: www.hi-media.com

Blog: <http://blog.hi-media.com>

Financial communication

First quarter 2011 sales figures and quarterly information: May 3, 2011 before market opening.

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Consolidated financial statements for FY 2010 and 2009

<i>in thousands of euros</i>	31 Dec 2010	31 Dec 2009
Turnover	222	172
	044	323
Expenses invoiced by the media	-146	-109
	471	272
Gross margin	75	63
	573	051
Purchases	-22	-19
	523	571
Personnel expenses	-33	-23
	567	025
Transfers to and write-backs from depreciation and provisions	-3 466	-3 939
Operating profit(before stock based compensation)	16	16
	017	516
Stock based compensation	-1 854	-2 216
Other non-current income and expenses	-62	-2 520
	157	
Operating profit	-47	11
	994	780
Cost of debt	-2 153	-2 079
Other financial income and expenses	534	111
Income of consolidated companies	-49	9 812
	613	
Share in the earnings of associates	360	372
Earnings before tax of consolidated companies	-49	10
	253	185
Taxes	-5 590	-3 265
Taxes on non-recurring items	-3 806	-
Net income from consolidated companies	-58	6 920
	648	
Minority interests	533	425
Including Group share	-59	6 495
	181	

Short-term financial liabilities and bank overdrafts	33	15
	638	202
Current provisions	-	-
Trade and other payables	80	69
	935	058
Other current debts and liabilities	25	23
	640	887
Current liabilities	140	108
	213	147
TOTAL LIABILITIES	259	302
	704	280

Table of consolidated cash flows for FY 2010 and 2009

<i>in thousands of euros</i>	31 Dec 2010	31 Dec 2009
Net income	-58 648	6 920
<i>Adjustments for:</i>		
Depreciation of fixed assets	4 050	4 374
Losses of value	61 746	-
Investment products	-	-46
Cost of net financial debt	2 153	2 079
Share in associated companies	-360	-372
Net income on disposals of fixed assets	34	48
Costs of payments based on shares	1 854	2 216
Tax charge or proceeds	9 395	3 265
Operating profit before changes in working capital	20 224	18 484
Changes in working capital requirements	-4 804	5 253
Cash coming from operating activities	15 419	23 737
Interest paid	-2 235	-1 711
Tax on earnings paid	-2 085	-4 365
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES	11 099	17 661
Income from sale of fixed assets	-	815
Valuation at fair value of cash equivalents	23	89
Proceeds from sale of financial assets	58	-
Disposal of subsidiary, after deduction of cash transferred	-	-
Disposal of subsidiary, after deduction of cash transferred	-7 733	-8 500
Acquisition of fixed assets	-3 889	-5 380
Change in financial assets	-271	-140
Change in asset suppliers	-2	-440
Impact of changes in consolidation	-	-
NET CASH FLOW RESULTING FROM INVESTMENT ACTIVITIES	-11 813	-13 557
Proceeds from share issues	22	22
Repurchase of own shares	-	-
New borrowings	-	6 016
Repayments of borrowings	-9 066	-7 832
Change in other debt	5 796	-1 167
Dividends paid	-342	-391
NET CASH FLOW RESULTING FROM FINANCIAL ACTIVITIES	-3 591	-3 352
NET CHANGE IN CASH POSITION AND CASH EQUIVALENTS	-4 305	699
Impact of changes in exchange rates	-441	-53
Cash and cash equivalents at 1 January	19 485	18 785
CASH AND CASH EQUIVALENTS AT END OF PERIOD ⁽¹⁾	14 739	19 485