2012 INTERIM FINANCIAL REPORT

A corporation with a capital of 4.562.864,50 euros
15/17, rue Vivienne – 75002 Paris
Paris Trade and Companies Register 418 093 761
www.hi-media.com

Summary

Management report

PRESENTATION OF EARNINGS FOR THE FIRST HALF OF 2012

I. Comments concerning the income statement

Sales by activity

In thousands of euro	**30 June 2012**	**30 June 2011**
Advertising	44 357	53 255
Payments	56 482	64 275
Sales	**100 839**	**117 530**

At the end of the period, total sales amounted to 100 839 thousand Euros. It has decreased by 14% vs the first semester of 2011. Restated of the carved out entities in H2 2011 or H1 2012, the activity (pro forma) has declined by 4.6%. As far as Advertising is concerned, the Group had to face a slowdown mainly in southern Europe, as the Group is present in Spain, Portugal and Italy.

The payment activity, second pillar of the Group, keeps growing despite the termination of the instant win activity in October 2011. The H1 2012 activity has exceeded the 200 million Euros flows mark which represents a 20% growth versus the 2011 first semester. Hi-Media Payment sales (the company recognizes the gross volume of the transactions in some cases or the gross margin of the transactions in other cases accordingly to the international accounting standards IFRS), has increased by 1% in pro forma (-12% published due to the discontinuancy of some operations in the last 2011 quarter) and the gross margin has increased by 8%. This growth is mainly due to the good health of the alternative payment activity (mobile), mainly on the online video games sector (main market of the activity) and to the banking activity which has also posted a significant growth with the Hipay e-wallet.

The Group gross profit in proforma amounts to 35.2 million Euros, stable (-1%) compared to the 2011 first semester (35.5 million Euros). The gross margin has reached 35%, which represents a 3 basis points growth versus the 2011 first semester (32%). The gross profit of the Advertising activity amounts to 20.6 million Euros (21.9 million Euros in pro forma in the 2011 first semester). The gross margin has reached 47%, increasing by 2 basis points versus last year first semester.
The gross profit of the Payment activity amounts to 14.7 million Euros (13.6 million Euros in pro forma for H1 2011), which represents a margin of 26%, increasing of two basis points versus last year first semester (24%).

The general expenses which amounted to 12.3 million Euros are flat versus last year first semester (12.4 million Euros), and this, despite the expenses related to the migration of new technologic platforms for the Group. The HR related expenses have decreased to 15 million Euros vs 15.8 million Euros as of end of H1 2011. This is due to the reorganization of some units within Advertising and Publishing activities in the 2011 second semester and 2012 first semester. The level of depreciations and provisions, 1.7 million Euros, increased versus last year first semester (1.0 million Euros) due to the development of new platforms.

The current operating result amounted to 6.7 million Euros, which represented a decrease versus the 2011 first semester (9 million Euros).

The consolidated net income amounts to 5.4 million Euros (versus 5.1 million Euros as of June 30th 2011).
This net result can be detailed as follow:

- The current operating profit (6.7 million Euros versus 9.0 million Euros as of June 30th 2011)
- The non current result of 0.4 million Euros which includes a stock based compensation of -0.3 million Euros (versus -1 million Euros as of June 30th 2011)
- The financial income: -1 million Euros (versus -0.9 million Euros as of June 30th 2011), mainly related to the repayment of bank loans dedicated to financing of the acquisitions
- The result of the equity accounted companies: -0.3 million Euros (vs 0.2 million Euros as of June 30th 2011)
- The income tax expenses of -0.3 million Euros (versus -2.2 million Euros as of June 30th 2011)

II. Internal developments and innovations

During the first half of the year 2012, Hi-Media communicated on the following developments:

- With respect to the Payment activity:
  - Launch of a subscription payment solution
  - Launch of a mobile payment solution in Italy
  - Launch of a one click payment solution

- With respect to the Advertising activity:
  - Launch of the Hi-Media Ad eXchange platform

III. Significant events of the period

On January 25th, 2012, Hi-Media SA has signed an agreement among which the assets of the Hi-Media Nederland BV entity, related to the Advertising activity have been transferred to the company Semilo BV and Hi-Media SA has acquired, directly and indirectly, 36.3% of the Semilo BV equity.

Hi-Media SA has submitted a joint offer to buy the assets of “La Tribune” with the company France Economie Régions. This joint offer has been approved by the “tribunal de commerce de Paris”, dated June 30th 2012. From now on, Hi-Media SA has 27.8% of the shares of the company France Economie Régions.

IV. Important events since 30 June 2012

None

MAIN RISKS AND UNCERTAINTIES CHARACTERISING THE SECOND HALF OF 2012

The main risks to which the Group is exposed for the second half of 2012 are detailed in the section concerning "Risk factor" of the 2011 Annual Report filed with the Financial Markets Authority on 12 April 2012 and available on the company's website www.Hi-media.com. The company is unaware of any other risks and uncertainties for the remaining six months of the financial year.

PROSPECTS

The advertising market has to face the current economic situation. It tends to be in favor of performance marketing and special operations in a still complicated market. Nonetheless, innovation technologies (principally the real time billing), demographic and market trends are robust and offer significant growth perspectives for the online advertising market especially the graphical ad market. Thanks to its leading position across Europe with its 160 million users (Comscore, January 2012), Hi-Media Group is ideally placed to benefit from these structural trends.
The newly launched solutions (2012) such as affiliation, retargeting, and the market platform Hi-Media Ad eXchange generate growth and offer strong perspectives.

Concerning the Payment business line, the trends over the Internet and especially in the Entertainment universe (video game, music…) and in the news/press universe offer with good growth perspectives for a player like Hi-Media that already generated more than 200 million transactions during the first semester 2012 on these very specific segments. The Payment activity strongly increased especially over the mobile and the electronic banking activity (Hipay e-wallet).
The new solutions launched, such as subscribing, one click and the development of the electronic banking activity should stimulate this growth for the coming months and years.

TRANSACTIONS BETWEEN AFFILIATED PARTIES

The affiliated parties of Hi-media group correspond to the authorized agents, senior managers and directors of the group, as well as the companies in which they exercise control, notable influence, or hold a significant voting right.

I. Compensation of management members

The compensation includes the remuneration paid to the Chairman of the Board of Directors, the attendance fees paid to the directors and are not remunerated by the Company (5 directors) and the compensation paid to the Chief Operating Officer. The compensation and benefits relating to members of the management organs posted to the income statement amount to 197 thousand euro (against 654 thousand euro on 30 June 2011).

II. Transactions with the subsidiaries

Hi-media SA invoices its subsidiaries for holding expenses as well as for trademark expenses, eliminated in the consolidated financial statements.

III. Other affiliated parties

During the first half of 2012, no significant operations were carried out with:

- shareholders holding a significant voting right in the Hi-media S.A. capital,
- members of the management organs, including the directors,
- entities over which one of the main senior managers exercises control, or notable influence, or holds a significant voting right.

Group's summary consolidated financial statements

Consolidated income statements for the half-years ending on 30 June 2012 and 30 June 2011

In thousands of euro	Notes	30 June 2012	30 June 2011
Sales	3	100 839	117 530
Charges invoiced by the media		-65 142	-79 345
Gross profit		**35 696**	**38 185**
Purchases		-12 300	-12 387
Payroll charges	4	-14 992	-15 834
Depreciation & Amortization		-1 690	-961
Current operating profit ***(before stock based compensation)***		**6 714**	**9 003**
Stock based compensation	5	-322	-960
Other non-current income and charges	6	725	-63
Operating profit		**7 117**	**7 980**
Cost of indebtedness		-889	-839
Other financial income and charges		-107	-48
Earnings of consolidated companies		**6 120**	**7 093**
Share in the earnings of the companies treated on an equity basis		-340	167
Earnings before taxes of the consolidated companies		**5 780**	**7 260**
Income tax	7	-321	-2 171
Income tax on non recurring items	7	0	0
Net income of the consolidated companies		**5 459**	**5 089**
Including minority interests		220	194
Including Group Share		**5 240**	**4 895**

	Notes	30 June 2012	30 June 2011
Weighted average number of ordinary shares		45 628 645	43 999 442
Earnings per share, Group share (in euro)		0,11	0,11
Weighted average number of ordinary shares (diluted)		46 185 219	46 389 791
Diluted earnings per share, Group share (in euro)		0,11	0,11

Consolidated balance sheets as of 30 June 2012 and 31 December 2011

ASSETS - *In thousands of euro*	**Notes**	**30 June 2012**	**31 Dec. 2011**
Net goodwill	8	119 578	121 419
Net intangible fixed assets	9	10 607	9 828
Net tangible fixed assets		1 977	1 963
Deferred tax credits	10	7 033	5 605
Other financial assets	2	5 375	2 111
Non-current assets		**144 570**	**140 926**
Customers and other debtors	11	65 623	79 285
Other current assets	12	26 260	22 756
Current financial assets		14	15
Cash and cash equivalents	13	13 106	17 926
Current assets		**105 003**	**119 982**
TOTAL ASSETS		**249 574**	**260 908**

LIABILITIES - *In thousands of euro*	**Notes**	**30 June 2012**	**31 Dec. 2011**
Share capital		4 562	4 562
Premiums on issue and on conveyance		123 975	123 975
Reserves and retained earnings		-14 262	-24 718
Treasury shares		-3 844	-2 065
Consolidated net income (Group share)		5 240	10 789
Shareholders' equity (Group share)		**115 671**	**112 541**
Minority interests		852	1 074
Shareholders' equity		**116 523**	**113 615**
Long-term borrowings and financial liabilities	14	22 019	25 149
Non-current provisions		857	1 335
Non-current liabilities	15	697	493
Deferred tax liabilities	10	585	552
Non-current liabilities		**24 158**	**27 530**
Short-term financial liabilities and bank overdrafts	14	18 423	22 680
Current provisions		-	-
Suppliers and other creditors		72 271	74 882
Other current debts and liabilities	16	18 199	22 201
Current liabilities		**108 893**	**119 763**
TOTAL LIABILITIES		**249 574**	**260 908**

Table of consolidated cash flows for financial year 2011 and for the half-years ending on 30 June 2012 and on 30 June 2011

In thousands of euro	Notes	30 June 2012	31 Dec. 2011	30 June 2011
Net income		5 459	11 263	5 089
Ajustments for :				
Depreciation of the fixed assets		1 244	3 829	1 417
Value losses		-	-	-
Investment income		-	-	-
Cost of net financial indebtedness		889	2 060	863
Share in associated companies		340	-15	-167
Net income on disposals of fixed assets		-348	-351	451
Costs of payments based on shares	5	322	1 241	960
Tax charge or proceeds	7	321	3 034	2 171
Operating profit before variation of the operating capital need		8 227	21 060	10 785
Variation of the operating capital need		3 054	-4 789	-3 410
Cash flow coming from operating activities		11 281	16 271	7 375
Interest paid		-912	-2 427	-1 204
Tax on earnings paid		-1 633	-4 151	-2 090
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES		**8 737**	**9 692**	**4 081**
Income from disposals of fixed assets		-	24	24
Valuation at fair value of the cash equivalents		-	-	-
Proceeds from disposals of financial assets		-	623	-50
Disposal of subsidiary, after deduction of cash transferred		-	-	-
Acquisition of a subsidiary		-1 129	-107	-
Acquisition of fixed assets	9	-2 716	-6 321	-3 216
Variation of financial assets		13	-101	-111
Variation of suppliers of fixed assets		150	-	-31
Effect of the perimeter variations		-	-33	-
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES		**-3 682**	**-5 916**	**-3 384**
Proceeds from share issues		-1	-	-
Redemption of own shares		-1 994	27	-
New borrowings	14	-	36 203	33 803
Repayments of borrowings	14	-3 236	-39 783	-36 572
Other financial liabilities variation		-4 227	3 355	1 541
Dividends paid to minority interests		-399	-414	-377
NET CASH FLOW COMING FROM FINANCING ACTIVITIES		**- 9857**	**-612**	**-1 605**
Effect of exchange rate variations		-	4	-47
NET VARIATION OF CASH AND OF CASH EQUIVALENTS		**-4 802**	**3 169**	**-955**
Cash and cash equivalents on January 1		17 908	14 739	14 739
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (1)		**13 106**	**17 908**	**13 785**

(1) *Positive cash flow reduced by bank overdrafts. Cf. Note 13*

Table showing the variation of consolidated shareholders' equity for the half years ending on 30 June 2011 and on 30 June 2012

In thousands of euro	Numbers of shares	Share capital	Additional paid-in-capital	Treasury stock	Stock options and free shares reserves	Income and charges directly posted in shareholder's equity	Earnings and retained earnings	Shareholder's equity *Group share*	Shareholder's equity *Minority interests*	Total shareholder's equity
1 Jan. 2011	**44 469 495**	**4 447**	**123 975**	**-2 105**	**2 486**	**4 815**	**-32 059**	**101 558**	**1 014**	**102 573**
Dividends paid to the minorities	-	-	-	-	-	-	-	-	-377	-377
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	-	-	-	-	-	-	-
Stock options and free shares impact (2)	-	-	-	-	938	-	-	938	-	938
Income and charges directly posted in shareholder's equity	-	-	-	-	-	-38	-	-38	-	-38
Net income of the period	-	-	-	-	-	-	4 895	4 895	194	5 089
Total global income	-	-	-	-	-	-38	4 895	4 857	194	5 051
30 June 2011	**44 469 495**	**4 447**	**123 975**	**-2 105**	**3 424**	**4 777**	**-27 165**	**107 353**	**833**	**108 185**
Dividends paid to the minorities	-	-	-	-	-	-	-	-	-37	-37
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	1 154	-	-	-1 114	40	-	40
Stock options and free shares impact (2)	1 152 650	115	-	-	131	-	-	246	-	246
Perimeter variation	-	-	-	-	-	-	-434	-434	-	-434
Income and charges directly posted in shareholder's equity	-	-	-	-	-	-558	-	-558	-	-558
Net income of the period	-	-	-	-	-	-	5 894	5 894	280	6 174
Total global income	-	-	-	-	-	-558	5 894	5 336	280	5 616
31 Dec. 2011	**45 622 145**	**4 562**	**123 975**	**-951**	**3 555**	**4 219**	**-22 818**	**112 541**	**1 074**	**113 616**
Dividends paid to the minorities	-	-	-	-	-	-	-	-	-441	-441
Call exercise	6 500	1	-	-	-1	-	-	-	-	-
Shares redemptions (1)	-	-	-	-1 779	-	-	-	-1 779	-	-1 779
Stock options and free shares impact (2)	-	-	-	-	288	-	-	288	-	288
Perimeter variation	-	-	-	-	-	-	-307	-307	-	-307
Income and charges directly posted in shareholder's equity	-	-	-	-	-	-312	-	-312	-	-312
Net income of the period	-	-	-	-	-	-	5 240	5 240	219	5 459
Total global income	-	-	-	-	-	-312	5 240	4 928	219	5 147
30 June 2012	**45 628 645**	**4 563**	**123 975**	**-2 730**	**3 843**	**3 907**	**-17 885**	**115 671**	**852**	**116 523**

(1) As of June 30, 2012, Hi-media SA holds 1 114 153 treasury shares. Moreover within the framework of the liquidity contract, Hi-media holds 181 633 of its own shares as of June 30, 2012.
(2) Cf. Note 18 in connection with the share subscription option plans and the allocations of free shares.

Statement of Comprehensive Income for the half years ending on 30 June 2011 and on 30 June 2012

In thousands of euro	30 June 2012	30 June 2011
Net result	**5 459**	**5 089**
Other elements of the global result		
- Actuarial gain and losses related to post-employment benefits	-	-
- Hedge accounting on financial instruments	-203	233
- Translation adjustments	-49	-271
- Other	-60	
- Taxes on other elements of the global result	-	-
Other elements of the global result, net of tax	**-312**	**(38)**
Group share	-312	(38)
Minority interests	-	-
Global result	**5 147**	**5 051**

Notes concerning the Group's summary consolidated interim financial statements

Note 1. Accounting principles and methods

i. Preparation bases for the summary financial statements

The interim financial statements for the 1st half of 2012 are to be read as a complement to the audited consolidated financial statements for the financial year ending on 31 December 2011 as appearing in the reference document filed with the Financial Markets Authority (AMF) on April 12th 2012.

The interim consolidated financial statements as of June 30th 2012 are established in accordance with the accounting and valuation principles of the IFRS international accounting standards. Those international accounting standards consist of the IFRS (International Financial Reporting Standards), of the IAS (International Accounting Standards), as well as of their interpretations adopted by the European Union on 30 June 2012 (publication in the Official Journal of the European Union).

The interim consolidated financial statements for the half-year ending on June 30th 2012 have been prepared in accordance with the provisions of standard IAS 34 concerning "Interim financial information". The said statements include, for comparison purposes, the income statement for the 1st half of 2011 and the balance sheet dated December 31st 2011.

Hi-media group's consolidated financial statements include the financial statements of Hi-media S.A. and of its subsidiaries (the whole being designated as "the Group"), as well as the Group's holdings in its affiliated companies or companies under joint control. They are presented in thousands of euro.

The interim consolidated financial statements dated June 30th 2012 as well as the notes relating thereto have been established on the responsibility of the Board of Directors, and were closed out at its meeting held on August 27th 2012. They were the object of a limited examination by the auditors.

ii. Accounting principles and valuation methods

Hi-media group has applied the same accounting methods as in its consolidated financial statements for the financial year ending on 31 December 2011 and detailed in the 1.2 notes. It should be noted that:

a) The following new standards, amendments and interpretations, must be applied but had no effect on the Group financial statements:

- Amendments to IAS 24 (revised in 2009) – Disclosures on related parties
- Improvement of the IFRS (May 2010) ;
- Amendment to IAS 32 - Classification of subscription right
- Amendment to IFRIC14 – Prepayments of a minimum funding requirement,
- IFRIC 19 – Extinguishing financial liabilities with equity instruments.

b) The following new amendment published, adopted by the EU and not mandatory, is not applied in early:

- Amendment to IFRS 7 – Disclosure on transfer of financial assets

c) The following new standards, amendments and interpretations published but not adopted by the EU, were not applied in early:

- IFRS 9 – Financial instruments,
- IFRS 10 – Consolidated financial statements,
- IFRS 11 – Joint arrangements,
- IFRS 12 – Disclosure of interest in other entities,
- IFRS 13 – Fair value measurement.
- IAS 19 (revised in 2011) – Employee benefits,
- Amendment to IAS 27 (revised in 2011) – Individual financial statements,
- IAS 28 (revised in 2011) – Investments in associates and joint ventures,
- Amendment to IAS 12 – Recovery of underlying assets,

- Amendment to IAS 1 – Presentation of Financial statements
- Amendment to IAS 32 - Classification of subscription right
- Amendment to IFRS 7 – Disclosure on transfer of financial assets,

iii. Use of estimates and judgments

Preparation of the financial statements in accordance with the IFRS standards requires Management to take account of estimates and of assumptions for determination of the amounts to be posted with regard to certain assets, liabilities, income and charges, as well as of certain information provided in notes attached to the assets and liabilities, in particular :

- The goodwill and the depreciation tests relating thereto,
- The share of profit associated,
- The intangible assets acquired,
- The deferred tax credits,
- The depreciation of receivables,
- The provisions for risk,
- The charge for stock options and free shares,
- The financial instruments.

The estimates and underlying assumptions are developed on the basis of past experience and other factors, such as events to come, considered reasonable in light of the circumstances. They are also used as the basis for exercise of the judgment necessary for determination of the book values of assets and liabilities, which cannot be obtained directly from other sources. In view of the inherently uncertain nature of these valuation procedures, the definitive amounts may prove to be different from the ones initially estimated.

The estimates and the underlying assumptions are continuously reconsidered. The impact of the changes in accounting estimates is directly entered in the accounting during the period of the change if it affects only said period, or during the period of change and in subsequent periods if they are also affected by the change.

Note 2. Consolidation base

2.1. List of consolidated entites

Corporate name	Country	% held directly and indirectly on 30/06/12	% held directly and indirectly on 31/12/11	Date of creation or of acquisition	Date of financial year closeout
Created companies					
Hi-media Belgium SPRL	Belgium	100%	100%	09.03.00	31.12
Hi-media Portugal LTD	Portugal	53,90%	53,90%	31.10.00	31.12
Hi-Pi SARL	France	100%	100%	13.05.02	31.12
Hi-media Advertising Web SL	Spain	100%	100%	29.12.06	31.12
HPMP SPRL	Belgium	100%	100%	17.09.07	31.12
HPME SA	Belgium	100%	100%	08.05.08	31.12
Allopass Mexico SRLCV	Mexico	100%	100%	17.07.09	31.12
Allopass Scandinavia AB	Sweden	100%	100%	30.09.09	31.12
Hi-media Payment do Brasil LTDA	Brazil	99,99%	99,99%	16.11.11	31.12
Acquired companies					
Hi-media Network AB	Sweden	100%	100%	11.12.00	31.12
Hi-media Deutschland AG	Germany	100%	100%	30.04.01	31.12
Europermission SL	Spain	50%	50%	25.03.04	31.12
Hi-Midia Brasil SA	Brazil	14%	14%	18.07.05	31.12
Allopass SAS	France	100%	100%	08.02.06	31.12
Hi-media China Limited	China	49%	49%	01.05.06	31.12
L'Odyssée Interactive SAS	France	88%	88%	31.05.06	31.12
Hi-media Sales AB	Sweden	100%	100%	04.09.06	31.12
Groupe Hi-media USA Inc.	USA	100%	100%	27.11.07	31.12
Vivat SPRL	Belgium	44%	44%	14.03.08	31.12
Bonne Nouvelle Editions SARL	France	100%	100%	06.06.08	31.12
Mobile Works SAS	France	100%	100%	13.06.08	31.12
Hi-media Italia SRL	Italy	100%	100%	31.08.09	31.12
Hi-media Netherlands BV	Holland	100%	100%	31.08.09	31.12
Hi-media Network Internet España SL	Spain	100%	100%	31.08.09	31.12
Hi-media Ltd	England	50%	50%	31.08.09	31.12
Local Media SAS	France	45%	45%	02.12.11	31.12
Pragma Consult SPRL	Belgium	100%	-	30.01.12	30.09
Semilo BV	Holland	36,3%	-	01.02.12	31.12
La Tribune SAS	France	27,8%	-	13.02.12	31.12

On January 25th, 2012, Hi-Media SA has signed an agreement among which the assets of the Hi-Media Nederland BV entity, related to the Advertising activity have been transferred to the company Semilo BV and Hi-Media SA has acquired, directly and indirectly, 36.3% of the Semilo BV equity.

Hi-Media SA has submitted a joint offer to buy the assets of “La Tribune” with the company France Economie Régions. This joint offer has been approved by the “tribunal de commerce de Paris”, dated June 30th 2012. From now on, Hi-Media SA has 27.8% of the shares of the company France Economie Régions.

All subsidiaries are fully consolidated, excepting Europermission SL, Hi-Media China Limited, Hi-Midia Brasil SA, Vivat, Hi-Media Ltd, Local Media SAS Semilo BV and La Tribune SAS, all consolidated through the equity method.

Note 3. Sales

The breakdown of sales by activities is as follows:

In thousands of euro	30 June 2012	30 June 2011
Advertising	44 537	53 255
Payments	56 482	64 275
Sales	**100 839**	**117 530**

Note 4. Payroll charges

The breakdown of the payroll charges between salaries, social security charges and provision for end-of-career indemnities look as follows:

In thousands of euro	30 June 2012	30 June 2011
Salaries	10 433	11 097
Social security charges	4 518	4 711
Provision for end-of-career indemnities	41	26
Payroll charges	**14 992**	**15 834**

Staff changes were as follows:

	31 Dec. 2011	Incoming	Outgoing	30 June 2012
France	255	19	6	268
Foreign	221	37	54	204
Staff	**476**	**55**	**59**	**472**

Note 5. Valuation of stock options and free shares

The payroll charges relative to the options and free shares entered in the income statement in accordance with the IFRS 2 standard break down as follows:

In thousands of euro	**30 June 2012**	**30 June 2011**
Valuation of stock options and free shares	322	938
Fotolog Inc. retention plans	0	22
Payments based on shareholders' equity instruments	**322**	**960**

Note 6. Other non-current income and expenses

The non recurring expenses mainly result from:

- Income/expenses from activities/entities which had to proceed to a strategic restructuring (-0,1M€)
- Income/expenses from Payment activities/entities mainly related to a compensation due to the failure of certain partners (+0,8M€)

Note 7. Tax on earnings

The tax charge breaks down as follows:

In thousands of euro	**30 June 2012**	**30 June 2011**
Current taxes	- 1 714	- 3 587
Deffered taxes	1 394	1 416
Deffered taxes (on non recurring items)	-	-
Tax (charge)/Proceeds	**- 321**	**- 2 171**
Effective tax rate (%)	*6%*	*30%*

The difference between the effective tax rate and the theoretical tax rate is to be analyzed as follows:

in thousands of euro	30 June 2012	30 June 2011
Tax rate in France	**33,33%**	**33,33%**
Theoretical tax (charge)/proceeds	- 1 927	-2 420
Elements concerning the comparison with the effective rate:		
Effect of non-current write-downs on assets	-	-
Effect of change in rates	-	191
Earnings charged to losses subject to carryover not previously recorded	3	-
Recognition of deferred tax credits on losses carried over	1 731	-
Effect of non-asset deficit transfers from the fiscal year	- 1 512	-
Difference of tax rate between the countries	238	-80
Permanent differences and other elements	1 420	139
Taxes without basis	-274	-
Real tax (charge)/proceeds	**- 321**	**- 2 171**
Effective tax rate	6%	30%

Hi-media France SA, Allopass SAS, Hi-Pi SARL, Mobile Works SAS and Bonne Nouvelle Editions SARL have been consolidated for fiscal purposes.

Note 8. Goodwill

In thousands of euro	31 Dec. 2011	Forex	Ch. In scope	Increases	Decreases	30 June 2012
Goodwill	186 288	-	1 841	-	-	184 447
Impairment	-64 869	-	-	-	-	-64 869
Net goodwill	**121 419**	**-**	**1 841**	**-**	**-**	**119 578**

The change in scope is mainly due to the assets transmission from Hi-Media Nederland BV, related to the « Advertising » activity, to Semilo BV.

Note 9. Intangible fixed assets

Development costs capitalized in the period are mainly related to:

- The automation of the tasks around the integration of the platform Appnexus
- The development of a new Ad serving platform to customize the advertising of the user based on the products he has consulted
- The development of a new payment solution for e-merchants as part of the accreditation of Allopass Establishing Payment
- The integration of new payment solutions within Allopass and Hipay platforms
- The development of the Telecom SMS platform and associated applications

In thousands of euro	**30 June 2012**	**31 Dec. 2011**
Software and licences	6 071	5 165
Trademarks	1 350	1 350
Customer relations	219	219
Fixed assets in progress	2 933	3 056
Other	34	38
Total	**10 607**	**9 828**

Note 10. Deffered taxes

i. Recognized differed tax credit and liabilities

The details concerning the deferred taxes posted to earnings are presented in Note 7 above.

The sources of the net deferred tax credit and liabilities recognized as of June 30, 2012 are as follows:

NET DEFERRED TAX CREDITS ***In thousands of euro***	**30 June 2012**	**31 Dec. 2011**
Tax loss carryovers	7 382	5 305
Intangible fixed assets	- 138	- 142
Other timing differences	-211	442
Deferred tax credits	**7 033**	**5 605**

NET DEFERRED TAX LIABILITIES *In thousands of euro*	30 June 2012	31 Dec. 2011
Intangible fixed assets	958	928
Other timing differences	-373	-376
Deferred tax liabilities	**585**	**552**

ii. Unrecognized deffered tax credits

As of 30 June 2012, the unrecognized deferred tax credits consisted mainly of the undefined losses carried forward of the French consolidated entities (fiscal integration) for an amount of 2,8 million euros and 19,8 million euros on Fotolog

Note 11. Trade and other receivable

In thousands of euro	30 June 2012	31 Dec. 2011
Customers	68 074	81 329
Depreciation	- 2 451	-2 044
Customers and other debtors	**65 623**	**79 285**

The accounts receivable include the invoices transferred under a factoring contract concluded in 2010 by Hi-Media, for which the society has taken out credit insurance in advance, and hence has not transferred the credit risk to the Factor.
The amount of the receivables transferred on 30.06.12 came to 11 009 k€.

On the other hand, the contractual conditions of the factoring contracts (concluded in 2008) of Allopass SAS and Mobile Works SAS make it possible to transfer the main risks and advantages connected with the transferred receivables, and hence to take them off the balance sheet.

The accounts receivable which are derecognized in this way in accordance with IAS 39 under the terms of factoring contracts come to 16.9 M€ as of June 30, 2012.

The cash available under these contracts comes to 4.6 M€ as of June 30, 2012.

Note 12. Other current assets

All of the other current assets are at less than one year.
The prepaid charges correspond mainly to the share of marketing charges invoiced for and overheads relative to the period after the 30 June 2012.

in thousands of euros	30 June 2012	31 Dec 11
Financial and corporate assets	10 922	10 685
Current accounts	934	616
Prepaid charges	1 324	783
Factor guarantee fund	1 426	3 014
Cash unavailable at factor	2 314	917
Hi-pay available cash balance	3 536	3 574
Others	5 804	3 167
Other current assets	**26 260**	**22 756**

Note 13. Cash and cash equivalents

In thousands of euro	30 June 2012	31 Dec. 2011
"OPCVM" fund shares	1 150	900
Reserve at factor's	4 637	2 802
Liquid assets	7 318	14 223
Cash and cash equivalents	**13 106**	**17 925**

Note 14. Borrowings and financial liabilities

Hi-media signed a syndicated loan of 40 million Euros in June 16, 2011.
This syndicated loan is computed as following:

- A first line of 31.6 million euro (Trench A)
- A second line of 8.4 million euro (Trench B)

Both lines have duration of five years.

Trench A has been entirely called as of June 16, 2011.

Trench B should help the Group in financing investments and acquisitions. 4.6 million Euros of it have been called during the year 2011. Nothing has been called in H1 2012

In thousands of euro	Balance sheet balance on 30 June 2012		*Issue currency*	*Expiration*	*Effective rate*
	Non-current	*Current*			
Syndicated loan	22 019	7 369	EUR	2016	Eur3M + 1,5% à +2%
Accrued interest on debts	-	45	EUR	Sept. 2012	variable
Financing connected with factoring	-	11 009	EUR	Indet.	Eur3M + 0,8 %
Bank overdrafts	-	-	EUR	2012	variable
Total	**22 019**	**18 423**			

The amount shown in "Repayments of borrowings" line in the cash flow statement as of June 30th 2012 is mainly related to the resolution of the second term of the syndicated loan signed in 2011, amounting to € 3.2m.

The following were concluded pursuant to the loan agreement signed in June 2011:
- an initial interest rate swap fixed payer / variable recipient 3-month Euribor (due in June 2016) for a notional amount of 16 M€
- a second interest rate swap fixed payer / variable recipient 3-month Euribor (due in June 2016) for a notional amount of 15.6 M€

Note 15. Non current liabilities

The non-current liabilities consist mainly of the fair value of the hedging financial instruments concluded in connection with the borrowing (cf. Note 14).

Note 16. Other current debts and liabilities

All other debts and liabilities are due at less than one year.

In thousands of euro	30 June 2012	31 Dec. 2011
Taxation and social liabilities	15 844	19 059
Debts on fixed assets	473	340
Prepaid income	378	216
Other liabilities	1 504	2 586
Other current liabilities	**18 199**	**22 201**

Note 17. Segment information

Operational sectors are presented according to the methods described in the 2011 annual report and correspond to the 3 operational poles to which resources are affected.

	Advertising		Micropayment		Publishing		Eliminations		Total	
	S1 12	S1 11	S1 12	S1 11	S1 12	S1 11	S1 12	S1 11	S1 12	S1 11
Revenue	**47 190**	**54 679**	**56 262**	**64 133**	**5 662**	**6 494**	**(8 275)**	**(7 776)**	**100 839**	**117 530**
including share generated on the Group's sites	*4 425*	*4 933*	*554*	*681*	*5 662*	*6 494*	*(4 413)*	*(5 067)*	*6 228*	*7 041*
Gross profit	**17 572**	**18 960**	**13 837**	**14 311**	**4 287**	**4 913**			**35 696**	**38 184**
Operating profit by activity	**4 791**	**4 598**	**4716**	**5 971**	**1 138**	**2 014**			**10 645**	**12 583**
Restatement of the margin generated by the Publishing entities over the other entities in the group	(1 328)	(1 480)	(80)	(51)	1 408	1 531			-	-
Operating profit by restated activity	**3 463**	**3 118**	**4 636**	**5 921**	**2 546**	**3 544**			**10 645**	**12 583**
Unallocated income and charges excluding stock options and free shares									(3 931)	(3 579)
Operating profit before valuation of stock options and free shares									**6 714**	**9 003**
Valuation of stock options and free shares									(322)	(960)
Non-current income and charges									725	(63)
Operating profit									**7 117**	**7 980**
Financial net income									(997)	(887)
Share of earnings, equity basis									(340)	167
Taxes									(321)	(2 171)
Net income									**5 459**	**5 089**
Group share									**5 240**	**4 895**

Note 18. Stock option plan and allocations of free shares

18.1. Stock options

	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10	Plan no. 11	Total
Meeting date	25 Apr. 03	25 Apr. 03	25 Apr. 03	24 Apr. 08	3 May 11	
Date of Board of Directors meeting	26 May 03	10 Jul. 03	12 Jan. 05	19 Dec. 08	31 jan. 12	
Total number of shares allocated (1)	500 000	350 000	150 000	50 000	385 000	1 435 000
Total number of shares available for subscription	50 000	-	58 000	50 000	385 000	543 000
Including number of shares that could be acquired by authorized agents	50 000	-	-	-	-	50 000
Including number of shares that could be acquired by the ten leading employee	-	-	49 000	-	232 500	281 500
Beginning of exercise of the options	26 May 05	10 Jul. 05	12 Jan. 07	19 Dec. 08	31 jan. 12	
Date of expiration	25 May 13	10 Jul. 13	12 Jan. 15	14 May 18	31 jan. 22	
Subscription price (in euro) (2)	0,33	0,35	1,14	1,81	2,13	
Exercise procedures (3)	A	A	A	C	A	
Number of shares subscribed to on 30/06/10	450 000	350 000	65 500	-	-	865 500
Options cancelled during the period	-	-	-	-	-	
Remaining options	50 000	-	58 000	50 000	385 000	543 000

(1) Options allocated to the employees currently present in the company, the employees having left the company being unable to retain the benefit of such options.

(2) Subscription price of the options calculated on the day of award of the options and corresponding to the weighted average of the market prices during the last 20 trading sessions (for certain plans, a 5% reduction has been made).

(3) Procedure A: 100% of the options may be exercised at the end of a 2-year period following the meeting of the Board of Directors having allocated the said options.

Procedure B: 1/3 of the options may be exercised at the end of a 2-year period following the meeting of the Board of Directors having awarded the said options, then 1/3 the following year, and the remaining 1/3 four years after allocation.

Procedure C: 1/6 at the end of each quarter-year following the beginning time for exercise of the options.

The number of options and the weighted average of the exercise prices are as follows:

	1st half of 2012		2011	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options in circulation at the opening	158 000	1,10	202 500	1,03
Options allocated during the period	385 000	2,13	-	-
Options exercised during the period	-	-	44 500	0,78
Options cancelled during the period	-	-	-	-
Options in circulation at the close	543 000	1,83	158 000	1,10
Options that could be exercised at the close	543 000	1,83	158 000	1,10

The parameters adopted for valuing the share option plans granted after 7 November 2002 are as follows:

Date of the Board of Directors meeting	26 May 03	10 July 03	12 Jan. 05	19 Dec. 2008	31 janv. 12
Number of options allocated	500 000	350 000	150 000	50 000	385 000
Fair value of an option on the allocation date	0,36	0,36	1,45	0,06	0,42
Fair value of the plan on the allocation date	179 424	125 034	217 270	3 000	228 611
Exercise price of the option	0,33	0,35	1,14	1,81	2,13
Anticipated volatility of the option price	212%	208%	184%	51%	55%
Anticipated lifetime	4 years	4 years	4 years	2 years	2 years
Dividend expected on the options	-	-	-	-	-
Option lapse rate adopted	-	-	-	-	-
Risk-free interest rate adopted	3,11%	2,80%	2,94%	3,51%	0.96%

18.2. Allocation of free shares

Pursuant to IFRS 2, the plans for allocation of free shares are valued on the basis of the Hi-media share price on the day of the meeting of the Board of Directors deciding on allocation of the said free shares.

	Plan n°19	Plan n°20	Plan n°21	Plan n°22	Plan n°23	Total
Meeting date	24 apr. 08	24 apr.08	24 apr.08	24 apr.08	3 may 11	
Date of the Board of Directors' meeting	30 nov.09	19 jul.10	02 dec.10	26 jan.11	31 jan. 12	
Total number of shares allocated	346 000	15 000	55 000	80 000	351 500	847 500
Including the number of shares that can be subscribed to by the authorised agents	-	-	-	-	-	
Including the number of shares that can be subscribed to by the leading ten employee allocatees	-	-	-	-	243 000	243 000
Number of cancelled shares	223 980	-	15 000	25 000	-	263 980
Number of shares that can be definitively allocated 30 june 2011	-	-	-	-	-	-
Number of shares that can be definitively allocated	122 020	15 000	40 000	55 000	351 500	580 520
End of acquisition period	30 nov.12 30 nov.13	19 juil.13	02 déc.13	26 janv.14	31 janv.14	
End of retention period	30 nov.13	19 juil.14	02 déc. 14	26 janv. 15	31 janv. 16	
Share price on the date of the board meeting	4,68	4,4	3,28	3,97	2,24	
Non-transferability discount	Oui	Oui	Oui	Oui	Oui	
Fair value of the free share	3,58	3,54	2,39	2,98	1,91	

Note 19. Off balance sheet commitments

19.1. Commitments received

In context of the acquisition of the AdLink Internet Media AG Group, Hi-Media benefits from a tax liability guarantee provision up to the end of the prescription.

19.2. Commitments given

The lease signed May 15, 2008 concerning the premises of the French activities of the Group represents a commitment of 1.6M€ per year (not index linked) until December 15, 2017.

19.3. Covenants

The subscription of the syndicated loan, ferred into Note 14, Borrowings and financial liabilities induces the obligation for Hi-media to respect the covenants based on the following financial ratios, calculated according to the definitions of the banking contract:

- Ratio of financial debt R1 (Consolidated Net Debt/Consolidated EBITDA) less than or equal to 2.5
- Gearing Ratio R2 (Consolidated Net Debt/Consolidated Equity) less than or equal to 0.65

On June 30, 2012, Hi-media meets these both ratios.

19.4. Pledges

Within the framework of the syndicated credit line subscribed by Hi-Media (cf.Note 14), hi-media pledged, to the benefit of the participating credit institutions, the securities of its subsidiaries Allopass SAS, L'Odyssée Interactive SAS and Hi-Pi SARL as well as the Hi-media SA business.

19.5. Litigations

On the first half-year 2012, there is litigation between Hi-media and a publisher related to the execution of a contract and its termination in July 2006.

Some labor relations litigations have arisen with former employees disputing the legitimacy of their dismissals.
The company has set aside the provisions it considers necessary in the light of its judgment of the justification for the plaintiffs' demands.

Note 20. Events that have occurred since June 30, 2012

None

Statement by the person responsible for the interim financial report

I hereby attest that to my best knowledge, the summary financial statements presented in the 2012 semiannual financial report are established in accordance with the applicable accounting standards and give a fair representation of the property, financial situation and earnings of the company and of the set of companies included in the consolidation, and that the semiannual financial report offers a fair representation of the important events occurring during the first six months of the financial year and of their effect on the semiannual financial statements, of the main risks and uncertainties for the remaining six months of the financial year, and of the main transactions between affiliated parties.

Cyril Zimmermann
Chairman of the Board of Directors and Managing Director of Hi-media S.A.

Statutory Auditors' Review Report on the half-yearly consolidated financial statements

For the six-month period ended 30 June 2012

To the shareholders,

Following our appointment as statutory auditors by the Shareholders and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Hi media S.A. for the six-month period ended 30 June 2012;
- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

II. Specific verification

We have also verified information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on the 29 August 2012 Courbevoie, on the 29 August 2012

KPMG AUDIT

Stéphanie Ortega

MAZARS

Jérôme de Pastors