



himediagroup[™]
Empower your digital business

2016 INTERIM FINANCIAL REPORT

A corporation with a capital of 4,329,132 euros
6 place du Colonel Bourgoïn – 75012 Paris
Paris Trade and Companies Register 418 093 761
www.himediagroup.com

Summary

MANAGEMENT REPORT	3
GROUP'S SUMMARY CONSOLIDATED FINANCIAL STATEMENTS	5
NOTES CONCERNING THE GROUP'S SUMMARY CONSOLIDATED INTERIM FINANCIAL STATEMENTS	10
STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT	20

Management report

PRESENTATION OF EARNINGS FOR THE FIRST HALF OF 2016

I. Comments concerning the consolidated income statement

Sales from the period, amounted for €28.4million, were down by 13% on the 1st half of 2015.

Gross margin of the Group amounted for €13.2 million, increase by +124% on the first half 2015. Gross margin rate comes to 46%.

Purchases, that amounted for €4.2 million, down compared to the first half 2015 (€5.3 million). Other provisions and allocations related to depreciation and amortization are resulting, for €0.9 million, of investments directly linked to the development of technical platforms.

The current operating result amounts to -€0.6 million, which represents an increase versus the 2015 first half (-€10.4 million).

The consolidated net income amounts to €0.2 million (versus -€29.3 million for the 2015 first half).

This net result can be detailed as follow:

- The current operating profit -€0.6 million (versus -€10.4 million for the first half of 2015).
- A non-operating income of €1.4 million (against -€14.6 million in the first half of 2015), including the profit on the sale of HiPay Group shares, restructuring costs and the cost of managing exceptional claims.
- And a tax expense of -€0.4 million (against -€4 million in the first half of 2015).

II. Internal developments and innovations

Development fees capitalized during the period correspond mainly to:

- The continuation of developments for the lunch of the Quantum platform,
- The continuation of developments for MapubFacile platform,
- In developing of new out-stream formats and rich media,
- The continuation of the development for intern tools (billing tools, business management tool...).

III. Significant events of the period

Under an agreement dated May 2, 2016 with the company BJ Invest, HiMedia sold 10% stake in the company HiPay Group SA (ie 495,497 shares) to BJ Invest SAS. This transaction took place partly in cash (300,723 shares HiPay Group SA for 3,118,497.51 euros) and partly by delivery as payment in kind of 288,545 shares previously held by HiMedia BJ Invest SAS.

As of May 9, 2016, HiMedia SA acquired 20% stake in its subsidiary Mobvious Italia from its founder individual and now owns 100% of the subsidiary.

IV. Important events since 30 June 2016

None.

MAIN RISKS AND UNCERTAINTIES CHARACTERISING THE SECOND HALF OF 2016

The main risks to which the Group is exposed are described in the Report to the President page 113 and following of the 2015 annual report.

The Company is not aware of other risks and uncertainties affecting the Group.

PROSPECTS

The strategic orientation decided in the summer of 2015 was intended to restructure the traditional activities of the classical advertising that generated significant losses, and to accelerate the development of activities positioned on promising segments: local advertising and native advertising applied on mobile and desktop. The management is also working to develop the Group's American activities, while targeting the Spanish-speaking community in the United States.

With the subsidiaries (Admoove, Local Media, HiMedia Sweden, Latam Digital Ventures and Quantum) specialised in these domains, HiMedia now has a new foundation of strongly growing activities that are ensuring the Group's future.

The traditional activities and trading of advertising spaces, are contracting as a result of the withdrawal from many loss-generating contracts but are seeing a strongly increase of the gross margin.

For the future, HiMedia is therefore focusing on promising segments such as native and local advertising (or community advertising for Spanish speakers in the United States), that provide advertisers with better performances and are better accepted by users.

The strategy of repositioning HiMedia as a digital marketing actor positioned on high growth segments is therefore bearing fruit, and the company is starting a new phase of its history and a new rebound.

The H1 results are in line with the Group's objective of generating a positive EBITDA (current operating earnings before amortisation and depreciation) in 2016.

In addition, the group has the opportunity to continue monetizing its remaining stake in HiPay Group of approximately 10% valued at €5.7 million and will pursue its global strategy of disposing of non-strategic non controlling interests.

TRANSACTIONS BETWEEN AFFILIATED PARTIES

The affiliated parties of HiMedia 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 and benefits relating to the Board of Directors were paid for an amount of €161 thousand (against €218 thousand on June 30th, 2015) including €93 thousand of wages, €16 thousand of benefits and €52 thousand of expatriation expenses.

II. Transactions with the subsidiaries

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

III. Other affiliated parties

On May 2nd, 2016, HiMedia was part of a shareholder agreement whereby HiMedia acquired its own shares (288.545) from its shareholder BJ Invest (see Significant events of the period).

During the first half of 2016, no significant operation has been carried out with:

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

Group's summary consolidated financial statements

Consolidated income statements for the half-years ending on 30 June 2016 and 30 June 2015

<i>In thousands of euro</i>	Notes	30 June 2016	30 June 2015
Sales		28 415	32 616
Charges invoiced by the media		-15 261	-26 739
Gross profit		13 154	5 877
Purchases		-4 214	-5 341
Payroll charges	3	-8 632	-9 938
EBITDA ⁽¹⁾		309	-9 402
Depreciation and amortization		-902	-989
Current operating profit		-593	-10 391
Stock based compensation		-19	-10
Other non-current income and charges	4	1 386	-14 602
Operating profit		774	-25 003
Cost of indebtedness		-51	-127
Other financial income and charges		-99	-145
Earning of the consolidated companies		624	-25 275
Share in the earnings of the companies treated on an equity basis		-	-
Earnings before tax of the consolidated companies		624	-25 275
Income Tax	5	-381	-4 004
Net income of the consolidated companies		243	-29 279
Net income from discontinued operations		-	-2 473
Net income		243	-31 753
Minority interests from continuing operations		253	460
Minority interests from discontinued operations		-	-208
Including Group Share		495	-31 501
		30 June 2016	30 June 2015
Weighted average number of ordinary shares		2 886 088	45 253 523
Earnings per share, Group share (in euro)		0,17	- 0,70
Weighted average number of ordinary shares (diluted)		2 886 088	45 253 523
Diluted earnings per share, Group share (in euro)		0,17	- 0,70

⁽¹⁾ Current operating income before allocations and reversals of depreciation, amortisation and provisions.

Statement of Comprehensive Income for the half years ending on 30 June 2016 and on 30 June 2015

<i>in thousands of euro</i>	30 June 2016	30 June 2015
Net result	495	- 31 501
Other element of the global result		
- Hedge accounting on financial instruments	-	-
- Exchange differences	232	562
- Other	-	-
- Taxes on other elements of the global result	-	-
- Actuarial gain and losses related to post-employment benefits	-	-
Other elements of the global result, net of tax	232	562
Group share	201	602
Minority interests	31	- 40
Global result	727	- 30 939

Consolidated balance sheets as of 30 June 2016 and 31 December 2015

ASSETS - In thousands of euro	Notes	30 June 2016	31 Dec 2015
Net goodwill	6	20 860	20 860
Net intangible fixed assets	7	1 523	1 967
Net tangible fixed assets		1 406	1 533
Deferred tax credits	8	68	69
Other financial assets		1 701	10 348
Non-current assets		25 558	34 777
Customers and other debtors	9	37 624	36 506
Other current assets	10	13 644	13 804
Current financial assets		5 735	14
Cash and cash equivalents	11	5 163	7 434
Assets held for sale and discontinued operations		640	640
Current assets		62 806	58 397
TOTAL ASSETS		88 364	93 174

LIABILITIES - In thousands of euro	Notes	30 June 2016	31 Dec 2015
Share capital		4 328	4 439
Premiums on issue and on conveyance		83 870	84 274
Reserves and retained earnings		-62 522	-22 694
Treasury shares		-5 786	-4 314
Consolidated net income (Group share)		495	-39 660
Shareholders' equity (Group share)		20 385	22 045
Minority interests		-167	-70
Shareholders' equity		20 219	21 975
Long-term borrowings and financial liabilities	12	2 303	2 292
Non-current provisions		773	753
Deferred tax liabilities	8	721	646
Non-current liabilities		3 797	3 691
Short-term financial liabilities and bank overdrafts	12	2	-0
Suppliers and other creditors		53 441	53 647
Other current debts and liabilities	13	10 905	13 861
Liabilities held for sale and discontinued operations		0	-
Current liabilities		64 348	67 508
TOTAL LIABILITIES		88 364	93 174

Table of consolidated cash flows for the half-years ending on 30 June 2016 and on 31 December 2015 and on 30 June 2015

In thousands of euro	Notes	30 June 2016	31 Dec 2015	30 June 2015
Net income		243	-40 283	-31 753
Depreciation of the fixed assets		919	1 469	1 764
Value losses		-	21 528	21 528
Other non-current without impact on the cash		-1	-3 174	-5 526
Cost of net financial indebtedness		51	110	127
Share in associated companies		-	62	-
Net income on disposals of fixed assets		-2 114	590	379
Cash flow from discontinued operations		-	-2 485	-2 485
Cash flow from business to be divested		-	-	-
Costs of payments based on shares		19	34	10
Tax charge or proceeds	5	381	4 638	4 004
Operating profit before variation of the operating capital need		-503	-17 511	-11 951
Variation of the operating capital need		-3 001	1 290	322
Cash flow coming from operating activities		-3 503	-16 221	-11 629
Interest paid		-45	-81	-74
Tax on earnings paid		-281	-360	-2
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES		-3 829	-16 662	-11 705
Income from disposals of fixed assets		-	-	-
Valuation at fair value of the cash equivalents		-	-	-
Proceeds from disposals of financial assets		-	-	-
Disposal of subsidiary, after deduction of cash transferred	2	3 268	-	-
Acquisition of a subsidiary		-89	-2 062	-1 892
Acquisition of fixed assets		-515	-3 071	-2 734
Variation of financial assets		38	-917	-963
Variation of suppliers of fixed assets		-34	-570	1 119
Effect of the perimeter variations		-	-14 140	-14 105
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES		2 668	-20 761	-18 575
Proceeds from share issues		3	170	0
Redemption of own shares		33	-	-
New borrowings		14	28	14
Repayments of borrowings		-	-	-
Other financial liabilities variation		-1 126	-3 768	-2 705
Dividends paid to minority interests		-	-234	-234
NET CASH FLOW COMING FROM FINANCING ACTIVITIES		-1 076	-3 804	-2 925
Effect of exchange rate variations		-34	-73	-53
NET VARIATION OF CASH AND OF CASH EQUIVALENTS		-2 270	-41 300	-33 258
Cash and cash equivalents on January 1st		7 434	48 733	48 733
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		5 163	7 434	15 475

Table showing the variation of consolidated shareholders' equity for the half years ending on 30 June 2016 and on 30 June 2015

<i>In thousands of euro</i>	Number of shares	Share capital	Premiums	Treasury shares	Reserve for options and free shares	Income and expenses on equity	Reserves and consolidated earnings	Shareholders' equity (Group share)	Shareholders' equity Minority interests	Shareholders' equity
January 1, 2015	45 253 523	4 525	127 881	- 6 849	782	1 827	- 14 725	113 440	675	114 115
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	245	- 245	32	277
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	58	-	-	-	- 58	-	58
Stock options and free shares impact(2)	-	-	-	-	10	-	-	10	-	10
Perimeter variation	-	-	-	-	-	51 723	-	- 51 723	23	51 746
Income and charges directly posted in shareholders' equity	-	-	-	-	-	562	-	562	40	602
Net income of the period	-	-	-	-	-	-	31 501	- 31 501	252	31 753
Total global income	-	-	-	-	-	562	- 31 501	- 30 939	212	31 151
June 30, 2015	45 253 523	4 525	127 881	- 6 907	793	- 49 335	- 46 470	30 485	409	30 893
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	0	-
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	- 860 142	- 86	-	176	-	-	-	90	-	90
Stock options and free shares impact(2)	-	-	-	-	23	-	-	23	-	23
Perimeter variation	-	-	-	-	-	97	-	97	93	5
Income and charges directly posted in shareholders' equity	-	-	-	-	-	492	-	492	15	506
Net income of the period	-	-	-	-	-	-	8 159	- 8 159	371	8 530
Total global income	-	-	-	-	-	492	- 8 159	- 8 651	386	9 037
December 31, 2015 ⁽³⁾	2 959 558	4 439	127 881	- 6 731	816	- 49 728	- 54 630	22 045	- 70	21 975
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	-	-
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	- 73 470	- 110	-	1 876	-	-	-	- 1 987	-	1 987
Stock options and free shares impact(2)	-	-	-	-	19	-	-	19	-	19
Perimeter variation	-	-	-	-	-	419	-	- 419	188	231
Income and charges directly posted in shareholders' equity	-	-	-	-	-	232	-	232	31	201
Net income of the period	-	-	-	-	-	-	495	- 495	254	242
Total global income	-	-	-	-	-	232	495	727	- 284	443
June 30, 2016	2 886 088	4 329	127 881	- 8 607	835	- 49 915	- 54 134	20 385	- 167	20 219

(1) As of June 30th, 2016, HiMedia S.A. holds 212,769 treasury shares. Moreover within the framework of the liquidity contract, HiMedia holds 43,648 of its own shares as of June 30th, 2016.

(2) See Note 15 in connection with the share subscription option plans and the allocations of free shares.

(3) On July 24th, 2015, HiMedia shares were subject to a shares consolidation: 1 new share with a nominal value of € 1.5 was allocated for 15 old shares with a nominal value of € 0.1 each (in accordance with the approval of the General Meeting of June 22, 2015).

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 2016 are to be read as a complement to the audited consolidated financial statements for the financial year ending on December 31, 2015 as published in the annual report on April 12th, 2016.

The interim consolidated financial statements as of June 30th, 2016 are established in accordance with the accounting and valuation principles of the IFRS international accounting standards adopted by the European Union. 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 June 30th, 2016 (publication in the Official Journal of the European Union).

The interim consolidated financial statements for the half-year ending on June 30th, 2016 have been prepared in accordance with the provisions of standard IAS 34 concerning "Interim financial information".

HiMedia Group's consolidated financial statements include the financial statements of HiMedia 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, 2016 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 July 25th, 2016. They were the object of a limited examination by the auditors.

ii. Accounting principles and valuation methods

HiMedia Group has applied the same accounting methods as in its consolidated financial statements for the financial year ending on December 31st, 2015, except for standards, amendments and interpretations applicable for the first time as from January 1st, 2016.

Application of new standards and interpretations

- The Group's application of the following standards and interpretations, adopted by the European Union and mandatory in financial years beginning on or after January 1st, 2016, had no major impact on the Group's financial statements:
 - o Amendments to IAS 16 and IAS 38 on Clarification of Acceptable Methods of Depreciation and Amortization
 - o Amendments to IAS 19 on Employee Contributions
 - o Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
 - o IFRS annual improvements cycle 2010 – 2012
 - o IFRS annual improvements cycle 2012 – 2014

Early application

- As at June 30, 2016 the Group has not introduced the early application of any new standard or interpretation.

Standards published by the IASB, for which application is not mandatory

- The principles applied by the Group do not differ from IFRS standards as published by the IASB, since the application of the following standards and interpretations is not mandatory in financial years beginning on or after January 1, 2016:
 - o IFRS 9 and amendments to IFRS 9 – Financial Instruments: Classification and Measurement of financial assets, fair value option for financial liabilities and hedge accounting
 - o IFRS 15 – Revenue from Contracts with Customers
 - o IFRS 16 – Leases
- The Group is currently in the process of determining the potential impact of the application of these new standards and interpretations on the Group's consolidated financial statements.

The application of these standards, amendments and interpretations to be applied as from January 1st, 2016 did not have a material impact on the Group's condensed interim consolidated financial statements as of and for the six-month period ended June 30th, 2016.

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 impairment tests,
- The intangible assets,
- The financial instruments,
- The deferred tax credits,
- The depreciation of receivables,
- The provisions for risk.

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

Corporate name	Country	% held directly and indirectly on 30/06/2016	% held directly and indirectly on 31/12/2015	Consolidation method	Date of creation or of acquisition	Date of financial year closeout
Created companies						
Hi-media Belgium SPRL	Belgium	100%	100%	FC	09.03.00	31.12
Hi-media Portugal LTDA	Portugal	54%	54%	FC	31.10.00	31.12
Hi-Pi SARL	France	100%	100%	FC	13.05.02	31.12
HPMP SPRL	Belgium	100%	100%	FC	17.09.07	31.12
Allopass Scandinavia AB	Sweden	100%	100%	FC	30.09.09	31.12
Allopass Mexico SRLCV	Mexico	100%	100%	FC	17.07.09	31.12
Hi-media Regions SAS	France	49%	49%	EM	06.12.12	31.12
Mobvious Italia SRL	Italy	100%	80%	FC	17.05.13	31.12
Quantum SAS	France	51%	51%	FC	23.04.14	31.12
Fotolog SAS	France	49%	49%	EM	15.05.14	31.12
HiMedia Advertising SAS	France	100%	100%	FC	02.12.14	31.12
HiPay Group ⁽¹⁾	France	-	20%	-	16.03.15	31.12
Adexpert SPRL	Belgium	50,1%	50,1%	FC	06.06.14	31.12
Local Media SAS	France	50,1%	50,1%	FC	02.12.11	31.12
Latam Digital Ventures	USA	60%	70%	FC	02.02.15	31.12
Hi-Media LLC	USA	100%	100%	FC	30.04.15	31.12
FullScreen Solutions	Mexico	56%	66%	FC	25.03.15	31.12
Quantum Native Solutions Italia SRL	Italy	51%	51%	FC	22.12.15	31.12
Mobvious Corp	USA	48%	-	FC	23.03.16	31.12
Acquired companies						
Hi-media Deutschland AG	Germany	45%	45%	EM	30.04.01	31.12
Europemission SL	Spain	50%	50%	EM	25.03.04	31.12
Admoove	France	100%	100%	FC	06.01.15	31.12
Hi-Midia Brasil SA	Brazil	14%	14%	EM	18.07.05	31.12
Hi-media Sales AB	Sweden	100%	100%	FC	04.09.06	31.12
Groupe Hi-media USA Inc	USA	100%	100%	FC	27.11.07	31.12
Vivat SPRL	Belgium	100%	100%	FC	14.03.08	31.12
Bonne Nouvelle Editions SARL	France	100%	100%	FC	06.06.08	31.12
Hi-media Nederland BV	Netherland	100%	100%	FC	31.08.09	31.12
Hi-media Italia SRL	Italy	100%	100%	FC	31.08.09	31.12
Hi-media Network Internet España SL	Spain	100%	100%	FC	31.08.09	31.12
Pragma Consult SPRL	Belgium	45%	45%	EM	30.01.12	30.09
New Movil Media SL	Spain	100%	100%	FC	13.12.12	31.12
Eresmas	USA	60%	70%	FC	16.03.15	31.12
Starm Interactiva	Mexico	60%	70%	FC	16.03.15	31.12
Hi Media Digital Business SL	Spain	100%	100%	FC	16.03.15	31.12

⁽¹⁾ HiMedia hold a remaining stake in HiPay Group of approximately 10% on 30th June 2016.

Note 3. Payroll charges

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

<i>In thousands of euro</i>	30 June 2016	30 June 2015
Salaries	6 346	6 569
Social security charges	2 264	3 314
Provision for end-of-career indemnities	22	55
Payroll charges	8 632	9 938

Staff changes were as follows:

	31 Dec 2015	Incoming	Outgoing	30 June 2016
France	116	18	-39	95
Foreign	135	20	-24	131
Staff	251	38	-63	226

Note 4. Other non-current income and expenses

The non-recurring expenses (-€1.4m) mainly result from:

- Gain on sales of HiPay shares and revaluation of remaining shares for €2.3 million
- Expenses related to the non current disputes and reorganization for -€0.9 million

Note 5. Tax on earnings

The tax charge breaks down as follows:

<i>In thousands of euro</i>	30 June 2016	30 June 2015
Current taxes	-305	-192
Deferred taxes	-76	-3 812
Tax (charge)/Proceeds	-381	-4 004
<i>Effective tax rate (%)</i>	<i>61%</i>	<i>-16%</i>

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

<i>In thousands of euro</i>	30 June 2016	30 June 2015
Tax rate in France	33,33%	33,33%
Theoretical tax (charge)/proceeds	- 208	8 425
<i>Elements concerning the comparison with the effective rate:</i>		
Effect of change in rates	-	-
Earnings charged to losses subject to carryover not previously recorded	241	891
Recognition of deferred tax credits on losses carried over	-	3 587
Difference of tax rate between the countries	90	733
Effect of non-asset deficit transfers from the fiscal year	- 1 692	3 053
Permanent differences and other elements	1 188	5 946
Taxes without basis	- 0	1
Real tax (charge)/proceeds	- 381	4 004
<i>Effective tax rate</i>	61%	-16%

HiMedia France S.A., Hi-Pi SARL, Bonne Nouvelle Editions SARL and Admoove and HiMedia France Advertising SAS have been consolidated for fiscal purposes.

Note 6. Goodwill

<i>In thousands of euro</i>	31 Dec 2015	Forex	Ch. In scope	Transfert	Increases	Decreases	30 June 2016
Goodwill	103 635	-	-	-	-	-	103 635
Impairments	-82 776	-	-	-	-	-	-82 776
Net goodwill	20 860	-	-	-	-	-	20 860

A depreciation test is carried out when an indication of value loss exists at the time of the semi-annual closeout, in accordance with the procedures defined in Note 10 of the appendix to the consolidated financial statements dated December 31st, 2015.

The economic environment in the first half of 2016 did not differ significantly from that anticipated in the value tests carried out at the end of 2015 and no triggering event has been identified.

Note 7. Intangible fixed assets

<i>In thousands of euro</i>	30 June 2016	31 Dec 2015
Software and licences	972	143
Trademarks	74	74
Customer relations	137	137
Fixed assets in progress	335	1 606
Other	6	7
Total	1 523	1 967

Note 8. Differed taxes

As reminder on 31st December 2015, the unrecognized deferred tax credits consisted mainly of the undefined losses carried over 20 years through Group Hi-media USA for €18.1m as well as undefined losses carried of HiMedia France S.A. for €55.1 million, which can be undefined carried forward for France and the tax consolidation group.

Note 9. Trade and other receivable

<i>In thousands of euro</i>	30 June 2016	31 Dec 2015
Customers	39 537	38 416
Depreciation	-1 912	-1 910
Customers and other debtors	37 624	36 506

The contractual conditions of the factoring contracts Hi-pi SARL and HiMedia S.A. (signed in 2013) 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 €4.8m as of June 30th, 2016.

Note 10. Other current assets

All of the other current assets are at less than one year.

The prepaid charges correspond mainly to overheads relative to the period after the June 30th, 2016.

<i>In thousands of euro</i>	30 June 2016	31 Dec 2015
Financial and corporate assets	8 538	9 843
Current accounts	749	635
Prepaid charges	810	453
Factor guarantee fund	555	608
Others	2 992	2 264
Other current assets	13 644	13 804

Note 11. Cash and cash equivalents

<i>In thousands of euro</i>	30 June 2016	31 Dec 2015
Open End Investment Fund	-	-
Cash reserve with the factor	-	-
Liquid assets	5 163	7 434
Cash and cash equivalents	5 163	7 434

Note 12. Borrowings and financial liabilities

<i>In thousands of euro</i>	Balance sheet balance on 30 June 2016		<i>Issue currency</i>	<i>Expiration</i>
	Non-current	Current		
Zero-interest financing for innovation	2 303	2	EUR	2021
Accrued interest on debts	-	-		
Bank overdrafts	-	-		
Total	2 303	2		

Note 13. Other current debts and liabilities

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

<i>In thousands of euro</i>	30 June 2016	31 Dec 2015
Taxation and social liabilities	8 110	10 221
Debts on fixed assets	508	541
Prepaid income	657	952
Other liabilities	1 630	2 146
Other current liabilities	10 905	13 861

Note 14. Segment information

<i>In thousands of euro</i>	Growth activities		Traditional advertising activities		Total	
	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015
Sales	13 222	6 437	15 193	26 179	28 415	32 616
Gross profit	6 642	3 583	6 512	2 294	13 154	5 877
EBITDA ⁽¹⁾	210	10	99	-9 411	309	-9 402
Current operating profit	53	-90	-646	-10 301	-593	-10 391
Operating profit	22	-5 138	752	-19 864	774	-25 003
Financial result	-19	-6	-131	-267	-150	-272
Income Tax	-64	-160	-317	-3 845	-381	-4 004
Net income of the consolidated companies	-61	-5 303	304	-23 976	243	-29 279

⁽¹⁾ Current operating profit before allowance and write off of amortization and accruals.

The growth activities correspond to the native and local advertising (or community advertising for Spanish speakers in the United States) including Admoove, LocalMedia, Himedia Sweden, Latam Digital Ventures and Quantum subsidiaries.

Note 15. Stock option plan and allocations of free shares**a. Stock options**

	Plan n°11	Plan n°12	Total
Meeting date	03 May 11	03 May 11	
Date of Board of Directors meeting	31 jan. 12	27 Aug. 2012	
Total number of options allocated (before share consolidation of 9 July 2015)	385 000	105 000	490 000
Total number of options allocated (after share consolidation of 9 July 2015)	25 667	7 000	32 667
Number of options exercisable ⁽¹⁾	9 916	4 307	14 223
Number of options exercisable after adjustment resulting from the distribution of HiPay securities	23 382	10 156	33 538
Including number of options that could be acquired by authorized agents	0	7 798	7 798
Including number of options that could be acquired by the ten leading employee	14 815	0	14 815
Beginning of exercise of the options	31-janv.-14	27-aug.-14	
Date of expiration	31-janv.-22	27-aug.-22	
Subscription price after adjustment resulting from the distribution of HiPay securities (in euros) ⁽²⁾	13,55	12,28	
Number of options subscribed to on Jun. 30th, 2016	0	0	0
Number of options cancelled during the period	3 932	0	3 932
Number of remaining options non subscribed	23 382	10 156	33 538

⁽¹⁾ Options allocated after share consolidation to the employees present to this day in the Company, the employees having left the Company being unable to retain the benefit of such options, unless exemption.

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

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

	1st half of 2016		2015	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options in circulation at the opening	37 470	13,21	20 624	29,10
Options allocated during the period	-	-	-	-
Adjustments resulting from the distribution of HiPay Group securities	-	-	21 579	9,71
Options exercised during the period	-	-	3 167	17,10
Options cancelled during the period	3 932	13,55	1 567	31,95
Options in circulation at the close	33 538	13,17	37 470	13,21
Options that could be exercise at the close	33 538	13,17	37 470	13,21

b. Allocation of free shares

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

	Plan n°28	Total
Meeting date	06 May 14	
Date of the Board of Directors' meeting	07 Sep. 2015	
Total number of shares allocated after reverse stock split of July 9, 2015)	66 000	66 000
Including the number of shares that can be subscribed to by the authorized agents		-
Including the number of shares that can be subscribed to by the leading ten employee allocated		-
Number of cancelled shares	4 000	4 000
Number of shares definitively allocated as at Dec. 31, 2015		-
Number of shares that can be definitively allocated	62 000	62 000
End of acquisition period	07 Sep. 2018	
End of retention period	07 Sep. 2019	
Share price on the date of the executive board meeting	7,65	
Non-transferability discount	Yes	
Fair value of the free share	6,51	

Note 16. Off balance sheet commitments**a. Commitments received**

HiMedia has no commitment on June 30th, 2016.

b. Commitments given

The lease signed on May 2nd 2014 concerning the premises housing of the French operations of the Group, which represents a commitment of €1.05 million per year (non-indexed) until June 30th, 2020.

Under the agreement signed on May 25th, 2011, a shareholder of Hi-media Brasil has an option to buy Hi-Midia Brasil shares held by Hi-media SA.

In addition, HiMedia has a long-term lease for a portion of its computer population. This contract represents an annual rent (undiscounted) of €204k.

c. Litigations

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.

The Company has a disagreement with the President of Quantum and filed a complaint before the Commercial Court. Both parties strive to find the best way out of this dispute for the development of the company.

Note 17. Transactions between affiliated parties

The affiliated parties of HiMedia 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 and benefits relating to the Board of Directors were paid for an amount of €161 thousand (against €218 thousand on June 30th, 2015) including €93 thousand of wages, €16 thousand of benefits and €52 thousand of expatriation expenses.

II. Transactions with the subsidiaries

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

III. Other affiliated parties

On May 2nd, 2016, HiMedia was part of a shareholder agreement whereby HiMedia acquired its own shares (288.545) from its shareholder BJ Invest (see Significant events of the period).

During the first half of 2016, no significant operation has been carried out with:

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

Note 18. Significant events of the period

Under an agreement dated May 2, 2016 with the company BJ Invest, HiMedia sold 10% stake in the company HiPay Group SA (ie 495,497 shares) to BJ Invest SAS. This transaction took place partly in cash (300,723 shares HiPay Group SA for 3,118,497.51 euros) and partly by delivery as payment in kind of 288,545 shares previously held by HiMedia BJ Invest SAS.

As of May 9, 2016, HiMedia SA acquired 20% stake in its subsidiary Mobvious Italia from its founder individual and now owns 100% of the subsidiary.

Note 19. Important events since 30 June 2016

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 2016 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 HiMedia SA