

Paris, August 31st, 2011

**HI-MEDIA GROUP ANNOUNCES A PROFITABILITY UPTURN AND RECORD PERFORMANCES FOR THE FIRST HALF OF 2011**

- **Sales: 118 million euros (+8% growth)**
- **Current operating profit<sup>1</sup>: 9 million euros (+26% growth)**
- **Net results after tax: 5.1 million euros (vs – 63 million in H1 2010)**
- **The Payment activity remains in the Group perimeter**

**Paris, August 31st, 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 first half of the year 2011.

**Main consolidated data**

<i>First half of fiscal year ending December 31, 2011 (million of euro)</i>	<b>H1 2011</b>	<b>H1 2010</b>	<b>Variation %</b>
<b>Sales</b>	<b>117.5</b>	<b>108.7</b>	<b>8%</b>
Gross profit	38.2	36.7	4%
<i>Gross margin</i>	<i>32.5%</i>	<i>33.8%</i>	
<b>Current operating profit<sup>1</sup></b>	<b>9.0</b>	<b>7.1</b>	<b>26%</b>
Stock based compensation	-1.0	-1.1	-12%
Other non-current expenses and income	-0.1	-62.0	na.
Financial income	-0,9	-0,8	12%
Share in net income of associate companies	0.2	0.2	na.
<b>Pre-tax income (loss)</b>	<b>7.3</b>	<b>-56.6</b>	<b>na.</b>
Income tax	-2.2	-3.0	-10%
Income tax on non-current items	-	-3.7	na
<b>Net income (loss) of the consolidated companies</b>	<b>5.1</b>	<b>-63.3</b>	<b>na.</b>

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

<sup>1</sup> Before stock based compensation and non current income and expenses.

Commenting the results for the first half of 2011, Cyril Zimmermann, founder and CEO of Hi-Media declared: «Hi-Media did recover its profitability level in a remarkable way and posted its best first semester ever. After the strategic review, its positioning is reinforced and its current strategy confirmed. **Hi-Media is THE marketing and ecommerce partner for the digital content industry across Europe.** We are going to continue the development of the company toward a one stop shop solution for monetizing audience around the three business units of the Group Advertising, Payments and Publishing. We work on a better integration of these units for higher synergies. »

### Hi-Media Advertising: the growth upturn confirmed

	H1 2011	H1 2010	Proforma variation	Published variation
Sales (€M) <sup>2</sup>	53.3	52.8	4%	1%
Gross profit (€M) <sup>2</sup>	23.5	23.0	6%	2%
Gross margin (%) <sup>2</sup>	44%	44%		

The Group confirms the uptake in the activity trend that occurred end of 2010 with a slight increase in published figures and a 4.3% growth on a constant perimeter basis for the first half of the year (some non profitable entities had been closed in 2010 during the Group international restructuring process). During this first half of the year, the Group benefited from the upturn of the display advertising market as well as the development of its performance marketing activity.

### Hi-Media Payments: A high and sustainable growth

	H1 2011	H1 2010	Variation
Sales (€M) <sup>2</sup>	64.3	55.8	15%
Gross profit (€M) <sup>2</sup>	14.6	13.7	7%
Gross margin (%) <sup>2</sup>	23%	25%	

The Group's online payment business articulated around both the Allopass platform ([www.allopass.com](http://www.allopass.com)) and the Hi-Pay e-wallet solution continues ([www.hipay.com](http://www.hipay.com)) to enjoy strong growth. More specifically, mobile payment increase by 33% and represents 60% of the total transactions. The e-wallet Hi-Pay continues also to grow and has passed the 0.6 million users mark. These users make transactions over more than 1,200 Internet sites.

This activity dynamism should be confirmed during the second half of the year, especially thanks to recently launched technological innovations developed in-house by Hi-Media technical teams: virtual currency script, payment solution for video content, geographical coverage expansion, subscription solutions. Furthermore, Allopass has been certified as a payment service provider by the French Central Bank *Autorité de Contrôle Prudenciel* (prudential control authority) during the summer allowing Allopass, among other things, to process credit card transactions.

<sup>2</sup> 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 Publishing : a new start

	H1 2011	H1 2010	Variation
Sales (€M) <sup>3</sup>	7.0	6.2	14%

The Publishing unit did better than the flat level of activity expected in 2011. It confirms the growth upturn that started end of 2010 while benefiting from a significantly reduced cost base.

Jeuxvideo.com continues to grow and established itself as a sustainable leading Internet site (the 2<sup>nd</sup> most visited French site per the OJD Internet estat) and mobile site. The other Entertainment sites of the Group did also demonstrate increasing performances during the first half of the year. Moreover, Hi-Media has tested new business models on the news vertical with [vivat.be](http://vivat.be) and with the multimedia book [www.lafrancedesreseaux.com](http://www.lafrancedesreseaux.com).

## Financial Situation

### *Profitability improvement*

After the asset restructuring that it went through in 2010, the Hi-Media Group demonstrated a large upturn of its operational performances and profitability.

Thanks to the sales growth, the control of its margin and cost structure, the Group posted a current operating profit of 9 million euros up by 26% compared to the first half of the year 2010. This constitutes its best performance ever on a first half of the year period of which seasonality traditionally is less favorable.

The stock based compensation cost, the financial result and the share in net income of associate companies are stable compared to the first half of the year 2010. The non recurring expenses mainly result from charges incurred by the Allopass France process to be granted service payment provider, the strategic review led on the Payment activity and costs related to an external fraud. These amounts are mostly offset by a sale of shares proceeds. Thus the Group posted a net result before tax of 7.3 million euros which is also an historical performance for a first semester.

The posted income tax is 2.2 million euros and net results after tax lands at 5.1 million euros.

### *Balance sheet strengths*

Hi-Media Group has signed a new long term syndicated loan with its banks and reimbursed the vendor loan linked to the AdLINK Internet Media acquisition in June 2011 for a total amount of 12 million euro. As of June 30<sup>th</sup>, after this vendor loan reimbursement, the Group enjoys a strong balance sheet situation with a long term debt

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of 27 million euro which remains limited compared to the shareholder equity (108 million euro). The cash position stood at 14 million euro as of June 30, 2011.

## **Perspectives**

During the first half of the year, the Group went through a strategic review with respect to its online payment assets. The analysis led with external advisors of which the strategic advisor Oliver Wyman and NIBC Bank underlined the high growth potential of the Payment activities of the Group across Europe in the digital content industry and more specifically in the online video game and news/press fields. Moreover, thanks to a strong technological innovation and an outstanding sales dynamism, the activity during the last twelve months posted strong performances and promising short and midterm trends.

In the current context where paid digital contents in the respective video game, video entertainment and news fields demonstrate very positive trends to reach an expected 25 billion euros mark in 2015 in Europe and in the United States (source : Oliver Wyman), Hi-Media board of directors decided that in the best interest of the shareholders, the company and the employees, it was essential to maintain the Payment activity within the Group perimeter and to go further in its integration with the other business units of the Group Advertising and Publishing. Based on in-house or external state of the art technological platforms the Group will continue to develop its services in order to be THE marketing and ecommerce partner in the digital content industry in Europe.

The financial statements for the accounts closed on 30 June 2011 are available on the Group website ([www.hi-media.com](http://www.hi-media.com)) under Corporate Information.

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](http://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 CAC Small and CAC All-Tradable. ISIN code: FR0000075988.

Hi-media qualifies for FCPI as it received the OSEO label of "innovating company".

Website: [www.hi-media.com](http://www.hi-media.com)

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

### **Financial communication**

Third quarter 2011 sales figures and quarterly information: November 3, 2011 after market closure.

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## Group's summary consolidated financial statements

### Consolidated income statements for the half-years ending on 30 June 2011 and 30 June 2010

<i>In thousands of euro</i>	30 June 2011	30 June 2010
Sales	117 530	108 656
Charges invoiced by the media	-79 345	-71 957
<b>Gross profit</b>	<b>38 185</b>	<b>36 699</b>
Purchases	-12 387	-10 301
Payroll charges	-15 834	-16 869
Depreciation & Amortization	-961	-2 385
<b>Current operating profit (before stock based compensation)</b>	<b>9 003</b>	<b>7 144</b>
Stock based compensation	-960	-1 092
Other non-current income and charges	-63	-62 032
<b>Operating profit</b>	<b>7 980</b>	<b>-55 981</b>
Cost of indebtedness	-839	-1 016
Other financial income and charges	-48	225
<b>Earnings of consolidated companies</b>	<b>7 093</b>	<b>-56 771</b>
Share in the earnings of the companies treated on an equity basis	167	93
<b>Earnings before taxes of the consolidated companies</b>	<b>7 260</b>	<b>-56 585</b>
Income tax	-2 171	-2 980
Income tax on non recurring items	0	- 3 715
<b>Net income of the consolidated companies</b>	<b>5 089</b>	<b>-63 280</b>
Including minority interests	194	213
<b>Including Group Share</b>	<b>4 895</b>	<b>-63 493</b>

**Consolidated balance sheets as of 30 June 2011 and 31 December 2010**

<b>ASSETS - In thousands of euro</b>	<b>30 June 2011</b>	<b>31 Dec. 2010</b>
Net goodwill	121 420	121 419
Net intangible fixed assets	9 077	7 671
Net tangible fixed assets	1 952	1 609
Deferred tax credits	6 468	5 072
Other financial assets	1 933	2 029
<b>Non-current assets</b>	<b>140 850</b>	<b>137 800</b>
Customers and other debtors	76 320	83 513
Other current assets	27 951	23 622
Current financial assets	6	-
Cash and cash equivalents	15 079	14 770
<b>Current assets</b>	<b>119 356</b>	<b>121 904</b>
<b>TOTAL ASSETS</b>	<b>260 206</b>	<b>259 704</b>
<b>LIABILITIES - In thousands of euro</b>	<b>30 June 2011</b>	<b>31 Dec. 2010</b>
Share capital	4 447	4447
Premiums on issue and on conveyance	123 975	123 975
Reserves and retained earnings	-23 859	34 423
Treasury shares	-2 105	-2 105
Consolidated net income (Group share)	4 895	-59 181
<b>Shareholders' equity (Group share)</b>	<b>107 353</b>	<b>101 558</b>
Minority interests	833	1 014
<b>Shareholders' equity</b>	<b>108 186</b>	<b>102 573</b>
Long-term borrowings and financial liabilities	27 015	14 978
Non-current provisions	794	828
Non-current liabilities	309	542
Deferred tax liabilities	552	572
<b>Non-current liabilities</b>	<b>28 670</b>	<b>16 919</b>
Short-term financial liabilities and bank overdrafts	21 238	33 638
Current provisions	-	-
Suppliers and other creditors	74 237	80 935
Other current debts and liabilities	27 875	25 640
<b>Current liabilities</b>	<b>123 350</b>	<b>140 213</b>
<b>TOTAL LIABILITIES</b>	<b>260 206</b>	<b>259 704</b>

**Table of consolidated cash flows for financial year 2010 and for the half-years ending on 30 June 2011 and on  
30 June 2010**

<i>In thousands of euro</i>	<b>30 June 2011</b>	<b>31 Dec. 2010</b>	<b>30 June 2010</b>
Net income	5 089	-58 648	-63 280
<i>Ajustments for :</i>			
Depreciation of the fixed assets	1 417	4 050	2 555
Value losses	-	61 746	61 921
Investment income	-	-	-
Cost of net financial indebtedness	863	2 153	1 036
Share in associated companies	-167	-360	-186
Net income on disposals of fixed assets	451	34	-
Costs of payments based on shares	960	1 854	1 092
Tax charge or proceeds	2 171	9 395	6 695
<b>Operating profit before variation of the operating capital need</b>	<b>10 785</b>	<b>20 224</b>	<b>9 833</b>
Variation of the operating capital need	-3 668	-4 804	-6 342
<b>Cash flow coming from operating activities</b>	<b>7 117</b>	<b>15 419</b>	<b>3 491</b>
Interest paid	-1 204	-2 235	-864
Tax on earnings paid	-1 832	-2 085	-672
<b>NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES</b>	<b>4 081</b>	<b>11 099</b>	<b>1 954</b>
Income from disposals of fixed assets	24	-	-
Valuation at fair value of the cash equivalents	-	23	11
Proceeds from disposals of financial assets	-50	58	-
Disposal of subsidiary, after deduction of cash transferred	-	-	-
Acquisition of a subsidiary	-	-7 733	-3 226
Acquisition of fixed assets	-3 216	-3 889	-2 230
Variation of financial assets	-111	-271	-271
Variation of suppliers of fixed assets	-31	-2	-72
Effect of the perimeter variations	-	-	-
<b>NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES</b>	<b>-3 384</b>	<b>-11 813</b>	<b>-5 789</b>
Proceeds from share issues	-	22	22
Redemption of own shares	-	-	-
New borrowings	33 803	-	-
Repayments of borrowings	-36 572	-9 066	-2 268
Other Financial liabilities variation	1 541	5 796	-
Dividends paid	-377	-342	-342
<b>NET CASH FLOW COMING FROM FINANCING ACTIVITIES</b>	<b>-1 605</b>	<b>-3 591</b>	<b>-2 588</b>
Effect of exchange rate variations	-47	-441	-1 238
<b>NET VARIATION OF CASH AND OF CASH EQUIVALENTS</b>	<b>-955</b>	<b>-4 305</b>	<b>-7 660</b>
Cash and cash equivalents on January 1	14 739	19 485	19 485
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>13 785</b>	<b>14 739</b>	<b>11 824</b>