Half-year financial report
As at 30 June 2010

Board of Directors meeting of 27 July 2010

Unofficial translation of the French-language "Rapport financier semestriel au 30 juin 2010" of PagesJaunes Groupe, for information purposes only.

This English-language translation of the consolidated financial information prepared in French has been provided solely for the convenience of English-speaking readers should be read in conjunction with, and construed in accordance with French law and accounting standards applicable in France. In the case of any divergences with the French original and the English version, only the French original has legal value. In consequence, the translations may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion. Despite all the efforts devoted to this translation, certain errors, omissions or approximations may subsist. PagesJaunes Groupe, its representatives and employees decline all responsibility in this regard.

PagesJaunes Groupe
Limited company having a Board of Directors and a capital of €56,196,950.80
Registered office: 7 avenue de la Cristallerie - 92317 Sèvres Cedex
Commercial and companies register Nanterre 552 028 425

CONTENTS

1. CERTIFICATION BY THE PERSONS ASSUMING RESPONSIBILITY FOR THE HALF-YEAR FINANCIAL REPORT

"We certify that to the best of our knowledge the condensed financial statements appearing in chapter 3 of the present half-year financial report have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of all of the companies included within the consolidation scope of PagesJaunes Groupe.

We also certify that to the best of our knowledge the half-year activity report appearing in section 2 of the present half-year financial report is a true reflection of the information referred to in article 222-6 of the General Regulations of the Autorité des Marchés Financiers, namely the important events arising in the first six months of the 2010 financial year and their impact on the condensed consolidated financial statements, as well as a description of the principal risks and the principal uncertainties for the second half of the 2010 financial year and a report on the principal transactions among related parties".

Mr Jacques Garaïalde
Chairman of the Board of Directors
of PagesJaunes Groupe

Mr Jean-Pierre Remy
Chief Executive Officer
of PagesJaunes Groupe

2. HALF-YEAR ACTIVITY REPORT AS AT 30 JUNE 2010

2.1. Overview

The Group's core business activity is the publication of directories in France and abroad. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's activities are organised in two segments:

- **PagesJaunes in France:** These are the Group's activities in France related to the publication and distribution of directories and the sale of advertising space in printed directories (PagesJaunes, *L'Annuaire*) and online directories ("pagesjaunes.fr", "pagespro.com"). They also include the development and hosting of Internet sites, directory enquiry services by telephone and SMS (118 008), the online small ads activity ("annoncesjaunes.fr") and the QuiDonc reverse directory. This segment also includes the holding company activities accommodated within PagesJaunes Groupe.

- **International & Subsidiaries:** These are the activities of the Group's various subsidiaries, mainly comprising the publication of printed and online consumer directories outside France (QDQ Media in Spain and Editus in Luxembourg) and the development of complementary activities related to the publication of directories, such as the geographic services of Mappy, the direct marketing activities of PagesJaunes Marketing Services and the Internet advertising representation activities of Horyzon Média. Since March 2010, this segment has also included the activities of 123people, the global leader in real-time people search on the Internet, and, since May 2010, the activities of Keltravo, a French major player in contact generation between people and businesses in the building and public works sector.

2.2. Commentary on the results for the first half of 2010

PagesJaunes Group *in million euros*	**As at 30 June** 2010	2009	**Change 2010/2009**
Revenues	**542.3**	**561.7**	**-3.5%**
External purchases	(116.4)	(122.6)	-5.1%
Other operating income	2.1	2.0	5.0%
Other operating expenses	(5.9)	(12.0)	-50.8%
Salaries and charges	(166.7)	(167.3)	-0.4%
Gross Operating Margin	**255.3**	**261.9**	**-2.5%**
As % of revenues	*47.1%*	*46.6%*	
Employee profit-sharing	(7.2)	(7.8)	-7.7%
Share-based payment	(0.9)	(0.6)	50.0%
Depreciation and amortisation	(8.7)	(9.1)	-4.4%
Result of asset disposals	(0.0)	(0.1)	-100.0%
Restructuring costs	-	(4.4)	-100.0%
Acquisition costs of shares	(0.4)	-	na
Operating income	**238.2**	**239.9**	**-0.7%**
As % of revenues	*43.9%*	*42.7%*	
Financial income	1.8	4.5	-60.0%
Financial expenses	(47.4)	(44.9)	5.6%
Gain (loss) on foreign exchange	-	-	na
Net financial income	**(45.6)**	**(40.4)**	**12.9%**
Income before tax	**192.6**	**199.6**	**-3.5%**
Corporation tax	(69.6)	(71.2)	-2.2%
Income for the period	**123.1**	**128.4**	**-4.1%**
of which attributable to:			
- Shareholders of PagesJaunes Groupe	123.1	128.3	-4.1%
- Non-controlling interests	-	0.0	na

The number of visits to the Group's sites as a whole, in France and internationally, amounted to 976.1 million in the first half of 2010, representing a rise of 37.4% compared to the first half of 2009. Internationally, with 123people, the leading site for people search on the Internet acquired by PagesJaunes Groupe in March 2010, the Group's sites almost tripled their audience, with 280.7 million visits in the first half of 2010.

In June 2010, the Group's Internet sites in France collectively ranked fifth among the most consulted Internet sites, with 19.3 million unique visitors, representing a reach rate of 48.4% of the total number of Internet users in France. The Group's fixed and mobile Internet sites in France recorded 695.3 million visits in the first half of 2010, a rise of 13.5% compared to the first half of 2009, with the number of mobile Internet visits rising threefold compared to the first half of 2009.

The consolidated revenues of the PagesJaunes Group amounted to €542.3 million in the first half of 2010, down 3.4% compared to the first half of 2009 on a comparable publication basis for the printed directories of QDQ Media, and down 3.5% on the basis of historical data. The fall in revenues from printed directories, down 10.4% compared to the first half of 2009 on a comparable publication basis, was partly offset by the growth in Internet activities, which rose 4.8% compared to the first half of 2009 to €263.9 million. Internet revenues made up 48.7% of the Group's revenues in the first half of 2010, compared to 44.8% in the first half of 2009.

The Group's gross operating margin amounted to €255.3 million in the first half of 2010, down 2.5% compared to the first half of 2009. The continuation of efforts to optimise all the costs of the PagesJaunes in France segment and the positive effect on the gross operating margin in the first half of 2010 from the restructuring of QDQ Media conducted in 2009, allow the continuation of investments in new Internet products and services, while maintaining a high rate of gross operating margin of 47.1% in the first half of 2010 compared to 46.6% in the first half of 2009.

The Group's operating result fell by just 0.7% compared to the first half of 2009, to €238.2 million. The first half of 2009 had borne €4.4 million of restructuring costs for QDQ Media.

The Group's financial result decreased by 12.9% between the first half of 2009 and the first half of 2010 to €45.6 million, due to the unfavourable trend in the fair value of interest rate hedging instruments and the slight rise in the average interest rate on the gross debt (including hedging instruments), which rose from 4.05% in the first half of 2009 to 4.36% in the first half of 2010.

Income for the period amounted to €123.1 million, down 4.1% compared to the first half of 2009.

The information below presents the revenues, the gross operating margin and the main intermediate management balances for each of the two segments of the Group, the PagesJaunes in France segment and the International & Subsidiaries segment.

PagesJaunes Group	**As at 30 June**		
in million euros	**2010**	**2009**	**Change 2010/2009**
PagesJaunes in France	513.0	532.9	-3.7%
International & Subsidiaries	34.6	32.8	5.5%
Eliminations	(5.3)	(4.0)	32.5%
Revenues	**542.3**	**561.7**	**-3.5%**
Revenues of Internet services	*263.9*	*251.7*	*4.8%*
As % of total revenues	*48.7%*	*44.8%*	
PagesJaunes in France	254.0	263.0	-3.4%
International & Subsidiaries	1.3	(1.1)	na
Gross Operating Margin	**255.3**	**261.9**	**-2.5%**
As % of revenues	*47.1%*	*46.6%*	

2.2.1. Analysis of the revenues and gross operating margin of the PagesJaunes in France segment

The following table shows the revenues and gross operating margin of the PagesJaunes in France segment in the first half of 2009 and the first half of 2010:

PagesJaunes in France	**As at 30 June**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Revenues	**513.0**	**532.9**	**-3.7%**
External purchases	(107.0)	(112.3)	-4.7%
Other operating income	1.9	1.4	35.7%
Other operating expenses	(4.7)	(10.4)	-54.8%
Salaries and charges	(149.1)	(148.7)	0.3%
Gross Operating Margin	**254.0**	**263.0**	**-3.4%**
As % of revenues	*49.5%*	*49.4%*	

2.2.1.1. Revenues of the PagesJaunes in France segment

The following table shows the breakdown of the consolidated revenues of the PagesJaunes in France segment by product line in the first half of 2009 and the first half of 2010:

PagesJaunes in France	**As at 30 June**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Printed directories	248.8	275.0	-9.5%
Internet	238.4	230.7	3.3%
Other activities (incl. 118 008, PagesPro and Minitel)	25.7	27.3	-5.9%
Revenues	**513.0**	**532.9**	**-3.7%**
Revenues of Internet services	*238.4*	*230.7*	*3.3%*
As % of total revenues	*46.5%*	*43.3%*	

The revenues of the PagesJaunes in France segment decreased by 3.7% in the first half of 2010 to €513.0 million. This was due to falls of 9.5% in revenues from printed directories (PagesJaunes, *l'Annuaire*) and of 5.9% in revenues from other activities, mainly comprising telephone directory enquiry services (118 008) and "pagespro.com", partly offset by the 3.3% rise in Internet revenues ("pagesjaunes.fr", "annoncesjaunes.fr" and websites), which represent 46.5% of revenues in the first half of 2010 compared to 43.3% in the first half of 2009.

Printed directories

Revenues from printed directories, which result mainly from the sale of advertising space in the PagesJaunes directory and in *l'Annuaire* (white pages), amounted to €248.8 million in the first half of 2010 compared to €275.0 million in the first half of 2009, representing a decrease of 9.5% between the two periods. This fall affected both the revenues from the PagesJaunes directory, down 9.5% compared to the first half of 2009 to €198.8 million, and the revenues from *l'Annuaire*, down 9.6% compared to the first half of 2009 to €50.0 million.

Internet

The Internet revenues of PagesJaunes in France, which come mainly from the sale of advertising products on “pagesjaunes.fr” and “annoncesjaunes.fr” on fixed and mobile Internet, as well as website development and hosting activities, grew 3.3% in the first half of 2010 to €238.4 million compared to €230.7 million in the first half of 2009. Internet revenues represented 46.5% of the revenues of the PagesJaunes in France segment in the first half of 2010 compared to 43.3% in the first half of 2009. The growth in new Internet products has been confirmed. With almost 40,000 Internet Visibility Packs (IVPs) sold by the end of June 2010, PagesJaunes has maintained a rate of around 1,500 IVPs sold each week in June, half of which were to new website customers of the Group. With 73,000 websites as at 30 June 2010, PagesJaunes has confirmed its status as a leader in this market in France.

The “pagesjaunes.fr” fixed Internet site recorded 469.2 million visits in the first half of 2010, a rise of 6.3% compared to the first half of 2009. On mobile Internet, “pagesjaunes.mobile.fr” recorded a record rise in its audience in the first half of 2010, with 29.8 million visits, representing a tripling of the number of visits compared to the first half of 2009, and 6.4% of the fixed Internet audience.

The PagesJaunes iPhone application has been downloaded 2.4 million times since its launch, and has been complemented by the AnnoncesJaunes application launched in June 2010.

Other activities (including 118 008, PagesPro and Minitel)

The revenues from other activities in the PagesJaunes in France segment essentially comprise revenues relating to telephone directory enquiry services (118 008), PagesPro directories on print and Internet media, Minitel and the QuiDonc reverse directory.

The revenues from other activities in the PagesJaunes in France segment amounted to €25.7 million in the first half of 2010, a decrease of 5.9% compared to the first half of 2009. This decrease was due particularly to the 12.3% decline in the revenues of PagesPro on the Internet.

Revenues from telephone directory enquiry services (118 008) decreased by 4.0% compared to the first half of 2009 to €19.0 million. These comprise traffic revenues and revenues relating to advertisements, which accounted for over 60% of the total revenues from this business in the first half of 2010.

2.2.1.2. External purchases in the PagesJaunes in France segment

PagesJaunes in France	**As at 30 June**		
in million euros	**2010**	**2009**	**Change 2010/2009**
External purchases	(107.0)	(112.3)	-4.7%
As % of revenues	*20.9%*	*21.1%*	

External purchases essentially comprise publishing costs (purchase of paper, costs of printing and distribution of printed directories), the costs associated with databases and purchases of content, the expenses for the information system, communication and marketing expenses, as well as overheads.

The external purchases in the PagesJaunes in France segment amounted to €107.0 million in the first half of 2010, down 4.7% compared to the first half of 2009. External purchases represented 20.9% of revenues in the first half of 2010, compared to 21.1% in the first half of 2009.

The decrease in external purchases was due in particular to the continued decrease in and optimisation of publishing costs for printed directories, partly offset by the increase in expenses associated with new Internet products and services, which are essential for the future growth of the company.

Publishing costs of printed directories, comprising the costs of paper purchases, printing and distribution of directories, amounted to €32.9 million in the first half of 2010 , compared to €40.1 million in the first half of 2009.

Communication expenses fell in the first half of 2010 compared to the first half of 2009, due to an annual communication plan which differed from that of the previous year.

These decreases were partly offset by an increase in IT operating and maintenance expenses, associated in particular with new fixed and mobile Internet products and services.

2.2.1.3. Other operating income of the PagesJaunes in France segment

PagesJaunes in France	**As at 30 June**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Other operating income	1.9	1.4	35.7%

The other operating income of the PagesJaunes in France segment amounted to €1.9 million in the first half of 2010 compared to €1.4 million in the first half of 2009. This other income mainly comprised sundry reinvoicing.

2.2.1.4. Other operating expenses of the PagesJaunes in France segment

PagesJaunes in France	**As at 30 June**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Other operating expenses	(4.7)	(10.4)	-54.8%

The other operating expenses of the PagesJaunes in France segment amounted to €4.7 million in the first half of 2010, compared to €10.4 million in the first half of 2009. The other operating expenses comprised taxes and duties, certain provisions for risks and charges, and provisions for bad debts.

The decrease in other operating expenses of the PagesJaunes in France segment is mainly due to the abolition of the business tax in 2010.

2.2.1.5. Salaries and social charges of the PagesJaunes in France segment

PagesJaunes in France *in million euros*	**As at 30 June** **2010**	 **2009**	 **Change 2010/2009**
Salaries and charges	(149.1)	(148.7)	0.3%
As % of revenues	*29.1%*	*27.9%*	

The salaries and social charges of the PagesJaunes in France segment comprise wages and salaries, both fixed and variable (including profit-sharing) social charges, payroll tax, provisions for paid leave, post-employment benefits and various benefits paid to employees.

The salaries and social charges of the PagesJaunes in France segment amounted to €149.1 million in the first half of 2010 compared to €148.7 million in the first half of 2009. This almost unchanged position is due to the fact that the decrease in commission paid to the sales force, associated with a lower revenue figure, was offset by the rise in costs associated with the adaptation and redeployment of workforces on new duties.

2.2.1.6. Gross operating margin of the PagesJaunes in France segment

The gross operating margin of the PagesJaunes in France segment amounted to €254.0 million in the first half of 2010, down 3.4% compared to the first half of 2009. The optimisation of all the expenses enabled the gross operating margin rate of the PagesJaunes in France segment to be kept at 49.5% in the first half of 2010, compared to 49.4% in the first half of 2009.

2.2.2. Analysis of the revenues and gross operating margin of the International & Subsidiaries segment

The following table shows the revenues and gross operating margin of the International & Subsidiaries segment in the first half of 2009 and the first half of 2010:

International & Subsidiaries *in million euros*	**As at 30 June** **2010**	 **2009**	 **Change 2010/2009**
Revenues	**34.6**	**32.8**	**5.5%**
External purchases	(15.1)	(14.4)	4.9%
Other operating income	1.0	1.1	-9.1%
Other operating expenses	(1.8)	(1.9)	-5.3%
Salaries and charges	(17.5)	(18.7)	-6.4%
Gross Operating Margin	**1.3**	**(1.1)**	**na**
As % of revenues	*3.8%*	*-3.4%*	

2.2.2.1. Revenues of the International & Subsidiaries segment

The following table shows the breakdown of the consolidated revenues of the International & Subsidiaries segment by product line in the first half of 2009 and the first half of 2010:

International & Subsidiaries	**As at 30 June**			
in million euros	**2010**	**2009**	**Change 2010/2009**	**Change o comprab publicati basis**
Directories and Search	16.5	18.0	-8.3%	-5
of which Internet	*11.0*	*8.3*	*32.5%*	*32.*
Internet advertising representation	5.7	2.6	119.2%	119
Direct marketing and geographics services	12.5	12.3	1.6%	1
Revenues	**34.6**	**32.8**	**5.5%**	**7.**
Of which internet revenues	*25.6*	*19.1*	*34.0%*	*34.*
As % of total revenues	*74.0%*	*58.2%*		

The revenues of the International & Subsidiaries segment amounted to €34.6 million in the first half of 2010, a rise of 7.5% compared to the first half of 2009 on a comparable publication basis for the printed directories of QDQ Media, and a rise of 5.5% on the basis of historical data, due to 34.0% growth in Internet revenues. The companies 123people and Keltravo, which were consolidated from March 2010 and May 2010 respectively, and accommodated within the "Directories and Search" activities, contributed €2.4 million to the segment's revenues in the first half of 2010.

On a like-for-like consolidation basis, excluding 123people and Keltravo in 2010 (companies acquired in the first half of 2010) and excluding Edicom in 2009 (sold in October 2009), and on the basis of the same accounting treatment used for the performance-based or CPC (cost per click) activities of Horyzon Média[1], the revenues of the International & Subsidiaries segment would have been 1.8% lower than in the first half of 2009, with Internet revenues up 10.0%.

Directories and Search

The revenues of the Directories and Search businesses, which result from the sale of advertising space in the printed and online directories and their publication and distribution, by the companies QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco (which was sold in October 2009) as well as the new businesses 123people and Keltravo, amounted to €16.5 million in the first half of 20010, a decrease of 5.2% compared to the first half of 2009 on a comparable publication basis for the printed directories of QDQ Media, and a decrease of 8.3% on the basis of historical data.

This was due in particular to the 29.7% decrease in revenues from printed directories of QDQ Media on a comparable publication basis. In the first half of 2009, Edicom had contributed €1.4 million to the consolidated revenues.

The Internet revenues of the Directories and Search businesses rose 32.5% compared to the first half of 2009 to €11.0 million, thanks to the growth of 10.6% in the Internet businesses of QDQ Media, and the €2.4 million contribution from the new businesses acquired in the first half of 2010 (123people and Keltravo).

Internet Advertising Representation

[1] Cf. below

The revenues of Horyzon Média billed to advertisers amounted to €10.5 million in the first half of 2010, a rise of 22.1% compared to the first half of 2009. The performance-based or CPC (cost per click) activities continued to develop, while the CPM (cost per mille) activities returned to positive growth.

The contribution to consolidated revenues from Horyzon Média, comprising only representation commissions for CPM activities and all the revenues billed to advertisers for CPC activities, amounted to €5.7 million in the first half of 2010, compared to €2.6 million in the first half of 2009, or €4.7 million on the basis of identical accounting treatment[2], a rise of 21.3%.

Direct Marketing and Geographic Services

The revenues from the Direct Marketing and Geographic Services businesses amounted to €12.5 million in the first half of 2010, representing a slight rise of 1.6% compared to the first half of 2009, due to the growth in Internet activities of PagesJaunes Marketing Services, associated in particular with the production of "Internet Visibility Packs" marketed by the PagesJaunes sales force.

The mappy.com site recorded 119.6 million visits in the first half of 2010, a 2.3% rise compared to the first half of 2009, and the Mappy iPhone application has been downloaded 1.0 million times since its launch.

2.2.2.2. External purchases in the International & Subsidiaries segment

International & Subsidiaries	**As at 30 June**		
in million euros	**2010**	**2009**	**Change 2010/2009**
External purchases	(15.1)	(14.4)	4.9%
As % of revenues	*43.6%*	*43.9%*	

The external purchases of the International & Subsidiaries segment amounted to €15.1 million in the first half of 2010, a rise of 4.9% compared to the first half of 2009. The external purchases represented 43.6% of this segment's revenues in the first half of 20010, compared to 43.9% in the first half of 2009.

On the basis of identical accounting treatment of the CPC (cost per click) activities of Horyzon Média, the external purchases in the first half of 2009 would amount to €16.5 million, a decrease of 8.5% between the first half of 2009 and the first half of 2010.

This change resulted mainly from the decrease in QDQ Media's external purchases, and in particular the publishing costs of printed directories and communication and marketing expenses, as well as overheads, following the optimisation measures taken as part of its restructuring plan carried out in 2009.

[2] The revenues billed to advertisers in respect of performance-based or CPC (cost per click) activities of Horyzon Média have been recognised 100% in consolidated revenues with effect from December 2009, retrospectively for the whole of the 2009 financial year, with the opposite entry comprising repayments to publishers, which are stated in external purchases. Up to November 2009, only the representation commission for this activity was stated in revenues. This change has no impact on the gross operating margin.

2.2.2.3. Other operating income and expenses of the International & Subsidiaries segment

International & Subsidiaries	**As at 30 June**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Other operating income and expenses	(0.7)	(0.9)	na

The other operating income and expenses of the International & Subsidiaries segment represented a net expense of €0.7 million in the first half of 2010 compared to a net expense of €0.9 million in the first half of 2009.

The other operating income and expenses of the International & Subsidiaries segment mainly comprise taxes and duties and bad debt provisions.

2.2.2.4. Salaries and social charges of the International & Subsidiaries segment

International & Subsidiaries	**As at 30 June**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Salaries and charges	(17.5)	(18.7)	-6.4%
As % of revenues	*50.6%*	*57.0%*	

The salaries and social charges of the International & Subsidiaries segment amounted to €17.5 million in the first half of 2010, a decrease of 6.4% compared to the first half of 2009, and represented 50.6% of this segment's revenues in the first half of 2010, compared to 57.0% in the first half of 2009.

This decrease was due mainly to QDQ Media's restructuring plan carried out in 2009, which resulted in a 23.8% decrease in the company's average workforce between the first half of 2009 and the first half of 2010, which was reduced from 474 to 361 employees between the two periods.

2.2.2.5. Gross operating margin of the International & Subsidiaries segment

The gross operating margin of the International & Subsidiaries segment amounted to €1.3 million in the first half of 2010, compared to a loss of €1.1 million in the first half of 2009, due to the restructuring of QDQ Media carried out in 2009 and the positive contribution from 123people, which was consolidated from March 2010.

2.2.3. Analysis of consolidated operating income

The table below presents the Group's consolidated operating income in the first half of 2009 and the first half of 2010:

PagesJaunes Group	**As at 30 June**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Gross Operating Margin	**255.3**	**261.9**	**-2.5%**
Employee profit-sharing	(7.2)	(7.8)	-7.7%
Share-based payment	(0.9)	(0.6)	50.0%
Depreciation and amortisation	(8.7)	(9.1)	-4.4%
Result of asset disposals	(0.0)	(0.1)	na
Restructuring costs	-	(4.4)	-100.0%
Acquisition costs of shares	(0.4)	-	na
Operating income	**238.2**	**239.9**	**-0.7%**
As % of revenues	*43.9%*	*42.7%*	

2.2.3.1. Employee profit sharing and share-based payment

The employee profit-sharing in the Group amounted to €7.2 million in the first half of 2010, a decrease of 7.7% compared to the first half of 2009.

The Group's share-based payment expense amounted to €0.9 million in the first half of 2010, compared to €0.6 million in the first half of 2009. The expense in the first half of 2009 resulted from the stock option plan set up in 2007, whereas that of the first half of 2010 resulted from the stock option plans set up in 2007 and the second half of 2009.

2.2.3.2. Depreciation and amortisation

The Group's depreciation and amortisation charge amounted to €8.7 million in the first half of 2010, compared to €9.1 million in the first half of 2009, a decrease of 4.4%.

2.2.3.3. Operating income

The Group's operating income in the first half of 2010 amounted to €238.2 million, representing a limited decrease of 0.7% compared to the first half of 2009, which had borne €4.4 million of restructuring costs for QDQ Media. The Group's rate of operating margin as a proportion of revenues rose from 42.7% in the first half of 2009 to 43.9% in the first half of 2010.

2.2.4. Analysis of income for the period

The table below presents the Group's income for the period in the first half of 2009 and the first half of 2010:

PagesJaunes Group *in million euros*	**As at 30 June** **2010**	**2009**	**Change 2010/2009**
Operating income	**238.2**	**239.9**	**-0.7%**
Financial income	1.8	4.5	-60.0%
Financial expenses	(47.4)	(44.9)	5.6%
Gain (loss) on foreign exchange	-	-	na
Net financial income	**(45.6)**	**(40.4)**	**12.9%**
Income before tax	**192.6**	**199.6**	**-3.5%**
Corporation tax	(69.6)	(71.2)	-2.2%
Income for the period	**123.1**	**128.4**	**-4.1%**
of which attributable to:			
- Shareholders of PagesJaunes Groupe	123.1	128.3	-4.1%
- Non-controlling interests	-	0.0	na

2.2.4.1. Financial result

The Group's financial result in the first half of 2010 was a loss of €45.6 million, compared to a loss of €40.4 million in the first half of 2009. The financial result essentially comprised the interest expense relating to the bank loan of €1,950 million arranged in November 2006 and, as at 30 June 2010, hedged 88% against rises in interest rates by a portfolio of rate swaps and collars maturing at the end of 2011 and 46% by forward swaps maturing at the end of 2013.

This interest expense, net of the effect of rate hedging instruments, amounted to €42.5 million in the first half of 2010, compared to €39.8 million in the first half of 2009. The average interest rate on the debt rose from 4.05% in the first half of 2009 to 4.36% in the first half of 2010 a rise of 31 basis points (higher hedging costs). For the record, this rate stood at 4.10% for full-year 2009.

The financial result also includes the amortisation of loan issue expenses amounting to €3.3 million, which remains stable between the two periods, as well as the change in the time value of the collar entered into in November 2006, recorded in "change in the fair value of hedging instruments", representing income of €1.4 million in the first half of 2010 compared to income of €3.2 million in the first half of 2009.

2.2.4.2. Corporation tax

In the first half of 2010, the Group recorded a corporation tax charge of €69.6 million, down 2.2% compared to the first half of 2009. The apparent tax rate was 36.1% in the first half of 2010, compared to 35.7% in the first half of 2009. This was mainly due to the impact of the Contribution on Company Added Value in the first half of 2010, partly offset by the decrease in losses at QDQ Media between the first half of 2009 and the first half of 2010.

2.2.4.3. Income for the period

The Group's income for the period amounted to €123.1 million in the first half of 2010, compared to €128.4 million in the first half of 2009, representing a decrease of 4.1% between the two periods.

2.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the changes in the Group's cash position at 30 June 2009, 31 December 2009 and 30 June 2010:

PagesJaunes Group	**As at 30 June 2010**	**As at 31 December 2010**	**As at 30 June 2009**
in million euros			
Fair value of hedging instruments	-	-	0.5
Accrued interest not yet due	0.0	0.0	0.0
Cash and cash equivalents	46.5	67.0	11.6
Cash	**46.5**	**67.0**	**12.2**
Bank overdrafts	(9.4)	(5.6)	(22.5)
Net cash	**37.1**	**61.4**	**(10.3)**
Bank borrowing	1,950.0	1,950.0	1,950.0
Revolving	-	-	10.3
Debt related costs	(24.9)	(28.2)	(31.6)
Liability in respect of hedging instruments	3.7	3.7	5.5
Fair value of hedging instruments	82.2	56.3	48.5
Accrued interest not yet due	4.1	4.2	3.7
Liability on committed purchase of non-controlling interests and earn-outs	2.8	0.6	1.8
Other financial liabilities	2.2	10.5	2.8
Gross financial debt	**2,020.1**	**1,996.9**	**1,991.0**
of which current	*(8.7)*	*(16.8)*	*(16.8)*
of wich non current	*(2,011.5)*	*(1,980.1)*	*(1,980.1)*
Net debt	**1,983.0**	**1,935.4**	**2,001.3**
Net debt excl. fair value of hedging instruments and debt-related fees	**1,925.7**	**1,907.4**	**1,984.9**

PagesJaunes Groupe's bank debt amounts to €1,950 million and is repayable in full at the end of 2013. As at 30 June 2010, it was hedged 88% against rises in interest rates by a portfolio of rate swaps and collars maturing at the end of 2011 and 46% by forward swaps maturing at the end of 2013. In addition, a diversified syndicate of banks has granted PagesJaunes Groupe a credit line of approximately €400 million expiring at the end of 2013. This credit line was unutilised as at 30 June 2010.

Excluding the fair value of interest rate hedging instruments, representing a liability of €82.2 million as at 30 June 2010 compared to a liability of €48.5 million as at 30 June 2009, and excluding the amortisation of loan issue expenses, amounting to €24.9 million as at 30 June 2010 compared to

€31.6 million as at 30 June 2009, the net debt amounted to €1,925.7 million as at 30 June 2010 compared to €1,984.9 million as at 30 June 2009.

The table below shows the cash flows of the consolidated group in the first half of 2009, the first half of 2010 and the full year ending 31 December 2009:

PagesJaunes Group *in million euros*	**As at 30 June 2010**	**As at 31 December 2010**	**As at 30 June 2009**
Net cash from operations	197.6	283.7	189.8
Net cash used in investing activities	(30.7)	(25.1)	(7.7)
Net cash provided by (used in) financing activities	(191.2)	(285.7)	(281.5)
Impact of changes in exchange rates on cash	0.0	0.0	(0.0)
Net increase (decrease) in cash position	**(24.3)**	**(27.0)**	**(99.3)**
Cash and cash equivalents at beginning of period	61.4	88.5	88.5
Cash and cash equivalents at end of period	**37.1**	**61.4**	**(10.8)**

The Group's cash and cash equivalents amounted to €37.1 million as at 30 June 2010.

The net cash from operations amounted to €197.6 million in the first half of 2010 compared to €189.8 million in the first half of 2009, representing a rise of €7.8 million due mainly to:

- A gross operating margin of €255.3 million in the first half of 2010, down €6.5 million compared to the first half of 2009,
- Restructuring costs of €4.4 million in the first half of 2009,
- A working capital requirement of €51.7 million in the first half of 2010 compared to requirement of €63.7 million in the first half of 2009, a decrease of €12.0 million between the two periods,
- A net disbursement of €42.4 million in respect of financial interest in the first half of 2010, compared to €39.5 million in the first half of 2009, owing to the rise in interest rates,
- A disbursement of €65.2 million in respect of corporation tax in the first half of 2010 compared to €85.3 million in the first half of 2009.

The net cash used in investing activities represents a disbursement of €30.7 million in the first half of 2010 compared to a disbursement of €7.7 million in the first half of 2009. That represents a rise of €23.0 million, mainly comprising:

- €17.4 million in acquisitions of tangible and intangible fixed assets in the first half of 2010, compared to €7.6 million in the first half of 2009, reflecting the increase in investments in new Internet products and services,
- €16.5 million in the first half of 2010 relating to acquisitions of equity interests, net of cash acquired, in 123people and Keltravo,

- €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 €191.2 million in the first half of 2010 compared to €281.5 million in the first half of 2009, a decrease of €90.2 million, mainly comprising the following:

- €182.4 million in respect of dividends paid in the first half of 2010, down €87.3 million compared to the dividends paid in the first half of 2009,

- €7.4 million in the first half of 2009 relating to buy outs of minority holdings in PagesJaunes Petites Annonces and Horyzon Média,

- a drawing under the revolving credit line amounting to €10.3 million in the first half of 2009. This line was unutilised as at 30 June 2010,

- A decrease of €8.5 million in other financial debts in the first half of 2010 compared to a decrease of €14.7 million in the first half of 2009.

2.4. Risks and uncertainties relating to the second half of 2010

The main risks and uncertainties identified by the Group involve:

- The economic environment and the situation of the advertising market in France and Spain, which are expected to affect the end of 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 the pace of revenue growth,

- Developments in the fixed-income markets, which could cause PagesJaunes Groupe's financial result to vary due to a rise in interest on debt (on the 12% of bank borrowings that are not covered by any rate hedging) and the change in the fair value of the hedging instruments used by the Group (for their time value).

3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3.1 - Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
Revenues		542,260	1,163,901	561,734
External purchases		(116,358)	(280,532)	(122,595)
Other operating income		2,060	4,196	2,041
Other operating expenses		(5,895)	(26,680)	(11,967)
Personnel expenses : - Salaries and charges		(166,722)	(332,233)	(167,326)
Gross Operating Margin		**255,345**	**528,653**	**261,888**
in % of revenues		***47.1%***	***45.4%***	***46.6%***
- Employee profit-sharing		(7,202)	(15,274)	(7,762)
- Share-based payment		(851)	(1,579)	(627)
Depreciation and amortisation		(8,654)	(19,563)	(9,093)
Result of asset disposals		(4)	(818)	(89)
Restructuring costs		-	(4,457)	(4,383)
Acquisition costs of shares		(429)	-	-
Operating income		**238,205**	**486,962**	**239,934**
Financial income		1,826	8,798	4,501
Financial expenses		(47,420)	(90,656)	(44,877)
Gain (loss) on foreign exchange		-	-	-
Net financial income	4	**(45,594)**	**(81,858)**	**(40,376)**
Corporation tax	5	(69,558)	(131,472)	(71,195)
Income for the period		**123,053**	**273,632**	**128,363**
Income for the period attributable to:				
- Shareholders of PagesJaunes Groupe		123,053	273,611	128,349
- Non-controlling interests		-	21	14
Net earnings per share (in euros)				
Net earnings per share of the consolidated group				
- basic		0.44	0.98	0.46
- diluted		0.43	0.96	0.45

3.2 - Statement of comprehensive income

(Amounts in thousands of euros, except data relating	Notes	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
Income for the period report		**123,053**	**273,632**	**128,363**
Net (loss) /gain on cash flow hedges				
- Gross		(27,428)	(38,407)	(25,935)
- Deferred tax		9,444	13,225	8,931
- Net of tax	6	**(17,984)**	**(25,182)**	**(17,004)**
Exchange differences on translation of foreign operations		-	33	5
Other comprehensive income		**(17,984)**	**(25,149)**	**(16,998)**
Total comprehensive income for the period, net of tax		**105,070**	**248,484**	**111,365**
Total comprehensive income for the period attributable to:				
- Shareholders of PagesJaunes Groupe		105,070	248,462	111,351
- Non-controlling interests		-	21	14

3.3 - Statement of financial position

(Amounts in thousands of euros)	Notes	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
ASSETS				
Net goodwill		66,330	50,358	56,369
Other net intangible fixed assets		36,267	25,051	19,708
Net tangible fixed assets		25,154	22,950	20,383
Available-for-sale assets		207	207	207
Other non-current financial assets		681	667	730
Derivative financial instruments	6	-	-	502
Net deferred tax assets	5	38,367	28,130	27,638
Total non-current assets		**167,006**	**127,363**	**125,537**
Net inventories		7,311	6,434	9,766
Net trade accounts receivable		390,222	466,179	400,941
Other current assets		32,795	36,273	36,406
Current tax receivable	5	417	5,374	455
Prepaid expenses		111,832	106,856	105,958
Other current financial assets	6	1,804	-	85
Cash and cash equivalents	7	46,523	67,040	11,649
Total current assets		**590,904**	**688,157**	**565,260**
TOTAL ASSETS		**757,911**	**815,520**	**690,797**
LIABILITIES				
Share capital		56,197	56,197	56,197
Issue premium		98,676	98,676	98,676
Reserves		(2,563,735)	(2,637,765)	(2,630,726)
Income for the period attribuable to shareholders of PagesJaunes Groupe		123,053	273,611	128,349
Translation differences		-	-	(28)
Own shares		(3,876)	(3,831)	(4,010)
Equity attributable to equity holders of the PagesJaunes Groupe		**(2,289,685)**	**(2,213,112)**	**(2,351,542)**
Non-controlling interests		-	-	-
Total equity		**(2,289,685)**	**(2,213,112)**	**(2,351,542)**
Non-current financial liabilities and derivatives	7	2,011,456	1,980,102	1,971,557
Employee benefits - non-current		45,232	41,692	39,623
Provisions - non-current		5,653	3,629	20
Deferred tax liabilities	5	1,132	-	-
Total non-current liabilities		**2,063,473**	**2,025,423**	**2,011,200**
Bank overdrafts and other short-term borrowings	7	14,029	18,204	38,201
Accrued interest	7	4,057	4,177	3,681
Provisions - current		350	761	3,366
Trade accounts payable		94,347	102,356	91,107
Employee benefits - current		112,197	121,242	114,011
Other current liabilities		93,050	96,279	98,763
Corporation tax	5	747	200	849
Deferred income		665,346	659,990	681,160
Total current liabilities		**984,123**	**1,003,209**	**1,031,138**
TOTAL LIABILITIES		**757,911**	**815,520**	**690,797**

3.4 - Statement of changes in shareholders' equity

(Amounts in thousands of euros)	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 2008	**280,404,148**	**56,197**	**98,676**	**(4,313)**	**(2,334,341)**	**(10,263)**	**(33)**	**(2,194,077)**	**2**	**(2,194,075)**
								-		
Total comprehensive income for the period, net of tax					128,349	(17,004)	5	**111,351**	14	**111,365**
Share-based payment					626			**626**	-	**626**
Dividends paid					(269,745)			**(269,745)**	(35)	**(269,780)**
Shares of the consolidating company net of tax effect	24,869			303				**303**	-	**303**
Minority puts on Horyzon Media								**-**	20	**20**
Balance as at 30 June 2009	**280,429,017**	**56,197**	**98,676**	**(4,010)**	**(2,475,110)**	**(27,267)**	**(28)**	**(2,351,542)**	**(0)**	**(2,351,542)**
								-		
Total comprehensive income for the period, net of tax					145,262	(8,178)	28	**137,112**	7	**137,119**
Share-based payment					848			**848**	-	**848**
Dividends paid					292			**292**	-	**292**
Shares of the consolidating company net of tax effect	21,559			179				**179**	-	**179**
Minority puts on Horyzon Media								**-**	(7)	**(7)**
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					123,053	(17,984)	-	**105,070**	-	**105,070**
Share-based payment					850			**850**	-	**850**
Dividends paid					(182,448)			**(182,448)**	-	**(182,448)**
Shares of the consolidating company net of tax effect	(1,649)			(45)				**(45)**	-	**(45)**
Minority puts on Horyzon Media								**-**	-	**-**
Balance as at 30 June 2010	**280,448,927**	**56,197**	**98,676**	**(3,876)**	**(2,387,254)**	**(53,429)**	**-**	**(2,289,685)**	**-**	**(2,289,685)**

3.5 - Cash flow statement

(Amounts in thousands of euros)	Notes	**As at 30 June 2010**	**As at 31 December 2009**	**As at 30 June 2009**
Income for the period attribuable to shareholders of PagesJaunes Groupe		**123,053**	**273,611**	**128,349**
Operating items		-		-
Depreciation and amortisation of fixed assets		8,654	19,563	9,093
Change in provisions		5,745	6,142	1,262
Share-based payment		851	1,474	626
Capital gains or losses on asset disposals		4	818	89
Interest income and expenses	4	24,965	53,461	31,328
Hedging instruments	6	20,629	28,397	9,049
Unrealised exchange difference		(18)	(3)	3
Tax charge for the period		69,558	131,472	71,195
Non-controlling interests		-	21	14
Decrease (increase) in inventories		(877)	99	(3,233)
Decrease (increase) in trade accounts receivable		75,530	40,299	111,126
Decrease (increase) in other receivables		(6,596)	992	(2,915)
Increase (decrease) in trade accounts payable		(8,426)	(6,928)	(16,419)
Increase (decrease) in other payables		(7,907)	(37,656)	(24,845)
Net change in working capital		**51,725**	**(3,195)**	**63,715**
Dividends and interest received		387	2,500	2,439
Interest paid and rate effect of net derivatives		(42,783)	(82,572)	(41,968)
Corporation tax paid	5	(65,157)	(148,020)	(85,347)
Net cash from operations		**197,614**	**283,668**	**189,846**
Acquisition of tangible and intangible fixed assets		(17,388)	(25,965)	(7,601)
Change in suppliers of fixed assets		(406)	1,346	(188)
Proceeds from sale of tangible and intangible assets		11	92	73
Acquisitions of investment securities and subsidiaries, net of cash acquired		(16,492)	-	-
Proceeds from disposals of financial assets, net of cash sold		5,337	(629)	-
Decreases (increases) in marketable securities and other long-term assets		(1,805)	99	17
Net cash used in investing activities		**(30,743)**	**(25,057)**	**(7,699)**
Cash flows arising from changes in ownership interests		(460)	(7,439)	(7,436)
Increase (decrease) in borrowings		(8,505)	(9,423)	(4,546)
Movements in own shares		196	697	303
Capital increase		-	3	-
Non-controlling interests contribution		-	-	-
Dividends paid to non-controlling interests		-	(35)	(35)
Dividends paid	8	(182,447)	(269,454)	(269,746)
Net cash provided by (used in) financing activities		**(191,216)**	**(285,651)**	**(281,459)**
Impact of changes in exchange rates on cash		18	1	(2)
Net increase (decrease) in cash position		**(24,328)**	**(27,040)**	**(99,313)**
Cash and cash equivalents at beginning of period		61,444	88,484	88,484
Cash and cash equivalents at end of period	7	**37,116**	**61,444**	**(10,830)**

Net cash includes bank overdrafts and accrued interest not yet due. The data as at 30 June 2009 has been adjusted for comparison purposes.
In accordance with the revised IAS 7, changes in ownership interests that do not result in a gain/loss of control have been reclassified from “Net cash used in investing activities” to “Net cash used in financing activities”.

3.6 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Description of the business activity

For more than sixty years, the PagesJaunes Groupe has delivered a diversified range of products and services for the general public and businesses, with its core business made up of directories in France and abroad on both printed and online media. The Group's principal activities are described in Note 3.

The financial year of the companies of the PagesJaunes Group runs from 1 January to 31 December. The presentation currency of the condensed consolidated financial statements and the accompanying notes is the euro.

PagesJaunes Groupe is a limited liability company listed on Euronext Paris (PAJ) – compartment A.
This information was approved by the PagesJaunes Group Board of Directors at its meeting of 27 July 2010.

Note 2 - Basis for preparation of the condensed consolidated financial statements and accounting principles

The consolidated financial statements of PagesJaunes Groupe for the six month period ending at 30 June 2010 have been prepared in accordance with standard IAS 34 – Interim financial reporting. Being summary financial statements, they do not contain all of the information required by IFRS and should be read in conjunction with the annual consolidated financial statements of the Group for the year ending 31 December 2009, included in the reference document filed with the AMF on 25 March 2010 under the number D.10-0166, subject to specific requirements set out for the preparation of interim accounts as described hereinafter.

The accounting principles used are consistent with those used in the preparation of the annual consolidated financial statements for the year ending 31 December 2009, with the exception of any new standards, amendments and interpretations deemed mandatory as from 1 January 2010, albeit with no significant impacts:

- IFRS 3R – Business Combinations,
- Amendments to IAS 27 – Consolidated and Separate Financial Statements,
- 2008 improvements – Amendment to IFRS 5,
- 2009 improvements – Amendments to IFRS 2, IAS 38 and IFRIC 9,
- IFRIC 17 – Distributions of Non-cash Assets to Owners,
- Amendments to IAS 39 – Eligible Hedged Items,
- 2009 improvements – Others,
- Amendment to IFRS 2 – Intragroup share-based payments settled in cash,
- IFRIC 12 – Service Concession Arrangements,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 16 – Hedges of a Net Investment,
- IFRIC 18 – Transfers of Assets from Customers.

Business combinations (IFRS 3R – Business combinations and Amendments to IAS 27)

Since 1 January 2010, business combinations have been accounted for in accordance with the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value on the day of acquisition, and the amount of any non-controlling interest in the acquired entity. For each business combination, the acquirer must decide on the method used to measure the non-acquired portion of the target, either at its fair value, or at the amount of its share of the revalued net worth. The incurred acquisition expenses are stated in expenses for the period in which the corresponding services are received (in operating income).

When the Group acquires a business, it values the assets and liabilities of the acquired entity at their fair value, barring exceptions. When the business combination is created in stages, the investment held by the acquirer prior to assuming control is measured at its fair value on the date of acquisition and the difference as compared to its previous book value is recognised in income pursuant to IFRS 3R.

Price adjustments are recognised at their fair value on the acquisition date. If the adjustment is stated in accordance with IAS 39, it will give rise to the statement of an asset or a liability, subsequent changes in whose fair value will be recognised in income or in comprehensive income, in accordance with the applicable standards. If the adjustment is stated in shareholders' equity, it will not be revalued.

In the cash flow statement, changes in ownership interests without gain or loss of control are stated in "net cash used in financing activities".

In comparison with the information stated above, the following differences applied to business combinations prior to 1 January 2010:

- Transaction costs directly attributable to the acquisition were included in the acquisition cost.
- Minority interests were measured on the basis of the share in the revalued net worth of the acquired entity.
- Business combinations created in several stages were stated as such. Any additional share acquired did not affect the previously recognised goodwill.
- Price adjustments were recognised if and only if the Group had a current obligation, the settlement of which was likely and could be estimated reliably. Changes of estimates relating to the amount of the price adjustment affected the goodwill. These provisions continue to be applied to changes subsequent to 1 January 2010 to price adjustments relating to business combinations prior to that date.

The term "minority interests" is changed to "non-controlling interests".

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 30 June 2010.

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 the financial years from 1 January 2010 as set out in the reference framework published by the IASB but not yet mandatory in the reference framework endorsed by the European Union.

In addition, the Group has not anticipated standards and interpretations adopted by the European Union which become mandatory after 1 January 2010:

- Amendment to IAS 32 - Classification of rights issues.

Finally, the Group does not implement the following standards that were not adopted by the European Union as at 30 June 2010:

- IFRS improvements (May 2010),
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments.

Nonetheless, the Group is currently reviewing the practical consequences of these new standards and the effects of their implementation on its subsequent financial statements. At this phase of the review, the Group does not anticipate any significant impact on its consolidated financial statements.

All of the standards and interpretations adopted by the European Union as at 30 June 2010 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 carry out estimates and assumptions that 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 policies that will lead to relevant and reliable information, to ensure 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,
- 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 cost, the dates of publication of the printed directories (which determine the recognition of the income and the attendant expenses) may vary from one half-year to another, as each printed directory appears only once a year.

Impairment tests as at 30 June 2010

In the absence of any indication of loss of value, it has not been necessary to carry out any impairment tests on goodwill and intangible fixed assets as at 30 June 2010.

Note 3 - Segment information

The Group's core business activity is the publication of directories in France and abroad. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

In the income statement, only the items making up the gross operating margin and depreciation and amortisation charges are allocated to a segment. In the balance sheet, with the exception of cash, financial debts and current and deferred tax liabilities, all items are allocated to a segment.

The Group's activities are organised in two main segments:

– **PagesJaunes in France:** These are the Group's activities in France related to the publication and distribution of directories and the sale of advertising space in printed directories (PagesJaunes, *L'Annuaire*) and online directories ("pagesjaunes.fr", "pagespro.com"). They also include the development and hosting of Internet sites, directory enquiry services by telephone and SMS (118 008), the online small ads activity ("annoncesjaunes.fr") and the QuiDonc reverse directory. This segment also includes the holding company activities accommodated within PagesJaunes Groupe.

– **International & Subsidiaries:** These are the activities of the Group's various subsidiaries, mainly comprising the publication of printed and online consumer directories outside France (QDQ Media in Spain and Editus in Luxembourg) and the development of complementary activities related to the publication of directories, such as the geographic services of Mappy, the direct marketing activities of PagesJaunes Marketing Services and the Internet advertising representation activities of Horyzon Média. Since March 2010, this segment has also included the activities of 123people, the global leader in real-time people search on the Internet, and, since May 2010, the activities of Keltravo, a French major player in contact generation between people and businesses in the building and public works sector.

The table below shows a breakdown of key aggregates by business segment:

Income statement	As at 30 June 2010				As at 31 December 2009				As at 30 June 2009			
Amounts in thousands of euros	PagesJaunes in France	International & subsidiaries	Eliminations	Group	PagesJaunes in France	International & subsidiaries	Eliminations	Group	PagesJaunes in France	International & subsidiaries	Eliminations	Group
Revenues	**512,952**	**34,641**	**(5,333)**	**542,260**	**1,097,270**	**75,780**	**(9,149)**	**1,163,901**	**532,932**	**32,840**	**(4,038)**	**561,734**
- External	512,943	29,317	-	542,260	1,097,251	66,650	-	1,163,901	532,920	28,814	-	561,734
- Inter-segment	9	5,324	(5,333)	-	19	9,130	(9,149)	-	12	4,026	(4,038)	-
External purchases	(107,013)	(15,059)	5,714	(116,358)	(257,109)	(32,782)	9,359	(280,532)	(112,307)	(14,396)	4,108	(122,595)
Other operating income	1,879	1,036	(855)	2,060	3,338	1,658	(800)	4,196	1,359	1,053	(372)	2,041
Other operating expenses	(4,717)	(1,760)	582	(5,895)	(22,628)	(4,607)	556	(26,680)	(10,354)	(1,916)	304	(11,967)
Salaries and charges	(149,077)	(17,537)	(108)	(166,722)	(293,080)	(39,187)	34	(332,233)	(148,672)	(18,652)	(2)	(167,326)
Gross operating margin	**254,024**	**1,321**	**-**	**255,345**	**527,791**	**862**	**-**	**528,653**	**262,958**	**(1,070)**	**-**	**261,888**
Employee profit-sharing				(7,202)				(15,274)				(7,762)
Share-based payment				(851)				(1,579)				(627)
Depreciation and amortisation	(7,062)	(1,592)	-	(8,654)	(16,486)	(3,077)	-	(19,563)	(7,794)	(1,299)	-	(9,093)
Result of asset disposals				(4)				(818)				(89)
Restructuring costs	-	-	-	-	-	(4,457)	-	(4,457)	-	(4,383)	-	(4,383)
Acquisition costs of shares	(429)	-	-	(429)	-	-	-	-	-	-	-	-
Operating income				**238,205**				**486,963**				**239,934**
Acquisitions of tangible and intangible fixed assets	**14,415**	**2,973**	**-**	**17,388**	**22,787**	**3,178**	**-**	**25,965**	**6,030**	**1,571**	**-**	**7,601**

Balance sheet	As at 30 June 2010				As at 31 December 2009				As at 30 June 2009			
Amounts in thousands of euros	**PagesJaunes in France**	**International & subsidiaries**	**Eliminations**	**Group**	**PagesJaunes in France**	**International & subsidiaries**	**Eliminations**	**Group**	**PagesJaunes in France**	**International & subsidiaries**	**Eliminations**	**Group**
Net goodwill	6,426	59,904	-	66,330	6,426	43,932	-	50,358	6,426	49,943	-	56,369
Net intangible fixed assets	24,467	11,800	-	36,267	19,790	5,261	-	25,051	14,726	4,982	-	19,708
Net tangible fixed assets	20,053	5,101	-	25,154	17,897	5,053	-	22,950	15,024	5,359	-	20,383
Non-current non-segment assets				39,255				29,004				29,076
Non-current assets				**167,006**				**127,363**				**125,537**
Net inventories	6,836	475	-	7,311	6,139	295	-	6,434	9,323	443	-	9,766
Net trade accounts receivable	354,886	41,002	(5,666)	390,222	430,546	39,565	(3,932)	466,179	362,780	40,625	(2,464)	400,941
Other current assets	29,144	3,651	-	32,795	33,837	2,845	(409)	36,273	30,754	5,855	(203)	36,406
Prepaid expenses	104,015	9,072	(1,255)	111,832	100,706	6,199	(49)	106,856	96,691	9,846	(579)	105,958
Current non-segment assets				48,744				72,414				12,189
Current assets				**590,904**				**688,157**				**565,260**
Total assets				**757,911**				**815,520**				**690,797**
of which segment assets	*545,827*	*131,005*	*(6,921)*	*669,911*	*615,341*	*103,152*	*(4,390)*	*714,102*	*535,724*	*117,054*	*(3,246)*	*649,531*
of which non-segment assets				*87,999*				*101,418*				*41,266*
Shareholders' equity				**(2,289,685)**				**(2,213,112)**				**(2,351,542)**
Non-controlling interests				**-**				**-**				**-**
Personnel benefits - non-current	45,074	158	-	45,232	41,544	148	-	41,692	39,518	105	-	39,623
Provisions - non-current	5,653	(0)	-	5,653	3,629	-	-	3,629	-	20	-	20
Non-current segment liabilities				2,012,588				1,980,102				1,971,557
Non-current liabilities				**2,063,473**				**2,025,423**				**2,011,200**
Provisions - current	56	294	-	350	78	683	-	761	2,875	491	-	3,366
Trade accounts payable	84,380	15,633	(5,666)	94,347	93,033	13,696	(4,373)	102,356	79,560	14,012	(2,464)	91,107
Personnel benefits - current	106,801	5,396	-	112,197	115,581	5,661	-	121,242	108,692	5,319	-	114,011
Other current liabilities	87,661	5,389	-	93,050	91,427	5,261	(409)	96,279	92,789	6,177	(203)	98,763
Deferred income	645,698	20,903	(1,255)	665,346	642,415	17,624	(49)	659,990	657,126	24,613	(579)	681,160
Current non-segment liabilities				18,833				22,581				42,731
Current liabilities				**984,123**				**1,003,209**				**1,031,138**
Total liabilities				**757,911**				**815,520**				**690,797**
of which segment liabilities	*975,323*	*47,773*	*(6,921)*	*1,016,175*	*987,707*	*43,073*	*(4,831)*	*1,025,949*	*980,560*	*50,737*	*(3,246)*	*1,028,051*
of which non-segment liabilities				*(258,264)*				*(210,429)*				*(337,254)*

Note 4 - Financial result

The financial result is made up as follows:

(in thousands of euros)	1st half 2010	Year ending 31 December 2009	1st half 2009
Interest and similar income from financial assets	25	54	64
Result of disposal of financial assets	260	1,148	1,081
Change in the fair value of hedging instruments	1,441	7,445	3,205
Discount income – hedging instruments	-	-	-
Dividends received	100	151	151
Financial income	**1,826**	**8,798**	**4,501**
Interest on financial liabilities	(21,871)	(52,339)	(30,771)
Disbursements (Receipts) in respect of hedging instruments	(20,631)	(28,383)	(9,049)
Change in the fair value of hedging instruments	-	(14)	-
Amortisation of loan issue expenses	(3,347)	(6,579)	(3,235)
Other financial expenses and fees	(159)	(399)	(204)
Accretion cost (1)	(1,412)	(2,942)	(1,618)
Financial expenses	**(47,420)**	**(90,656)**	**(44,877)**
Foreign exchange gain (loss)	**-**	**-**	**-**
Net financial income	**(45,594)**	**(81,858)**	**(40,376)**

(1) This accretion cost represents the increase over the year in the current value of pension liabilities, the liabilities in respect of hedging instruments and the liability in respect of minority buyout commitments.

Note 5 - Corporation tax

Note 5.1 - Group tax computation

The corporation tax results from the application of the effective rate for the period to the pretax income.

The reconciliation between the notional tax calculated based on the statutory rate applicable in France and the effective tax is as follows:

Amounts in thousands of euros	**As at 30 June 2010**	**As at 31 December 2009**	**As at 30 June 2009**
Pretax net income from continuing businesses	**192,611**	**405,104**	**199,558**
Statutory tax rate	34.43%	34.43%	34.43%
Theoretical tax	**(66,322)**	**(139,491)**	**(68,715)**
Loss-making companies not integrated for tax	(143)	440	(3,293)
Loan and current account depreciation QDQ Media	-	(551)	-
Share-based payment	(293)	(507)	(216)
Foreign subsidiaries	135	127	(54)
Recognition of previously unrecognised tax losses	-	9,401	-
Corporate value added contribution	(3,453)	(1,355)	-
Other non-taxable income	518	463	1,082
Effective tax	**(69,558)**	**(131,472)**	**(71,195)**
of which current tax	*(70,592)*	*(127,799)*	*(71,047)*
of which deferred tax	*1,034*	*(3,673)*	*(148)*
Effective tax rate	**36.1%**	**32.5%**	**35.7%**

Note 5.2 - Balance sheet tax

Amounts in thousands of euros	**As at 30 June 2010**	**As at 31 December 2009**	**As at 30 June 2009**
Retirement benefits	12,906	11,901	11,258
Employee profit-sharing	4,901	5,047	5,554
Non-deductible provisions	3,480	3,325	3,912
Hedging instruments	31,108	22,160	19,322
Other differences	757	639	748
Subtotal deferred tax assets	**53,152**	**43,072**	**40,794**
Corporate value added contribution	(643)	(1,355)	-
Loan issue costs	(10,815)	(11,649)	(12,477)
Brand 123people	(1,132)	-	-
Other differences	(3,327)	(1,938)	(679)
Subtotal deferred tax liabilities	**(15,917)**	**(14,942)**	**(13,156)**
Total net deferred tax assets / (liabilities)	**37,235**	**28,130**	**27,638**
Deferred tax assets	*38,367*	*28,130*	*27,638*
Deferred tax liabilities	*(1,132)*	*-*	*-*

No deferred tax assets relating to the tax loss carryforwards of QDQ Media have been included in the balance sheet, since this company recorded a net loss as at 30 June 2010. The amount of the deferred tax not stated in the accounts is estimated at €62.0 million.

In the balance sheet as at 30 June 2010, the corporation tax comprised a receivable of €0.4 million and a liability of €0.7 million. As at 30 June 2009, the corporation tax comprised a receivable of €0.5 million and a liability of €0.8 million. The tax paid in the first half of 2010 amounted to €65.2 million, compared to €85.3 million in the first half of 2009.

In 2010, the Regional Economic Tax (*Contribution Economique Territoriale* – CET) has been introduced under the Finance Act. Since the Contribution on Company Added Value (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE) component of this contribution is based on the added value, the Group decided in 2009 to enter it under income tax in the 2010 accounts. In accordance with IAS 12, taxes qualifying as income tax lead to the statement of deferred tax in the income statement for all the timing differences in respect of all the assets and liabilities in the balance sheet. A deferred tax liability of €1.4 million was therefore recognised in the consolidated financial statements as at 31 December 2009. As at 30 June 2010, this deferred tax liability amounted to €0.6 million.

Note 6 - Derivative financial instruments

PagesJaunes Groupe employs derivative financial instruments to manage interest rate risks associated with the variable rate debt arranged by the Company in 2006. PagesJaunes Groupe has introduced the procedures and documentation necessary to justify the use of hedge accounting within the meaning of IAS 39.

Description of the derivative financial instruments

PagesJaunes Groupe has entered into the following with several financial institutions:

In 2006,

- An interest rate swap agreement with a nominal value of €380 million, commencing on 13 December 2006 and running until 13 December 2011. Within the framework of this transaction, PagesJaunes Groupe receives a variable interest rate, being three-month Euribor, and pays a fixed interest rate of 3.7830%;
- A collar, comprising a synthetic combination of a cap purchase and floor sale, for a nominal amount of €1,140 million, commencing on 13 December 2006 and running until 13 December 2011. The tunnel made up of this collar provides for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%. The annual premium on this collar, which is payable in arrears, amounts to €1.9 million.

In 2009,

- The extension of the previous hedging via two swap contracts with a total nominal value of €200 million, maturing on 13 December 2011, and for which PagesJaunes Groupe receives a variable interest rate, being three-month Euribor, and pays a fixed interest rate of 1.99%,
- The extension of the previous hedging via two swap contracts with a total nominal value of €900 million, maturing in November 2013 and for which PagesJaunes Groupe receives a variable interest rate, being three-month Euribor, and pays a fixed interest rate of 3.79%.

These transactions cover the cash flows related to the variable rate debt arranged by PagesJaunes Groupe in November 2006 (cf. note 7). The prospective effectiveness tests carried out by PagesJaunes Groupe at the inception of these operations and the retrospective tests carried out on 31 December 2009 and 30 June 2010 demonstrated that these financial instruments offered fully effective hedging of the cash flows relating to this debt.

Accounting and asset and liability items related to these derivative financial instruments

The initial fair value of the collar was stated in the consolidated assets when it was entered into in 2006 in an amount of €8.3 million, with the opposite entry being a "Liability in respect of hedging instruments" (cf. note 7) amounting to €8.3 million, representing the discounted premium payable in five yearly instalments. As at 30 June 20010, this liability amounted to €3.7 million (€5.5 million as at 30 June 2009).

The value of these derivative financial instruments is as follows:

in thousands of euros	**As at 30 June 2010**	**Year ending 31 December 2009**	**As at 30 June 2009**
Interest rate swaps – cash flow hedge	(49,276)	(26,301)	(17,223)
Interest rate swaps – fair value hedge	-	(14)	(928)
Collar – cash flow hedge	(32,970)	(29,944)	(29,862)
of which intrinsic value	*(32,210)*	*(27,757)*	*(24,239)*
of which time value	*(760)*	*(2,187)*	*(5,623)*
Asset / (Liability)	**(82,246)**	**(56,259)**	**(48,013)**
Of which non-current	*(82,246)*	*(56,245)*	*(47,085)*
Of which current	-	*(14)*	*(928)*

The change in the fair value of the derivative financial instruments (qualified as cash flow hedges) between 31 December 2009 and 30 June 2010, representing a €23.0 million decrease in the case of the interest rate swap and a €4.5 million decrease in the intrinsic value of the collar, was recognised in recyclable shareholders' equity, following the recognition of a deferred tax asset of €9.4 million.

The change in the time value of the collars and the change in the value of the interest rate swap qualified as a fair value hedge have been stated in financial income, in an amount of €1.4 million, and have given rise to the recognition of €0.5 million of deferred tax.

No ineffectiveness was recorded in respect of the cash flow hedges.

Note 7 - Cash and cash equivalents, net financial debt

The net financial debt corresponds to the total gross financial debt plus or minus derivative asset and liability cash flow hedging instruments and minus cash and cash equivalents.

(in thousands of euros)	**As at 30 June 2010**	**Year ending 31 December 2009**	**As at 30 June 2009**
Fair value of hedging instruments (cf. note 6)	-	-	502
Accrued interest not yet due	1	4	2
Cash equivalents	33,748	63,000	3,500
Cash	12,774	4,036	8,147
Gross cash	**46,523**	**67,040**	**12,151**
Bank overdrafts	(9,407)	(5,596)	(22,479)
Net cash	**37,116**	**61,444**	**(10,328)**
Bank loan	1,950,000	1,950,000	1,950,000
Revolving credit line – drawn part	-	-	10,318
Loan issue expenses	(24,900)	(28,247)	(31,591)
Lease liabilities	259	375	416
Fair value of hedging instruments (cf. note 6)	82,246	56,259	48,515
Liabilities on hedging instruments	3,699	3,684	5,474
Liabilities on minority buyback agreement and earn-outs	2,813	559	1,757
Accrued interest not yet due	4,057	4,177	3,681
Other financial liabilities	1,961	10,080	2,390
Gross financial debt	**2,020,135**	**1,996,887**	**1,990,960**
of which current	*8,679*	*16,785*	*19,403*
of which non-current	*2,011,456*	*1,980,102*	*1,971,557*
Net debt	**1,983,019**	**1,935,443**	**2,001,288**

Cash and cash equivalents

Cash and cash equivalents mainly comprise certificates of deposit, mutual fund units and debit bank accounts. They are valued at fair value, that being the basis on which they are managed.

As at 30 June 2010, cash equivalents amounted to €33.7 million and comprised two mutual and investment funds invested within the framework of the liquidity agreement.

Bank overdraft

The Group has an authorised overdraft of €20 million granted by a number of its banks remunerated at Eonia + 25 basis points.

Bank loan

PagesJaunes Groupe has bank finance to a maximum of €2,350 million which includes 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) within the context of its operating activities and is available in particular in the form of drawings, letters of credit or bilateral lines.

This financing agreement notably includes default and mandatory prepayment clauses, as well as progressive financial covenants:

- the ratio of consolidated net debt to an aggregate close to the consolidated GOM must be less than or equal to 4.40 from 30 September 2009 to 30 June 2010, 4.25 on 30 September 2010, 4.00 from 31 December 2010 to 30 September 2011 and 3.75 thereafter (GOM and consolidated net debt as defined in the agreement signed with the financial institutions);
- the ratio of consolidated net interest expenses to an aggregate close to consolidated GOM must be greater than or equal to 3.50 from 30 September 2009 to 30 June 2010, 3.75 from 30 September 2010 to 30 June 2011 and 4.00 thereafter (GOM and consolidated net debt as defined in the agreement signed with the financial institutions).

As at 30 June 2010, these financial covenants were complied with and there are no grounds for reclassifying non-current liabilities 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 medium-term loan has a variable interest rate and matures in November 2013. It is repayable in full at maturity.

As at 30 June 2010, the reference rate was three-month Euribor plus a margin of 150 basis points taking into account the margin ratchet from which the Group benefited as a result of having a financial leverage ratio below 3.50 times an aggregate close to GOM. If this financial leverage ratio exceeds 3.50, the margin rises from 150 to 175 basis points.

The revolving credit line has the same maturity, with variable interest rates based on the Euribor or Libor reference rate plus a margin of 150 basis points. On 30 June 2010 it was unutilised, in contrast to 30 June 2009 when it was drawn in an amount of €10.3 million.

Bank overdraft

The Group has authorised overdrafts totalling €30 million, with bank charges set on the basis of Eonia + 25 basis points.

Other financial liabilities

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

Note 8 – Sensitivity to interest rate risk

PagesJaunes Groupe is exposed to the risk of interest rate variations to the extent that all of its short- and long-term financing has variable interest rates. The Group manages this risk by using derivative instruments, mainly interest rate swaps and collars. The main characteristics of the Group's bank debt are stated in Note 7 (Cash and cash equivalents, net financial debt) and those of the instruments used in the interest rate hedging in Note 6 (Derivative financial instruments).

PagesJaunes Groupe estimates that a 1% increase in short-term interest rates in relation to three month Euribor as at 30 June 2010, i.e. 0.767%, would lead to an increase of around €10.2 million in pre-tax consolidated income for the period.

Sensitivity analysis of an increase of 100 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	46.5	(1,961.4)	-	(85.9)	
Sensitivity in profit and loss	0.5	(19.6)	17.2	12.2	**10.2**
Sensitivity in equity	-	-	-	33.6	**33.6**

Note 9 - Shareholders' equity

In accordance with the decision of the shareholders taken at the Combined General Meeting of 10 June 2010, PagesJaunes Groupe paid on 24 June 2010 the dividend relating to the 2009 financial year, amounting to €182.5 million, i.e. €0.65 per share.

Through the liquidity contract, the Company held 535,827 of its own shares as at 30 June 2010 (534,178 at 31 December 2009), stated as a deduction from shareholders' equity, and €4.6 million in liquid assets recorded in the item “Cash and cash equivalents”. PagesJaunes Groupe has not repurchased any shares outside the liquidity contract.

PagesJaunes Groupe is a subsidiary of Médiannuaire, which controls 54.68% of the capital and voting rights.

Note 10 – Changes in the scope of consolidation

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. In addition, an earn-out estimated at €0.1 million may be paid in 2011. This has been stated in current liabilities.

On 12 March 2010, PagesJaunes Groupe acquired 100% of the shares and voting rights in the company 123people Internetservices GmbH, the global leader in real-time people search on the Internet. These securities were acquired at a price of €15.0 million in cash, including €0.3 million of fees and expenses.

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 in the company Keltravo, which is a major player in online quotations in the household jobs sector. These securities were acquired at a price of €2.8 million in cash, including €0.1 million of fees and expenses. Price supplements (earn-out) of an estimated total of €2.7 million may be paid in 2011, 2012 and 2013 if certain conditions are fulfilled, and in particular if certain volumes of quotation requests are attained. They have been recognised in current and non-current liabilities.
As a major player in the generation of leads, Keltravo will make it possible to develop the audience in the household jobs segments, enrich the content and include an online quotation request service on pagesjaunes.fr, and to develop the ROI of PagesJaunes' advertisers.

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

(Amounts in thousands of euros)	123people + Keltravo
Non-current assets	4,726
Current assets	1,765
Cash and cash equivalents	986
TOTAL ASSETS	**7,477**
Non-current liabilities	(1,367)
Current liabilities	(1,882)
TOTAL LIABILITIES	**(3,249)**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**4,228**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	15,972
PURCHASE CONSIDERATION TRANSFERRED	**20,200**

These operations gave rise to the recognition of goodwill totalling €16.0 million. This goodwill, which is not deductible for tax purposes, represents expected synergies and the know-how developed by these two companies.

The, 123people brand has been valued in accordance with the royalty saving methodology, i.e. the current value of the royalties which would have been paid to a third party for the use of the brand if the Group had not owned it. The standard royalty rate applied, based on comparison with other companies in the sector, was 5%, resulting in a valuation of €4.5 million. It is an asset with an indeterminate service life.

Since their acquisition date, these two entities have contributed €2.3 million to consolidated revenues and €0.7 million to the gross operating margin.
If these two entities had been acquired on 1 January 2010, the consolidated revenues would have been €544.0 million and the consolidated gross operating margin would have been €254.9 million.

Note 11 – Information on related parties

There were no new transactions nor significant developments affecting related parties in the first half of 2010.

Note 12 – Contingent liabilities

There were no significant changes with regard to the nature of the contingent liabilities and contractual obligations in the first half of 2010.

Note 13 – Disputes and litigation – significant changes in the half year

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 laid off 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 confirmed the validity of the plan implemented by PagesJaunes. However, cases including claims based on grounds not settled by the above judgments and cases before the administrative jurisdictions are still pending. Since 2006, several amounts have been released from this provision, which was recognised at the end of 2002 in respect of the risk amounting to €7.3 million, having regard to the favourable progress of this case. Consequently, as at 30 June 2010, it stood at €2.1 million.

PagesJaunes was sent a summons by the advertising agency (*Publicom Méditerranée*) to appear before the Tribunal de Commerce of Nanterre for abuse of a dominant position, discriminatory practices and unfair competition. A judgement in favour of PagesJaunes was rendered on 24 September 2008. After *Publicom* had appealed this decision, the Cour d'appel of Versailles issued a judgement on 18 March 2010 dismissing all *Publicom's* claims and upholding all the provisions of the judgement of the Tribunal de Commerce of Nanterre. *Publicom* has lodged an appeal with the Cour de Cassation.

In 2007 and 2008, the company PagesJaunes was summonsed to appear before the Conseils de Prud'Hommes (French employment tribunals) of Caen, Marseille and Lille by employees of the company *Adrexo*, which had been entrusted with the delivery of its directories in certain departments. The plaintiffs complained of concealed employment and sought to assert PagesJaunes' liability on grounds of financial solidarity. The proceedings before the Conseils of Caen and Marseille have been closed as a result of the opposite parties having abandoned their cases, while the other proceedings have been cancelled for administrative reasons but may be reintroduced within two years at the request of the opposite parties.

In February 2008, PagesJaunes filed a suit against the companies, *Xentral* and *L'Annuaire Universel* for forgery of the PagesJaunes brand name by operating the "pagesjaunes.com" online directory site aimed at a French audience.
In a judgement delivered on 28 May 2008, the Tribunal de Grande Instance of Paris ruled that *Xentral (formerly Prodis)* and *L'Annuaire Universel* were guilty of forgery and unfair competition.
This ruling confirms the rights of PagesJaunes over its historical brand names, "PagesJaunes" and "Les PagesJaunes", the validity of which had already been recognised unequivocally by the Cour d'appel of Paris in its judgement of 30 March 2005 and by the Court of First Instance of the European Communities (CFIEC) in its ruling of 13 December 2007. *Xentral* and *L'Annuaire Universel* have appealed against the ruling. The proceedings had been suspended after *Annuaire Universel* was placed in administration. They were then resumed by a liquidator. The hearings are due to take place on 30 September 2010.

L'Annuaire Universel brought an action against PagesJaunes at the Tribunal de Commerce of Nanterre, requesting the annulment of the different *Pages Blanches* brand names on the grounds that they were part and parcel of everyday and business language used when referring to alphabetical lists of subscribers at the time of submission. Although at this stage it cannot yet rule out any unfavourable judgements or consequences, the progress of the proceedings and PagesJaunes' serious arguments enable it to envisage a favourable outcome in this case. The proceedings are being held in abeyance owing to the fact that *L'Annuaire Universel* has been placed in administration.

In May 2010 a summons was issued against PagesJaunes by 12 advertising agencies (including NHK) accusing it of abusing its dominant position, particularly by withdrawing the 5% trade discount. They are claiming €1.6 million. The proceedings are in progress.

In addition, in common with the other companies in the sector, the Group 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 Group. The number of such proceedings declined constantly from 2001, remained stable in 2006 and 2007 and has decreased once again since then. As at 30 June 2010, there were 11, representing total claims for damages of €0.2 million. In these proceedings, the Group endeavours 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.

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 14 - Events subsequent to the closing date of 30 June 2010

At the date of preparation of this report, no significant events had been observed subsequent to the closure of the half-year accounts.

4. AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION FOR 2010

DELOITTE & ASSOCIES
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. au capital de 1.723.040

Statutory Auditors
Member of the Compagnie
Régionale de Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Statutory Auditors
Member of the Compagnie
Régionale de Versailles

PagesJaunes Groupe
Period from 1 January to 30 June 2010

Report of the Statutory Auditors to the shareholders on the half-year financial information

In fulfilment of the assignment entrusted to us by your General Meeting and pursuant to article L. 451-1-2 III of the Monetary and Financial Code, we have:

- conducted a limited review of the condensed consolidated half-year financial statements of PagesJaunes Groupe, for the period from 1 January to 30 June 2010, as appended to this report;
- verified the information disclosed in the half-year report.

These condensed consolidated half-year financial statements have been prepared under the responsibility of the Board of Directors. Our responsibility is to express a conclusion on these financial statements, based on our limited review.

1. Conclusion concerning the financial statements

We conducted our limited review in accordance with the professional standards applicable in France. A limited review essentially involves discussions with the members of the management in charge of accounting and financial matters, and implementing analytical procedures. The procedures involved in a review of this type are less extensive than in an audit performed in accordance with the professional standards applicable in France. Consequently, the assurance that the overall financial statements are free of material misstatements obtained in a limited review is a moderate assurance, on a lower level than that obtained in an audit.
On the basis of our limited review, no significant misstatements have come to our attention which would cause us to question the compliance of the condensed consolidated half-year financial statements with IAS 34, the standard relating to interim financial reporting and forming part of the IFRS standards as endorsed by the European Union.
Without calling into question the conclusion expressed above, we would draw your attention to note 2 to the financial statements which sets out the changes of accounting method resulting from the application of new standards and interpretations with effect from 1 January 2010.

2. Specific verification

We have also verified the information disclosed in the half-year report commenting on the condensed consolidated half-year financial statements which were the subject of our limited review.
We have no observations to make with regard to the fairness of this information and its consistency with the condensed consolidated half-year financial statements.

Neuilly-sur-Seine and Paris-La Défense, 27 July 2010

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Dominique Descours	Jeremy Thurbin