

PAGESJAUNES GROUPE



Consolidated financial information as at 31 December 2011

Board of Directors meeting of 14 February 2012

Unofficial translation of the French-language "Informations financières consolidées au 31 décembre 2011" of PagesJaunes Groupe, for information purposes only.

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PagesJaunes Groupe

Public limited company having a Board of Directors and a capital of €56,196,950.80

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Commercial and companies register Nanterre 552 028 425

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1. Full-year activity report as at 31 December 2011

1.1. Overview

The Group's core business activity is the provision of local information, principally in France, through the publication of online and printed directories, and the publication of editorial content to assist users in making searches and choices. Through its subsidiaries, the PagesJaunes Group conducts three complementary businesses: the provision of content and services, media and advertising representation. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's business model is based on that of the media: i.e. offering quality content which generates an audience and then monetising this audience, either as a whole or in segments, among businesses.

The Group's activities are organised in three segments:

- Internet:

These are the activities carried out through the Internet. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet activity is mainly carried out in France, but also in Spain (QDQ Media), Luxembourg (Editus) and in 12 countries through 123people.

This segment comprises the online directory activity of "pagesjaunes.fr" and "pagespro.com", the creation and marketing of content and advertising space of the "search" and "display" type, particularly through Horyzon Média's Internet advertising representation, as well as through online small ads from "annoncesjaunes.fr" and "avendrealouer.fr".

The Group is one of the main European operators in the creation and hosting of sites. It offers its customers web optimisation and visibility solutions through Search Engine Optimisation ("SEO", optimization of the coding, design, menu and content of a website) or Search Engine Marketing ("SEM", use of paid placements, contextual advertising and paid inclusions).

This segment includes the online journey planner, geolocation and reservation services of the Mappy and UrbanDive brands, and couponing from 123deal.

Online people and profile searching with 123people, online quotation requests and contact establishment with builders from Keltravo, the themed content site ComprendreChoisir.com published by Fine Media and the Direct Marketing (emailing type) services also form part of this segment.

- Printed directories:

This is the Group's historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, l'Annuaire, and the directories of QDQ Media in Spain and Editus in Luxembourg).

- Other businesses:

This comprises the specific activities of PagesJaunes: directory enquiry services by telephone and SMS (118 008), Minitel and the QuiDonc reverse directory. This segment also includes a number of activities of PagesJaunes Marketing Services: telemarketing, data mining,

database generation, prospect processing and traditional direct marketing activities (data entry and postage).

1.2. Commentary on the 2011 full-year results

PagesJaunes Group in million euros	As at 31 December		
	2011	2010	Change 2011/2010
Revenues	1,101.6	1,125.2	-2.1%
External purchases	(255.7)	(260.4)	-1.8%
Other operating income	3.9	3.2	21.9%
Other operating expenses	(11.5)	(11.9)	-3.4%
Salaries and charges	(345.2)	(338.3)	2.0%
Gross Operating Margin	493.1	517.8	-4.8%
<i>As % of revenues</i>	<i>44.8%</i>	<i>46.0%</i>	
Employee profit-sharing	(14.1)	(14.7)	-4.1%
Share-based payment	(1.9)	(2.5)	-24.0%
Depreciation and amortisation	(25.4)	(18.4)	38.0%
Result of asset disposals	(1.2)	(0.1)	na
Restructuring costs	(0.7)	-	na
Acquisition costs of shares	(0.9)	(0.4)	125.0%
Operating income	449.0	481.7	-6.8%
<i>As % of revenues</i>	<i>40.8%</i>	<i>42.8%</i>	
Financial income	2.9	2.0	45.0%
Financial expenses	(129.0)	(99.6)	29.5%
Gain (loss) on foreign exchange	-	0.0	na
Net financial income	(126.2)	(97.6)	29.3%
Share of profit or loss of an associate	(0.2)	-	na
Income before tax	322.6	384.2	-16.0%
Corporation tax	(125.6)	(139.2)	-9.8%
Income for the period	197.1	244.9	-19.5%
of which attributable to:			
- Shareholders of PagesJaunes Groupe	197.0	244.9	-19.6%
- Non-controlling interests	0.0	(0.0)	

The number of visits to the Group's Internet sites as a whole, in France and internationally, totalled 2,183.5 million as at 31 December 2011, representing a rise of 8.6% compared to 31 December 2010 on a like-for-like basis, with a doubling of the number of visits on mobile Internet. Excluding 123 people, the number of visits to the Group's Internet sites as a whole totalled 1,567.0 million as at 31 December 2011, representing a rise of 9.3% compared to 31 December 2010.

The consolidated revenues of the PagesJaunes Group amounted to €1,101.6 million in 2011,

down 2.1% compared to 2010. The fall in revenues from printed directories, down 9.2% compared to 2010, was partly offset by the growth in Internet activities, which rose 7.0% compared to 2010, to €490.7 million. Internet revenues accordingly represented 52.2% of the Group's revenues in 2011, compared to 47.8% in 2010.

The Group's gross operating margin amounted to €493.1 million in 2011, representing a decrease of 4.8% compared to 2010. The continuation of efforts to optimise the costs of the printed directories and other businesses largely offset the cost of investing in new Internet products and services while maintaining a high gross operating margin of 44.8% in 2011, compared to 46.0% in 2010.

The Group's operating income decreased by 6.8% compared to 2010, to €449.0 million. The decrease in operating income was essentially due to the decrease in the gross operating margin, and the increase in the depreciation and amortisation charge, amounting to €7.0 million, due to the increase in Internet investments from 2010.

The Group's financial result decreased by 29.3% between 2010 and 2011 to €(126.2) million, due to the increase in the average interest rate on the gross debt (including hedging instruments), which rose from 4.55% in 2010 to 5.77% in 2011, and the accelerated amortisation of €5.1 million of part of the expenses associated with the issue of the bank loan in 2006 and its renegotiation in 2011.

Income for the period amounted to €197.1 million, down 19.5% compared to 2010.

The information below shows the revenues and the gross operating margin for each of the three segments of the Group: Internet, Printed Directories and Other Businesses.

in million euros	As at 31 December		
	2011	2010	Change 2011/2010
Internet	575.0	537.6	7.0%
Printed directories	490.7	540.7	-9.2%
Other businesses	35.9	46.9	-23.5%
Revenues	1,101.6	1,125.2	-2.1%
<i>Internet revenues as % of total revenues</i>	<i>52.2%</i>	<i>47.8%</i>	
Internet	257.6	250.2	3.0%
Printed directories	224.4	253.0	-11.3%
Other businesses	11.1	14.6	-24.0%
Gross Operating Margin	493.1	517.8	-4.8%
<i>As % of revenues</i>	<i>44.8%</i>	<i>46.0%</i>	

1.2.1. Analysis of the revenues and gross operating margin of the Internet segment

The following table shows the revenues and gross operating margin of the Internet segment in 2010 and 2011:

Internet in million euros	As at 31 December		
	2011	2010	Change 2011/2010
Revenues	575.0	537.6	7.0%
Gross Operating Margin	257.6	250.2	3.0%
<i>As % of revenues</i>	<i>44.8%</i>	<i>46.5%</i>	

The revenues of the Internet segment rose 7.0% in 2011 to €575.0 million. This growth was driven by the very good momentum of the “search” businesses, the development of mobile and the acceleration of the digital marketing and display activities in particular.

The gross operating margin of the Internet segment amounted to €257.6 million in 2011, up 3.0% compared to 2010. The gross operating margin rate decreased from 46.5% in 2010 to 44.8% in 2011, due to the continuation of advertising investments and the strengthening of the marketing and technical teams at PagesJaunes SA, and the sustained growth of revenues from other subsidiaries with lower profitability.

1.2.2. Analysis of the revenues and gross operating margin of the Printed Directories segment

The following table shows the revenues and gross operating margin of the Printed Directories segment in 2010 and 2011:

Printed directories in million euros	As at 31 December		
	2011	2010	Change 2011/2010
Revenues	490.7	540.7	-9.2%
Gross Operating Margin	224.4	253.0	-11.3%
<i>As % of revenues</i>	<i>45.7%</i>	<i>46.8%</i>	

The revenues of the Printed directories segment saw a contained fall of 9.2% in 2011 to €490.7 million, buoyed by the advertising offering in France (emergency and health kits in Paris, and area promotion in particular).

The gross operating margin of the Printed directories segment amounted to €224.4 million in 2011, down 11.3% compared to 2010. Expenses decreased by 7.3% in 2011 compared to 2010. The optimisation of all expenses, particularly those associated with the production, printing and distribution of printed directories, made it possible to maintain the rate of gross operating margin of the Printed Directories segment at 45.7% in 2011.

1.2.3. Analysis of the revenues and gross operating margin of the Other Businesses segment

The following table shows the revenues and gross operating margin of the Other businesses segment in 2010 and 2011:

Other businesses in million euros	As at 31 December		
	2011	2010	Change 2011/2010
Revenues	35.9	46.9	-23.5%
Gross Operating Margin	11.1	14.6	-24.0%
<i>As % of revenues</i>	<i>30.9%</i>	<i>31.1%</i>	

The revenues of the Other businesses segment decreased by 23.5% in 2011 to €35.9 million. This was due to the sharp decrease in revenues from telephone directory enquiry services, and in revenues from advertisers and from calls made by users of this service.

The gross operating margin of the Other businesses segment amounted to €11.1 million in 2011, down 24.0% compared to 2010. The gross operating margin rate decreased from 31.1% on 31 December 2010 to 30.9% on 31 December 2011. The slight decrease in the margin rate was due mainly to the decrease in revenues of PagesJaunes SA, which was only partly offset by the discontinuation of advertising expenses to promote the telephone directory enquiry services (118 008).

1.2.4. Analysis of consolidated operating income

The table below shows the Group's consolidated operating income in 2010 and 2011:

PagesJaunes Group in million euros	As at 31 December		
	2011	2010	Change 2011/2010
Gross Operating Margin	493.1	517.8	-4.8%
Employee profit-sharing	(14.1)	(14.7)	-4.1%
Share-based payment	(1.9)	(2.5)	-24.0%
Depreciation and amortisation	(25.4)	(18.4)	38.0%
Result of asset disposals	(1.2)	(0.1)	na
Restructuring costs	(0.7)	-	na
Acquisition costs of shares	(0.9)	(0.4)	125.0%
Operating income	449.0	481.7	-6.8%
<i>As % of revenues</i>	<i>40.8%</i>	<i>42.8%</i>	

1.2.4.1. Employee profit-sharing and share-based payment

The employee profit-sharing in the Group amounted to €14.1 million in 2011, down 4.1% compared to 2010, in line with the trend in the gross operating margin.

The Group's share-based payment expense amounted to €1.9 million in 2011, compared to €2.5 million in 2010. The 2010 expense resulted from the stock option plans established in 2007 and 2009, whereas the 2011 expense resulted from the stock option plans established in 2009 and the

second half of 2010 and the free grants of shares in October and December 2011.

1.2.4.2. Depreciation and amortisation

The Group's depreciation and amortisation charges amounted to €25.4 million in 2011, compared to €18.4 million in 2010, a rise of 38.0%. This rise reflects the increase in investments carried out by the group which are essential for the business strategy, particularly in the context of the launch of new products and services for customers and the enrichment of the functionalities of the Group's fixed and mobile Internet sites.

1.2.4.3. Operating income

The Group's 2011 operating income amounted to €449.0 million, down 6.8% compared to 2010. The rate of the Group's operating margin as a proportion of revenues decreased from 42.8% in 2010 to 40.8% in 2011.

1.2.5. Analysis of income for the period

The table below shows the Group's income for the period in 2010 and 2011:

PagesJaunes Group in million euros	As at 31 December		
	2011	2010	Change 2011/2010
Operating income	449.0	481.7	-6.8%
Financial income	2.9	2.0	45.0%
Financial expenses	(129.0)	(99.6)	29.5%
Gain (loss) on foreign exchange	-	0.0	na
Net financial income	(126.2)	(97.6)	29.3%
Share of profit or loss of an associate	(0.2)	-	na
Income before tax	322.8	384.2	-16.0%
Corporation tax	(125.6)	(139.2)	-9.8%
Income for the period	197.1	244.9	-19.5%
of which attributable to:			
- Shareholders of PagesJaunes Groupe	197.0	244.9	-19.6%
- Non-controlling interests	0.0	(0.0)	

1.2.5.1. Financial result

The Group's financial result was a loss of €126.2 million in 2011, compared to a loss of €97.6 million in 2010. The financial result essentially comprises the interest expense relating to the bank loan, which decreased from €1,950.0 million as at 31 December 2010 to €1,600.0 million as at 31 December 2011, and relating to the bond loan issued on 20 May 2011 at a fixed rate of 8.875% for a total of €350.0 million.

In 2011, the bank loan was fully hedged against changes in interest rates by a portfolio of rate swaps and collars maturing in December 2011. As at 31 December 2011, this loan was hedged 56% by swaps for the period December 2011 - November 2013 and 31% by forward swaps for the period November 2013 - September 2015.

The total interest expense, net of the effect of rate hedging instruments, amounted to €113.0 million in 2011, compared to €89.3 million in 2010. The average interest rate on the debt rose from 4.55% in 2010 to 5.77% in 2011, a rise of 122 basis points associated particularly with the refinancing operations conducted in the first half of 2011 (see below).

The financial result also includes the amortisation of loan issue expenses amounting to €12.9 million in 2011, compared to €6.8 million in 2010, as well as changes in the time value of the collars and the value of the base swaps, representing income of €1.2 million in 2011 against €0.7 million in 2010 and classified in "change in the fair value of hedging instruments". Investment income amounted to €1.5 million in 2011 compared to €0.6 million in 2010.

This operation resulted in the extinguishment of part of the bank debt and the recognition of accelerated amortisation of part of the expenses associated with the issue of this financing in 2006 and its renegotiation in 2011 amounting to €5.1 million.

1.2.5.2. Corporation tax

In 2011, the Group recorded a corporation tax charge of €125.6 million, down 9.8% compared to 2010. The apparent tax rate was 38.9% in 2011 compared to 36.2% in 2010. This was mainly due to the introduction of additional contributions (including 5% on CT) representing an impact of €6.1 million, prior-year tax adjustments totalling €2.0 million recognised in 2011 and the recognition in 2010 of non-recurring deferred tax income amounting to €1.0 million following the option exercised in 2009 to classify the corporate value added contribution (CVAE) under corporation tax.

1.2.5.3. Income for the period

The Group's income for the period amounted to €197.1 million in 2011, compared to €244.9 million in 2010, a decrease of 19.5% between the two periods.

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the consolidated Group's cash position in the years ending on 31 December 2010 and 31 December 2011:

PagesJaunes Group in million euros	As at 31 December	
	2011	2010
Accrued interest not yet due	0.0	0.0
Cash and cash equivalents	82.7	106.0
Cash	82.7	106.0
Bank overdrafts	(4.6)	(2.5)
Net cash	78.1	103.5
Bank borrowing	1,600.0	1,950.0
Notes	350.0	-
Revolving	-	-
Debt related costs	(33.4)	(21.4)
Liability in respect of hedging instruments	-	1.9
Fair value of hedging instruments	56.4	63.9
Accrued interest not yet due	7.4	4.7
Earn-outs	9.9	2.8
Other financial liabilities	2.4	1.7
Gross financial debt	1,992.8	2,003.6
Net debt	1,914.7	1,900.1
Net debt excl. fair value of hedging instruments and debt-related fees	1,891.7	1,857.6

The Group's net debt amounted to €1,914.7 million on 31 December 2011 compared to €1,900.1 million on 31 December 2010.

As at 31 December 2011, it mainly comprised:

- a bank loan totalling €1,600 million, of which €638.0 million is repayable at the end of 2013 and €962.0 million in September 2015 and which was fully hedged in 2011 against changes in interest rates by a portfolio of rate swaps and collars maturing at the end of 2011. Since 13 December 2011, the bank debt has been 56% hedged by swaps for the period December 2011 - November 2013 and 31% by forward swaps for the period November 2013 - September 2015. In addition, a diversified syndicate of banks has granted PagesJaunes Groupe a credit line of approximately €300.0 million expiring at the end of 2013. This credit line was unutilised as at 31 December 2011.
- a bond loan amounting to a total of €350.0 million at a fixed rate of 8.875% repayable in mid-2018.

Excluding the fair value of interest rate hedging instruments, representing a liability of €56.4 million as at 31 December 2011 compared to a liability of €63.9 million as at 31 December 2010, and excluding loan issue expenses of €33.4 million as at 31 December 2011 compared to €21.4 million as at 31 December 2010, the net debt amounted to €1,891.7 million as at 31 December 2011, compared to €1,857.6 million as at 31 December 2010.

The table below shows the cash flows of the consolidated Group for the years ending on 31 December 2010 and 31 December 2011:

PagesJaunes Group in million euros	As at 31 December		
	2011	2010	Change 2011/2010
Net cash from operations	240.4	291.8	(51.4)
Net cash used in investing activities	(69.0)	(55.6)	(13.3)
Net cash provided by (used in) financing activities	(196.8)	(194.1)	(2.7)
Impact of changes in exchange rates on cash	(0.0)	0.0	(0.1)
Net increase (decrease) in cash position	(25.4)	42.1	(67.5)
Net cash and cash equivalents at beginning of period	103.5	61.4	42.1
Net cash and cash equivalents at end of period	78.1	103.5	(25.4)

Net cash and cash equivalents amounted to €78.1 million as at 31 December 2011, compared to €103.5 million as at 31 December 2010.

The net cash from operations amounted to €240.4 million in 2011 compared to €291.8 million in 2010, representing a decrease of €51.4 million due mainly to:

- a gross operating margin of €493.1 million in 2011, down €24.7 million compared to 2010,
- neutralisation of non-monetary items included in GOM amounting to €2.4 million in 2011 compared to €9.4 million in 2010,
- an increase in the working capital requirement of €12.0 million in 2011 compared to a decrease of €4.5 million in 2010, representing a resource reduction of €16.4 million between the two periods,
- a net disbursement of €109.2 million in respect of financial interest in 2011, compared to €88.4 million in 2010, owing to the rise in the debt cost,
- a disbursement of €117.9 million in respect of corporation tax in 2011 compared to €136.0 million in 2010.

The net cash used in investing activities represent a disbursement of €69.0 million in 2011 compared to a disbursement of €55.6 million in 2010. That represents a rise of €13.3 million, mainly comprising:

- €44.1 million in respect of acquisitions of tangible and intangible fixed assets in 2011, compared to €42.7 million in 2010, reflecting the maintenance of investments in new Internet products and services,
- €19.6 million in 2011 relating to acquisitions of equity interests, net of cash acquired (including A Vendre A Louer, ClicRDV, Fine Media), compared to €16.9 million in 2010 (123people and Keltravo),
- €5.1 million in respect of acquisitions of participating interests in associated companies

(Relaxevents, Leadformance),

- in 2010, €5.3 million of income from disposals of financial assets relating to the sale of Edicom at the end of 2009.

The net cash used in financing activities amounted to €196.8 million in 2011 against €194.1 million in 2010, representing an almost unchanged position, comprising mainly:

- €162.7 million in respect of dividends paid in 2011, representing a decrease of €19.8 million compared to the dividends paid in 2010,
- a decrease of €26.0 million in other financial liabilities in 2011 (including a disbursement of €24.8 million in respect of part of the refinancing expenses), compared to a decrease of €10.8 million in 2010,
- disbursements in respect of own shares amounting to €8.1 million in 2011 compared to disbursements of €0.4 million in 2010.

1.4. Off-balance-sheet commitments, disputes and related parties

See notes 30 to 32 of the consolidated financial statements.

1.5. Risks and uncertainties relating to the 2012 financial year

The main risks and uncertainties identified by the Group concern:

- The economic environment and the situation of the advertising market in France and Spain, which may affect the sales prospecting by PagesJaunes and QDQ Media in their respective markets,
- Developments in competition on the Internet, particularly with regard to search services and geographic and mapping services, which may have an impact on the ability of PagesJaunes, and Mappy to maintain their rate of revenue growth.

1.6. Events subsequent to the closing date of 31 December 2011

In order to secure its financing sources, at the beginning of January 2012 PagesJaunes group drew all of its €300 million revolving credit line. The proceeds amount to €281 million.

1.7. Research and development

At the cutting edge of its sector, the PagesJaunes Group conducts high-performance research and innovation thanks to its teams and numerous partnerships. These teams bring together the best specialists in their respective fields with the aim of promoting innovation and excellence.

2. Consolidated financial statements

Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)

	Notes	As at 31 December 2011	As at 31 December 2010
Revenues		1,101,636	1,125,214
External purchases		(255,717)	(260,417)
Other operating income		3,936	3,172
Other operating expenses		(11,543)	(11,932)
Personnel expenses : - Salaries and charges	6	(345,191)	(338,258)
Gross Operating Margin		493,122	517,780
- Employee profit-sharing	6	(14,137)	(14,712)
- Share-based payment	6	(1,862)	(2,452)
Depreciation and amortisation	12 & 13	(25,381)	(18,365)
Result of asset disposals	7	(1,177)	(90)
Restructuring costs		(689)	-
Acquisition costs of shares		(901)	(439)
Operating income		448,975	481,723
Financial income		2,868	1,979
Financial expenses		(129,033)	(99,567)
Gain (loss) on foreign exchange		-	30
Net financial income	8	(126,165)	(97,558)
Share of profit or loss of an associate		(184)	-
Corporation tax	9	(125,568)	(139,239)
Income for the period		197,058	244,926
Income for the period attributable to:			
- Shareholders of PagesJaunes Groupe		197,033	244,926
- Non-controlling interests		25	-
Net earnings per share of the consolidated group			
- basic	10	0.70	0.87
- diluted		0.68	0.85

Statement of comprehensive income

(Amounts in thousands of euros)

	Notes	As at 31 December 2011	As at 31 December 2010
Income for the period report		197,058	244,926
Net (loss) /gain on cash flow hedges			
- Gross		6,324	(8,372)
- Deferred tax		(2,177)	2,883
- Net of tax	16	4,147	(5,489)
Exchange differences on translation of foreign operations		-	-
Other comprehensive income		4,147	(5,489)
Total comprehensive income for the period, net of tax		201,205	239,437
Total comprehensive income for the period attributable to:			
- Shareholders of PagesJaunes Groupe		201,180	239,437
- Non-controlling interests		25	-

Statement of financial position

<i>(Amounts in thousands of euros)</i>	Notes	As at 31 December 2011	As at 31 December 2010
ASSETS			
Net goodwill	11	94,079	66,687
Other net intangible fixed assets	12	66,438	49,154
Net tangible fixed assets	13	28,223	27,694
Investment in an associate	5	4,882	-
Available-for-sale assets	14	207	207
Other non-current financial assets	15	1,299	1,251
Net deferred tax assets	9	20,182	31,572
Total non-current assets		215,310	176,566
Net inventories	17	1,600	2,194
Net trade accounts receivable	18	439,312	447,042
Other current assets	19	28,975	27,827
Current tax receivable	9	5,405	1,986
Prepaid expenses	20	109,372	105,611
Other current financial assets		445	3
Cash and cash equivalents	26	82,682	105,977
Total current assets		667,791	690,639
TOTAL ASSETS		883,101	867,205
LIABILITIES			
Share capital		56,197	56,197
Issue premium		98,676	98,676
Reserves		(2,425,277)	(2,509,017)
Income for the period attributable to shareholders of PagesJaunes Groupe		197,033	244,926
Other comprehensive income		(36,787)	(40,934)
Own shares		(10,816)	(4,037)
Equity attributable to equity holders of the PagesJaunes Groupe	22	(2,120,974)	(2,154,189)
Non-controlling interests		56	(0)
Total equity		(2,120,918)	(2,154,189)
Non-current financial liabilities and derivatives	16 & 26	1,981,520	1,962,358
Employee benefits - non-current	24	51,230	47,435
Provisions - non-current	24	6,358	6,813
Deferred tax liabilities	9	1,276	1,136
Total non-current liabilities		2,040,384	2,017,742
Bank overdrafts and other short-term borrowings	26	8,477	38,970
Accrued interest	26	7,412	4,739
Provisions - current	24	896	1,285
Trade accounts payable	23	94,344	101,998
Employee benefits - current	24	118,279	119,261
Other current liabilities	24	97,453	94,808
Corporation tax	9	149	490
Deferred income	27	636,625	642,101
Total current liabilities		963,635	1,003,652
TOTAL LIABILITIES		883,101	867,205

Statement of changes in consolidated equity

<i>(Amounts in thousands of euros)</i>	Number of shares in circulation	Share capital	Issue premium	Own shares	Income and reserves	Cash flow hedges	Translation reserve	Group equity	Non-controlling interests	Total equity
Balance as at 31 December 2009	280,450,576	56,197	98,676	(3,831)	(2,328,709)	(35,445)	-	(2,213,112)	-	(2,213,112)
Total comprehensive income for the period, net of tax					244,926			244,926		244,926
Other comprehensive income, net of tax						(5,489)		(5,489)		(5,489)
Comprehensive income for the period, net of tax					244,926	(5,489)	-	239,437	-	239,437
Share-based payment					2,140			2,140		2,140
Dividends paid					(182,448)			(182,448)		(182,448)
Shares of the consolidating company net of tax effect	(84,883)			(206)				(206)		(206)
Balance as at 31 December 2010	280,365,693	56,197	98,676	(4,037)	(2,264,091)	(40,934)	-	(2,154,188)	-	(2,154,188)
Total comprehensive income for the period, net of tax					197,033			197,033	25	197,058
Other comprehensive income, net of tax						4,147	-	4,147		4,147
Comprehensive income for the period, net of tax					197,033	4,147	-	201,180	25	201,205
Share-based payment					1,511			1,511	-	1,511
Dividends paid					(162,697)			(162,697)	-	(162,697)
Shares of the consolidating company net of tax effect	(2,584,439)			(6,779)				(6,779)	-	(6,779)
Other								-	31	31
Balance as at 31 December 2011	277,781,254	56,197	98,676	(10,816)	(2,228,245)	(36,787)	-	(2,120,974)	56	(2,120,918)

Cash flow statement

<i>(Amounts in thousands of euros)</i>	Notes	As at 31 December 2011	As at 31 December 2010
Income for the period attributable to shareholders of PagesJaunes Groupe		197,033	244,926
Depreciation and amortisation of fixed assets	11 & 13	25,381	18,365
Change in provisions	21	2,379	9,352
Share-based payment		1,511	2,141
Capital gains or losses on asset disposals		1,177	90
Interest income and expenses	4	96,040	56,757
Hedging instruments	5	30,125	40,831
Unrealised exchange difference		47	(37)
Tax charge for the period	9	125,568	139,239
Share of profit or loss of an associate		184	-
Non-controlling interests		25	-
Decrease (increase) in inventories		594	4,240
Decrease (increase) in trade accounts receivable		7,895	18,182
Decrease (increase) in other receivables		(4,551)	4,943
Increase (decrease) in trade accounts payable		(9,038)	(554)
Increase (decrease) in other payables		(6,881)	(22,353)
Net change in working capital		(11,980)	4,459
Dividends and interest received		2,437	718
Interest paid and rate effect of net derivatives		(111,595)	(89,069)
Corporation tax paid		(117,941)	(135,993)
Net cash from operations		240,390	291,778
Acquisition of tangible and intangible fixed assets	12 & 13	(44,154)	(42,746)
Change in suppliers of fixed assets		151	(577)
Proceeds from sale of tangible and intangible assets		115	151
Acquisitions of investment securities and subsidiaries, net of cash acquired	5	(19,620)	(16,883)
Investments in associates		(5,065)	-
Proceeds from disposals of financial assets, net of cash sold	5	-	5,337
Decreases (increases) in marketable securities and other long-term assets	26	(393)	(916)
Net cash used in investing activities		(68,966)	(55,634)
Cash flows arising from changes in ownership interests not		(55)	(460)
Increase (decrease) in borrowings	26	(25,976)	(10,834)
Movements in own shares	22	(8,107)	(383)
Capital increase		-	-
Non-controlling interests contribution		31	-
Dividends paid	22	(162,697)	(182,447)
Net cash provided by (used in) financing activities		(196,804)	(194,124)
Impact of changes in exchange rates on cash		(47)	37
Net increase (decrease) in cash position		(25,427)	42,057
Net cash and cash equivalents at beginning of period		103,501	61,444
Net cash and cash equivalents at end of period	26	78,074	103,501

There are no significant non-monetary flows.

Note 1 – Information on the Group

For over sixty years, the PagesJaunes Group has provided a diversified range of products and services for consumers and businesses, with its printed and online French and international directories constituting its core business. The Group's main activities are described in note 4.

The accounting year for the companies in the PagesJaunes Group extends from 1 January to 31 December. The currency used in presenting the consolidated financial statements and the accompanying notes is the euro.

PagesJaunes Groupe is a public limited company listed on Euronext Paris (PAJ).

This information was approved by the Board of Directors of PagesJaunes Groupe on 14 February 2012.

Note 2 - Context of publication and basis for preparation of the 2011 financial information

Pursuant to European regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the Group has prepared the consolidated financial statements for the year ending 31 December 2011 in accordance with the IFRS standards adopted in the European Union and applicable as of that date.

The summary statements relate to the financial statements prepared in accordance with the IFRS standards as at 31 December 2011 and 31 December 2010. The 2009 financial statements, included in the Reference Document filed with the AMF on 4 May 2011 under the number D11-0446, are included for reference purposes.

In accordance with its strategy and lines of development, the Group has decided to modify its internal and external reporting in order to assess the performance of each operating segment and allocate resources accordingly. The segments have been determined in compliance with IFRS 8 – Operating Segments and are as follows: Internet, Printed Directories and Other Businesses. Pursuant to IFRS 8, the segment reporting has been amended retrospectively.

The accounting policies used are consistent with those used in the preparation of the annual consolidated financial statements for the year ending 31 December 2010, with the exception of new standards, amendments and interpretations which are mandatory with effect from 1 January 2011, but which have no significant impact:

- IAS 32 – Classification of Rights Issues, applicable to financial years commencing from 1 February 2010,
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments, applicable to financial years commencing from 1 July 2010,
- IAS 24 – Related Party Disclosures, applicable to financial years commencing from 1 January 2011,
- IFRIC 14 – Prepayments of a Minimum Funding Requirement, applicable to financial years commencing from 1 January 2011,
- 2010 improvements:
 - Amendments to IFRS 3 – Business Combinations, applicable to financial years commencing from 1 July 2010,
 - Amendment to IFRS 7 – Financial Instruments – Disclosures, applicable to financial years commencing from 1 January 2011,
 - Amendment to IAS 1 – Presentation of Financial Statements, applicable to financial years commencing from 1 January 2011,
 - Amendment to IFRIC 13 – Customer Loyalty Programmes, applicable to financial years

- o commencing from 1 January 2011,
- o Amendment to IAS 34 – Interim Financial Reporting, applicable to financial years commencing from 1 January 2011.

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 31 December 2011.

Furthermore, these principles do not differ from the IFRS standards as published by the IASB insofar as there would be no significant impact from the implementation of the amendments and interpretations which are mandatory for financial years commencing from 1 January 2011, as set out in the reference framework published by the IASB, but which are not yet mandatory in the reference framework endorsed by the European Union.

Finally, the Group is not applying the following instruments, which were not adopted by the European Union as at 31 December 2011:

- Amendment to IFRS 7 – Disclosures – Transfers of Financial Assets
- Amendment to IAS 12 – Deferred Tax: Recovery of Underlying Assets
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosures of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- Revision to IAS 28 – Investments in Associates and Joint Ventures
- Revision to IAS 19 – Employee Benefits
- Amendment to IAS 1 – Presentation of Financial Statements – presentation of items of other comprehensive income
- Revision to IAS 27: Separate Financial Statements
- Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
- Amendment to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine.

Nonetheless, the Group is currently reviewing the practical consequences of these new instruments and the effects of their implementation on its future financial statements. At this stage of the review, the impacts on its consolidated financial statements are expected to be as follows:

IFRS 11 will replace IAS 31. Accounting for partnerships must be based on the substance of the agreements and mainly on the analysis of the resulting rights and obligations. Proportional consolidation is discontinued as a consolidation method. This is the method currently used for Editus Luxembourg, which could be consolidated by the equity method. This standard will be applied retrospectively. In 2011, this entity contributed €8.2 million to consolidated revenues and €2.5 million to consolidated GOM.

IFRS 12 requires the publication of very detailed information on the determination of the scope of consolidation and on the risks associated with interests in other entities (subsidiaries, joint ventures, associated entities, SPVs, non-consolidated entities).

It should be noted that IFRS 10, IFRS 11, IFRS 12 and IAS 28 revised in 2011 are all required to be applied on the same date.

The main effects of the revision of IAS 19 are as follows:

- actuarial losses and gains on post-employment benefits must be recognised immediately in non-transferable equity,
- the recognition of the return on plan assets in the income statement based on an expected rate of return is eliminated (the same rate of return on first-class bonds must be used as that used for the accretion of the liability),
- the spreading of non-vested past service costs is discontinued,
- disclosures are improved by refocusing them on the characteristics of the plans and the

associated risks.

It also redefines the principles of the accounting conditions for severance payments, which must be recognised when the entity is no longer able to withdraw its offer or when a restructuring liability under IAS 37 must be recognised. This standard will be the subject of limited retrospective application.

The main impact expected by the Group is the immediate recognition of actuarial losses and gains on post-employment benefits in non-transferable equity; these represented a gain of €1.0 million in 2011 and a total unrecognised liability of €15.5 million as at 31 December 2011.

All of the standards and interpretations adopted by the European Union as at 31 December 2011 are available on the website of the European Commission at the following address:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

In order to prepare the financial statements, the Management of the Group is required to make estimates and assumptions which have an effect on the amounts presented as assets and liabilities, the contingent liabilities at the date of preparation of the financial statements and the amounts presented as income and expenses for the financial year. The Management continuously evaluates these estimates and assessments on the basis of its past experience, as well as various other factors deemed reasonable, which combine to form the basis of its assessment of the book value of the assets and liabilities. This includes in particular goodwill, share-based payments and the valuation of pension liabilities. The actual result may differ markedly from these estimates due to different realisation conditions. Finally, where a specific transaction is not covered by any standards or interpretations, the Management of the Group applies judgment to define and apply accounting methods which will provide relevant and reliable disclosures, ensuring that the financial statements:

- present a true and fair view of the financial position, the financial performance and the cash flow of the Group,
- reflect the economic substance of transactions,
- are neutral,
- are prudent,
- and are complete in all material respects.

Seasonal variations

Although the activities of the Group are not subject to seasonal effects *per se*, in order to optimise costs, the dates of publication of the printed directories (which determine the recognition of income and related expenses) may vary from one quarter to the next, as each printed directory appears only once a year.

Note 3 - Accounting policies and changes of estimates

This note describes the accounting policies applied for the financial year ending 31 December 2011, in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2011.

Unless stated otherwise, these methods have been applied permanently for all financial years presented.

3.1 - Accounting positions adopted by the Group pursuant to paragraphs 10 to 12 of IAS 8

The accounting positions presented below are not subject to any particular provisions in the international accounting standards adopted by the European Union or their interpretation.

Management Participation Plan:

Sèvres I, Sèvres II and Sèvres III, which together controlled 100% of the capital of Médiannuaire

Holding, the indirect majority shareholder of PagesJaunes Groupe, offered a certain number of Group managers the opportunity to take up a minority shareholding, in the form of 212,591 ordinary shares, in the capital of Médiannuaire Holding (i.e. 0.55% of the capital of Médiannuaire Holding). This participating interest, acquired at the end of December 2006, was based on the price proposed by Médiannuaire Holding in the context of the price guarantee on the PagesJaunes Groupe stock finalised on 1 December 2006.

As at 31 December 2011, the Group managers held 131,122 ordinary shares and 306,565 preference shares, representing a total of 1.14% of the share capital of Médiannuaire Holding.

Médiannuaire Holding's capital is divided into ordinary shares and preference shares, the rights for each class of shares to the increase in value of the equity being variable depending on the internal rate of return recorded by the Médiannuaire Holding shareholders on their investment during their holding period. Moreover, each manager entered into a reciprocal put and call commitment which becomes exercisable on the repayment of the senior and mezzanine debts contracted by Médiannuaire Holding and at the earliest on 2 February 2014. The price per share at which these reciprocal call and put commitments would be implemented has been set on the basis that the price of the preference shares granted free of charge will depend on the gross operating margin of PagesJaunes Groupe.

Statutory training rights (DIF):

The Group has maintained in IFRS the treatment adopted in French GAAP with regard to statutory training rights (Notice 2004-F of 13 October 2004 of the emergency CNC committee on accounting for statutory training rights (DIF)), namely:

- the expenses committed to statutory training rights constitute a charge for the period and do not give rise to any provisions.
- the cumulative number of hours' training entitlement at the year-end and the unused portion of the vested entitlement are stated in the notes to the financial statements.

3.2 - Consolidation

Subsidiaries which are controlled by the Group, directly or indirectly, are fully consolidated.

Companies controlled jointly by the Group and a limited number of other shareholders are proportionally consolidated.

Companies not controlled by the Group but over which the Group exercises significant influence (generally corresponding to an ownership interest of 20% to 50%) are consolidated using the equity method.

When assessing the level of control or significant influence exercised, account is taken of the existence and effect of any exercisable or convertible potential voting rights at the end of the period.

In accordance with IFRS 5, the assets and liabilities of controlled entities that are considered as being held for sale are reported on a separate line in the balance sheet. Profits or losses of discontinued operations are reported on a separate line of the income statement. IFRS 5 defines a discontinued operation as a component of an entity comprising cash flows that can be clearly distinguished from the rest of the entity, that has either been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

Material inter-company transactions and balances are eliminated in consolidation.

3.3 – Transactions in foreign currencies

The principles covering the measurement and recognition of transactions in foreign currencies are set out in IAS 21 “Effects of Changes in Foreign Exchange Rates”. In accordance with this standard, transactions in foreign currencies are converted by the subsidiary into its operating currency at the exchange rate of the transaction date. Monetary assets and liabilities are re-measured at each balance sheet date. The differences arising from re-measurement are recorded in the income statement:

- In operating income for commercial transactions;
- In financial income or expenses for financial transactions.

3.4 – Presentation of the financial statements

As permitted under IAS 1 “Presentation of Financial Statements”, the Group presents the income statement by type.

Operating income corresponds to net income before:

- Financial income;
- Financial expenses;
- Current and deferred income taxes;
- Profits and losses of discontinued operations and operations held for sale.

Gross Operating Margin (GOM) corresponds to operating income before:

- Employee profit-sharing;
- Share-based payment, including any associated social charges;
- Depreciation and amortisation expense;
- Impairment of goodwill and fixed assets;
- Results of asset disposals;
- Restructuring costs;
- Acquisition costs of shares;
- Impairment of goodwill in respect of equity-method associates.

3.5 – Revenues

Revenues from the activities of PagesJaunes Groupe are recognised and presented as follows, in accordance with IAS 18 “Revenue”:

- Revenues from the sale of advertising space in printed directories are recognised at the time of publication of each printed directory. Consequently, sales of advertising space billed in respect of future directories are stated in the balance sheet under the heading of “Deferred Income”.
- Income from the sale of advertising space in online directories is apportioned over the display period, which is generally 12 months.
- Revenues from traffic relating to the telephone enquiry services (118008 in France) are recognised at their gross value when the service is rendered.
- Revenues from publicity campaigns are recognised for the period in which the campaigns are run. When Group entities act exclusively as agents, the revenue consists only of the commission.
- Cost of income directly attributable to the directory publication campaigns for a particular financial period are associated with the corresponding revenues stated for the period in

question; this concerns commissions for sales and telesales personnel as well as publishing costs including the publication fee.

Furthermore, in accordance with SIC 31 "Revenue – Barter Transactions Involving Advertising Services", the revenue from ordinary activities does not include any benefits resulting from exchanges of goods or services for similar benefits, even when the latter are rendered over different periods.

3.6 – Advertising and similar expenses

Expenses for advertising, promotion, sponsorship, communication and brand development are stated in full in the expenses for the year in which they are incurred.

3.7 - Earnings per share

The Group discloses both basic earnings per share and diluted earnings per share. The number of shares used to calculate diluted earnings per share takes into account the conversion into ordinary shares of dilutive instruments outstanding at the period-end (unexercised options, free shares, etc.). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. To permit direct comparisons of earnings per share, the weighted average number of shares outstanding for the reporting year and previous years is adjusted to take into account any shares issued at a discount to market price. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

3.8 - Goodwill

Goodwill represents the difference between the purchase cost of shares in consolidated companies, including transaction expenses, and the Group's equity in the value of the underlying net assets at the date of acquisition.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortised but is tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. IAS 36 "Impairment of Assets" requires these tests to be performed at the level of each Cash Generating Unit (CGU) to which the goodwill has been allocated. In certain cases, CGUs may be combined if the combined CGUs represent the lowest level at which management monitors return on investment. (A Cash Generating Unit is defined as the smallest homogenous group of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other groups of assets). The level at which PagesJaunes Groupe measures the current value of goodwill generally corresponds to the level of each of the consolidated companies.

In accordance with its strategy and lines of development, the Group has decided to modify its internal and external reporting in order to assess the performance of each operating segment and allocate resources accordingly.

The segments have been determined in compliance with IFRS 8 – Operating Segments and are as follows: Internet, Printed Directories and Other Businesses.

The cash flows from the PagesJaunes in France and Editus CGUs come from the Internet and Printed Directories activities; the CGUs have consequently been redefined and the goodwill reallocated to the respective operating segments on the basis of the gross operating margins generated by each of the activities.

To determine whether goodwill has been impaired, the consolidated net book value of the assets and

liabilities is compared to their recoverable amount. The recoverable amount is the higher of the fair value less exit costs and value in use.

Fair value less exit costs is determined as the best estimate of the sale value net of exit costs in a transaction conducted under normal competitive conditions between knowledgeable, willing parties. This estimate is determined on the basis of the available market information, taking into account particular situations.

The value in use applied by PagesJaunes Groupe is the present value of the future cash flows expected to be derived from the CGU, including goodwill. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions applied by the management of PagesJaunes, as follows:

- Cash flow projections are based on the five-year business plan,
- Cash flow projections beyond the five-year period are extrapolated by applying a growth rate to perpetuity reflecting the expected long-term growth in the market and specific to each activity,
- The cash flows obtained are discounted using appropriate rates for the type of business and the countries concerned.

Goodwill impairment losses are recorded in the income statement

If the business is intended to be sold, the recoverable amount is determined on the basis of the fair value net of exit costs.

3.9 – Other intangible assets

Other intangible assets, consisting mainly of trademarks, licences and patents, research and development costs and software, are stated at acquisition or production cost.

When intangible assets are acquired in a business combination, their cost is generally determined when the purchase price of the company acquired is allocated based on their respective market values. When such market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally developed trademarks are not recognised in the balance sheet.

Trademarks

Trademarks having an indefinite useful life are not amortised, but are tested for impairment (see note 3.11).

Licences and patents

Licences and patents are amortised on a straight-line basis over periods which correspond to the expected usage period, not exceeding twenty years.

Research and development costs

Under IAS 38 "Intangible Assets", development costs must be recognised as an intangible fixed asset when the following can be demonstrated:

- The technical feasibility necessary to complete the intangible asset with a view to its being put into service or sold;
- The intention and financial and technical ability to complete the development project;
- Its capacity to use or sell the intangible asset;
- The likelihood that the future economic benefits attributable to the development costs incurred will accrue to the company;
- The costs of this asset can be reliably valued.

Research and development costs not fulfilling the above criteria are expensed in the year in which they are incurred. Significant capitalised development costs are amortised on a straight-line basis over their useful life, generally not exceeding three years.

Software

Software is amortised on a straight-line basis over its useful life, not exceeding five years.

3.10 – Tangible fixed assets

Gross value

The gross value of tangible fixed assets corresponds to their purchase or production cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

It also includes the estimate of the costs of dismantling and removing the item and restoring the site on which it is located, such obligation being incurred by the Group either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories.

Finance leases

Assets acquired under leases that transfer the risks and rewards of ownership to entities of the Group (financial leases) are stated in fixed assets, with a corresponding financial obligation being recorded in liabilities. The risks and rewards of ownership are considered as having been transferred to the entities of the Group when:

- The lease transfers ownership of the asset to the lessee at the end of the lease term;
- The Group has the option to purchase and the conditions of the option are such that it is highly likely that ownership will be transferred at the end of the lease term;
- The lease term covers the major part of the estimated economic life of the asset;
- The discounted value of the total of the minimum fees provided for in the contract is close to the fair value of the asset.

At the same time, the assets in respect of which the risks and rewards associated with ownership are transferred by the entities of the Group to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are expenses as incurred, except where they serve to increase the asset's productivity or prolong its useful life.

Finance leases are not significant for the disclosed periods.

Depreciation

Tangible fixed assets are depreciated on a basis that reflects the pattern in which their future economic benefits are expected to be consumed in the case of each asset item on the basis of the acquisition cost, less any residual value. The straight-line basis is usually applied over the following estimated useful lives: 25 to 30 years for buildings, 5 to 10 years for fittings, 1 to 5 years for other fixed assets.

These depreciation periods are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. These changes in accounting estimates are recognised prospectively.

3.11 – Impairment of fixed assets

Under IAS 36 "Impairment of Assets", the value in use of tangible and intangible fixed assets must be tested for impairment when there is an indication that they may be impaired. Indicators are

reviewed at each closing date.

Intangible and tangible fixed assets are subject to a write down for impairment when, because of events or circumstances which have occurred during the period (such as obsolescence, physical deterioration, significant changes to the manner in which the asset is used, worse than expected performance, a drop in revenues or other external indicators, etc.), their recoverable amount appears to be lower than their net book value in the long term. The recoverable amount of an asset is the higher of its fair value less exit costs and its value in use.

Each asset or group of assets is tested for impairment by comparing its recoverable amount to its net book value. When an asset or group of assets is found to be impaired, the recognised impairment loss is equal to the difference between its net book value and the recoverable amount.

The recoverable amount of an asset is generally determined by reference to its value in use, corresponding to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal. It is assessed by the discounted cash flows method, based on economic assumptions and operating conditions expected by the Management of the Group.

3.12 - Financial assets and liabilities

Financial assets include available-for-sale assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.

Financial liabilities include borrowings, other financing and bank overdrafts and operating debts.

Financial assets and liabilities are measured and recognised in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

3.12.1 - Measurement and recognition of financial assets

Assets held to maturity

Held-to-maturity investments comprise exclusively securities with fixed or determinable income and fixed maturities, other than loans and receivables, which the Group has the intention and ability to hold to maturity. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method.

The Group assesses whether there is any objective evidence that held-to-maturity assets are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

Available-for-sale assets

Available-for-sale assets consist mainly of shares in non-consolidated companies and marketable securities that do not fulfil the criteria for classification in any of the other categories of financial assets. They are measured at fair value and gains and losses arising from re-measurement at fair value are recognised in equity.

Fair value corresponds to market price for listed securities and estimated value in use for unlisted securities, determined according to the most appropriate financial criteria in each case.

If there is any objective indication that these assets are impaired, the accumulated loss stated in equity is recognised in the income statement.

Loans and receivables

This category includes receivables from participating interests, other loans and receivables and trade accounts receivable. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Cash flows on loans and receivables at variable rates of interest are re-measured periodically, to take into account changes in market interest rates. The re-measurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

The Group assesses whether there is any objective evidence that loans or receivables are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

Assets at fair value through the income statement

Assets held for trading are assets which the Company intends to resell in the near term in order to realise a profit, which form part of a portfolio of financial instruments that are managed together and for which there is a practice of short-term disposal. This category also includes assets, which the Group has opted to classify in this category, irrespective of the criteria stated above ("fair value" option).

These assets are carried in the balance sheet under short-term financial assets.

Cash and cash equivalents

Cash equivalents are held to meet short-term cash needs rather than for investment or other purposes. They consist of instruments that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment. Cash and cash equivalents comprise cash available on demand and short-term investments with maturities generally of three months or less at the date of purchase. They are stated at historical cost, which is close to their realisable value.

3.12.2 - Measurement and recognition of financial liabilities

Financial liabilities

With the exception of financial liabilities held for trading, which are measured at fair value, borrowings and other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost by the effective interest method.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying value. This is because financial liabilities are initially recognised at cost, corresponding to the fair value of the sums paid or received in exchange for the liability. The costs are subsequently amortised over the life of the liability, by the effective interest method.

The effective interest rate is the rate, which discounts estimated future cash payments up to the maturity date or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value.

3.12.3 - Measurement and recognition of derivative instruments

Derivative instruments are measured at fair value in the balance sheet. Except as explained below, gains and losses arising from re-measurement at fair value of derivative instruments are systematically recognised in the income statement.

Hedging instruments

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", derivative instruments may be designated as fair value hedges or cash flow hedges:

- A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an identified portion of the asset or liability, that is attributable to a particular risk, notably rate and currency risks, and which would affect profit or loss;
- A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecast transaction (such as a future purchase or sale) and could affect profit or loss.

Hedge accounting applies if:

- At the inception of the hedge, there is formal designation and documentation of the hedging relationship;
- At the inception of the hedge and in subsequent periods, the company may expect the hedge to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk and if the actual results of the hedge are within a range of 80-125%.

The effects of applying hedge accounting are as follows:

- For fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognised in the balance sheet at fair value. The gain or loss from re-measuring the hedged item at fair value is recognised in profit or loss and is offset by the effective portion of the loss or gain from re-measuring the hedging instrument at fair value;
- For future cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity – because the change in the fair value of the hedged portion of the underlying item is not recognised in the balance sheet – and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. Amounts recognised directly in equity are subsequently recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

3.13 – Inventories

Inventories are stated at the lower of cost and probable net realisable value. Cost corresponds to purchase or production cost determined by the weighted average cost method.

3.14 – Deferred taxes

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, by the liability method. Deferred tax assets are recognised only when their recovery is considered probable within a period of 3 to 5 years.

IAS 12 requires, in particular, the recognition of deferred tax liabilities on all intangible assets recognised in business combinations (trademarks, customer lists, etc.).

A deferred tax liability is recognised for all taxable temporary differences between the book value of shares and their tax base associated with investments in subsidiaries, equity-method associates and interests in joint ventures, except where:

- The Group is able to control the timing of the reversal of the temporary difference (e.g.: distribution of dividends), and
- It is probable that the temporary difference will not be reversed in the foreseeable future.

In practice, this means that for fully and proportionally consolidated companies, a deferred tax liability is recognised for taxes payable on planned dividend distributions by these companies.

The deferred tax assets and liabilities are set off if there is a legally enforceable right allowing set-off against a future tax liability. Any set-offs are treated by tax group depending on a single tax authority.

The deferred taxes relating to items stated directly in shareholders' equity are also stated in shareholders' equity.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

3.15 - Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when, at the end of the period, the Group has an obligation towards a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's practices or public commitments, which have created a legitimate expectation among third parties concerned that the Group will meet certain responsibilities.

The amount recognised as a provision corresponds to the best estimate of the expenditure required of the Group to settle the present obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded, but details of the obligation are disclosed in the Notes to the financial statements.

Contingent liabilities – corresponding to potential obligations resulting from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Company's control, and to probable obligations that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation – are disclosed in the Notes to the financial statements.

Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed plan before the period end-date.

Provisions are discounted when the discounting adjustment is material.

3.16 – Pension and similar benefit obligations

3.16.1 – Post-employment benefits

Retirement benefits and similar commitments

In France, the legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age. The actuarial differences relating to post-employment benefits will be treated in accordance with the corridor method, which consists of recognising a specified portion of the net cumulative actuarial gains and losses that exceed 10% of the greater of the present value of the commitment and the value of plan assets, over the average expected remaining working lives of the employees participating in the plan.

The impact of changes in assumptions is reflected in the income statement over the residual average working life of the employees (see note 25).

Other retirement schemes

These benefits are provided either on the basis of defined contribution schemes or on the basis of defined benefit schemes.

In the context of defined contribution schemes, the Group has no commitment other than the payment of contributions. The charge corresponding to the contributions paid is recognised in the income statement for the period.

In accordance with IAS 19, obligations under defined benefit schemes are measured by the projected unit credit method. According to this method, each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately to value the final obligation, which is then discounted.

3.16.2 – Other long-term benefits

Other long-term benefits which may be granted by the Group consist mainly of long-service awards that are also measured on an actuarial basis.

3.16.3 – Termination benefits

Any termination benefits are also determined on an actuarial basis and covered by provisions. For all commitments where termination of employment contracts would trigger payment of compensation, the impact of changes in assumptions is recognised in profit or loss for the period during which the revision takes place.

3.17 – Share-based payments

In accordance with IFRS 2 “Share-Based Payment”, stock options, employee share issues and free grants of shares to employees of the Group are valued on their grant date.

The value of stock options is determined in particular by reference to the exercise price, the life of the options, the current price of the underlying shares, the expected share price volatility, expected dividends and the risk-free interest rate over the life of the options. The amount so determined (under the share-based payment heading) is recognised in personnel expenses on a straight-line basis over the period between the grant date and the exercise date – corresponding to the vesting period – and in equity for equity-settled plans or in liabilities to employees for cash-settled plans. The Group has opted for retrospective application of IFRS 2 to equity- and cash-settled plans. The new plans are valued in accordance with IFRS 2 using a binomial model.

The fair value of a free share is the market price of the share on the grant date after adjustment to take account of the loss of dividends expected during the vesting period. This expense is recorded on a straight-line basis over the vesting period and, if necessary, is adjusted to take account of the likelihood that the performance conditions will be fulfilled.

3.18 – Own shares

Under IAS 32, acquisition of own shares are recorded as a decrease in own capital on the basis of their acquisition cost. If own shares are disposed of, the profits or losses are recognised in the consolidated reserves for their amounts less tax.

Note 4 - Segment information

The Group's core business activity is the provision of local information, principally in France, through the publication of online and printed directories, and the publication of editorial content to assist users in making searches and choices. Through its subsidiaries, the PagesJaunes Group conducts three complementary businesses: the provision of content and services, media and advertising representation. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's business model is based on that of the media: i.e. offering quality content which generates an audience and then monetising this audience, either as a whole or in segments, among businesses.

The Group's activities are organised in three segments:

- Internet:

These are the activities carried out through the Internet. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet activity is mainly carried out in France, but also in Spain (QDQ Media), Luxembourg (Editus) and in 12 countries through 123people.

This segment comprises the online directory activity of "pagesjaunes.fr" and "pagespro.com", the creation and marketing of content and advertising space of the "search" and "display" type, particularly through Horyzon Média's Internet advertising representation, as well as through online small ads from "annoncesjaunes.fr" and "avendrealouer.fr".

The Group is one of the main European operators in the creation and hosting of sites. It offers its customers web optimisation and visibility solutions through Search Engine Optimisation ("SEO", optimization of the coding, design, menu and content of a website) or Search Engine Marketing ("SEM", use of paid placements, contextual advertising and paid inclusions).

This segment includes the online journey planner, geolocation and reservation services of the Mappy and UrbanDive brands, and couponing from 123deal.

Online people and profile searching with 123people, online quotation requests and contact establishment with builders from Keltravo, the themed content site ComprendreChoisir.com published by Fine Media and the Direct Marketing (emailing type) services also form part of this segment.

- Printed directories:

This is the Group's historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, l'Annuaire, and the directories of QDQ Media in Spain and Editus in Luxembourg).

- Other businesses:

This comprises the specific activities of PagesJaunes: directory enquiry services by telephone and SMS (118 008), Minitel and the QuiDonc reverse directory. This segment also includes a number of activities of PagesJaunes Marketing Services: telemarketing, data mining, database generation, prospect processing and traditional direct marketing activities (data entry and postage).

4.1 - By business sector

The table below presents a breakdown of the main aggregates by business sector for the periods ending 31 December 2011 and 2010:

<i>Amounts in thousands of euros</i>	As at 31 December 2011	As at 31 December 2010
Revenues	1,101,636	1,125,214
- Internet	575,014	537,618
- Printed directories	490,680	540,669
- Other businesses	35,942	46,927
Gross Operating Margin	493,122	517,780
- Internet	257,588	250,219
- Printed directories	224,448	253,004
- Other businesses	11,085	14,557
Amortisation of tangible and intangible fixed assets	(25,381)	(18,365)
- Internet	(14,561)	(9,788)
- Printed directories	(9,947)	(7,398)
- Other businesses	(873)	(1,179)
Acquisitions of tangible and intangible fixed assets	44,154	42,746
- Internet	38,799	36,501
- Printed directories	4,635	4,143
- Other businesses	720	2,102

There are no inter-sector relationships.

4.2 - By geographic region

<i>Amounts in thousands of euros</i>	As at 31 December 2011	As at 31 December 2010
Revenues	1,101,636	1,125,214
- France	1,062,194	1,084,868
- Others	39,442	40,346
Assets	883,101	867,205
- France	704,027	666,596
- Others	63,972	59,613
- Unallocated	115,102	140,996

Note 5 - Changes in the scope of consolidation

The main transactions in 2011 and 2010 were as follows:

2011

On 1 April 2011, PagesJaunes Groupe acquired 100% of the shares and voting rights in the company A Vendre A Louer. A Vendre A Louer was formed in 1986 as the first solution for the distribution of real-estate ads for businesses, since when it has become a benchmark in the online real-estate small ads market.

On 24 May 2011, PagesJaunes Groupe acquired 100% of the shares and voting rights in the company ClicRDV. Formed in 2006, ClicRDV is the leader in online appointment booking solutions and now provides tailor-made solutions for the specific needs of all businesses – major accounts, self-employed professionals, SMEs – and public bodies.

On 29 July, PagesJaunes Groupe acquired 100% of the shares and voting rights in the company Fine Media. Formed in 2007, it designed the ComprendreChoisir.com site and has developed around 300 sites with themed content aimed at the general public, enabling Internet users to have a better understanding and make the right choices in five areas: Home/Household Jobs, Money/Law, Consumer/Practical Info, Health/Beauty and Business.

The fair values of the identifiable assets and liabilities are as follows:

(Amounts in thousands of euros)	Acquisitions of 2011
Non-current assets	375
Current assets	1,864
Cash and cash equivalents	2,235
TOTAL ASSETS	4,474
Non-current liabilities	(116)
Current liabilities	(4,127)
TOTAL LIABILITIES	(4,243)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	231
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	27,396
PURCHASE CONSIDERATION TRANSFERRED	27,627

All these securities were acquired for a total price of €27.6 million in cash. Price supplements of an estimated total of €7.9 million may be paid up to 2014 if certain operating performance conditions are fulfilled. They form an integral part of the purchase price and have been recognised in non-current liabilities.

These operations gave rise to the recognition of goodwill totalling €27.4 million. This goodwill, which is not amortised for tax purposes, represents in particular the expected synergies (enrichment of new Internet services in digital marketing and vertical offerings such as real estate) and the know-how developed by these companies. Any value adjustments will be finalised over a period of 12 months from the respective transaction dates.

Since their acquisition date, these three entities have contributed €6.3 million to consolidated revenues ("Internet" segment) and €-1.1 million to the gross operating margin. If these entities had been acquired on 1 January 2011, the consolidated revenues would have been €1,105.5 million and the consolidated gross operating margin would have been €493.5 million.

On 20 May 2011, PagesJaunes Groupe, through the entity PagesJaunes Finance & Co SCA dedicated to this operation, finalised the issue of a bond loan amounting to €350 million (cf. note 25). It is fully consolidated.

Investments in associated companies

On 27 April 2011, PagesJaunes Groupe subscribed 40% of the capital of Relaxevents, a company formed on 22 March. Relaxevents has been consolidated by the equity method.

On 30 November, PagesJaunes Groupe acquired 49% of the shares and voting rights of Leadformance, the leader in sales outlet location on the Internet. The Group is thus enhancing its digital communication offering for major advertisers.

Investments in associated companies totalled €5.1 million and represented a value of €4.9 million as at 31 December 2011.

The results of the associated companies were not significant in the 2011 financial year.

On the acquisition date, the assets of associated companies represented €0.7 million and the liabilities €4.6 million.

2010

On 17 February 2010, PagesJaunes Groupe exercised the purchase option granted under the terms of the partnership agreement and raised its interest in Horyzon Média from 95.83% to 100% at a price of €0.5 million. This has been stated in current liabilities.

On 12 March 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights of 123people Internetservices GmbH, the global leader in real-time people search on the Internet. This strategic operation enables PagesJaunes Groupe to strengthen its leadership on the Internet by joining forces with 123people, a benchmark brand with an audience of over 40 million unique visitors in 11 countries and proven know-how in natural listing and meta-search on the web.

On 4 May 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights of Keltravo, a major provider of online quotations in the household jobs sector. As a major operator in lead generation, Keltravo will allow the development of audiences in the household jobs sectors, the enrichment of content and the integration of a quotation request service on pagesjaunes.fr as well as ROI growth for PagesJaunes advertisers.

On 20 October 2010, PagesJaunes acquired 100% of the shares and voting rights of Aronet, which operates the embauche.com site and specialises in employment offers for businesses, recruitment firms and temporary employment agencies. This operation fits in with the policy of enriching the Group's Internet services for businesses. On 31 December 2010, this entity was absorbed by the PagesJaunes company as part of an internal restructuring which had no significant impact on the consolidated financial statements.

All the shares of the companies 123people, Keltravo and Aronet were acquired for a price of €21.0 million including €0.4 million of fees and expenses. The part acquired in cash amounted to €18.2 million.

Price supplements totalling an estimated €2.8 million may be paid in 2012 and 2013 if certain operational performance conditions are fulfilled. They have been stated in current and non-current liabilities.

No adjustment was made in 2011 to the allocation of the acquisition price of these entities.

Note 6 - Personnel expenses

(In thousands of euros, except staff count)	31 December 2011	31 December 2010
Average staff count (full-time equivalent)	4,426	4,253
Salaries and charges	(345,191)	(338,258)
of which: - Wages and salaries	(235,770)	(236,988)
- Social charges	(98,959)	(92,049)
- Taxes on salaries and other items	(10,462)	(9,221)
Share-based payment (1)	(1,862)	(2,452)
of which: - Stock options and free shares	(1,511)	(2,141)
- Social charges on grants of stock options and free shares	(351)	(311)
Employee profit-sharing (2)	(14,137)	(14,712)
Total personnel expenses	(361,190)	(355,421)

(1) cf. note 25

(2) including corporate contribution

Note 7 - Result of asset disposals

This section includes the result from current sales of intangible, tangible and financial assets.

Note 8 – Financial result

The financial result is made up as follows:

(In thousands of euros)	31 December 2011	31 December 2010
Interest and similar items on financial assets	96	58
Result of financial asset disposals	1,419	558
Change in fair value of hedging instruments	1,202	1,263
Dividends received	151	100
Financial income	2,868	1,979
Interest on financial liabilities	(82,908)	(49,031)
Income / (expenses) on hedging instruments	(30,110)	(40,257)
Change in fair value of hedging instruments	(15)	(574)
Amortisation of loan issue expenses	(12,853)	(6,808)
Other financial expenses & fees	(478)	(341)
Accretion cost (1)	(2,669)	(2,556)
Financial expenses	(129,033)	(99,567)
Gain (loss) on exchange	-	30
Financial result	(126,165)	(97,558)

(1) The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments (cf. note 24) and the liability in respect of hedging instruments (cf. note 16).

Note 9 - Corporation tax

9.1 - Group tax analysis

The corporation tax for the year results from the application of the effective tax rate at the end of the financial year to the pretax income.

The reconciliation of the theoretical tax, calculated on the basis of the statutory tax rate in France, and the effective tax is as follows:

Amounts in thousands of euros	As at 31 December 2011	As at 31 December 2010
Pretax net income from continuing businesses and before goodwill impairment	322,626	384,165
Statutory tax rate	34.43%	34.43%
Theoretical tax	(111,091)	(132,281)
Loss-making companies not integrated for tax purposes	(1,248)	(384)
Loan and current account depreciation QDQ Media	254	896
Share-based payment	(520)	(729)
Foreign subsidiaries	168	451
Recognition of previously unrecognised tax losses	192	-
Corporate value added contribution	(8,884)	(7,365)
Additional tax 5%	(5,294)	-
Other non-taxable income	853	173
Effective tax	(125,568)	(139,239)
<i>of which current tax</i>	<i>(114,887)</i>	<i>(139,617)</i>
<i>of which deferred tax</i>	<i>(10,681)</i>	<i>378</i>
Effective tax rate	38.92%	36.24%

9.2 - Taxes in the balance sheet

The net balance sheet position is detailed as follows:

Amounts in thousands of euros	As at 31 December 2011	As at 31 December 2010
Retirement benefits	15,378	13,537
Employee profit-sharing	4,706	4,783
Non-deductible provisions	4,570	4,726
Hedging instruments	19,436	24,806
Other differences	1,186	914
Subtotal deferred tax assets	45,276	48,766
Corporate value added contribution	(165)	(309)
Loan issue costs	(11,641)	(9,934)
Brand 123people	(1,132)	(1,132)
Depreciations accounted for tax purposes	(13,432)	(6,955)
Subtotal deferred tax liabilities	(26,370)	(18,330)
Total net deferred tax assets / (liabilities)	18,906	30,436
<i>Deferred tax assets</i>	<i>20,182</i>	<i>31,572</i>
<i>Deferred tax liabilities</i>	<i>(1,276)</i>	<i>(1,136)</i>

No deferred tax asset relating to loss carryforwards of QDQ Media was recognised in the balance sheet, as this company recorded a net loss in 2011. The amount of deferred tax not recognised is estimated at €63.0 million as at 31 December 2011.

PagesJaunes Groupe has opted for the tax integration system provided for in articles 223 A ff. of the General Tax Code. The aim of using this option is to create a fiscally integrated group comprising PagesJaunes Groupe and all its French subsidiaries fulfilling the necessary conditions to become members.

The deferred tax assets in the balance sheet decreased from €31.6 million as at 31 December 2010 to €20.2 million as at 31 December 2011.

In the balance sheet as at 31 December 2011, corporation tax represents a receivable of €5.4 million and a liability of €0.1 million. As at 31 December 2010, corporation tax represented a receivable of €2.0 million and a liability of €0.5 million. The tax disbursed during the 2011 financial year was €117.9 million as against €136.0 million in 2010.

Note 10 - Earnings per share

In 2011, net income amounted to €197.1 million. The average number of ordinary shares in circulation was 280.2 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to €0.70, or €0.68 taking into account the potentially dilutive effect of the average of 7.9 million stock options and free shares in existence in 2011 (cf. note 25).

In 2010, net income amounted to €244.9 million. The average number of ordinary shares in circulation was 280.5 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to €0.87, or €0.85 taking into account the potentially dilutive effect of the average of 6.9 million stock options in existence in 2010.

Note 11 - Goodwill in respect of consolidated companies

Net goodwill on fully consolidated companies can be analysed as follows:

(in thousands of euros)	As at 31 December 2011			As at 31 December 2010			Change Net
	Gross	Cumulated impairments	Net	Gross	Cumulated impairments	Net	
QDD Media - Internet	71,263	(68,882)	2,381	68,882	(68,882)	-	2,381
Mappy - Internet	7,400	-	7,400	7,400	-	7,400	-
PagesJaunes Marketing Services - Int.	13,278	-	13,278	13,278	-	13,278	-
Euro Directory	-	-	-	12,109	-	12,109	(12,109)
Euro Directory - Printed directories	4,238	-	4,238	-	-	-	4,238
Euro Directory - Internet	7,871	-	7,871	-	-	-	7,871
PagesJaunes	-	-	-	6,824	-	6,824	(6,824)
PagesJaunes - Internet	6,824	-	6,824	-	-	-	6,824
Horyzon Média - Internet	11,100	-	11,100	11,104	-	11,104	(4)
Acquisitions 2010 - Internet	15,972	-	15,972	15,972	-	15,972	-
Acquisitions 2011 - Internet	25,015	-	25,015	-	-	-	25,015
TOTAL	162,961	(68,882)	94,079	135,569	(68,882)	66,687	27,392

The movements in the net value of goodwill can be analysed as follows:

(in thousands of euros)	2011	2010
Balance at start of year	66,687	50,358
Acquisitions	27,396	16,370
Disposals	-	-
Impairments	-	-
Reclassifications etc.	(4)	(41)
Balance at end of year	94,079	66,687

Goodwill values were examined on the closure of the consolidated financial statements according to the method described in note 3.8 - Accounting policies, on the basis of business plans, a perpetual growth rate of between 2% and 2.5% and an after-tax discount rate of between 9.0% and 11.0% depending on the cash-generating units. These rates are based on published sector studies.

As at 31 December 2011, the impairment tests on these intangible assets showed no material sensitivity to rate variations.

The assumptions made in determining the recoverable values are similar for all cash-generating units. They may be based on market data, the penetration rates of the various media or the products on the market, revenues (number of advertisers, average revenue per advertiser) or levels of gross operating margin. The values assigned to each of these parameters reflect past experience, subject to anticipated developments during the life of the plan. These parameters are the main sensitivity factors. There is no reasonably possible change in these sensitivity factors that could cause the recoverable value of the goodwill to be significantly below its book value.

No impairment was recorded in 2011 and 2010.

Note 12 - Other intangible fixed assets

(in thousands of euros)	31 December 2011			31 December 2010		
	Gross value	Accumulated amortisation	Net value	Gross value	Accumulated amortisation	Net value
Software and support applications	134,991	(77,773)	57,218	102,380	(62,027)	40,352
<i>L'Annuaire</i> concession	-	-	-	11,000	(11,000)	-
123people brand	4,526	-	4,526	4,526	-	4,526
Other intangible fixed assets	6,420	(1,726)	4,694	5,534	(1,259)	4,276
Total	145,937	(79,499)	66,438	123,440	(74,286)	49,154

No significant impairment was recorded as at 31 December 2011 and 2010.

Movements in the net value of other intangible fixed assets can be analysed as follows:

(in thousands of euros)	31 December 2011	31 December 2010
Balance at start of year	49,154	25,051
Acquisitions	13,167	12,543
Internally generated assets (1)	21,666	17,725
Effect of changes in the scope of consolidation (2)	240	4,557
Disposals and accelerated amortisation	(1,220)	(202)
Amortisation charge	(16,569)	(10,520)
Balance at end of year	66,438	49,154

(1) concerns all capitalised development expenses

(2) in 2011, essentially concerns the acquisitions of A Vendre A Louer and Fine Media. In 2010, concerns the acquisitions of Keltravo and 123people

The increase in investments made by the Group is linked to the launch of new products and services for customers and the enrichment of the functionalities of the Group's fixed and mobile Internet sites. Part of these investments were carried out by internal teams.

Note 13 - Tangible fixed assets

(in thousands of euros)	31 December 2011			31 December 2010		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
Land and buildings	1,509	(266)	1,243	1,509	(247)	1,262
IT and terminals	52,635	(40,651)	11,984	49,714	(37,415)	12,299
Other items	41,376	(26,380)	14,996	37,571	(23,438)	14,133
Total	95,520	(67,297)	28,223	88,794	(61,100)	27,694

No significant impairment was recorded as at 31 December 2011 and 2010.

Movements in the net value of tangible fixed assets can be analysed as follows:

(in thousands of euros)	31 December 2011	31 December 2010
Balance at start of year	27,694	22,950
Acquisitions of tangible fixed assets	9,321	12,477
Effect of changes in the scope of consolidation (1)	92	150
Disposals and discards	(72)	(39)
Depreciation charge	(8,812)	(7,844)
Balance at end of year	28,223	27,694

(1) in 2011, essentially concerns the acquisitions of A Vendre A Louer and Trazada. In 2010, concerns the acquisitions of Keltravo and 123people

Note 14 - Other available-for-sale assets

This section includes investment securities classified as available-for-sale assets within the meaning of standard IAS 39.

Note 15 - Other non-current financial assets

The other financial assets essentially comprise the long-term portion of security deposits.

Note 16 - Derivative financial instruments

PagesJaunes Groupe uses derivative financial instruments to manage the interest rate risk associated with the variable rate bank debt. PagesJaunes Groupe has implemented the procedures and documentation necessary to justify hedge accounting within the meaning of IAS 39.

Description of derivative financial instruments

PagesJaunes Groupe has concluded the following agreements with several financial institutions:

In 2006 and 2009,

- interest rate swap contracts for a total nominal amount of €580 million, ending on 13 December 2011. In these operations, PagesJaunes Groupe received the three-month Euribor variable rate and paid the average fixed rate of 3.16%.
- two collars, made up of a synthetic combination of cap purchases and floor sales for a total nominal amount of €1,140 million, commencing on 13 December 2006 and ending on 13 December 2011. The tunnels formed by these collars provided for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%.

All of these instruments matured on 13 December 2011.

In 2009, swap contracts were entered into for a total nominal amount of €900 million, commencing on 13 December 2011 and ending on 24 November 2013, for which PagesJaunes Groupe receives the three-month Euribor variable rate and pays the average fixed rate of 3.79%.

At the beginning of the summer of 2011, interest rate swap contracts were entered into for a total nominal amount of €500 million, commencing on 24 November 2013 and ending on 11 September 2015, for which PagesJaunes Groupe receives the three-month Euribor variable rate and pays the average fixed rate of 2.77%.

These operations provide a cash flow hedge relating to the variable rate debt (cf. note 26). Prospective effectiveness tests performed by PagesJaunes Groupe on the inception of these operations and retrospective tests carried out on 31 December 2011 and 2010 showed that these financial instruments offered a totally effective cash flow hedge in relation to this bank debt.

Accounting and assets/liabilities relating to these derivative financial instruments

The fair value of these derivative financial instruments is made up as follows:

in thousands of euros	31 December 2011	31 December 2010
Interest rate swaps – cash flow hedge	(56,106)	(42,700)
Interest rate swap – fair value hedge	(325)	(574)
Collars – cash flow hedge	-	(20,668)
<i>of which intrinsic value</i>	-	(19,730)
<i>of which time value</i>	-	(938)
Assets / (liability)	(56,431)	(63,942)

The change in the fair value of derivative financial instruments (qualified as cash flow hedges) between 31 December 2010 and 31 December 2011, i.e. a decrease of €13.4 million for the interest rate swaps and an increase of €19.7 million for the intrinsic value of the collars (at maturity), was stated in transferable equity, after recognition of deferred tax of €2.2 million.

The changes in the time value of the collars and the base swap qualified as fair value hedging were stated in financial income (cf. note 8) in an amount of €1.2 million. Deferred tax of €0.4 million was recorded in this respect.

No ineffectiveness was recorded with regard to cash flow hedges.

Note 17 - Net inventories

Inventories consist mainly of paper for the production of the printed directories and current service requirements for the production of advertisements (printed and online products) and websites.

Where necessary, they have been written down when commercial prospects could entail a risk of a fall in value to below that stated in the balance sheet.

No significant discards were recorded during the 2011 and 2010 financial years.

Note 18 - Trade debtors

The breakdown of the gross value and impairment of trade debtors is as follows:

in thousands of euros	31 December 2011	31 December 2010
Gross trade debtors	466,516	472,770
Provisions for impairment (1)	(24,450)	(21,071)
Net receivables before statistical impairment	442,066	451,699
Provisions for statistical impairment (1)	(2,754)	(4,657)
Net trade debtors	439,312	447,042

(1) cf. note 21 – Changes in provisions for impairment of assets

As at 31 December, trade debtors were due as follows:

In thousands of euros	Total (1)	Not due (1)	Due and not impaired (1)					
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	> 360 days
2011	442,066	392,770	17,995	9,319	5,084	8,267	7,507	1,124
2010	451,699	398,594	15,373	5,431	9,666	9,465	8,176	4,994

(1) Excluding statistical impairment provisions totalling €2,754k as at 31 December 2011 and €4,657k as at 31 December 2010

The Group's portfolio of trade debtors does not present a significant risk of concentration (over 712,000 advertisers, including 655,000 in France). In France, PagesJaunes' 20 largest advertisers represent 1.3% of these revenues (1.4% in 2010) and advertisers in the 10 largest business sections represent 15.5% of PagesJaunes revenues (14.0% in 2010). In France, provisions for bad debts remain at a very low level, with net provisions amounting to 0.41% of revenues in 2011 compared to 0.42% in 2010.

Note 19 - Other current assets

The other current assets are made up as follows:

in thousands of euros	31 December 2011	31 December 2010
VAT receivable	17,765	17,148
Sundry accounts receivable	12	17
Advances and down payments to suppliers	4,494	3,347
Other current assets	6,704	7,315
Total	28,975	27,827

Note 20 - Deferred charges

Deferred charges mainly comprise production costs (essentially salespersons' commissions) for online advertisements (spread over a display period which is usually 12 months), and printed directories yet to be published.

Note 21 - Changes in provisions for asset impairment

(in thousands of euros)	Balance at start of period	Allocations	Releases of unused provisions	Release of used provisions	Other movements ⁽¹⁾	Balance at end of period
2010						
Trade debtors	22,871	8,237	(1,819)	(3,878)	317	25,728
Other assets	59	-	(59)	-	-	-
2011						
Trade debtors	25,728	6,620	(1,339)	(3,995)	190	27,204
Other assets	-	-	-	-	-	-

(1) of which additions of AVAL (€103k) and Fine Media (€68k) to consolidated group in April and July 2011 respectively.

Receivables in respect of directories yet to be published are covered by a provision depending on the statistical rate observed empirically over the last five years of publication.

Note 22 - Shareholders' equity

22.1 - Share capital

As at 31 December 2010 and 2011, the share capital of PagesJaunes Groupe amounted to €56.2 million and was divided into 280,984,754 ordinary shares of a par value of €0.20 each. This capital is fully paid up.

Médiannuaire SAS held 54.68% of the capital of PagesJaunes Groupe as at 31 December 2010 and 2011.

22.2 - Other reserves and other elements of comprehensive income

The other consolidated reserves and other elements of comprehensive income were negative in an amount of €2,461.6 million as at 31 December 2011 (€2,550.0 million as at 31 December 2010) and were mainly composed of:

- the portion of distributions in excess of the income for the year, mainly relating to exceptional distributions made in November 2006 for an amount of €2,519.7 million;
- the loss of fair value of derivative financial instruments between their conclusion date and 31 December 2011 in a pretax amount of €56.1 million (€62.4 million as at 31 December 2010) and a corresponding tax of €19.7 million (€21.5 million as at 31 December 2010);
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in an amount of €59.9 million (€58.4 million as at 31 December 2010), cf. note 25.

The recycling of reserves relative to the financial instruments, generated in the implementation of hedge accounting within the meaning of IAS 39, is forecast to be between 2 and 4 years (cf. note 16, maturity of these instruments).

22.3 – Own shares

A liquidity contract was entered into in 2008 with an investment service provider. It is renewable annually. The funds allocated to this contract amounted to €8.0 million.

Under this contract, as at 31 December 2011, the company held 1,203,500 of its own shares, stated as a deduction from equity and €1.9 million of liquidities classified as cash and cash equivalents.

PagesJaunes Groupe also repurchased 2,000,000 of its own shares outside the liquidity contract in 2011 for a total of €6.0 million.

As at 31 December 2011, PagesJaunes Groupe consequently held 3,203,500 of its own shares.

As at 31 December 2010, the Company held 619,061 of its own shares and €4.0 million in liquidities under the liquidity contract.

22.4 - Dividends

The dividend paid on 23 June 2011 amounted to €162.7 million, i.e. €0.58 per share.

In 2010, the dividend paid on 24 June amounted to €182.4 million, i.e. €0.65 per share.

Note 23 – Trade creditors

Amounts owed to suppliers bear no interest and are payable in principle between 30 and 60 days.

Note 24 - Personnel benefits, provisions and other liabilities

These are made up as follows:

(In thousands of euros)	31 December 2011	31 December 2010
Post-employment benefits	42,936	39,327
Other long-term benefits	8,294	8,108
Non-current personnel benefits (1)	51,230	47,435
Other provisions for risks	5,915	6,597
Provisions for social or fiscal disputes	443	216
Non-current provisions	6,358	6,813

(1) Cf. details in the following note. Non-current personnel benefits concern the French companies.

(In thousands of euros)	31 December 2011	31 December 2010
Personnel (1)	74,188	78,373
Social organisations	44,091	40,888
Total current personnel benefits	118,279	119,261
VAT payable	86,906	86,205
Sundry accounts payable	8,704	7,633
Other current liabilities	1,843	970
Other current liabilities	97,453	94,808

(1) Comprising mainly employee profit-sharing and provisions for personnel expenses.

Movements in provisions were as follows:

(in thousands of euros)	Opening balance	Charge for the year	Reversal of the year (unused)	Reversal of the year (utilised)	Changes in the scope of consolidation, reclassifications and others	Closing balance
Provisions for social and fiscal litigations	7,405	1,863	(2,049)	(516)	34	6,737
Other Provision for risks	693	270	(307)	(139)	-	517
Total provisions	8,098	2,133	(2,356)	(655)	34	7,254
- of which non current	6,813	1,307	(1,989)	(89)	316	6,358
- of which current	1,285	826	(367)	(566)	(282)	896

Pension commitments and other personnel benefits:

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2011	Post-employment benefits	Other long-term benefits	Total 31 December 2010
Change in value of commitments						
Total value of commitments at start of period	56,323	8,108	64,432	50,561	7,105	57,667
Cost of services rendered	3,468	550	4,018	3,480	569	4,049
Discounting cost	2,401	319	2,720	2,257	312	2,569
Contributions paid by employees	-	-	-	-	-	-
Amendments to scheme	-	-	-	-	-	-
Reductions/liquidations	(1,075)	-	(1,075)	(616)	(62)	(678)
Actuarial (gains) or losses	(413)	(401)	(814)	2,586	483	3,070
Benefits paid	(632)	(283)	(915)	(1,945)	(300)	(2,245)
Acquisitions	-	-	-	-	-	-
Assignments/transfers of activity	-	-	-	-	-	-
Changes in scope	-	-	-	-	-	-
Others: (translation differences)	-	-	-	-	-	-
Total value of commitments at end of period (A)	60,072	8,294	68,366	56,323	8,108	64,432
<i>Commitments at end of period relating to fully or partly financed schemes</i>	<i>58,499</i>	<i>-</i>	<i>58,499</i>	<i>55,060</i>	<i>-</i>	<i>55,060</i>
<i>Commitments at end of period relating to non-financed schemes</i>	<i>1,573</i>	<i>8,294</i>	<i>9,867</i>	<i>1,264</i>	<i>8,108</i>	<i>9,372</i>
Change in cover assets						
Fair value of cover assets at start of period	25	-	25	577	-	577
Financial income from cover assets	3	-	3	12	-	12
Gains/losses on cover assets	-	-	-	-	-	-
Contributions paid by the employer	-	-	-	-	-	-
Contributions paid by the employees	-	-	-	-	-	-
Reductions/liquidations	-	-	-	-	-	-
Benefits paid by the fund	-	-	-	(564)	-	(564)
Change in scope	-	-	-	-	-	-
Others (translation differences)	-	-	-	-	-	-
Fair value of cover assets at end of period (B)	28	-	28	25	-	25
Financial cover						
Situation of the scheme (A) – (B)	60,044	8,294	68,338	56,298	8,108	64,406
Unrecognised actuarial gains or (losses)	(15,546)	-	(15,546)	(16,972)	-	(16,972)
Unrecognised cost of past services	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
Provision / (assets) at end of period	44,499	8,294	52,792	39,326	8,108	47,435
<i>of which provision / (asset) short term</i>	<i>1,562</i>	<i>-</i>	<i>1,562</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>of which provision / (asset) long term</i>	<i>42,937</i>	<i>8,294</i>	<i>51,230</i>	<i>39,326</i>	<i>8,108</i>	<i>47,435</i>
Pension charge						
Cost of services rendered	3,468	550	4,018	3,480	569	4,049
Discounting costs	2,401	319	2,720	2,257	312	2,569
Expected return on scheme assets	(3)	-	(3)	(12)	-	(12)
Amortisation of actuarial (gains) or losses	725	(401)	324	822	483	1,305
Amortisation of cost of past services	-	-	-	-	-	-
Effect of reductions/liquidations	(787)	-	(787)	(425)	(62)	(488)
Assignments/transfers of activity	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
Total pension charge	5,804	469	6,273	6,121	1,303	7,424
Movements in the provision / (asset)						
Provision / (assets) at start of period	39,326	8,108	47,435	34,586	7,105	41,692
Pension charge	5,804	469	6,273	6,121	1,303	7,424
Pension charge from divested businesses	-	-	-	-	-	-
Contributions paid by the employer	(632)	(283)	(915)	(1,381)	(300)	(1,681)
Benefits paid directly by the employer	-	-	-	-	-	-
Change of scope	-	-	-	-	-	-
Others (goodwill)	-	-	-	-	-	-
Provision / (assets) at end of period	44,499	8,294	52,792	39,326	8,108	47,435
Assumptions						
Discount rate (%)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected long-term inflation rate (%)	2.0%	2.00%	2.00%	2.0%	2.00%	2.0%
Expected yield on scheme assets (%)	4.20%	-	-	4.20%	-	-
Probable residual activity period	15.6	15.6	15.6	15.6	15.6	15.6
Amount entered as a charge in respect of the period	5,804	469	6,273	6,121	1,303	7,424

In 2011, the expense stated in respect of defined contribution pension plans amounted to €36.9 million.

The discount rate applied in valuing commitments as at 31 December 2011 is 4.00%, which is unchanged compared to 31 December 2010.

The IAS 19 standard sets the discount rate at the rate of bonds issued by first-class companies having a maturity equal to that of the commitment. If the market for these bonds is not liquid, the rate is equal to the rate of the corresponding government bonds (OATs).

On the valuation date, in the eurozone, the rate for first-class private bonds (AA) was between 3.50% and 4.60% according to Bloomberg.

The discount rate actually adopted in this valuation was thus in accordance with the IAS 19 standard.

Sensitivity of the discount rate on post-employment benefits (IFC):

A 0.50% increase in the discount rate leads to a decrease in the commitment of 7%, or around €3.7 million, while a decrease of 0.50% in the discount rate leads to an increase in the commitment of 7%, i.e. around €4.1 million.

Sensitivity of the discount rate on other long-term benefits (long-service awards):

An increase of 0.50% in the discount rate leads to a decrease in the commitment of 5% (less than €1 million), while a decrease of 0.50% in the discount rate leads to an increase in the commitment of 5% (less than €1 million).

In the case of all post-employment benefits and other long-term benefits, an increase or decrease of 0.5% in the discount rate leads respectively to a decrease or increase in the expense for the year of €0.2 million, i.e. 0.1% of the income for the period.

The discounted value of the obligation in respect of these commitments and the adjustments to the scheme linked to experience for the current year and or the four previous years are as follows:

(in thousands of euros)	2011	2010	2009	2008	2007
Total value of commitments at end of period	68,366	64,432	57,667	51,152	50,393
Fair value of cover assets at end of period	(28)	(25)	(577)	(2,034)	(1,542)
Situation of the scheme	68,338	64,406	57,089	49,118	48,851
Actuarial (gains) or losses relating to experience - liabil	(837)	(2,655)	272	190	(1,581)
Actuarial (gains) or losses relating to experience - cover asset	-	-	-	-	-

Note 25 - Stock options and free shares

25.1 - Stock options

25.1.1 - Description of the plans

The Combined General Meeting of 11 June 2009 authorised the Board of Directors to introduce a stock option plan for the benefit of certain Group managers and employees, within the meaning of articles L.225-177 ff. of the Commercial Code, in order to associate them with the Group's development. This authorisation was granted for a period of 38 months and the total number of stock options granted under this resolution must not represent more than 1.0% of the company's capital at the date of this General Meeting, i.e. 2,809,847 options.

In this context, PagesJaunes Groupe made three grants of stock options in 2009:

- the first on 23 July, for a total of 1,145,000 options at an exercise price of €6.71.
- the second on 29 October, for a total of 87,000 options at an exercise price of €8.84, and
- the third on 17 December, for a total of 75,000 options at an exercise price of €7.82.

The programme continued in 2010 with two additional grants:

- the first on 27 July, totalling 1,336,000 options at an exercise price of €8.59,
- the second on 16 December, totalling 166,000 options at an exercise price of €7.10.

Under the authorisation given by the Extraordinary General Meeting on 12 April 2005, PagesJaunes Groupe had established two stock option plans:

- The plan set up in June 2005, for a total of 3,796,800 options at an adjusted exercise price of €11.72, has a life of 10 years. The options were fully vested after three years, i.e. on 30 June 2008.
- The plan set up in December 2007, for a total of 2,927,900 options at an exercise price of €14.46 and having a life of 10 years. The options were fully vested after three years, i.e. on 20 December 2010. There are no performance conditions.

Whatever the plan, a four-year non-transferability period (restriction on sale) for the shares is required in accordance with tax regulations and must be applied to French tax residents.

25.1.2 - Description of valuation models

Neither PagesJaunes Groupe nor any of its subsidiaries granted any stock option plans in 2011.

In 2010, PagesJaunes Groupe assessed the fair value of the goods or services received during each of the periods, based on the fair value of the granted equity instruments.

The fair values of the options granted under the PagesJaunes Groupe plan in 2010 were calculated using a binomial model reflecting the anticipated exercise behaviour of the grantees with a hypothetical "exercise ceiling" expressed as a multiple of the exercise price and representing the value of the share for which it is expected that all options will be exercised. The ceiling used to calculate the above fair values is 2.0. The expected volatility was established on the basis of the historical volatility of the PagesJaunes Groupe share. Taking into account an annual departure rate

before the opening of rights estimated at 5.0% and an expected dividend rate estimated at 6.0%, the fair values of the PagesJaunes Groupe options were valued as follows:

Grant date in 2010	27 July	16 December
Exercise price	€8.59	€7.10
Market price of underlying stock	€9.23	€6.80
Expected volatility	36%	35%
Risk-free rate	3.28%	€3.99%
Fair value of an option for French tax residents	€2.45	€1.63
Fair value of an option for non-French tax residents	€2.53	€1.67

The grant date applied for the valuation of the expense is the date of the Board of Directors' meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.

25.1.3 - Movements in stock option plans during the year

	Number of options 2011	Weighted average exercise price 2011	Number of options 2010	Weighted average exercise price 2010
Options circulating at start of period	7,994,484		6,870,922	
July 2010 plan	1,319,000	€8.59	-	-
December 2010 plan	166,000	€7.10	-	-
July 2009 plan	1,039,000	€6.71	1,145,000	€6.71
October 2009 plan	87,000	€8.84	87,000	€8.84
December 2009 plan	75,000	€7.82	75,000	€7.82
December 2007 plan	2,483,484	€14.46	2,626,600	€14.46
June 2005 plan	2,825,000	€11.72	2,937,322	€11.72
Options granted	-	-	1,502,000	
July 2010 plan	-	-	1,336,000	€8.59
December 2010 plan	-	-	166,000	€7.10
July 2009 plan	-	-	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	-	-	-	-
June 2005 plan	-	-	-	-
Options exercised	-	-	-	-
July 2010 plan	-	-	-	-
December 2010 plan	-	-	-	-
July 2009 plan	-	-	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	-	-	-	-
June 2005 plan	-	-	-	-
Options cancelled, lapsed	(383,201)		(378,438)	
July 2010 plan	(87,500)	€8.59	(17,000)	€8.59
December 2010 plan	(17,000)	€7.10	-	-
July 2009 plan	(87,750)	€6.71	(106,000)	€6.71
October 2009 plan	(20,000)	€8.84	-	-
December 2009 plan	-	-	-	-
December 2007 plan	(89,100)	€14.46	(143,116)	€14.46
June 2005 plan	(81,851)	€11.72	(112,322)	€11.72
Options circulating at end of period	7,611,283		7,994,484	
July 2010 plan	1,231,500	€8.59	1,319,000	€8.59
December 2010 plan	149,000	€7.10	166,000	€7.10
July 2009 plan	951,250	€6.71	1,039,000	€6.71
October 2009 plan	67,000	€8.84	87,000	€8.84
December 2009 plan	75,000	€7.82	75,000	€7.82
December 2007 plan	2,394,384	€14.46	2,483,484	€14.46
June 2005 plan	2,743,149	€11.72	2,825,000	€11.72

As at 31 December 2011, the options in the June 2005 and December 2007 plans were exercisable. The average residual term until the start of the exercise period is seven months for the July 2009 plan, 10 months for the October 2009 plan, 12 months for the December 2009 plan, 19 months for the July 2010 plan and 24 months for the December 2010 plan.

25.2 - Free grant of shares

25.2.1 - Description of the plans

The Board of Directors was authorised by the extraordinary general meeting of 7 June 2011 to implement a free share plan on behalf of a number of directors and employees of the Group, within the meaning of articles L. 225-197-1 to L. 225-197-5 of the Commercial Code, in order in particular to involve them in the development of the Company. This authorisation was granted for a period of 38 months and the total number of free shares granted in respect of this resolution must not exceed 1.5% of the capital of the Company on the date of this general meeting, i.e. 4,214,771 shares.

The Board of Directors adopted the conditions for the first free share plan on 26 October 2011. This plan gave rise to an initial grant of 1,226,000 shares. A second free share plan was adopted on 16 December 2011 and gave rise to an additional grant of 84,000 shares.

As at 31 December 2011, 1,310,000 shares eligible for free grant remained in circulation. These shares will be finally vested at the end of a vesting period ending on 31 March 2014, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

The grant date applied for the valuation of the expense is the date of the Board of Directors' meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.

Neither PagesJaunes Groupe nor any of its subsidiaries granted any free share plans in 2010.

25.2.2 - Description of the valuation models

The fair value of a granted share corresponds to the market price of the share on the grant date after adjustment for the expected loss of dividends during the vesting period ending on 31 March 2014.

Grant date in 2011	26 October	16 December
Market price of underlying stock	€2.43	€2.41
Vesting period	2.43 years	2.29 years
Expected dividend rate	17%	17%
Fair value of one share	€1.98	€1.63

The expense representing the cost of these free share plans, which takes account of an estimated annual departure rate of 15%, is amortised over the vesting period, i.e. 2.43 years and 2.29 years. It is adjusted in line with the probability that the performance conditions will be fulfilled or the departure rate during this period and is fixed permanently on the basis of the number of shares actually distributed at the end of this period.

25.3 - Expense relating to stock option plans and free grants of shares

The impact of the stock option plans and free grants of shares on the 2011 income statement amounts to €1.9 million compared to €2.5 million in 2010. These amounts include social charges relating to the employer's 14% contribution based on the fair value of the options granted in 2011.

These plans are expected to be settled through equity instruments.

Note 26 - Cash and cash equivalents, net financial debt

Net financial debt corresponds to the total gross financial debt less or plus derivative asset and liability cash flow hedging instruments and less cash and cash equivalents.

(in thousands of euros)	31 December 2011	31 December 2010
Accrued interest not yet due	9	3
Cash equivalents	77,358	103,025
Cash	5,315	2,949
Gross cash	82,682	105,977
Bank overdrafts	(4,608)	(2,476)
Net cash	78,074	103,501
Bank loan	1,600,157	1,950,000
Bond loan	350,000	-
Loans issue expenses	(33,368)	(21,439)
Lease liability	91	159
Fair value of hedging instruments (cf. note 16)	56,431	63,942
Liability in respect of hedging instruments (cf. note 16)	-	1,866
Accrued interest not yet due	7,412	4,739
Price supplements on acquisition of securities	9,923	2,772
Other financial liabilities	2,155	1,552
Gross financial debt	1,992,801	2,003,591
<i>of which current</i>	<i>11,281</i>	<i>41,233</i>
<i>of which non-current</i>	<i>1,981,520</i>	<i>1,962,358</i>
Net debt	1,914,727	1,900,090

Cash and cash equivalents

As at 31 December 2011, cash equivalents amounted to €77.4 million and comprised UCITS invested under the liquidity contract and non-blocked, remunerated, fixed-deposit accounts.

These are managed and therefore valued on the basis of their fair value.

Bank overdraft

The Group has authorised overdrafts totalling €30 million granted by a number of its banks.

Bank loan

PagesJaunes Groupe had a bank finance facility up to a maximum of €2,350 million comprising a medium-term loan of €1,950 million and a revolving credit line of approximately €400 million. The

revolving credit line is intended to finance the Group's treasury requirements (working capital, investments or refinancing) in the context of its operating activities and is available in particular in the form of drawings, letters of credit or bilateral lines.

The medium-term loan has a variable rate. It was due to mature in November 2013 and was repayable in full at maturity.

On 12 May 2011, the Group finalised the refinancing of half of its bank debt on the following terms:

- maturity of a €962.0 million tranche (A3) of the debt extended by almost two years, with the maturity date moving from November 2013 to September 2015;
- covenants relaxed with financial leverage and interest coverage ratios adjusted to take account of the new debt structure;
- moderate increase in margin over Euribor, rising on average from 175 basis points to 274 basis points.

The maturity of tranches A1 (€642.3 million) and A2 (€345.3 million) remained November 2013.

The revolving credit line was decreased from approximately €400 million to approximately €300 million.

On 20 May, through PagesJaunes Finance & Co SCA, PagesJaunes Groupe finalised the issue of a €350 million bond loan with an issue premium of €2.3 million. The net proceeds consequently amount to €347.7 million. This loan has a fixed rate of 8.875% and is repayable on 1 June 2018. The proceeds were allocated to the repayment of all of tranche A2 (€345.3 million), with the balance (€4.7 million) being allocated to part of tranche A1.

This transaction led to the extinguishment of part of the bank debt and the recognition of €5.1 million of accelerated amortisation of part of the expenses associated with the issue of this loan in 2006 and its renegotiation in 2011.

Pursuant to IAS 39, the refinancing of the remainder of the bank loan has not been considered as an extinguishment of debt.

These two transactions generated expenses of €24.8 million, including the issue premium.

The bank financing agreement notably includes default and mandatory prepayment clauses, as well as progressive financial covenants, which have been revised as follows:

- the ratio of consolidated net debt to an aggregate close to the consolidated GOM must be less than or equal to 4.30 from 31 December 2011 to 30 September 2012, 4.00 from 31 December 2012 to 30 September 2013 and 3.75 thereafter (GOM and consolidated net debt as defined in the agreement with the financial institutions);
- the ratio of an aggregate close to the consolidated GOM to the consolidated net interest expense must be greater than or equal to 3.0 over the residual term of the agreement (GOM and consolidated net debt as defined in the agreement with the financial institutions).

As at 31 December 2011, these financial covenants were met and there are no grounds for reclassifying non-current debt as current.

It also includes a compulsory early repayment clause in the event of a change of control of the Company resulting from the acquisition of the shares of the Company.

The reference rate is Euribor or Libor plus a margin of 175 basis points for tranche A1, or 150 basis points in the event that the financial leverage ratio falls below 3.50 times an aggregate close to the GOM. This margin is 350 basis points in the case of tranche A3.

The revolving credit line has the same maturity as tranche A1, with variable interest based on the Euribor or Libor reference rate plus a margin of 175 or 150 basis points. It was unutilised as at 31 December 2011.

Following these transactions, the liquidity profile is as follows:

- Bank debt tranche A1: nominal €638 million maturing in November 2013;
- Bank debt tranche A3: nominal €962 million maturing in September 2015;
- Bond loan: nominal €350 million maturing in June 2018;

- Revolving credit line: nominal around €300.0 million maturing in November 2013.

Price supplements on acquisition of securities

As part of the acquisitions completed in 2010 and 2011, price supplements totalling an estimated €9.9 million may be paid between 2012 and 2014 if certain operating performance conditions are fulfilled.

Other financial liabilities

The other financial liabilities primarily comprise a debit current account with PagesJaunes Outre-mer, a wholly owned non-consolidated subsidiary of PagesJaunes Groupe.

Note 27 - Deferred income

Deferred income mainly comprises income from sales of advertisements invoiced for inclusion in directories yet to be published and online directories spread over a display period which is usually 12 months.

Note 28 – Financial instruments

28.1 - Financial instruments in the balance sheet

Position of financial instruments in balance sheet	Carrying amount in balance sheet	Breakdown according to IAS 39					
		Fair value recognised in profit or loss	Derivative instruments (Fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Financial liabilities (amortised cost)
(in thousands of euros)							
Available-for-sale assets	207	-	-	207	-	-	-
Other non-current financial assets	1,299	-	-	-	1,299	-	-
Net trade accounts receivable	439,312	-	-	-	439,312	-	-
Other current financial assets	445	445	-	-	-	-	-
Cash equivalents	77,358	77,358	-	-	-	-	-
Cash	5,324	5,324	-	-	-	-	-
Financial assets	523,945	83,127	-	207	440,611	-	-
Non-current financial liabilities and derivatives	1,981,520	-	56,106	-	-	1,925,414	-
Bank overdrafts and other short-term borrowings	8,477	325	-	-	-	8,152	-
Accrued interest	7,412	-	-	-	-	7,412	-
Trade accounts payable	94,344	-	-	-	-	94,344	-
Financial liabilities	2,091,753	325	56,106	-	-	2,035,322	-

Hedging derivatives stated at fair value in equity are detailed in note 16.

As at 31 December 2011, the market value of the bank and bond loans was €1,323.6 million, compared to a carrying value of €1,950 million:

(in thousands of euros)	Carrying value	Quotes as at 31/12/2011	Market value
Bank borrowing - facility A1	637,970	75.5%	481,667
Bank borrowing - facility A3	962,030	63.5%	610,889
Senior secured notes PagesJaunes Finance & Co SCA	350,000	66.0%	231,000
Loans	1,950,000	67.9%	1,323,556
Other debts incl. debt costs	(24,586)	-	(24,586)
Non-current financial liabilities and derivatives	1,925,414	67.5%	1,298,970

The Group has classified the valuations at fair value according to a hierarchy of fair values reflecting the importance of the data used to carry out the valuations. The hierarchy of fair values is made up of the following levels:

- Level 1: prices (non-adjusted) listed on active markets with identical assets or liabilities.
- Level 2: data other than the listed prices referred to in Level 1, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derivative price data).
- Level 3: data relating to assets or liabilities not based on observable market data (non-observable data).

The valuation of hedging derivatives corresponds to level 2.

In the 2011 financial year, there were no transfers between levels 1 and 2 in the hierarchy of fair values, nor any transfers to or from level 3.

28.2 - Effect of financial instruments on income

Effect in result of financial instruments	Impact in profit and loss	Breakdown according to IAS 39					
		Fair value recognised in profit or loss	Derivative instruments	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Financial liabilities (amortised cost)
(in thousands of euros)							
Interest income	2,868	1,666	1,202	-	-	-	-
Interest expenses	(126,364)	-	(15)	-	-	(126,349)	-
Gain (loss) on foreign exchange	-	-	-	-	-	-	-
Net gains / (net losses)	(123,496)	1,666	1,187	-	-	(126,349)	-
Accretion cost	(2,669)						
Net financial income (cf. note 8)	(126,165)						

Note 29 - Financial risk management and capital management policy objectives

The Group's objective is to optimise its financial structure, the principal assessment criterion being the financial leverage (ratio of net debt to gross operating margin), in order to reduce the cost of its capital while maintaining financial flexibility enabling the Group to meet its development plan.

The two main financial management objectives are as follows:

- PagesJaunes Groupe, and the consolidated PagesJaunes Group, are net borrowers and, in this context, the prime objective of PagesJaunes Groupe is to secure and thus limit the cost of its debt;
- Since the PagesJaunes Group generates a substantial cash flow in line with the rate of the sales prospecting cycle and pays interest on its debt and dividends to shareholders according to a different timescale, the PagesJaunes Group produces cash surpluses and may find itself in a situation of temporary cash flow surplus. Since these surpluses are not long-lasting, the Group's objective is to invest them at the best possible interest rate with a very limited level of risk.

The Group also ensures that the commitments made in its banking documentation are respected, including certain default and prepayment clauses. These clauses are linked, in particular, to compliance with operational and financial covenants such as the minimum level of coverage of the net consolidated interest charge by an aggregate close to the consolidated gross operating margin (GOM) and the maximum leverage, measured by the relationship between the consolidated net debt and an aggregate close to the consolidated GOM.

The Group aims to maintain a financial leverage ratio of between three and four times GOM. As at 31 December 2011, this ratio was 3.8 times GOM (3.6 times as at 31 December 2010), which is lower than the maximum of 4.30 times specified in the bank documentation (4.00 times as at 31 December 2010).

In view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk.

Exchange rate risk

PagesJaunes Groupe considers that the exchange rate risk is not significant as far as its activity is concerned, insofar as it is exercised mainly in the eurozone.

Interest rate risk

PagesJaunes Groupe is exposed to the risk of interest rate fluctuations insofar as 82% of its short and long term financing is at a variable rate. The Group manages this risk through recourse to derivative instruments, mainly interest rate swaps.

The main features of the Group's banking debt are stated in note 26 (Cash and Cash equivalents, net financial debt) and the features of the instruments used for hedging against interest rate fluctuations can be found in note 16 (derivative financial instruments - non-current assets).

PagesJaunes Groupe estimates that an increase of 0.50% in short-term interest rates compared to the three-month Euribor rate at 31 December 2011, i.e. 1.356%, would lead to a decrease in the consolidated pretax annual income of €3.1 million.

Sensitivity analysis of an increase of 50 basis points of Euribor 3 months (before tax)

(in millions of Euros)	Cash equivalents	Bank loan and overdrafts	Net derivative financial instruments		Total
			Cash flow hedge	Fair value	
Carrying amount in balance sheet	82.7	(1,602.3)	-	(56.4)	
Sensitivity in profit and loss	0.4	(8.0)	4.5	-	(3.1)
Sensitivity in equity	-	-	-	12.1	12.1

Liquidity risk

The PagesJaunes Group has established a centralised cash management system with cash pooling including all its French subsidiaries and organised around a PagesJaunes Groupe pivot. This method of managing liquidities associated with an internal reporting system enables the Group to anticipate and estimate future cash flows linked to the operational activities of its various subsidiaries and thus to optimise drawings on its credit lines when cash is required, and investments in the case of cash surpluses.

Based on the maturity dates of financial liabilities as at 31 December 2011, forecast disbursements for future periods, calculated on the basis of the forward rate curve at 31 December 2011, are as follows:

(in millions of Euros)	Carrying amount in balance sheet		2012		2013		2014		2015		2016		2017		2018	
	Assets	Liabilities	Interest	Reimb.	Interest	Reimb.	Interest	Reimb.	Interest	Reimb.	Interest	Reimb.	Interest	Reimb.	Interest	Reimb.
Financial liabilities		(1,974.3)	(98.7)	(8.2)	(94.1)	(640.0)	(80.5)	(8.6)	(69.5)	(962.0)	(31.1)	(31.1)	(13.0)	(350.0)		
Bank loan A1	-	(638.0)	(17.3)	-	(18.4)	(638.0)	-	-	-	-	-	-	-	-	-	-
Bank loan A3	-	(962.0)	(42.9)	-	(44.6)	-	(49.5)	-	(38.4)	(962.0)	-	-	-	-	-	-
Bond loan	-	(350.0)	(31.1)	-	(31.1)	-	(31.1)	-	(31.1)	-	(31.1)	(31.1)	(13.0)	(350.0)		
Revolving credit line	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank overdrafts	-	(4.6)	-	(4.6)	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest not yet due	-	(7.4)	(7.4)	-	-	-	-	-	-	-	-	-	-	-	-	-
Liability on committed purchase of minority interests	-	(9.9)	-	(1.3)	-	(2.0)	-	(8.6)	-	-	-	-	-	-	-	-
Other financial liabilities	-	(2.3)	-	(2.3)	-	-	-	-	-	-	-	-	-	-	-	-
Interest rate risk hedging																
Swaps	-	(56.4)	(25.5)	-	(23.9)	-	(5.6)	-	(0.0)	-	-	-	-	-	-	-
Forward rate (Euribor 3m)			0.96%		1.14%		1.64%		2.18%							

Credit risk

PagesJaunes Groupe is generally exposed to credit risk essentially in its investments and interest rate hedging instruments. PagesJaunes Groupe limits credit risk by selecting counterparties having a long-term rating higher than AA- (Standard & Poor's and/or Fitch IBCA) or Aa3 (Moody's). As at 31 December 2011, PagesJaunes Groupe was exposed to an extent of €78.1 million in respect of its investment operations (cf. note 26 - cash equivalents), while the market value of its derivative financial instruments was negative (cf. note 16).

Furthermore, the management procedure for PagesJaunes Groupe's financial operations involves the drawing up of a limited list of authorised signatures, outside of which the Chief Executive Officer's authorisation is compulsory. The banking documentation also limits the list of counterparties for interest rate hedging operations.

Equity risk

PagesJaunes Groupe considers that the equity risk is not significant insofar as the amount invested in own shares particularly under the liquidity contract remains limited and the investment of its cash surpluses is not exposed to equity market risk.

Note 30 - Information on related parties

30.1 - Remuneration of executive committee and board of directors members

The table below shows the remuneration of persons who were members of PagesJaunes Groupe's Board of Directors and Executive Committee during or at the end of each financial year. It also includes the directors representing employees and sitting on the PagesJaunes Groupe Board of Directors.

In thousands of euros	31 December 2011	31 December 2010
Short-term benefits (1)	5,051	4,157
<i>of which employer charges</i>	1,259	1,008
Post-employment benefits (2)	43	30
Other long term benefits (3)	1	2
End-of-contract benefits (4)	422	904
Equity benefits (5)	558	291
Total	6,074	5,385

(1) Salaries, remuneration, profit-sharing and bonuses paid and social security contributions, paid holidays, directors' fees and non-monetary benefits entered in the accounts.

(2) Pensions, annuities, other benefits, life insurance, medical insurance, etc.

(3) Seniority leave, sabbatical leave, long-term benefits, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the closing date).

(4) Severance pay, non-competition clause compensation, including social charges

(5) Share-based payment including social charges relating to free grants of shares and stock options

In 2011, the charge in respect of defined-contribution pension plans amounted to €0.4 million.

30.2 - Transactions with related parties

Service contracts were established in 2006 and 2007 with Médiannuaire, the majority shareholder of PagesJaunes Groupe. These contracts generated an expense of €1.4 million for the 2011 financial year (€1.2 million for 2010). These transactions form part of current operations.

The PagesJaunes Groupe Board of Directors meeting on 17 May 2009 appointed Jean-Pierre Remy as the company's Chief Executive Officer from 25 May 2009. Jean-Pierre Remy does not have an employment contract and the Board of Directors decided to provide severance pay in the event of dismissal from the company due to a change in control or strategy or its implementation. The amount of this pay will be equal to his standard gross annual remuneration (fixed and variable depending on targets attained), subject to the fulfilment of performance conditions.

A non-competition obligation will be applied in the event of termination of Jean-Pierre Remy's mandate as Chief Executive Officer for any reason and in any form whatsoever. This non-competition clause will be limited to a period of 24 months beginning on the day of effective

termination of his duties and will cover the entire territory of France. The relevant compensation will be equal to 12 months of remuneration based on the total gross monthly average of remuneration over the 12 months of activity preceding the date of termination.

The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by PagesJaunes Groupe.

Note 31 - Contractual obligations and off-balance-sheet commitments

Significant off-balance-sheet commitments are as follows:

Contractual obligations (in thousands of euros)	2011				2010
	Total	Payments due per period			Total
		In less than 1 year	In 1 to 5 years	In more than 5 years	
Operating leases	56,101	13,836	39,179	3,086	60,080
Paper, printing, distribution ⁽¹⁾	5,488	5,488	-	-	6,931
Other services	21,633	12,920	8,713	-	21,800
Commitments for the purchase of goods and services	27,121	18,408	8,713	-	28,731
Total	83,222	32,244	47,892	3,086	88,811

(1) see details in table below

The "Other services" section includes all firm orders placed as at 31 December 2011 for goods and services deliverable from 2012.

Conditional commitments (in thousands of euros)	2011				2010
	Total	Payments due per period			Total
		In less than 1 year	In 1 to 5 years	In more than 5 years	
Guarantees	335	335	-	-	335

Leases

PagesJaunes has leased land, buildings, vehicles and equipment. These leases are due to expire on different dates over the next six years.

The management considers that these leases will be renewed or replaced on expiry by other leases under normal operating conditions.

The rental charge recorded in the income statement in respect of operating leases amounted to €14.8 million in 2011 (€13.7 million in 2010).

The leases on the premises in Sèvres were granted and accepted for a firm duration of nine entire consecutive years starting from 1 April 2007.

As at 31 December 2011, the Group's commitment under all leases amounted to €56.1 million, of which €13.8 million is payable in under one year.

Commitments for purchases of goods and services

Production of directories

For the production and distribution of its printed directories, the Group entities enter into contracts with their paper suppliers, printers and distributors. These contracts may be annual or multi-annual.

PagesJaunes had entered into three-year contracts with two of its paper suppliers in respect of 2007, 2008 and 2009. These contracts were formally extended until 31 January 2012. These contracts specify the rates payable over the period and state forecast order volumes for each year, but no minimum contract value. The new contracts have not been signed to date.

In 2008, PagesJaunes entered into new contracts with its printers, for a duration of five years and expiring on 31 December 2013. These contracts do not entail any firm commitment except with one printer with whom PagesJaunes is committed to a volume of 6 billion folios per year, valued at €13.6 million for the residual term of the contract as at 31 December 2011.

Only firm orders placed as at 31 December 2011, both with paper suppliers and with printers and distributors, were reported as off-balance-sheet commitments at that date, for a total amount of €5.5 million, as detailed in the table below:

Contractual obligations (in thousands of euros)	2011				2010
	Total	Payments due per period			Total
		In less than 1 year	In 1 to 5 years	In more than 5 years	
Paper	2,496	2,496	-	-	3,566
Printing	2,097	2,097	-	-	2,321
Distribution	833	833	-	-	863
Editorial content	62	62	-	-	181
Total	5,488	5,488	-	-	6,931

Statutory training rights (DIF)

In respect of statutory training rights for employees working for the French companies in the Group under indefinite-term contracts, the volume of hours accumulated but not used totalled 414,047 hours as at 31 December 2011 (392,324 hours at 31 December 2010). In 2011, 2,468 hours were used by employees (10,322 hours in 2010).

Other commitments given

The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by PagesJaunes Groupe.

Other commitments received

PagesJaunes Groupe has a revolving credit line of around €300 million to cover the Group's cash flow requirements (working capital, investments and refinancing) resulting from its operational activities. This line was unutilised as at 31 December 2011.

The other significant off-balance-sheet commitments received are as follows:

Contractual obligations (in thousands of euros)	Total	2011		
		In less than 1 year	In 1 to 5 years	In more than 5 years
Operating leases – lessor	825	372	453	-
Other services	1,533	997	536	-
Total	2,358	1,369	989	-

Special purpose vehicles

On 20 May 2011, PagesJaunes Groupe finalised the issue of a bond loan amounting to €350 million through PagesJaunes Finance & Co SCA, an entity specifically dedicated to this transaction (cf. note 25). This entity is fully consolidated.

The Group did not create any deconsolidation structures during the reporting periods. It has no contractual obligations towards special purpose vehicles.

Note 32 - Disputes and litigation

In the ordinary course of business, the Group entities may be involved in a number of legal, arbitration and administrative proceedings. Costs that may arise from these proceedings are provisioned only when they are probable and their amounts can be either quantified or estimated within a reasonable range. The amount of the provisions is based on an assessment of the risk on a case-by-case basis and largely depends on factors other than the particular stage of proceedings, although events occurring during the proceedings may call for a reassessment of this risk.

With the exception of the proceedings described below, the entities of the Group are not party to any lawsuit or arbitration procedure which the Management believes could reasonably have a material adverse effect on its earnings, operations or consolidated financial position.

At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, notably, the modification of the employment contracts of 930 sales representatives. The purpose of this modification was to adapt these contracts to a new competitive environment. Approximately 100 employees refused to sign the proposed new contract and were made redundant during the second quarter of 2002. Almost all these employees commenced legal proceedings against PagesJaunes to contest the validity of the reason for the redundancies. The *Cour de Cassation*, in two judgments handed down on 11 January 2006, approved the commercial development plan. The *Cour de Cassation* ruled that economic redundancy following a reorganisation implemented to prevent future economic difficulties associated with technological developments was justified. In a further judgement on 14 February 2007, the *Cour de Cassation* upheld the validity of the plan implemented by PagesJaunes.

With regard to cases before administrative courts, the *Conseil d'Etat*, as court of last resort, issued eight judgements unfavourable to PagesJaunes on 12 January 2011, setting aside rulings issued by

the *Cour Administrative d'Appel* of Paris in 2009 and hence the Minister's authorisation of the redundancies. Six sets of industrial tribunal proceedings are currently in progress including claims for compensation for the financial consequences of cancelled redundancy authorisations. The €7.3 million provision recognised at the end of 2002 in respect of this risk has been the subject of several writebacks since 2006 in view of the favourable progress of these cases and amounted to €1.9 million as at 31 December 2011.

Actions were brought against PagesJaunes by eleven advertising agencies at the Tribunal de commerce of Nanterre for abuse of a dominant position (particularly for withdrawing the 5% trade discount granted to advertisers using advertising agencies on the Internet and 118 008 platforms), discriminatory practices and unfair competition.

In a judgement on 26 January 2011, the *Tribunal de Commerce* of Nanterre declined jurisdiction in favour of the *Tribunal de Commerce* of Paris.

These same agencies referred the same facts to the French Competition Authority as those brought before the *Tribunal de commerce* of Nanterre (cf. above) requesting the pronouncement of interim measures based on article L.464-1 of the Commercial Code.

In a judgement on 22 December 2010, the French Competition Authority dismissed the application for interim measures and referred the proceedings back on the merits.

In addition, in common with the other companies in the sector, the Company is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Company. The number of such proceedings declined constantly from 2001, remained stable in 2006 and 2007 and has decreased once again. As at 31 December 2011, there were 10, representing total claims for damages of €0.7 million. In these proceedings, the Group entities endeavour to negotiate out-of-court compensation, which significantly reduces the final total cost of these proceedings. However, no guarantee can be given that these proceedings will not have an adverse impact on the Group's financial position.

In 2010, PagesJaunes SA was the subject of an inspection by the French social security agency URSSAF in respect of the 2007, 2008 and 2009 financial years. The company was notified of an adjustment amounting to €2.2 million, and the risk was fully provisioned as at 31 December 2010. PagesJaunes SA is contesting the adjustment and has referred it to the URSSAF arbitration committee to defend its position.

To the Company's knowledge, there is no other government, judicial or arbitration procedure, whether pending or threatened, that is liable to have, or having had in the last 12 months, a significant impact on the financial position or profitability of the Company and/or the Group.

Note 33 - Auditors' fees

(amounts in thousands of euros)	Ernst & Young				Deloitte			
	Amount		In % of fees		Amount		In % of fees	
	2011	2010	2011	2010	2011	2010	2011	2010
Audit								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	346	354	75%	79%	334	307	84%	98%
- Including PagesJaunes Groupe	123	121	27%	27%	123	121	31%	39%
- Including fully consolidated subsidiaries	224	233	49%	52%	211	186	53%	59%
Other procedures and services in relation to the mission of the Company Auditors	115	94	25%	21%	64	7	16%	2%
- Including PagesJaunes Groupe	109	87	24%	19%	64	7	16%	2%
- Including fully consolidated subsidiaries	6	7	1%	2%	-	-	0%	0%
Subtotal	461	448	100%	100%	398	314	100%	100%
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and social security -related	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
TOTAL	461	448	100%	100%	398	314	100%	100%

Note 34 - Scope of consolidation

Entities	Country	At 31 December 2011		At 31 December 2010	
		Interest	Control	Interest	Control
Fully consolidated companies					
PagesJaunes Groupe	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
QDQ Media	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
PagesJaunes Marketing Services	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Horyzon Média	France	100%	100%	100%	100%
Horyzon Worldwide	Spain	100%	100%	100%	100%
123people	Austria	100%	100%	100%	100%
Keltravo	France	100%	100%	100%	100%
A Vendre A Louer (1)	France	100%	100%	-	-
Optimizacllick (2)	Spain	100%	100%	-	-
Trazada (3)	Spain	100%	100%	-	-
ClickRDV (4)	France	100%	100%	-	-
Fine Media (5)	France	100%	100%	-	-
PagesJaunes Finance & Co (6)	Luxembourg	100%	100%	-	-
Proportionally consolidated company					
Editus	Luxembourg	49%	49%	49%	49%
Companies consolidated by the equity method					
Relaxevents (7)	France	40%	40%	-	-
Leadformance (8)	France	49%	49%	-	-

(1) acquired on 1 April 2011

(2) acquired on 23 May 2011

(3) acquired on 30 May 2011

(4) acquired on 24 May 2011

(5) acquired on 29 July 2011

(6) formed at time of arrangement of bond loan on 20 May 2011

(7) capital subscribed on 27 April 2011

(8) interest acquired on 30 November 2011

Note 35 - Events subsequent to the closing date

In order to secure its financing sources, at the beginning of January 2012 PagesJaunes group drew all of its €300 million revolving credit line. The proceeds amount to €281 million.