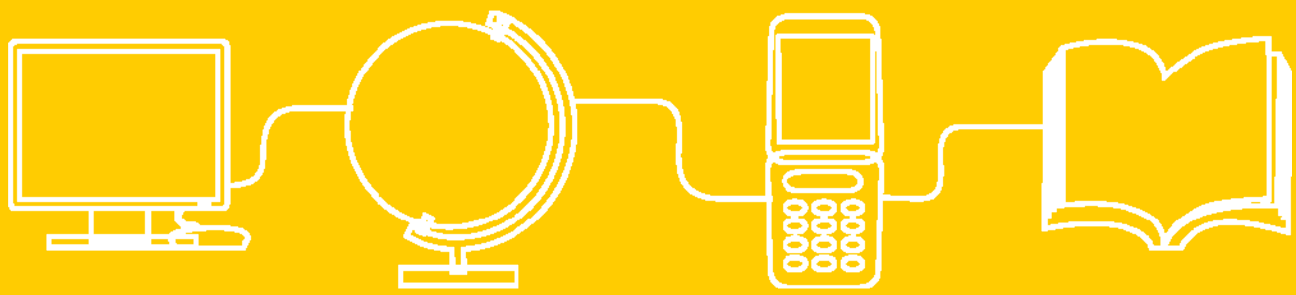
PagesJaunes Groupe

Consolidated financial information
31 December 2009

Board of Directors meeting of 18 February 2010



Unofficial translation of the French-language “*Informations financières consolidées au 31 décembre 2009*” of PagesJaunes Groupe, for information purposes only.

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PagesJaunes Groupe

Limited company having a Board of Directors and a capital of €56,196,951

Registered office: 7 avenue de la Cristallerie - 92317 Sèvres Cedex

Commercial and companies register Nanterre 552 028 425

CONTENTS

1. Full-year activity report as at 31 December 2009

1.1. 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"). They also include the creation and hosting of Internet sites, directory enquiry services by telephone (118 008) and SMS, the online small ads activity ("annoncesjaunes.fr") and various activities such as the publication of the PagesPro directories 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 consumer directories outside France (Spain, Luxembourg and Morocco) and the development of complementary activities related to the publication of directories, such as the geographic services of Mappy and the direct marketing activities of PagesJaunes Marketing Services. This segment also includes the Internet advertising representation activities of Horyzon Média.

The data presented for the 2008 financial year have been adjusted to reflect the impact of the transfer of the online small ads business from the International & Subsidiaries segment to the PagesJaunes in France segment in the first half of 2009 following the launch of a joint "pagesjaunes.fr" – "annoncesjaunes.fr" offering marketed by the PagesJaunes sales force. The online small ads activity was launched in January 2007 and was operated within the PagesJaunes Petites Annonces company, which was absorbed by PagesJaunes on 21 July 2009. This adjustment has no impact on the Group's consolidated data, only on the segment data.

In addition, PagesJaunes Groupe sold its Edicom subsidiary, the publisher of the Télécontact business directory in Morocco, in October 2009. This subsidiary ceased to form part of the consolidated group with effect from 31 October 2009.

1.2. Commentary on the 2009 annual results

PagesJaunes Group *in million euros*	**As at 31 December 2009**	**2008**	**Change 2009/2008**
Revenues	**1,163.9**	**1,192.8**	**-2.4%**
External purchases	(280.5)	(295.4)	-5.0%
Other operating income	4.2	11.8	-64.4%
Other operating expenses	(26.7)	(22.8)	17.1%
Salaries and charges	(332.2)	(334.8)	-0.8%
Gross Operating Margin	**528.7**	**551.6**	**-4.2%**
As % of revenues	*45.4%*	*46.2%*	
Employee profit-sharing	(15.3)	(17.8)	-14.0%
Share-based payment	(1.6)	(1.5)	6.7%
Goodwill impairment	-	(68.9)	na
Depreciation and amortisation	(19.6)	(17.2)	14.0%
Result of asset disposals	(0.8)	(0.3)	166.7%
Restructuring costs	(4.5)	(2.5)	80.0%
Operating income	**487.0**	**443.4**	**9.8%**
As % of revenues	*41.8%*	*37.2%*	
Financial income	8.8	3.4	158.8%
Financial expenses	(90.7)	(138.2)	-34.4%
Gain (loss) on foreign exchange	-	-	na
Net financial income	**(81.9)**	**(134.8)**	**-39.2%**
Net financial income	**405.1**	**308.6**	**31.3%**
Corporation tax	(131.5)	(131.7)	-0.2%
Income for the period	**273.6**	**176.8**	**54.8%**
of which attributable to:			
- Shareholders of PagesJaunes Groupe	273.6	176.9	54.7%
- minority interests	0.0	(0.1)	-100.0%

In a market severely impacted by the crisis, the consolidated revenues of the PagesJaunes Group amounted to €1,163.9 million in 2009, down 2.4% compared to 2008, due to the 6.6% increased in revenues from Internet services to €502.4 million, which now account for 43.2% of the consolidated revenues, compared to 39.5% in 2008.

The Group's Fixed and mobile Internet sites in France, "pagesjaunes.fr", "mappy.com", "annoncesjaunes.fr", and "pagespro.com", recorded 1,186.6 million visits in 2009, a rise of 7.0% compared to 2008. In December 2009, the Group's Internet sites in France as a whole also ranked sixth among the most consulted Internet sites, with 18.3 million unique visitors, which represents a reach rate of 50.0% of the total number of Internet users in France.

In 2009, the PagesJaunes Group continued the optimisation of all the costs of the PagesJaunes in France segment, completed the restructuring of QDQ Media in Spain, which allowed a significant lowering of its operating breakeven point, and the reintegration of the PagesJaunes Petites Annonces offering into the PagesJaunes offering, which led to better pooling of costs. At the same time, the Group maintained its commercial, marketing and technological investments which are crucial to the company's strategy. The Group's gross operating margin amounted to €528.7 million in 2009, down 4.2% compared to 2008.

The Group's operating income rose 9.8% compared to 2008, to €487.0 million. If the effect of the impairment of all the goodwill of QDQ Media as at 31 December 2008, amounting to €68.9 million, were excluded, the 2009 operating income would show a decrease of 4.9% compared to 2008.

The financial result improved by 39.2% between the two years, with a net expense of €81.9 million in 2009 compared to €134.8 million in 2008, due particularly to the fall in interest rates.

The income for the period rose 54.8% compared to 2008, to €273.6 million. If the effect of the impairment of all the goodwill in respect of QDQ Media recognised in 2008 were excluded, the income for the period would show a rise of 11.4% compared to 2008.

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

	As at 31 December		
in million euros	**2009**	**2008**	**Change 2009/2008**
PagesJaunes in France	1,097.3	1,110.1	-1.2%
International & Subsidiaries	75.8	91.5	-17.2%
Eliminations	(9.1)	(8.7)	4.6%
Revenues	**1,163.9**	**1,192.8**	**-2.4%**
Revenues of Internet services (incl. pagespro.com)	*502.4*	*471.4*	*6.6%*
As % of total revenues	*43.2%*	*39.5%*	
PagesJaunes in France	527.8	544.7	-3.1%
International & Subsidiaries	0.9	6.9	-87.0%
Gross Operating Margin	**528.7**	**551.6**	**-4.2%**
As % of revenues	*45.4%*	*46.2%*	

1.2.1. 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 2008 and 2009 financial years:

PagesJaunes in France	**As at 31 December**		
in million euros	**2009**	**2008**	**Change 2009/2008**
Revenues	**1,097.3**	**1,110.1**	**-1.2%**
External purchases	(257.1)	(266.5)	-3.5%
Other operating income	3.3	9.4	-64.9%
Other operating expenses	(22.6)	(19.8)	14.1%
Salaries and charges	(293.1)	(288.4)	1.6%
Gross Operating Margin	**527.8**	**544.7**	**-3.1%**
As % of revenues	*48.1%*	*49.1%*	

1.2.1.1. 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 2008 and 2009 financial years:

PagesJaunes in France	**As at 31 December**		
in million euros	**2009**	**2008**	**Change 2009/2008**
Printed directories	577.8	617.7	-6.5%
Pagesjaunes.fr, annoncesjaunes.fr and Internet sites	461.0	431.3	6.9%
Directory enquiry services (118008)	39.7	36.4	9.1%
Other activities (incl. Minitel)	18.8	24.7	-23.9%
Revenues	**1,097.3**	**1,110.1**	**-1.2%**
Revenues of Internet services (incl. pagespro.com)	*472.2*	*443.5*	*6.5%*
As % of total revenues	*43.0%*	*40.0%*	

The revenues of the PagesJaunes in France segment totalled €1,097.3 million in 2009, a decrease of 1.2% compared to 2008, due to the 6.5% decline in revenues from printed directories and the near-disappearance of Minitel revenues, which was not offset by the 6.9% growth in revenues from Internet services ("pagesjaunes.fr", "annoncesjaunes.fr", and Internet sites) and 9.1% growth in telephone directory enquiry services (118 008).

The decrease in revenues is due to the decrease in average revenue per advertiser (-1.4% to €1,543 in 2009 compared to €1,564 in 2008), which was partly offset by slight growth in the advertiser base (+0.6% to 700,100 advertisers in 2009 compared to 696,100 in 2008), which held up well despite the deterioration in the situation of SMEs. New customer recruitment continued at a sustained rate (118,500 new customers in 2009), and the advertiser retention rate expressed in the number of advertisers remained high, at 83.5% in 2009, compared to 84.7% in 2008. Expressed in value terms, the retention rate moved from 92.8% of revenues in 2008 to 91.4% in 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 €577.8 million in 2009 compared to €617.7 million in 2008, a decrease of 6.5%.

The average revenue per advertiser in printed directories declined by 5.8% compared to 2008, to €926 in 2009 compared to €984 in 2008. The number of advertisers in the printed directories decreased slightly, with 623,800 advertisers in 2009 compared to 628,000 in 2008.

Pagesjaunes.fr, annoncesjaunes.fr and Internet sites

The revenues from Internet services, which come principally from the sale of advertising products on "pagesjaunes.fr" and "annoncesjaunes.fr", as well as from the Internet site creation and hosting businesses, rose by 6.9% compared to 2008 to €461.0 million.

The number of advertisers on Internet services rose 2.2% compared to 2008, with 492,500 advertisers in 2009 compared to 482,100 in 2008. The average revenue per advertiser rose 4.6% to €949 in 2009, compared to €907 in 2008.

The "pagesjaunes.fr" site recorded 885.3 million visits on Fixed Internet in 2009, up 4.3% compared to 2008, and 29.6 million visits on Mobile Internet, a doubling compared to 2008.

Telephone directory enquiry services

Revenues from telephone directory enquiry services (118 008), which include the advertisement revenues that make up almost two-thirds of the total revenues of this business, plus traffic revenues, amounted to €39.7 million in 2009, up 9.1% compared to 2008.

This growth is mainly due to the rise in advertising revenues, with 117,000 advertisers at the end of 2009, compared to 114,000 at the end of 2008, and average revenue per advertiser of €212 in 2009 compared to €199 in 2008. Traffic revenues remained static due to a downward trend in the volume of calls processed in this market, offset by the increase in the average revenue per user.

Other activities

Revenues from other activities of the PagesJaunes in France segment amounted to €18.8 million in 2009, down 23.9% compared to 2008. These other activities, which represent 1.7% of the revenues of the PagesJaunes in France segment in 2009, relate mainly to the PagesPro offerings on printed media and the Internet, Minitel and the QuiDonc reverse directory.

The decrease in revenues from other activities is explained by the 13.5% decrease in revenues from PagesPro, both on the printed platform and on the Internet, and by the change in the Minitel business model (cf. section 1.2.1.3).

1.2.1.2. External purchases in the PagesJaunes in France segment

PagesJaunes in France	**As at 31 December**		
in million euros	**2009**	**2008**	**Change 2009/2008**
External purchases	(257.1)	(266.5)	-3.5%
As % of revenues	*23.4%*	*24.0%*	

The external purchases essentially comprise publishing costs (purchase of paper, printing and distribution of printed directories), the costs of databases, expenses for the IT system, communication and marketing expenses as well as overheads.

The external purchases in the PagesJaunes in France segment amounted to €257.1 million in 2009, representing a decrease of 3.5% compared to 2008, whereas revenues in the segment decreased by 1.2% over the same period. External purchases thus represent 23.4% of revenues in 2009 compared to 24.0% in 2008.

The decrease in external purchases is mainly due to the decrease in publishing costs for printed directories and communication expenses, partly offset by an increase in the production costs of the new Internet services.

The publishing costs of printed directories, comprising the costs of paper purchases, printing and delivery, amounted to €97.4 million in 2009 compared to €104.3 million in 2008, with paper costs of €42.4 million in 2009 compared to €45.8 million in 2008[1]. This €6.9 million decrease is mainly due to optimisations of format and layout and the renegotiation of printing contracts at the end of 2008. Paper consumption has decreased in the same proportions. Print runs remain relatively stable: the growth in the number of entries, particularly due to Mobile and Voice over IP lines, is continuing, but is being offset by an optimisation of distribution.

Communication expenses in 2009 were lower than in 2008 due on the one hand to the launch in 2008 of the new version of “pagesjaunes.fr” and of the SMS directory which had no equivalent in 2009 and on the other hand to the optimisation of communication for “annoncesjaunes.fr”. The

[1] After deduction of €0.5 million in 2009 and €0.3 million in 2008 in respect of credit notes due from printers. This income is stated in other operating income.

costs of purchasing sponsored links and natural listing as a proportion of Internet revenues remained static between the two periods at around 2.0%.

Other external purchases increase slightly, due on the one hand to the costs of production of videos, a product launched during 2008, and Internet Visibility Packs launched at the end of 2009, and on the other hand to the costs of the IT system associated with new technical developments.

1.2.1.3. Other operating income of the PagesJaunes in France segment

PagesJaunes in France	**As at 31 December**		
in million euros	**2009**	**2008**	**Change 2009/2008**
Other operating income	3.3	9.4	-64.9%

The other operating income of the PagesJaunes in France segment amounted to €3.3 million in 2009 compared to €9.4 million in 2008. It mainly comprised sundry reinvoicing. This decrease is mainly due to the discontinuation of the reinvoicing to France Télécom of the operating costs of PagesJaunes 3611 alphabetical search. Following France Télécom’s decision to discontinue the 3611 service from 31 March 2009, PagesJaunes has taken over the provision of this service, the revenues from which are currently shared with France Télécom.

1.2.1.4. Other operating expenses of the PagesJaunes in France segment

PagesJaunes in France	**As at 31 December**		
in million euros	**2009**	**2008**	**Change 2009/2008**
Other operating expenses	(22.6)	(19.8)	14.1%

The other operating expenses of the PagesJaunes in France segment amounted to €22.6 million in 2009 compared to €19.8 million in 2008. They comprised taxes and duties, certain provisions for risks and charges, and provisions for bad debts. This increase was mainly due to transfers to bad debt provisions, reflecting the deterioration in the economic situation. Bad debts nevertheless remain under control, with net provisions amounting to 0.522% of revenues in 2009 compared to 0.325% in 2008.

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

PagesJaunes in France *in million euros*	**As at 31 December**		
	2009	**2008**	**Change 2009/2008**
Salaries and charges	(293.1)	(288.4)	1.6%
As % of revenues	*26.7%*	*26.0%*	

The salaries and social charges in 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 represented 26.7% of revenues in 2009, compared to 26.0% in 2008, and amounted to €293.1 million, a rise of 1.6% compared to 2008. Revenues over the same period decreased by 1.2%. The remuneration of the sales force and its immediate supervisory personnel remains stable at €159.7 million in 2009 in a context of new product rollouts.

1.2.1.6. Gross operating margin of the PagesJaunes in France segment

The gross operating margin of the PagesJaunes in France segment decreased by 3.1% compared to 2008 to €527.8 million, and the margin rate as a proportion of revenues decreased by one point to 48.1%. This decrease resulted from the decline in revenues, offset only partly by the decrease in external purchases, due to the increase in salaries and charges, and from the decrease in other operating income.

1.2.2. 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 2008 and 2009 financial years:

International & Subsidiaries *in million euros*	**As at 31 December**		
	2009	**2008**	**Change 2009/2008**
Revenues	**75.8**	**91.5**	**-17.2%**
External purchases	(32.8)	(37.8)	-13.2%
Other operating income	1.7	3.1	-45.2%
Other operating expenses	(4.6)	(3.4)	35.3%
Salaries and charges	(39.2)	(46.3)	-15.3%
Gross Operating Margin	**0.9**	**6.9**	**-87.0%**
As % of revenues	*1.2%*	*7.5%*	

1.2.2.1. 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 2008 and 2009 financial years:

International & Subsidiaries	**As at 31 December**		
in million euros	**2009**	**2008**	**Change 2009/2008**
BtoC directories	41.4	56.9	-27.2%
of which QDQ Media	*30.3*	*42.1*	*-28.0%*
Internet advertising representation	9.4	5.5	70.9%
Direct marketing and geographics services	25.0	29.2	-14.4%
Revenues	**75.8**	**91.5**	**-17.2%**
Of which internet revenues	*36.2*	*34.1*	*6.2%*
As % of total revenues	*47.7%*	*37.2%*	

The revenues of the International & Subsidiaries segment totalled €75.8 million in 2009, down 17.2% compared to 2008. On a like-for-like consolidation basis, with an adjustment in respect of the 2008 revenues of Edicom, the subsidiary divested 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[2], the revenues of the International & Subsidiaries segment were also 17.2% lower than in 2008. This is due to the decrease in revenues of QDQ Media and the direct marketing and geographic services activities.

B to C directories

The revenues from the B to C directories businesses, which result primarily from the sale of advertising space in the printed and online directories and their publication and distribution, carried out by the companies QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco (divested in October 2009), amounted to €41.4 million in 2009, down 27.2% compared to 2008 on the basis of historical data, and down 23.2% on a comparable consolidation basis.

QDQ Media completed its fundamental reorganisation begun in the second half of 2008, which involved the redeployment of its sales force and activity in an effort to lower its breakeven point, by focusing its investments on areas of greater potential and on the nationwide development of its Internet presence. The revenues of QDQ Media amounted to €30.3 million in 2009, down 28.0% compared to 2008, with a rise of 5.7% in revenues from Internet services.The revenues of Editus, a 49% consolidated subsidiary, amounted to €9.5 million in 2009, down 7.8% compared to 2008, with 16.7% growth in revenues from Internet activities.

Internet advertising representation

The revenues of Horyzon Média billed to advertisers amounted to €17.2 million in 2009, down 6.5% compared to 2008. The strong growth in performance-based or CPC (cost per click) activities, and, to a lesser extent, the development of the mobile and Spanish businesses, partly offset the decline in CPM (cost per mille) activities, in line with the trends seen in the market. The contribution to consolidated revenues from Horyzon Média, comprising only representation commissions for CPM activities and, from 2009, all the revenues billed to advertisers for CPC activities, amounted to €9.4 million in 2009 compared to €5.5 million in 2008, or €8.6 million on the basis of identical accounting treatment[3], a rise of 9.3%.

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[2] Cf. below

[3] 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 the 2009 financial year, with the opposite entry comprising repayments to publishers, which are stated in external purchases. Up to 2008, only the representation commission for this activity was stated in revenues. This change has no impact on the gross operating margin.

Direct Marketing and Geographic Services

The revenues from the Direct Marketing and Geographic Services businesses amounted to €25.0 million in 2009, down 14.4% compared to 2008. The revenues of PagesJaunes Marketing Services were impacted by the economic situation and by the decline in traditional direct marketing activities, in parallel with the development of digital activities. The revenues of Mappy also fell sharply compared to 2008. The mappy.com site, a new version of which was launched in July 2009, nevertheless recorded 231.0 million visits in 2009, a rise of 6.9% compared to 2008. The Mappy iPhone application was also launched successfully in October 2009.

1.2.2.2. External purchases in the International & Subsidiaries segment

International & Subsidiaries	**As at 31 December**		
in million euros	**2009**	**2008**	**Change 2009/2008**
External purchases	(32.8)	(37.8)	-13.2%
As % of revenues	*43.3%*	*41.3%*	

The external purchases in the International & Subsidiaries segment amounted to €32.8 million in 2009, down 13.2% compared to 2008. 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.

1.2.2.3. Other operating income and expenses in the International & Subsidiaries segment

International & Subsidiaries	**As at 31 December**		
in million euros	**2009**	**2008**	**Change 2009/2008**
Other operating income and expenses	(2.9)	(0.4)	na

The other operating income and expenses of the International & Subsidiaries segment represent a net expense of €2.9 million in 2009 against a net expense of €0.4 million in 2008. This change is due in particular to the increase in transfers to bad debt provisions recognised by Horyzon Média in 2009.

1.2.2.4. Salaries and social charges in the International & Subsidiaries segment

International & Subsidiaries *in million euros*	**As at 31 December**		
	2009	**2008**	**Change 2009/2008**
Salaries and charges	(39.2)	(46.3)	-15.3%
As % of revenues	*51.7%*	*50.6%*	

The salaries and social charges of the International & Subsidiaries segment amounted to €39.2 million in 2009, down 15.3% compared to 2008. This decrease was due primarily to QDQ Media's restructuring plan, which resulted in the departure of 40% of its workforce between 31 December 2008 and 31 December 2009, and a 36% reduction in its average workforce from 656 to 419 between the two periods.

1.2.2.5. Gross operating margin of the International & Subsidiaries segment

The gross operating margin of the International & Subsidiaries segment amounted to €0.9 million in 2009, compared to €6.9 million in 2008, with revenues down 17.2% to €15.7 million.

This decline in revenues was partly offset by the drastic reduction in all QDQ Media's expenses following the fundamental reorganisation of its activity, which resulted in a restructuring cost of €4.5 million in 2009, mainly comprising the severance costs for 178 employees. In accordance with the Group's accounting rules, this restructuring cost is recorded under the "restructuring cost" heading, which is not included in the gross operating margin.

1.2.3. Analysis of the consolidated operating income

The table below shows the Group's consolidated operating income for the 2008 and 2009 financial years:

PagesJaunes Group *in million euros*	**As at 31 December**		
	2009	**2008**	**Change 2009/2008**
Gross Operating Margin	**528.7**	**551.6**	**-4.2%**
Employee profit-sharing	(15.3)	(17.8)	-14.0%
Share-based payment	(1.6)	(1.5)	6.7%
Goodwill impairment	-	(68.9)	na
Depreciation and amortisation	(19.6)	(17.2)	14.0%
Result of asset disposals	(0.8)	(0.3)	na
Restructuring costs	(4.5)	(2.5)	na
Operating income	**487.0**	**443.4**	**9.8%**
As % of revenues	*41.8%*	*37.2%*	

1.2.3.1. Employee profit-sharing and share-based payment

The employee profit-sharing in the Group amounted to €15.3 million in 2009, down 14.0% compared to 2008.

The Group's share-based payment expense amounted to €1.6 million in 2009, up 6.7% compared to 2008. The expense in 2009 is the result of the stock option plans established in December 2007 and in July, October and December 2009, whereas the expense in 2008 resulted from the two stock option plans established in June 2005 and December 2007, as well as the two free share plans established in November 2006 and February 2008.

1.2.3.2. Depreciation and amortisation

The Group's depreciation and amortisation charge amounted to €19.6 million in 2009, compared to €17.2 million in 2008, a rise of 14.0%, reflecting the rise in investments made by the Group which were essential for the company's strategy, particularly in the context of the launch of new products and services for our customers and the enhancement of the functionalities of the Group's fixed and mobile Internet sites.

1.2.3.3. Operating income

The Group's operating income amounted to €487.0 million in 2009 up 9.8% compared to 2008 on the basis of historical data. Excluding the effect of the impairment, as at 31 December 2008, of all the goodwill in respect of QDQ Media amounting to €68.9 million, the 2009 operating income would show a decrease of 4.9% compared to 2008.

1.2.4. Analysis of consolidated net income

The table below presents the Group's consolidated net income for the 2008 and 2009 financial years:

PagesJaunes Group	**As at 31 December**		
in million euros	**2009**	**2008**	**Change 2009/2008**
Operating income	**487.0**	**443.4**	**9.8%**
Financial income	8.8	3.4	158.8%
Financial expenses	(90.7)	(138.2)	-34.4%
Gain (loss) on foreign exchange	-	-	na
Net financial income	**(81.9)**	**(134.8)**	**-39.2%**
Net financial income	**405.1**	**308.6**	**31.3%**
Corporation tax	(131.5)	(131.7)	-0.2%
Income for the period	**273.6**	**176.8**	**54.8%**
of which attributable to:			
- Shareholders of PagesJaunes Groupe	273.6	176.9	54.7%
- minority interests	0.0	(0.1)	na

1.2.4.1. Financial result

The Group's financial result in 2009 was a loss of €81.9 million, compared with a loss of €134.8 million in 2008, representing an improvement of 39.2% between the two periods. The financial result was principally made up of the interest expense relating to the bank loan of €1,950 million arranged in November 2006 and, as at 31 December 2009, hedged 88% against rises in interest rates by a portfolio of interest rate swaps and collars maturing at the end of 2011 and 46% by forward swaps maturing at the end of 2013.

This interest charge, net of the effect of rate hedging instruments, amounted to €80.7 million in 2009, compared to €111.6 million in 2008. The average interest rate on the debt accordingly fell from 5.64% in 2008 to 4.10% in 2009, a decrease of 154 basis points, mainly due to the decrease in the average three-month Euribor rate.

The financial result also includes the amortisation of loan issue expenses amounting to €6.6 million, which remained stable between the two periods, as well as the change in the time value of the collars entered into in 2006 and the value of the short-term swap, representing income of €7.4 million in 2009 compared to a net expense of €16.5 million in 2008, and recognised under "change in the fair value of hedging instruments".

1.2.4.2. Corporation tax

In respect of the 2009 financial year, the Group recorded a corporation tax charge of €131.5 million, which remained stable compared to 2008. The apparent tax rate is 32.5% in 2009, compared to 42.7% in 2008. Excluding the effect of the impairment of all the goodwill in respect of QDQ Media recognised in 2008, which item is not included in the calculation of taxable income, the apparent tax rate would be 34.9% in 2008. This improvement in the apparent tax rate is mainly due to the use in 2009 of tax losses recorded by PagesJaunes Petites Annonces in 2007 and 2008.

1.2.4.3. Income for the period

The Group's income for the period amounted to €273.6 million in 2009, compared to €176.8 million in 2008, a rise of 54.8% between the two periods. Excluding the effect of the impairment of all the goodwill in respect of QDQ Media recognised in 2008, the income for the period would show a rise of 11.4% compared to 2008.

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the changes in the cash position of the consolidated group for the years to 31 December 2008 and 31 December 2009:

PagesJaunes Group *in million euros*	**As at 31 December** **2009**	**2008**
Accrued interest not yet due	0.0	0.1
Cash and cash equivalents	67.0	89.0
Cash	**67.0**	**89.0**
Bank overdrafts	(5.6)	(0.5)
Net cash	**61.4**	**88.5**
Bank borrowing	1,950.0	1,950.0
Revolving	-	-
Debt related costs	(28.2)	(34.8)
Liability in respect of hedging instruments	3.7	5.3
Fair value of hedging instruments	56.3	25.3
Accrued interest not yet due	4.2	4.5
Liability on committed purchase of minority interests	0.6	3.1
Other financial liabilities	10.5	17.1
Gross financial debt	**1,996.9**	**1,970.4**
Net debt	**1,935.4**	**1,881.9**
Net debt excl. fair value of hedging instruments and debt-related fees	**1,907.4**	**1,891.5**

PagesJaunes Groupe's bank debt, amounting to €1,950 million, is repayable in full at the end of 2013. As at 31 December 2009, it was hedged 88% against rises in interest rates by a portfolio of interest rate swaps and collars maturing at the end of 2011 and 46% by forward swaps maturing at the end of 2013. In addition, PagesJaunes Group has a credit line of approximately €400 million granted by a diversified syndicate of banks and expiring at the end of 2013. This credit line was unutilised as at 31 December 2009.

As at 31 December 2009, the gross financial debt of the consolidated group amounted to €1,996.9 million, compared to €1,970.4 million as at 31 December 2008, an increase of €26.5 million mainly associated with the unfavourable change in the fair value of interest rate hedging instruments amounting to €31.0 million.

Excluding the fair value of interest rate hedging instruments, representing a liability of €56.3 million as at 31 December 2009 versus a liability of €25.3 million as at 31 December 2008, and excluding the amortisation of loan issue expenses, amounting to €28.2 million as at 31 December 2009 versus €34.8 million as at 31 December 2008, the net debt amounted to €1,907.4 million as at 31 December 2009, compared to €1,891.5 million as at 31 December 2008.

The table below shows the cash flows of the consolidated group for the years to 31 December 2008 and 31 December 2009:

PagesJaunes Group	**As at 31 December**	
in million euros	**2009**	**2008**
Net cash from operations	283,7	320,2
Net cash used in investing activities	(32,5)	(11,5)
Net cash provided by (used in) financing activities	(278,2)	(274,7)
Impact of changes in exchange rates on cash	0,0	(0,0)
Net increase (decrease) in cash position	**(27,0)**	**34,0**
Cash and cash equivalents at beginning of period	88,5	54,5
Cash and cash equivalents at end of period	**61,4**	**88,5**

Net cash and cash equivalents amounted to €61.4 million as at 31 December 2009, compared to €88.5 million as at 31 December 2008.

Net cash from operations amounted to €283.7 million in 2009 compared to €320.2 million in 2008, a decrease of €36.5 million, mainly comprising the following:

- A gross operating margin of €528.7 million in 2009, down €23.0 million compared to 2008,
- A working capital requirement of €3.2 million in 2009, compared to a release of working capital of €16.2 million in 2008,
- A net disbursement of €80.1 million in respect of financial interest in 2009, compared to €110.8 million in 2008, owing to the fall in interest rates,
- A disbursement of €148.0 million in respect of corporation tax in 2009, including €16.7 million of outstanding corporation tax for 2008, compared to a disbursement of €118.7 million in 2008.

The net cash used in investing activities represent a disbursement of €32.5 million in 2009 compared to a disbursement of €11.5 million in 2008. That represents a rise of €21.0 million, mainly comprising the following:

- €26.0 million in respect of acquisitions of tangible and intangible fixed assets in 2009, compared to €12.1 million in 2008,
- €7.4 million in 2009 for the acquisition of minority interests in PagesJaunes Petites Annonces for the sum of €6.0 million and in Horyzon Média for €1.4 million.

The net cash used in financing activities amounted to amounted to €278.2 million in 2009 against €274.7 million in 2008. That represents a rise of €3.5 million, mainly comprising the following:

- €269.5 million for dividends paid in 2009, which remained stable compared to 2008,
- A decrease of €9.4 million in other debts in 2009, compared to a decrease of €0.8 million in 2008,
- As part of the liquidity contract, a net receipt of €0.7 million associated with the change in the portfolio of own shares in 2009, compared to a net disbursement of €4.3 million in 2008, the year in which the contract was established.

1.4. Contingent liabilities, disputes and related parties

See notes 31 to 33 of the consolidated financial statements.

1.5. Risks and uncertainties relating to 2010

The main risks and uncertainties identified by the Group involve:

- The intensity of the recovery in the advertising market in France and Spain, which is likely to affect the sales prospecting by PagesJaunes and QDQ Media in their respective markets,
- The Group’s ability to increase the budget of its Internet advertisers and, in particular, the rate of growth of the Internet advertising products launched at the end of 2009, which may be slower than expected,
- Developments in competition on the Internet, particularly with regard to search, geographic and cartography services, which may have an impact on the ability of the group companies to adhere to their development plan,
- A more marked fall in the audience and revenues generated by printed directories that is not offset – or is offset only partially – by a rise in revenues from Internet services,
- Developments in the interest rate markets, which could cause PagesJaunes Groupe’s financial result to vary due to a rise in interest on debt and the change in the fair value of the hedging instruments used by the Group (for their time value).

1.6. Events subsequent to the closing date of 31 December 2009

There were no events subsequent to the closing date which could have a negative impact on the consolidated financial statements for the year ending 31 December 2009.

1.7. Research and development

At the cutting edge of its sector, the PagesJaunes Group conducts effective research and innovation activity thanks to its teams and numerous partnerships. These teams comprise 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 2009**	**As at 31 December 2008**
Revenues	6	1,163,901	1,192,845
External purchases		(280,532)	(295,420)
Other operating income		4,196	11,779
Other operating expenses		(26,680)	(22,798)
Personnel expenses : - Salaries and charges	7	(332,233)	(334,794)
Gross Operating Margin		**528,653**	**551,612**
in % of revenues		***45.4%***	***46.2%***
- Employee profit-sharing	7	(15,274)	(17,840)
- Share-based payment	7	(1,579)	(1,490)
Goodwill impairment		-	(68,882)
Depreciation and amortisation	13 & 14	(19,563)	(17,195)
Result of asset disposals	8	(818)	(339)
Restructuring costs		(4,457)	(2,515)
Operating income		**486,962**	**443,351**
Financial income		8,798	3,376
Financial expenses		(90,656)	(138,162)
Gain (loss) on foreign exchange		-	-
Net financial income	9	**(81,858)**	**(134,786)**
Corporation tax	10	(131,472)	(131,739)
Income for the period		**273,632**	**176,826**
Income for the period attributable to:			
- Shareholders of PagesJaunes Groupe		273,611	176,888
- Minority interests		21	(62)
Net earnings per share (in euros)			
Net earnings per share of the consolidated group	11		
- basic		0.98	0.63
- diluted		0.96	0.62

Statement of comprehensive income

(Amounts in thousands of euros, except data relating to shares)	Notes	**As at 31 December 2009**	**As at 31 December 2008**
Income for the period report		**273,632**	**176,826**
Net (loss) /gain on cash flow hedges			
- Gross		(38,407)	(38,717)
- Deferred tax		13,225	13,330
- Net of tax	17	**(25,182)**	**(25,387)**
Exchange differences on translation of foreign operations		33	2
Other comprehensive income		**(25,149)**	**(25,384)**
Total comprehensive income for the period, net of tax		**248,484**	**151,442**
Total comprehensive income for the period attributable to:			
- Shareholders of PagesJaunes Groupe		248,462	151,504
- Minority interests		21	(62)

Statement of financial position

(Amounts in thousands of euros)	Notes	As at 31 December 2009	As at 31 December 2008
ASSETS			
Net goodwill	12	50,358	50,334
Other net intangible fixed assets	13	25,051	21,158
Net tangible fixed assets	14	22,950	19,987
Available-for-sale assets	15	207	207
Other non-current financial assets	16	667	967
Net deferred tax assets	10	28,130	18,854
Total non-current assets		**127,363**	**111,507**
Net inventories	18	6,434	6,533
Net trade accounts receivable	19	466,179	513,449
Other current assets	20	36,273	30,417
Current tax receivable	10	5,374	2,003
Prepaid expenses	21	106,856	108,581
Other current financial assets		-	22
Cash and cash equivalents	27	67,040	89,016
Total current assets		**688,157**	**750,022**
TOTAL ASSETS		**815,520**	**861,529**
LIABILITIES			
Share capital		56,197	56,197
Issue premium		98,676	98,676
Reserves		(2,637,765)	(2,521,491)
Income for the period attribuable to shareholders of PagesJaunes Groupe		273,611	176,888
Translation differences		-	(33)
Own shares		(3,831)	(4,313)
Equity attributable to equity holders of the PagesJaunes Groupe	23	**(2,213,112)**	**(2,194,077)**
Minority interests		-	2
Total equity	23	**(2,213,112)**	**(2,194,075)**
Non-current financial liabilities and derivatives	17 & 27	1,980,102	1,944,447
Employee benefits - non-current	25	41,692	36,458
Provisions - non-current	25	3,629	4,419
Total non-current liabilities		**2,025,423**	**1,985,324**
Bank overdrafts and other short-term borrowings	27	18,204	22,026
Accrued interest	27	4,177	4,481
Provisions - current	25	761	596
Trade accounts payable	24	102,356	107,706
Employee benefits - current	25	121,242	122,718
Other current liabilities	25	96,279	104,641
Corporation tax	10	200	16,697
Deferred income	28	659,990	691,415
Total current liabilities		**1,003,209**	**1,070,280**
TOTAL LIABILITIES		**815,520**	**861,529**

Statement of changes in consolidated 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**	Minority interests	**Total equity**
Balance as at 31 December 2007	**280,644,450**	**56,129**	**98,676**	**-**	**(2,243,209)**	**15,124**	**(36)**	**(2,073,316)**	**373**	**(2,072,943)**
Total comprehensive income for the period, net of tax					176,888	(25,387)	2	**151,504**	(62)	**151,442**
Share-based payment					1,468			**1,468**		**1,468**
Dividends paid					(269,419)			**(269,419)**	(120)	**(269,539)**
Capital increase, granting of free shares	340,304	68			(68)			**-**		**-**
Shares of the consolidating company net of tax effect	(580,606)			(4,313)				**(4,313)**	-	**(4,313)**
Minority puts on Horyzon Media								**-**	(190)	**(190)**
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					273,611	(25,182)	33	**248,462**	21	**248,484**
Share-based payment					1,474			**1,474**	-	**1,474**
Dividends paid					(269,453)			**(269,453)**	(35)	**(269,488)**
Shares of the consolidating company net of tax effect	46,428			482				**482**	-	**482**
Minority puts on Horyzon Media								**-**	13	**13**
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)**

Cash flow statement

(Amounts in thousands of euros)	Notes	As at 31 December 2009	As at 31 December 2008
Income for the period attribuable to shareholders of PagesJaunes Groupe		**273,611**	**176,888**
Depreciation and amortisation of fixed assets	12 à 14	19,563	86,077
Change in provisions	22	6,142	2,259
Share-based payment		1,474	1,468
Capital gains or losses on asset disposals		818	339
Interest income and expenses	9	53,461	130,408
Hedging instruments	17	28,397	4,373
Unrealised exchange difference		(3)	4
Tax charge for the period	10	131,472	131,739
Minority interests		21	(62)
Decrease (increase) in inventories		99	(1,289)
Decrease (increase) in trade accounts receivable		40,299	2,279
Decrease (increase) in other receivables		992	(5,973)
Increase (decrease) in trade accounts payable		(6,928)	(2,029)
Increase (decrease) in other payables		(37,656)	23,258
Net change in working capital		**(3,195)**	**16,245**
Dividends and interest received		2,500	17,590
Interest paid and rate effect of net derivatives		(82,572)	(128,426)
Corporation tax paid	10	(148,020)	(118,661)
Net cash from operations		**283,668**	**320,241**
Acquisition of tangible and intangible fixed assets	13 & 14	(25,965)	(12,069)
Change in suppliers of fixed assets		1,346	341
Proceeds from sale of tangible and intangible assets		92	60
Acquisitions of investment securities and subsidiaries, net of cash acquired	5	(7,439)	(1)
Proceeds from disposals of financial assets, net of cash sold	5	(629)	-
Decreases (increases) in marketable securities and other long-term assets	27	99	124
Net cash used in investing activities		**(32,496)**	**(11,545)**
Increase (decrease) in borrowings	27	(9,423)	(865)
Movements in own shares	23	697	(4,313)
Capital increase		3	-
Dividends paid to minority interests		(35)	(120)
Dividends paid	23	(269,454)	(269,419)
Net cash provided by (used in) financing activities		**(278,212)**	**(274,717)**
Impact of changes in exchange rates on cash		1	(3)
Net increase (decrease) in cash position		**(27,040)**	**33,976**
Net cash and cash equivalents at beginning of period		88,484	54,508
Net cash and cash equivalents at end of period	27	**61,444**	**88,484**

Net cash flow includes bank overdrafts. Presentation of 2008 data is given for comparison purposes.

Note 1 – Information on the Group

For over sixty years, PagesJaunes Groupe has been offering a diversified range of products and services to the general public and businesses, with its printed and online French and international telephone directories as its core activity. The Group's main activities are described in note 4.

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

PagesJaunes Groupe is a joint stock company listed on the Euronext Paris stock exchange (PAJ) - compartment A.
This information was approved by the Board of Directors of PagesJaunes Groupe on 18 February 2010.

Note 2 - Context of publication and basis of preparation of the financial information for 2009

In application of the European regulation No. 1606/2002 of 19 July 2002 on the implementation of international accounting standards, the Group has established its consolidated accounts for the accounting year as of 31 December 2009 in compliance with the IFRS standard as adopted in the European Union, applicable as of that date and available for perusal on the site:
http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

These adopted accounting standards are consistent with those used in the preparation of the annual consolidated accounts for the accounting year ended 31 December 2008, except for adoption of the following standards and interpretations, without significant impact:

- IAS 1R – Presentation of Financial Statements (revised in 2007)
- IAS 23R – Borrowing Costs (revised in 2007)
- IFRS 8 – Operating Segments
- Amendment to IFRS 7 - Improving Disclosures about Financial Instruments
- Amendment to IFRS 2 - Share-based payments: vesting conditions and cancellations
- Improvements to IFRS – May 2008 (except for IFRS 5) – in particular the amendment to IAS 38 Intangible Assets applied to the cost of advertising and promotions
- IFRIC 11 - IFRS 2 –Group and Treasury Share Transactions
- IFRIC 13 – Customer Loyalty Programmes
- Amendments to IFRIC 9 and IAS 39 - Embedded Derivatives

These principles do not differ from the IFRS standards as published by the IASB, since the application, compulsory from financial years starting from 1 January 2009, of the following standards and interpretations not yet adopted by the European Union would not have any significant impact on the Group accounts:

- IFRIC 12 – Service Concession Arrangements
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 18 – Transfers of Assets from Customers

Moreover, the Group had not anticipated the following standards or interpretations adopted by the European Union and whose application became compulsory after 1 January 2009:

- IFRS 3 (Revised) - Business Combinations
- IAS 27 (Revised) - Consolidated and Separate Financial Statements
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement: Exposures qualifying for Hedge Accounting
- Amendment to IAS 32 – Classification of Rights Issues
- IFRIC 17 - Distributions of Non-Cash Assets to Owners

Finally, the Group has not applied the following standards that had not been adopted by the European Union as at 31 December 2009:

- IFRS 9 – Financial Instruments
- IAS 24 (revised) – Related Party Transactions
- Improvements to IFRS (April 2009)
- Amendment to IFRS 2 – Group cash-settled share-based payment transactions
- Amendment to IAS 32 – Classification of Rights Issues
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement

For PagesJaunes Groupe, the process of determining the potential impact on the Group's consolidated accounts is under way. At this stage of the analysis, the Group does not anticipate a significant impact on its consolidated accounts.

Standard IFRS 8 – Operating segments replaces standard IAS 14 – Segment reporting. It brings in the “management approach” to preparing the segment information. Where needed, this standard requires an amendment of the presentation and the note on the sectoral information that should henceforth be based on the internal reporting reviewed on a regular basis by the main operational decision-maker of the Group, with a view to assessing the performance of each operational sector and allocating resources to it. The sectors determined in compliance with IFRS 8 are identical to the primary business segments specified in the implementation of IAS 14. The information to be provided as required by IFRS 8 is set out in Note 4.

Amendment to IAS 1 - Presentation of Financial Statements (revised) introduced, in particular, the production of a supplementary statement called the "Statement of Comprehensive Income" and made certain modifications to the presentation of the "Statement of Changes in Equity".

The summary statements concern accounts drawn up according to the IFRS standards at 31 December 2009 and at 31 December 2008. The financial statements for 2007, included in the Reference Document filed with the AMF on 1 April 2008 under No. D08-0181, are incorporated by way of reference.

In order to prepare the financial statements, the Group's management has to make estimates and hypotheses that affect the amounts presented as assets and liabilities, any liabilities existing at the date of drawing up the financial statements and amounts presented as assets and liabilities for the financial year. The Management will evaluate these estimates and hypotheses on a continuous basis in the light of its past experience and of various other factors judged reasonable as a basis upon which to calculate the accounting values for assets and liabilities. In particular, these concern goodwill (notes 3.8 and 12), remuneration in shares (notes 3.1, 3.17 and 26) and evaluation of liabilities linked to withdrawals (notes 3.16 and 25). Actual results may differ considerably from these estimates based on different circumstances. Finally, in the absence of standards or interpretations applicable to a specific transaction, the Group's management has used its judgement to define and apply the accounting methods that have enabled the Group to obtain pertinent and reliable information such that the financial statements:

- present a faithful reflection of the Group's financial situation, financial performance and cash flow.
- reflect the economic reality of the transactions
- are impartial
- are conservative
- are complete in all their significant aspects.

Note 3 - Accounting principles and estimate variations

This note describes the accounting principles applied for the financial year ending 31 December 2009, in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2009.

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

3.1 - Accounting positions adopted by the Group in application of paragraphs 10 to 12 of IAS 8.

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

Undertaking to purchase minority interests:
Within the context of the acquisition of 66% of the stock of companies involved in Internet advertising representation activities (Horyzon Média and Horyzon Clics) at the end of 2007, call and put options were granted respectively for the 34% stock balance of these fully consolidated subsidiaries. They may be exercised by the two parties up until 2011. Barring unforeseen circumstances, the strike price of these options will be established according to a predefined calculation formula based on revenues and operating income for the year 2010.
Following the departure of one of the directors of Horyzon Média on 15 January 2009, PagesJaunes Groupe exercised its stock option granted in this context, bringing its stock ownership in this company from 66% to 95.83%. Consequently, as at 31 December 2009, 4.17% of Horyzon Média shares were not held by PagesJaunes Groupe. The options therefore only apply to this portion.

In accordance with the various laws and regulations prevailing at 31 December 2009, the accounting system adopted by the Group is as follows:

- In accordance with the provisions of standard IAS 32 "Financial Instruments: Disclosure and Presentation", the Group has recorded a financial liability for the put options accorded to minority shareholders of the entities concerned.
- The liability was entered in the accounts under "Financial liabilities" for the current value of the strike price estimated at the time that the operation was launched, then again at interim accounting dates, based on the fair value of the shares potentially purchased;
- This liability is offset by the entry of a decrease in minority interest for the balance in goodwill;
- The further variation in value of the commitment is accounted for by adjusting the amount of goodwill, excluding the effect of accretion of the debt which is accounted for in terms of financial charges.

The part of net income distributable to the PagesJaunes Groupe shareholders is still calculated on the basis of a percentage of the holdings of these entities, without taking into account the percentage of interest attached to the sale of put options.

Variations in interest percentages:
The IFRS standards do not give details on the accounting method to be used when minority shareholders invest their interest in one of the Group's consolidated entities in exchange for the shares of another Group consolidated entity, nor do they give details concerning the accounting method to be used for the decrease in interest percentage that results from this operation. The Group therefore decided to account for these transactions as follows: the increase in the percentage of interest is assimilated with a sale whose proceeds are indicated in the income statement under the heading "Income from sale of assets" when it is realised.

Management Participation Plan:
Sèvres I, Sèvres II and Sèvres III, which together controlled 100% of the capital of Médiannuaire Holding, an 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 participation, realised at the end of December 2006, was based on a price proposed by Médiannuaire Holding in the context of the price guarantee on the PagesJaunes Groupe stock finalised on 1 December 2006.

After taking into account the sale of ordinary shares held by certain Group managers in 2009 in the capital of Médiannuaire Holding, concomitantly to the purchase of preferential shares, as of 31 December 2009 the Group managers held 90,447 ordinary shares and 153,547 preference shares, i.e. a total of 0.63% of Médiannuaire Holding's equity capital.

Médiannuaire Holding's capital is divided up 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 profitability rate realised by the Médiannuaire Holding shareholders on their investment during the time in which they held the shares. Moreover, each manager concluded with the Médiannuaire Holding shareholders a reciprocal call and put agreement which becomes exercisable, by one or other of the parties, as soon as the manager in question leaves PagesJaunes Groupe. The price per share that would be applied according to these reciprocal call and put commitments would vary according to the stock exchange price of the PagesJaunes Groupe shares, the seniority of the managers within the Group from 21 December 2006 and the attainment of certain performance targets. As at 31 December 2009, the application of these criteria would lead, if these reciprocal options were exercised at that date by one or other of the parties, to the repurchase of the shares acquired by the managers at a zero value.

Individual Right to Training (DIF):
The Group has maintained the IFRS treatment adopted in the French standards with regard to individual training rights (Notice No. 2004-F of 13 October 2004 of the emergency CNC committee relating to the accounting of individual rights to training (DIF)), i.e.:

- the expenses committed to individual training constitute a liability for the period and do not give rise to any provisions.
- the number of training hours still owing to employees at the closing of the accounting year but not yet claimed by the employees is stated in the notes to the accounts.

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;
- Share in profits (losses) of equity-method associates;
- 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.

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 declining or flat growth rate over the next three years, followed by 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.

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 core activity of the Group is the publication of telephone directories in France and abroad. Its product offer consists in a diversified range of products and services associated with this activity, aimed at the general public and businesses.

In the income statement, only the constituents of the gross operating margin and depreciation/amortisation have been allocated to segments in the income statement, while in the balance sheet all items are allocated to segments except for cash in hand, financial debts and current and deferred tax liabilities.

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

- **PagesJaunes in France**. This segment covers the Group's business activities in France regarding the publication and distribution of directories and the sale of advertising space in the printed directories (PagesJaunes, L'Annuaire) and online ("pagesjaunes.fr"). It also covers the creation and hosting of Internet sites, directory enquiry services by telephone (118 008) and SMS, online small ads ("annoncesjaunes.fr") and various other activities such as the publication of PagesPro business directories and the reverse directory ("QuiDonc"). This segment also includes holding activities within PagesJaunes Groupe.

- **International & Subsidiaries**. This segment covers the various activities of the Group's subsidiaries, consisting mainly in the publication of directories for the general public outside of France (Spain, Luxemburg and Morocco) and the development of complementary activities to the publication of directories, such as the map and journey planner service from Mappy and the direct marketing of PagesJaunes Marketing Services. This segment also covers the advertising management activities of Horyzon Média on the internet.

The data presented for the 2008 financial year have been adjusted to take account of the impacts linked to the transfer of the online small ads business, in the first half of 2009, from the International & Subsidiaries segment to the PagesJaunes in France segment, following the launch of a common "pagesjaunes.fr" / "annoncesjaunes.fr" offer, which was absorbed on 21 July 2009 by the company PagesJaunes. This restatement has no impact on the Group's consolidated comprehensive data but only on the per-segment data.

4.1 - By business sector

The table below presents a breakdown of the main aggregates according to business sector for the periods ended 31 December 2009 and 2008:

Income statement	As at 31 December 2009				As at 31 December 2008			
Amounts in thousands of euros	**PagesJaunes in France**	**International & subsidiaries**	**Eliminations**	**Group**	**PagesJaunes in France**	**International & subsidiaries**	**Eliminations**	**Group**
Revenues	**1 097 270**	**75 780**	**(9 149)**	**1 163 901**	**1 110 062**	**91 475**	**(8 692)**	**1 192 845**
- External	1 097 251	66 650	-	1 163 901	1 110 028	82 817	-	1 192 845
- Inter-segment	19	9 130	(9 149)	-	34	8 658	(8 692)	-
External purchases	(257 109)	(32 782)	9 359	(280 532)	(266 461)	(37 840)	8 881	(295 420)
Other operating income	3 338	1 658	(800)	4 196	9 359	3 081	(661)	11 779
Other operating expenses	(22 628)	(4 607)	556	(26 680)	(19 825)	(3 446)	473	(22 798)
Salaries and charges	(293 080)	(39 187)	34	(332 233)	(288 443)	(46 350)	(1)	(334 794)
Gross operating margin	**527 791**	**862**	**0**	**528 653**	**544 692**	**6 920**	**-**	**551 612**
Employee profit-sharing				(15 274)				(17 840)
Share-based payment				(1 579)				(1 490)
Goodwill impairment	-	-	-	-	-	(68 882)	-	(68 882)
Depreciation and amortisation	(16 486)	(3 077)	-	(19 563)	(14 616)	(2 579)	-	(17 195)
Result of asset disposals				(818)				(339)
Restructuring costs	-	(4 457)	-	(4 457)	-	(2 515)	-	(2 515)
Operating income				**486 963**				**443 351**
Acquisitions of tangible and intangible fixed assets	**22 787**	**3 178**	**-**	**25 965**	**9 368**	**2 701**	**-**	**12 069**

Balance sheet	As at 31 December 2009				As at 31 December 2008			
Amounts in thousands of euros	PagesJaunes in France	International & subsidiaries	Eliminations	Group	PagesJaunes in France	International & subsidiaries	Eliminations	Group
Net goodwill	6 426	43 932	-	50 358	421	49 913	-	50 334
Net intangible fixed assets	19 790	5 261	-	25 051	16 743	4 415	-	21 158
Net tangible fixed assets	17 897	5 053	-	22 950	14 779	5 208	-	19 987
Non-current non-segment assets				29 004				20 028
Non-current assets				**127 363**				**111 507**
Net inventories	6 139	295	-	6 434	6 195	338	-	6 533
Net trade accounts receivable	430 546	39 565	(3 932)	466 179	471 000	47 334	(4 885)	513 449
Other current assets	33 837	2 845	(409)	36 273	25 946	4 622	(151)	30 417
Prepaid expenses	100 706	6 199	(49)	106 856	100 395	8 225	(39)	108 581
Current non-segment assets				72 414				91 040
Current assets				**688 157**				**750 022**
Total assets				**815 520**				**861 529**
of which segment assets	*615 341*	*103 151*	*(4 390)*	*714 102*	*635 479*	*120 056*	*(5 075)*	*750 460*
of which non-segment assets				*101 418*				*111 069*
Shareholders' equity				**(2 213 112)**				**(2 194 077)**
Minority interest				**-**				**2**
Personnel benefits - non-current	41 544	148	-	41 692	36 356	102	-	36 458
Provisions - non-current	3 629	-	-	3 629	4 419	(0)	-	4 419
Other non-current liabilities	-	-	-	-	-	-	-	-
Non-current segment liabilities				1 980 102				1 944 447
Non-current liabilities				**2 025 423**				**1 985 324**
Provisions - current	78	683	-	761	78	518	-	596
Trade accounts payable	93 033	13 696	(4 373)	102 356	95 204	17 387	(4 885)	107 706
Personnel benefits - current	115 581	5 661	-	121 242	114 835	7 883	-	122 718
Other current liabilities	91 427	5 261	(409)	96 279	98 089	6 703	(151)	104 641
Deferred income	642 415	17 624	(49)	659 990	669 859	21 595	(39)	691 415
Current non-segment liabilities				22 581				43 204
Current liabilities				**1 003 209**				**1 070 280**
Total liabilities				**815 520**				**861 529**
of which segment liabilities	*987 707*	*43 073*	*(4 831)*	*1 025 949*	*1 018 840*	*54 188*	*(5 075)*	*1 067 953*
of which non-segment liabilities				*(210 429)*				*(206 424)*

4.2 - By geographic region

Amounts in thousands of euros	**As at 31 December 2009**	**As at 31 December 2008**
Revenues	**1,163,901**	**1,192,845**
- France	1,122,490	1,135,989
- Others	41,411	56,856
Assets	**815,520**	**861,529**
- France	669,405	691,419
- Others	44,699	59,041
- Unallocated	101,416	111,069

Note 5 - Change in the scope of consolidation

The main operations that took place during 2009 and 2008 are as follows:

2009

On 20 October 2009, PagesJaunes Groupe sold 100% of the shares in Edicom. This Moroccan subsidiary contributed €1.6 million in revenues to the consolidated accounts for 2009, -€0.1 million to the GOM and -€0.2 million to the net income.

On 18 February 2009, PagesJaunes Groupe acquired 34% of the shares in PagesJaunes Petites Annonces from M6, for a total of €6.0 million. After this transaction, PagesJaunes Groupe held 100% of this company's shares and voting rights and goodwill was calculated at €6.4 million.

On 21 July 2009, the companies PagesJaunes and PagesJaunes Petites Annonces merged with retroactive effect from 1 January 2009. This internal restructuring operation had no significant impact on the consolidated accounts.

Following the departure of one of the directors of Horyzon Média, PagesJaunes Groupe exercised its call option, permitted within the context of the partnership agreement, bringing its participation in this subsidiary from 66% to 95.83% for a total of €1.4 million on 15 January 2009.

2008

The companies Horyzon Média and Horyzon Clics merged on 30 June 2008 with retroactive effect from 1 January 2008. The companies PagesJaunes Petites Annonces and ATS also merged on 31 October 2008. These internal restructuring operations had no significant effect on the consolidated accounts.

Note 6 - Revenues

(in thousands of euros)	31 December 2009	31 December 2008
PagesJaunes in France		
Printed directories	577,824	617,667
Pagesjaunes.fr, annoncesjaunes.fr and Internet sites (1)	460,968	431,329
Telephone directory enquiry services	39,711	36,391
Other activities including Minitel	18,767	24,674
Total PagesJaunes in France segment	**1,097,270**	**1,110,061**
International & Subsidiaries		
B to C directories	41,412	56,857
Internet advertising representation	9,372	5,452
Direct marketing and geographic services	24,996	29,167
Total International & Subsidiaries segment	**75,780**	**91,476**
Inter-segment	(9,149)	(8,692)
TOTAL	**1,163,901**	**1,192,845**

(1) including reclassification of PagesJaunes Petites Annonces business in 2008 (cf. note 4)

Note 7 - Personnel expenses

(in thousands of euros, except staff count)		31 December 2009	31 December 2008
Average staff count (full time equivalent)		4,502	4,791
Salaries and charges		**(332,233)**	**(334,794)**
of which:	- Remuneration and salaries	(234,843)	(230,581)
	- Social charges	(88,643)	(82,171)
	- Taxes on salaries and similar	(8,747)	(8,262)
Share-based payment (1)		**(1,579)**	**(1,490)**
of which:	- Stock options and free shares	(1,474)	(4,367)
	- Social charges on exercise or granting of stock options	(105)	(822)
Employee participation (2)		**(15,274)**	**(17,840)**
Total staff costs		**(349,086)**	**(354,124)**

(1) cf. note 26
(2) including social contribution

Note 8 - Result from sale of shares

This section includes the result from current sale of intangible, tangible and financial assets. In 2009, it also included a capital loss of €0.5 million from the sale of the Edicom subsidiary.

Note 9 - Financial result

The financial result is broken down as follows:

(in thousands of euros)	31 December 2009	31 December 2008
Interest and similar amounts on financial assets	54	176
Result from sale of financial assets	1,148	2,873
Change in fair value of hedging instruments	7,445	-
Dividends received	151	327
Financial income	**8,798**	**3,376**
Interest on financial debt	(52,339)	(123,787)
Income / (expenses) on hedging instruments	(28,383)	12,163
Change in fair value of hedging instruments	(14)	(16,536)
Amortisation of loan issue costs	(6,579)	(6,360)
Other financial expenses & charges	(399)	(258)
Discounting cost (1)	(2,942)	(3,384)
Financial expenses	**(90,656)**	**(138,162)**
Gain (loss) on exchange	**-**	**-**
Financial result	**(81,858)**	**(134,786)**

(1) The discounting cost corresponds to the increase, during the financial year, of the current value of retirement commitments (cf. note 25), the debt on hedging instruments (cf. note 17) and the debt on minority interest acquisition commitments (cf. note 5).

Note 10 - Corporation tax

10.1 - Group tax analysis

Company tax for the year is calculated from application of the effective tax at the end of the financial year to the pretax income.
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 2009**	**As at 31 December 2008**
Pretax net income from continuing businesses	405,104	308,565
Goodwill impairment	-	68,882
Pretax net income from continuing businesses and before goodwill impairment	**405,104**	**377,447**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**(139,491)**	**(129,968)**
Loss-making companies not integrated for tax	440	(4,279)
Loan and current account depreciation QDQ Media	(551)	2,739
Share-based payment	(507)	(506)
Foreign subsidiaries	127	186
Recognition of previously unrecognised tax losses	9,401	-
Other non-taxable income	(892)	89
Effective tax	**(131,472)**	**(131,739)**
of which current tax	*(127,799)*	*(142,624)*
of which deferred tax	*(3,673)*	*10,885*
Effective tax rate	**32.45%**	**34.90%**

10.2 - Taxes in the balance sheet

The net balance sheet position is broken down as follows:

Amounts in thousands of euros	**As at 31 December 2009**	**As at 31 December 2008**
Retirement benefits	11,901	10,300
Employee profit-sharing	5,047	6,022
Non-deductible provisions	3,325	4,126
Hedging instruments	22,160	11,765
Other differences (1)	639	645
Subtotal deferred tax assets	**43,072**	**32,858**
Corporate value added contribution	(1,355)	-
Loan issue costs	(11,649)	(13,272)
Other differences (1)	(1,938)	(732)
Subtotal deferred tax liabilities	**(14,942)**	**(14,004)**
Total net deferred tax assets / (liabilities)	**28,130**	**18,854**
Deferred tax assets	*28,130*	*18,854*
Deferred tax liabilities	-	-

(1) In 2008, reclassification of fiscal depreciation from asset to liability.

In 2010, the Regional Economic Contribution (CET) in France will be introduced pursuant to the 2010 Finance Act. The CVAE component (contribution on company added value) on this contribution being based on the added value, the Group has opted to enter it in the 2010 accounts under income tax. In accordance with IAS 12, contributions qualified as income tax have, in consequence, the accounting of deferred income tax for all the time differences on all the assets and liabilities in the balance sheet. Since the Finance Act was published on 31 December 2009, deferred taxes had to be accounted for from 2009. A deferred tax liability of €1.4 million was therefore accounted for in the consolidated accounts as at 31 December 2009.

No deferred tax asset relating to loss carryforwards of QDQ Media was entered in the balance sheet, this company having recorded a net loss in 2009. The amount of deferred tax not entered into the accounts is estimated at €61.8 million as at 31 December 2009.

PagesJaunes Groupe has opted for the tax integration system indicated in articles 223 A ff. of the General Tax Code in France. This option aims at constituting a fiscally integrated group including, besides PagesJaunes Groupe, all of the French subsidiaries fulfilling the conditions required to become members. This option took effect from 1 January 2005 for a period of five financial years.

The deferred tax assets in the balance sheet rose from €18.9 million at 31 December 2008 to €28.1 million at 31 December 2009.

In the balance sheet of 31 December 2009, company tax represents a receivable of €5.4 million and a debt of €0.2 million. At 31 December 2008, company tax represented a liability of €16.7 million. The tax paid out during the financial year of 2009 was €148.0 million as against €118.7 million in 2008.

Note 11 - Income per share

In 2009, net income came to €273.6 million. The average number of ordinary shares in circulation was 280.5 million, after deduction of own shares. The net income per share for the consolidated group therefore came to €0.98 and €0.96 if the potentially diluting effect of the 5.9 million share subscription options, on average for the year 2009, is taken into account.

In 2008, net income amounted to €176.8 million and to €243.0 million excluding goodwill impairment. Given that the average number of ordinary shares in circulation was 280.6 million, after deduction of own shares, the net income per share in the consolidated accounts amounts to €0.63 and €0.62 if the potentially diluting effect of the 5.6 million share subscription options, on average for the year 2008, is taken into account.

Note 12 - Goodwill for integrated companies

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

(in thousands of euros)	**31 December 2008**	**31 December 2009**		
	Balance at end of year	Impairment	Other movements	Balance at end of year
QDQ Media	-	-	-	-
Mappy	7,400	-	-	7,400
PagesJaunes Marketing Services	13,278	-	-	13,278
Euro Directory	12,109	-	-	12,109
Edicom (1)	4,796	-	(4,796)	-
PagesJaunes (2)	-	-	6,426	6,426
PagesJaunes Petites Annonces (2)	421		(421)	-
Horyzon Média (3)	12,330	-	(1,185)	11,145
Total	**50,334**	**-**	**24**	**50,358**

(1) Edicom stock sold on 20 October 2009 (cf. note 5)
(2) Buyback of 34% of PagesJaunes Petites Annonces stock from M6 then merger with PagesJaunes (cf. note 5)
(3) Effect of accounting method used for minority interest acquisition commitment (cf. note 3.1)

Goodwill values were examined within the context of the closing of consolidated accounts according to the method described in note 3.8 - Accounting Principles, on the basis of business plans, a perpetual growth rate of between 1.5% and 2.5% and an after-tax discount rate of between 9.0% and 10.0% depending on the units generating cash flow. These rates are based on published sector studies.

At 31 December 2009, the impairment tests relative to these intangibles did not present any material sensitivity to the rate variations.

The hypotheses adopted for determining the recoverable values are similar in nature from one cash-flow generating unit to another. These may be market data, platform penetration rates or products on the market, revenues (number of advertisers, average revenue per advertiser), or gross operating margin levels. The values assigned to each of these parameters reflect past experience, affected by anticipated developments during the plan period.

No impairment was recorded for 2009.

At 31 December 2008, goodwill for QDQ Media, amounting to €68.9 million, had been written off in full. This write-off was entered under "Goodwill impairment" in the 2008 income statement. It was based on the marked slowdown of business and also on the deterioration of economic prospects in the Spanish advertising market and the level of losses recorded by this cash-flow generating unit.

Moreover, as described in note 3.1, the counterpart to the debt from minority interest acquisition commitments is entered as a decrease in minority interests and, for the balance, as goodwill. The further change in the value of the commitment was entered in the accounts as an adjustment to the goodwill amount. At 31 December 2009, this commitment was adjusted, resulting in a lowering of goodwill by €1.2 million (Cf. note 27).

The fact that the IFRS 8 standard for Operational Sectors came into effect in 2009 did not give rise to any modification in the allocation of goodwill to the cash-flow generating units.

Note 13 - Other intangible assets

(in thousands of euros)	**31 December 2009**			**31 December 2008**		
	Gross Value	Accumulated depreciation	Net Value	Gross Value	Accumulated depreciation	Net Value
Software and support applications	72,868	(51,637)	21,231	56,771	(42,359)	14,412
L'Annuaire concession	11,000	(11,000)	-	11,000	(8,250)	2,750
Other intangible fixed assets	4,861	(1,041)	3,820	4,891	(895)	3,996
Total	**88,729**	**(63,678)**	**25,051**	**72,662**	**(51,504)**	**21,158**

There was no significant impairment at 31 December 2009 or 2008.

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

(in thousands of euros)	**31 December 2009**	**31 December 2008**
Balance at start of year	**21,158**	**26,128**
Acquisitions	4,706	2,635
Intangible assets generated in-house (1)	11,897	3,454
Effect of perimeter variations (2)	(75)	-
Reclassifications	-	128
Sales	(18)	(105)
Depreciation / Amortisation	(12,617)	(11,082)
Balance at end of year	**25,051**	**21,158**

(1) concerns all capitalised development expenses
(2) concerns the Edicom sale

The increase in investments made by the Group is linked to the launching of new products and services for customers and to the enhancement of the Group's fixed and mobile Internet site functions. Part of these investments was realised by internal teams.

Note 14 - Tangible fixed assets

(in thousands of euros)	31 December 2009			31 December 2008		
	Gross Value	Accumu-lated depre-ciation	Net Value	Gross Value	Accumu-lated depre-ciation	Net Value
Land and buildings	1,509	(226)	1,283	1,530	(216)	1,314
IT and terminals	43,011	(33,164)	9,847	38,972	(30,698)	8,274
Other	32,601	(20,781)	11,820	28,664	(18,265)	10,399
Total	**77,121**	**(54,171)**	**22,950**	**69,166**	**(49,179)**	**19,987**

No significant impairment was recorded at 31 December 2009 or 2008.

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

(in thousands of euros)	31 December 2009	31 December 2008
Balance at start of year	**19,987**	**20,404**
Acquisitions of tangible assets	10,302	5,980
Effect of perimeter variations (1)	(106)	-
Sales and discards	(287)	(284)
Depreciation / Amortisation	(6,946)	(6,113)
Balance at end of year	**22,950**	**19,987**

(1) concerns the Edicom sale

Note 15 - Other available-for-sale assets

This section includes shares classified as available-for-sale assets according to standard IAS 39.

Note 16 - Other non-recurring financial assets

Other financial assets include, essentially, the long-term portion of provisions for margin requirements.

Note 17 - Derivative financial instruments

PagesJaunes Groupe uses derivative financial instruments in the context of risk management for interest rates linked to floating rate bank debt that the company set up in 2006. PagesJaunes Groupe implemented the procedures and documentation necessary to justify hedge accounting as described in IAS 39.

Description of derivative financial instruments

PagesJaunes Groupe concluded the following agreements with several financial institutions:

In 2006,

- an interest rate swap contract for a nominal amount of €380 million, beginning on 13 December 2006 and ending on 13 December 2011. Within the framework of this operation, PagesJaunes Groupe is the receiver of the floating rate, i.e. three-month Euribor, and the payer of the fixed rate, i.e. 3.7830%.
- two collars, made up of a synthetic combination of cap purchases and floor sales for a total nominal amount of €1,140 million, beginning on 13 December 2006 and ending on 13 December 2011. The tunnels formed by these collars allow for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%. The annual premiums on these collars, payable at expiry, amount to €1.9 million.

In 2009,

- extension of the above hedge by two swap contracts for a total nominal amount of €200 million, ending on 13 December 2011, and for which PagesJaunes Groupe is receiver of the floating rate, i.e. three-month Euribor, and payer of the fixed rate, i.e. 1.99%.
- extension of the above hedge by two swap contracts for a total nominal amount of €900 million, ending in November 2013, and for which PagesJaunes Groupe is receiver of the floating rate, i.e. three-month Euribor, and payer of the fixed rate, i.e. 3.79%.

These operations hedge against cash flow relative to the floating rate debt contracted by PagesJaunes Groupe in November 2006 (cf. note 27). Prospective efficacy tests performed by PagesJaunes Groupe when these operations were begun and retrospective tests carried out on 31 December 2009 and 2008 showed that these financial instruments offered a totally effective hedge against cash flow fluctuations relative to this bank debt.

Following the Group's decision to index temporarily its bank debt to one-month Euribor, as it is permitted to do by the credit agreement, in order to reduce the overall cost of its indebtedness, an interest rate swap contract was concluded on 8 December 2009. The nominal amount of the swap is €1,520 million, running from 14 December 2009 to 15 March 2010. Within the context of this operation, PagesJaunes Groupe is receiver of the one-month Euribor floating rate and payer of the three-month Euribor floating rate less 24 basis points. This contract enables hedging against the risk of one-month Euribor interest rates. This instrument has not been considered eligible for hedge accounting according to standard IAS 39.

Accounting and assets/liabilities relating to these derivative financial instruments

The initial fair value of the collars was entered into the accounts under consolidated assets at its conclusion in December 2006, for an amount of €8.3 million, as a cross-entry to a "Debt on hedge instruments" (cf. note 27) for an amount of €8.3 million, corresponding to the discounted premium payable in five annual instalments. At 31 December 2009, this debt amounted to €3.7 million (€5.3 million at 31 December 2008).

The value of these derivative financial instruments is broken down as follows:

in thousands of euros	**31 December 2009**	**31 December 2008**
Interest rate swaps – cash flow hedge	(26,301)	(9,885)
Interest rate swap – fair value hedge	(14)	(1,165)
Collars – cash flow hedge	(29,944)	(14,233)
of which intrinsic value	*(27,757)*	*(5,765)*
of which time value	*(2,187)*	*(8,468)*
Asset / (liability)	**(56,259)**	**(25,283)**

The change in the fair value of derivative financial instruments (qualified as cash flow hedges) between 31 December 2008 and 31 December 2009, i.e. a decrease of €16.4 million for the interest rate swap and a decrease of €22.0 million for the intrinsic value of the collars, was stated as recyclable equity, after confirmation of a deferred tax asset of €13.2 million.

The time value variation of the collars and interest rate swap value variation qualified as fair value hedging were recorded as financial income (cf. note 9) in an amount of €7.5 million, giving a deferred tax amount of €2.6 million.

No inefficacy was recorded with regard to cash flow hedges.

Note 18 - Net stocks

Stocks consist mainly of paper for the production of the printed directories and current service requirements for the production of small ads (printed and online) and internet sites.

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

No significant discards were recorded during the years 2009 and 2008.

Note 19 - Trade debtors

The gross value and impairment of trade debtors can be broken down as follows:

in thousands of euros	**31 December 2009**	**31 December 2008**
Gross trade debtors	489,050	532,910
Provisions for impairment (1)	(17,649)	(15,179)
Net receivables before statistical impairment	**471,401**	**517,731**
Provisions for statistical impairment (1)	(5,222)	(4,282)
Net trade debtors	**466,179**	**513,449**

(1) cf. note 22 – Changes in provisions for impairment of assets

At 31 December, trade debtors had the following due dates:

in thousands of euros	Total (1)	Not due and not impaired (1)	Due and not impaired (1)					
			< 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	beetween 181 and 360 days	> 360 days
2009	471,401	417,427	13,472	7,678	9,709	8,708	8,713	5,694
2008	517,731	442,317	21,290	11,170	14,849	13,408	9,242	5,455

(1) except provisions for statistical impairment amounted to €5,222 thousand in 2009 and €4,282 thousand in 2008

The Group's portfolio of trade debtors does not present a significant risk of concentration (770,000 advertisers, including 700,000 in France). In France, PagesJaunes' 20 largest advertisers represent 1.3% of this revenue as in 2008 and the advertisers of the 10 largest business sectors represent 14.9% of the revenue of PagesJaunes in France (13.5% in 2008). In France, provisions for bad debts remain at a very low level, with a net rate of 0.522% of revenues in 2009 compared to 0.325% in 2008.

Note 20 - Other current assets

The other current assets are broken down as follows:

in thousands of euros	31 December 2009	31 December 2008
VAT receivable	16,586	20,388
Various State receivables	225	93
Advances and deposits to suppliers	6,292	3,338
Other current assets (1)	13,170	6,598
Total	**36,273**	**30,417**

(1) including, 31 December 2009, ECM receivable (Edition et Communication Méditerranée) for Edicom sale, amounting to €5.3 million paid at the beginning of 2010.

Note 21 - Prepaid expenses

Prepaid expenses mainly consist in costs, including remuneration due, on the sale of advertisements invoiced for inclusion in directories still to be published or online spread over a certain viewing period which is usually 12 months.

Note 22 - Changes in provisions for asset impairment

(in thousands of euros)	**Balance at beginning of period**	**Allocations / reversals (net)**	**Other movements (1)**	**Balance at end of period**
2008				
Trade debtors	17,200	2,791	(530)	19,461
Other assets	88	(239)	532	381
2009				
Trade debtors	19,461	4,381	(971)	22,871
Other assets	381	(293)	(29)	59

(1) of which exit of Edicom in October 2009 for €(967,000)

Receivables relative to directories to be published are covered by a provision depending on the statistical rate observed empirically on the track record of the last five years of publication.

Note 23 - Own capital

23.1 - Share capital

At 31 December 2009, the share capital of PagesJaunes Groupe amounted to €56.2 million and was divided into 280,984,754 ordinary shares with a nominal unit value of €0.20. This capital is entirely paid up.

In 2008, the company increased the capital by €0.1 million by withdrawing the amount from other reserves, following the free definitive allocation of 340,304 shares on 20 November 2008.

Médiannuaire SAS held 54.68% of the capital of PagesJaunes Groupe as of 31 December 2008 and 2009.

23.2 - Other reserves

The other consolidated reserves were negative (€2,637.8 million) as of 31 December 2009 (€2,521.5 million at 31 December 2008) 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.
- impairment of derivative financial instruments between their conclusion date and 31 December 2009 for a pre-tax amount of €54.1 million (€15.7 million at 31 December 2008) and tax corresponding to €18.6 million (€5.4 million at 31 December 2008).
- the cross-entry for the remuneration charge in shares corresponding to the portion settled in own capital instruments for an amount of €56.2 million (€54.6 million at 31 December 2008), cf. note 26.

The recycling of reserves relative to the financial instruments, generated within the context of implementation of hedge accounting according to IAS 39, is forecast between 2 and 4 years (cf. note 17, maturity of these instruments).

23.3 - Own shares

A liquidity contract was established on 18 September 2008 with an investment services company for the period ending 31 December 2008. It was renewed for one year. The funds allocated to this contract amount to €8.0 million.

Under this contract, as of 31 December 2009, the company held 534,178 of its own shares, entered into the accounts by a decrease in equity and €4.4 million of liquidities classified as cash and cash equivalents.

At 31 December 2008, the company held 580,606 of its own shares and €3.5 million in liquidities.

PagesJaunes Groupe has not repurchased its own shares outside of the liquidity contract.

23.4 - Dividends

The General Shareholders' Meeting of 2010 proposed a dividend of €0.65 per share, which represents a total amount estimated at €182,6 million outside of a future deduction of treasury shares. No liability was recorded in this regard at 31 December 2009.

The dividend paid out on 23 June 2009 amounted to a total of €269.5 million, i.e. €0.96 per share.

In 2008, the dividend paid out on 14 May amounted to €269.4 million, i.e. €0.96 per share.

Note 24 - Trade creditors

Amounts owed to suppliers do not bear interest and are payable in principle between 30 and 60 days.

Note 25 - Staff fringe benefits, provisions and other liabilities

These are broken down as follows:

(in thousands of euros)	**31 December 2009**	**31 December 2008**
Post-employment benefits	34,587	29,999
Other long-term staff benefits	7,105	6,459
Non-current staff benefits (1)	**41,692**	**36,458**
Other provisions for risks	1,561	1,061
Provisions for social or fiscal litigation	2,068	3,358
Non-current provisions	**3,629**	**4,419**

(1) Cf. details in the following note. Non-current staff fringe benefits apply to the French companies.

(in thousands of euros)	**31 December 2009**	**31 December 2008**
Personnel (1)	80,955	80,938
Company benefits	40,287	41,780
Total current staff fringe benefits	**121,242**	**122,718**
VAT payable	87,475	95,310
Various State levies payable	7,542	7,941
Other current liabilities	1,262	1,390
Other current liabilities	**96,279**	**104,641**

(1) Made up mainly of employee share participations and provisions for staff charges.

Movements in the provisions are 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	3,761	263	(1,290)	-	(65)	2,669
Other Provision for risks	1,254	730	(237)	-	(26)	1,721
Total provisions	**5,015**	**993**	**(1,527)**	**-**	**(91)**	**4,390**
- of which non current	*4,419*	*740*	*(1,520)*	-	*(10)*	*3,629*
- of which current	*596*	*253*	*(7)*	-	*(81)*	*761*

Pension commitments and other personnel benefits:

(in thousands of euros)	Post-employment benefits	Other long-term benefits	**Total 31 December 2009**	**Total 31 December 2008**
Change in value of commitments				
Total value of commitments at start of period	**44,614**	**6,447**	**51,061**	**50,394**
Cost of services rendered	2,978	483	3,460	3,003
Discounting cost	2,322	322	2,644	2,538
Contributions paid by employees	-	-	-	-
Amendments to scheme	-	-	-	-
Reductions/liquidations	(1,287)	-	(1,287)	-
Actuarial (gains) or losses	3,919	112	4,031	(2,792)
Benefits paid	(1,984)	(259)	(2,243)	(1,990)
Acquisitions	-	-	-	-
Assignments/transfers of activity	-	-	-	-
Changes in scope	-	-	-	-
Others: (translation differences)	-	-	-	-
Total value of commitments at end of period (A)	**50,562**	**7,105**	**57,667**	**51,152**
Commitments at end of period relating to fully or partly financed schemes	*49,456*	-	*49,456*	*43,694*
Commitments at end of period relating to non-financed schemes	*1,106*	*7,105*	*8,211*	*7,457*
Change in cover assets				
Fair value of cover assets at start of period	**2,034**	**-**	**2,034**	**1,542**
Financial income from cover assets	27	-	27	62
Gains/losses on cover assets	-	-	-	-
Contributions paid by the employer	500	-	500	2,000
Contributions paid by the employees	-	-	-	-
Reductions/liquidations	-	-	-	-
Benefits paid by the fund	(1,984)	-	(1,984)	(1,569)
Change in scope	-	-	-	-
Others (translation differences)	-	-	-	-
Fair value of cover assets at end of period (B)	**577**	**-**	**577**	**2,034**
Financial cover				
Situation of the scheme (A) – (B)	49,984	7,105	57,089	49,118
Unrecognised actuarial gains or (losses)	(15,397)	-	(15,397)	(12,660)
Unrecognised cost of past services	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-
Provision / (assets) at end of period	**34,587**	**7,105**	**41,692**	**36,458**
of which provision / (asset) short term	-	-	-	-
of which provision / (asset) long term	*34,587*	*7,105*	*41,692*	*36,458*
Pension charge				
Cost of services rendered	2,978	483	3,460	3,003
Discounting costs	2,322	322	2,644	2,538
Expected return on scheme assets	(27)	-	(27)	(62)
Amortisation of actuarial (gains) or losses	783	112	895	331
Amortisation of cost of past services	-	-	-	-
Effect of reductions/liquidations	(888)	-	(888)	-
Assignments/transfers of activity	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-
Total pension charge	**5,167**	**917**	**6,084**	**5,810**
Movements in the provision / (asset)				
Provision / (assets) at start of period	**29,920**	**6,447**	**36,368**	**33,069**
Pension charge	5,167	917	6,084	5,810
Pension charge from divested businesses	-	-	-	-
Contributions paid by the employer	(500)	(259)	(759)	(2,421)
Benefits paid directly by the employer	-	-	-	-
Change of scope	-	-	-	-
Others (goodwill)	-	-	-	-
Provision / (assets) at end of period	**34,587**	**7,105**	**41,692**	**36,458**
Assumptions				
Discount rate (%)	4.75%	4.75%	4.75%	5.25%
Expected long-term inflation rate (%)	2.5%	2.5%	2.5%	2.5%
Expected yield on scheme assets (%)	3.96%	-	-	-
Probable residual activity period	15.0	15.0	15.0	15.0
Amount entered as a charge in respect of the period	**5,167**	**917**	**6,084**	**5,810**

In 2009, the charge for pension plans with defined contributions amounted to €34 million.

Contributions paid into external funds, amounting to €0.5 million, cover estimated benefits to be paid out during 2010.

The fair value of the cover asset represented an amount of €0.6 million at 31 December 2009, with financial income representing €27,000 of this amount in 2009.

This asset is entirely on an "IFC multi-platform" contract whose investment platforms are in euros and were broken down as follows as of 31 December 2009:

- Fixed rate bonds: 73%
- Floating rate bonds and inflation-linked bonds: 11%
- Shares and share-based UCITS: 12%
- Convertible bonds and stock-market-linked bonds: 4%

The discount rate adopted in evaluating commitments as of 31 December 2009 was 4.75% against 5.25% at 31 December 2008. This decrease in the discount rate, aimed at reflecting the decrease in long-term interest rates in 2009, was responsible for an increase in the amount of the liability.

The IAS 19 standard fixes the discount rate at the level of the rate of bonds issued by first category companies whose expiry is the same as the maturity date of the commitment. If the market for these bonds is not liquid, the rate is equal to the rate of the relevant government bonds (OATs).

At 31 December 2009, in the eurozone, the rate for privately issued bonds in the first category (AA) was between 4.63% and 5.09% depending on the listings (IBOXX, Bloomberg) at the evaluation date.

The discount rate actually adopted in this evaluation 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 led to a decrease in the commitment of 6%, or around €3 million, while a decrease of 0.50% in the discount rate led to an increase of 7%, i.e. around €3 million, in the liability.

Sensitivity of the discount rate on other long-term fringe benefits (French long-service award):
An increase of 0.50% of the discount rate led to a decrease in the commitment of 5% (less than €1 million), while a decrease of 0.50% in the discount rate led to an increase of 5% in the commitment (less than €1 million).

The discounted value of the bond under these commitments and the adjustments of the scheme linked to experience for the current year and for the four previous years are presented below:

(in thousands of euros)	**2009**	**2008**	**2007**	**2006**	**2005**
Total value of commitments at end of period	57,667	51,152	50,393	44,744	39,792
Fair value of cover assets at end of period	(577)	(2,034)	(1,542)	(1,287)	(1,612)
Situation of the scheme	**57,089**	**49,118**	**48,851**	**43,457**	**38,180**
Actuarial (gains) or losses relating to experience - liability	272	190	(1,581)		
Actuarial (gains) or losses relating to experience - cover asset		-	-	-	-

Note 26 - Stock options and free shares

26.1 - Stock options

26.1.1 - Description of plans

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

Within this context, PagesJaunes Groupe set up three stock option plans in 2009:
- the first on 23 July, for a total of 1,145,000 stock options at an exercise price of €6.71.
- the second on 29 October, for a total of 87,000 stock options at an exercise price of €8.84, and
- the third on 17 December, for a total of 75,000 stock options at an exercise price of €7.82.

Within the framework of the authorisation given by the Extraordinary General Meeting on 12 April 2005, PagesJaunes Groupe had established two stock option plans:
- The first in June 2005, for a total of 3,796,800 stock options at an adjusted exercise price of €11.72 and a lifespan of 10 years. Purchase of the stock options was completed after 3 years, i.e. by 30 June 2008. At 31 December 2009, there were 2,937,322 stock options in circulation.
- The second in December 2007, for a total of 2,927,900 stock options at an exercise price of €14.46 and having a 10-year lifespan. Purchase of the stock options was to be completed after 3 years. There are no performance targets to be met. At 31 December 2009, there were 2,626,600 stock options in circulation.

Whatever the plan, a 4-year non-transferability period (restriction on sale) of the shares is required by the fiscal system and has to be applied to French tax residents.

No new plans were authorised in 2008.

26.1.2 - Description of evaluation models

PagesJaunes Groupe evaluated the fair value of the goods or services rendered during each of the periods, basing itself on the fair value of the own capital instruments allocated.

The fair values of the stock options allocated under the PagesJaunes Groupe plan in 2009 were calculated with a binomial model reflecting the anticipated exercise behaviour of the recipients through 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 for calculation of the fair values above is 2.0. The expected volatility was established on the basis of historical volatility of the PagesJaunes Groupe share. Taking into account an annual initial rate before opening of rights estimated at 5.0% and an expected dividend rate estimated at

9.0%, the fair values of the PagesJaunes Groupe stock options were thus evaluated as follows:

Allocation date in 2009	**23 July**	**29 October**	**17 December**
Exercise price	6.71 €	8.84 €	7.82 €
Market price of the underlying stock	6.72 €	8.30 €	7.64 €
Expected volatility	29%	30%	30%
Risk-free rate	3.52%	3.55%	3.49%
Fair value of a stock option for French tax residents	0.85 €	1.02 €	0.99 €
Fair value of a stock option for non-French tax residents	0.90 €	-	-

The allocation date retained for evaluation of the charge corresponds to the date of the Board meeting that allocated the stock options, the time needed to inform the recipients having been considered as reasonable.

No new plans were authorised in 2008.

26.1.3 - Evolution of stock option plans over the year

	Number of stock options 2009	Average weighted exercise price 2009	Number of stock options 2008	Average weighted exercise price 2008
Stock options circulating at beginning of period	**5,807,878**		**6,118,729**	
July 2009 plan	-	-	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	2,787,550	14.46 €	2,927,900	14.46 €
June 2005 plan	3,020,328	11.72 €	3,190,829	11.72 €
Stock options allocated	**1,307,000**			
July 2009 plan	1,145,000	6.71€	-	-
October 2009 plan	87,000	8.84 €	-	-
December 2009 plan	75,000	7.82 €	-	-
December 2007 plan	-	-	-	-
June 2005 plan	-	-	-	-
Stock options exercised				
July 2009 plan	-	-	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	-	-	-	-
June 2005 plan	-	-		
Stock options cancelled / lapsed	**(243,956)**		**(310,851)**	
July 2009 plan	-	-	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	(160,950)	14.46 €	(140,350)	14.46 €
June 2005 plan	(83,006)	11.72 €	(170,501)	11.72 €
Stock options circulating at end of period	**6,870,922**		**5,807,878**	
July 2009 plan	1,145,000	6.71 €	-	-
October 2009 plan	87,000	8.84 €	-	-
December 2009 plan	75,000	7.82 €	-	-
December 2007 plan	2,626,600	14.46 €	2,787,550	14.46 €
June 2005 plan	2,937,322	11.72 €	3,020,328	11.72 €

At 31 December 2009, the stock options in the June 2005 plan were exercisable. The average time until the beginning of the exercise period is 12 months for the December 2007 plan, 31 months for the July 2009 plan, 34 months for the October 2009 plan and 36 months for the December 2009 plan.

26.2 - Allocation of free shares

No new plans for the allocation of free shares were authorised in 2009 or in 2008.

26.3 - Charges on stock option plans and allocation of free shares

The impact of the stock option plans on the income statement for 2009 amounts to €1.6 million compared to €1.5 million in 2008 (also including the impact of free shares allocated). These amounts include social contributions relative to the employer's 10% contribution based on the fair value of the stock options allocated in 2009.

These plans are expected to be settled through own capital instruments.

Note 27 - Cash and cash equivalents, net financial liabilities

Net financial liabilities corresponds to the total gross financial indebtedness, less or plus assets or liabilities from derivative instruments for cash flow hedging, and less cash and cash equivalents.

(in thousands of euros)	**31 December 2009**	**31 December 2008**
Accrued interest not due	4	60
Cash equivalents	63,000	82,184
Cash	4,036	6,793
Gross cash position	**67,040**	**89,037**
Bank overdrafts (1)	(5,596)	(532)
Net cash position	**61,444**	**88,505**
Bank loans	1,950,000	1,950,000
Loan issue expenses	(28,247)	(34,826)
Debt on lease	375	-
Fair value of hedging instruments (cf. note 17)	56,259	25,283
Liability in respect of hedging instruments (cf. note 17)	3,684	5,301
Accrued interest not outstanding	4,177	4,481
Liability in respect of minority buyout commitments	559	3,112
Other financial debts	10,080	17,071
Gross financial liabilities	**1,996,887**	**1,970,422**
of which current	*16,785*	*25,975*
of which non-current	*1,980,102*	*1,944,447*
Net liabilities	**1,935,443**	**1,881,917**

(1) bank overdrafts attached to net cash position (CNC (French accounting commission) recommendation No. 2009-R-03 of 2 July 2009)

Cash and cash equivalents

Cash and cash equivalents are made up of certificates of deposit, UCITS and overdrawn bank accounts. They are valued as they are managed on a fair value basis.

At 31 December 2009, cash equivalents amounted to €63.0 million and were made up of two FCP mutual funds and UCITS invested within the framework of the liquidity contract.

Bank overdraft

The Group benefits from an authorised overdraft of €20 million with some of its banks, remunerated on the basis of Eonia + 25 basis points.

Bank loan

PagesJaunes Groupe has a bank loan for a total maximum amount of €2,350 million, including on the one hand a medium term loan of €1,950 million and on the other hand a revolving credit line of around €400 million. The revolving credit line must enable the financing of Group cash flow requirements (working capital, investments or refinancing) within the framework of the Group's operational activities and is usable by drawdown, issue of letters of credit or setting in place of bilateral lines.

In particular, this financing contract contains default and compulsory advance reimbursement clauses as well as evolving financial covenants:

- the net consolidated debt ratio on an aggregate close to the consolidated GOM must be less than or equal to 4.40 from 30 September 2009 to 30 June 2010, to 4.25 at 30 September 2010, 4.00 from 31 December 2010 to 30 September 2011 and 3.75 beyond this date (GOM and consolidated net debt as defined in the contract signed with the financial institutions);
- the net consolidated interest charge ratio with an aggregate close to the consolidated GOM must be above 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 beyond that date (GOM and consolidated net debt as defined in the contract signed with the financial institutions).

As at 31 December 2009, these financial covenants were respected and no non-current debt should need to be reclassified as a current debt.

Moreover, there is a compulsory advance reimbursement clause if control of the company changes due to acquisition of company shares.

The medium term loan is at a floating rate and reaches maturity in November 2013, being totally repayable at maturity.

At 31 December 2009, the standard reference is one-month Euribor plus a margin of 150 basis points, taking into account the ratchet margin from which the Group has benefited in terms of a financial lever of below 3.5 times an aggregate close to the GOM. In fact, although this financial lever is above 3.5 times, the margin shifts from 150 to 175 basis points.

The revolving credit line has the same expiry date, with floating rate interest on the standard Euribor or Libor rates and a margin of 150 basis points as at 31 December 2009. This was unutilised as at 31 December 2008 and 2009.

Liability in respect of minority buyout commitments

The liability in respect of minority buyback commitments corresponds to purchase options authorised within the context of the acquisition of Horyzon Média securities and amounted to €0.6 million at 31 December 2009, including €0.1 million at less than one year, compared to €3.1 million in 2008. Following the departure of one of the directors of Horyzon Média, PagesJaunes Groupe exercised a stock option within the context of the partnership agreement and brought its participation in this subsidiary from 66% to 95.83% on 15 January 2009 for a price of €1.4 million.

At 31 December 2009, this commitment was adjusted through a goodwill impairment of €1.2 million (cf. note 12). Moreover, the charge corresponding to the discount of the commitment was recorded in financial charges of €0.1 million (cf. note 9).

Other financial liabilities

Other financial debts consist mainly in an overdrawn current account with PagesJaunes Outre-mer, an unconsolidated subsidiary 100% controlled by PagesJaunes Groupe.

Note 28 - Deferred income

Amounts recognised as deferred income consist mostly in income from the sale of advertisements invoiced for the directories to be published and online spread over a certain viewing period which is usually 12 months.

Note 29 – Financial instruments

29.1 - Financial instruments in the balance sheet

Position of financial instruments in balance sheet		Breakdown according to IAS 39					
(in thousands of euros)	Carrying amount in balance sheet	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)
Available-for-sale assets	207	-	-	207	-	-	-
Other non-current financial assets	667	-	-	-	667	-	-
Derivative financial instruments	-	-	-	-	-	-	-
Net trade accounts receivable	466,179	-	-	-	466,179	-	-
Other current financial assets	-	-	-	-	-	-	-
Cash equivalents	63,000	63,000	-	-	-	-	-
Cash	4,040	4,040	-	-	-	-	-
Financial assets	**534,094**	**67,040**	**-**	**207**	**466,846**	**-**	**-**
Non-current financial liabilities and derivatives	1,980,102	2,187	54,058	-		1,923,758	99
Bank overdrafts and other short-term borrowings	18,204	14	-	-		17,730	460
Accrued interest	4,177	-	-	-		4,177	-
Trade accounts payable	102,356	-	-	-		102,356	-
Financial liabilities	**2,104,839**	**2,201**	**54,058**	**-**		**2,048,021**	**559**

Hedging derivatives entered into the accounts at fair value through own capital are detailed in note 17.

The Group classified the valuations at fair value according to a hierarchy of fair values reflecting the volume of 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 the markets for identical assets or liabilities.
- Level 2: data other than the listed prices indicated in level 1, that are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derivative price data).
- Level 3: data relative to assets or liabilities not based on observable market data (non-observable data).

Evaluation of hedging derivatives corresponds to level 2.

During the year 2009, there were no transfers between levels 1 and 2 in the hierarchy of fair values, nor any transfers towards or from level 3.

29.2 - Effect of financial instruments on income

Effect in result of financial instruments (in thousands of euros)	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)
Interest income	8 798	1 353	7 445	-	-	-
Interest expenses	(87 714)	-	(14)	-	-	(87 700)
Gain (loss) on foreign exchange	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Net gains / (net losses)	**(78 916)**	**1 353**	**7 431**	**-**	**-**	**(87 700)**
Discounting cost	(2 942)					
Financial income (cf. note 9)	**(81 858)**					

Note 30 - Financial risk management and capital management policy objectives

The Group's objective is to optimise its financial structure, whose principal assessment criterion is the financial lever (ratio of net liabilities to gross operational margin), in order to reduce the cost of its capital while at the same time preserving 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, within this context, the first objective of PagesJaunes Groupe is to secure and thus limit the cost of its debt.
- Due to, on the one hand, the generation of a significant cash flow following the rate of the sales prospecting cycle and, on the other, the payment of interest on its debt and its dividends to shareholders according to a different timescale, PagesJaunes Groupe 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 advance payment clauses. These clauses are linked, in particular, to compliance with the 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 fixes as its objective the maintenance of its financial leverage between 3 and 4 times GOM. At 31 December 2009, this leverage stood at 3.6 times GOM (3.4 times at 31 December 2008), a level that is lower than the maximum of 4.4 times specified in the bank documentation (4.85 times at 31 December 2008).

Taking into account its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk.

Exchange rate risk
PagesJaunes Groupe estimates 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 all of its short and long term financing is at a floating rate. The Group manages this risk through recourse to derivative instruments, mainly interest rate swaps and collars.
The main features of the Group's banking debt are indicated in note 27 (Cash flow and Cash equivalents, net financial liability) and the features of the Group's instruments used for hedging against interest rate fluctuations can be found in note 17 (derivative financial instruments - non-current assets).

PagesJaunes Groupe estimates that an increase of 1% in short term interest rates compared to the Euribor 3 month rate at 31 December 2009, i.e. 0.665%, would lead to a decrease in the consolidated pre-tax annual income result of €5.5 million.

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	67.0	(1,965.7)	-	(59.9)	
Sensitivity in profit and loss	0.7	(19.7)	17.2	(3.7)	**(5.5)**
Sensitivity in equity	-	-	-	42.7	**42.7**

Liquidity risk

PagesJaunes Groupe has set in place a centralised cash flow management system with cash pooling that includes all of its French subsidiaries and is 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 drawdowns 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 of 31 December 2009, interim disbursements for future periods, calculated on the basis of the forward rate curve at 31 December 2009, are as follows:

(in millions of Euros)	Carrying amount in balance sheet		2010		2011	2012	2013	
	Assets	Liabilities	Variable interest	Reimbur.			Variable interest	Reimbur.
Financial liabilities								
Bank loan	-	(1,950.0)	(51.3)	-	(76.2)	(88.6)	(97.4)	(1,950.0)
Revolving credit line	-	-	-	-	-	-	-	-
Bank overdrafts	-	(5.6)	-	(5.6)	-	-	-	-
Accrued interest not yet due	-	(4.2)	(4.2)	-	-	-	-	-
Liability on committed purchase of minority interests	-	(0.6)	-	(0.5)	(0.1)	-	-	-
Other financial liabilities	-	(10.1)	-	(10.1)	-	-	-	-
Interest rate risk hedging								
Collars and swap	-	(59.9)	(39.3)	-	(17.3)	(9.0)	(4.9)	-
Forward rate (Euribor 3m)			0.88%		2.16%	2.79%	3.24%	3.24%

Credit risk

PagesJaunes Groupe is generally exposed to credit risk essentially in the context of its investments and interest rate hedging instruments. PagesJaunes Groupe limits credit risk by selecting cross-entries that have a long-term rating higher than AA- (Standard & Poor’s and/or Fitch IBCA) and Aa3 (Moody’s). At 31 December 2009, PagesJaunes Groupe was exposed to an extent of €63.0 million due to its investment operations (cf. note 27 - cash equivalents), while the market value of its derivative financial instruments was negative (cf. note 17).

The management procedure for PagesJaunes Groupe's financial operations, moreover, requires a limited list of authorised signatures, outside of which the Managing Director's signature is compulsory. The banking documentation also limits the list of counterparties for the interest rate hedging operations.

Equity risk

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

Finally, PagesJaunes Groupe has set a target of distributing in 2010 a dividend per share of €0.65 in respect of the 2009 financial year. It is specified that this distribution target in no way constitutes a firm commitment on the part of PagesJaunes Groupe and that future dividends will depend on the Group's results, its financial situation and any other factors that the Board of Directors and shareholders of PagesJaunes Groupe deem relevant.

Note 31 - Information on related parties

31.1 - Remuneration of Executive Committee and Board of Directors members.

The table below presents the remuneration of persons present at the closing of each financial year and who were, during the year just ended, members of the PagesJaunes Groupe's Board of Directors, the PagesJaunes Groupe Management Board for 2009 or the PagesJaunes Groupe or PagesJaunes Executive Committees for 2008. This perimeter also includes the directors representing employees and sitting on the PagesJaunes Groupe Board of Directors.

in thousands of euros	**31 December 2009**	**31 December 2008**
Short term benefits (1)	3,416	4,966
of which employer contributions	*807*	*1,291*
Post-employment benefits (2)	19	47
Other long term benefits (3)	1	2
End-of-contract indemnities (4)	1,980	-
Equity benefits (5)	73	82
Total	**5,489**	**5,098**

(1) Salaries, remuneration, performance-based benefits and bonuses paid and social security contributions, paid holidays, directors' fees and non-monetary benefits entered in the accounts.
(2) Pensions, retirement annuities, other services, life insurance, medical insurance, etc.
(3) Extra holidays for seniority, sabbaticals, long-term indemnities, deferred remuneration, bonuses and perks (if payable 12 months or more after the closing date).
(4) Severance pay, non-competition clause compensation, social contributions
(5) "Share remuneration" including social contributions relative to anticipated exercise of options and allocation of stock options

In 2009, the charge for fixed contribution retirement plans amounted to €0.3 million.

31.2 - 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 €1.2 million for the 2009 financial year (€1.2 million for 2008). These transactions are recorded under current operations.

The PagesJaunes Groupe Board of Directors, which met on 17 May 2009, appointed Jean-Pierre Remy as the company's Managing Director from 25 May 2009, replacing Michel Datchary who resigned on that date. Jean-Pierre Remy does not have any employment contract and the Board therefore decided to set in place a severance indemnity that would be paid out in the case of forced removal from a post and linked to a change in control or strategy or its implementation. The amount of this indemnity will be equal to his gross annual remuneration on a flat rate basis (fixed and variable depending on targets attained), subject to realisation of performance targets.

A non-competition obligation will be set in place in the event of termination of Jean-Pierre Remy's mandate as Managing Director of the company 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 functions and will cover all of France and its territories. The relevant indemnity will be equal to 12 months of remuneration based on the total gross monthly average of remuneration over the last 12 months of activity preceding the date of termination.

The departure of the former Managing Director of PagesJaunes Groupe at the end of May 2009 entailed entry into the accounts, in 2009, of his severance and non-competition indemnities amounting to a total of €2.0 million, including social charges.

Note 32 - Contractual obligations and off-balance-sheet commitments

Significant off-balance-sheet commitments are as follows:

Contractual obligations (in thousands of euros)	2009				2008
	Total	Payments due per period			Total
		In less than 1 year	From 1 to 5 years	In more than 5 years	
Simple leasing contracts	**54,657**	**11,193**	**41,079**	**2,385**	**56,958**
Paper, printing, distribution (1)	7,787	7,787			7,534
Other services	25,488	15,178	8,780	1,530	27,654
Commitments for the purchase of goods and services	**33,275**	**22,965**	**8,780**	**1,530**	**35,188**
Total	**87,932**	**34,158**	**49,859**	**3,915**	**92,146**

(1) see detailed table below

The "Others" section includes all firm orders placed by 31 December 2009 for goods and services deliverable in 2010.

Conditional commitments (in thousands of euros)	2009				2008
	Total	Payments due per period			Total
		In less than 1 year	From 1 to 5 years	In more than 5 years	
Advances and deposits	346	346	-	-	322

Leasing contracts

PagesJaunes has rented land, buildings, vehicles and materials. These contracts will expire on different dates over the next nine years.

Management estimates that these contracts will be renewed or replaced, when their expire, by other contracts under normal operating conditions.

The rent charge recorded in the income statement under simple leases amounted to €13.5 million in 2009 (€13.9 million in 2008).

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

At 31 December 2009, the Group's commitment for all of its leasing contracts amounted to €54.7 million, of which €11.2 million is payable in under one year.

Commitments for purchases of goods and services

Production of directories

In the context of its activities of producing and distributing printed directories, the Group needs to sign contracts with paper suppliers, printers and distributors. These contracts may be annual or multi-year.

In 2008, PagesJaunes signed 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 €29 million for the duration of the contract remaining to run as at 31 December 2009.
No contracts with paper suppliers have been signed to date.

Only firm orders placed up to 31 December 2009, both with paper suppliers and content suppliers and with printers and distributors, were reported as off-balance-sheet commitments at that date, for a total amount of €7.8 million.

These commitments are detailed in the table below:

	2009				2008
Contractual obligations (in thousands of euros)	Total	Payments due per period			Total
		In less than 1 year	From 1 to 5 years	In more than 5 years	
Paper	3,839	3,839	-	-	1,840
Printing	2,628	2,628	-	-	2,553
Distribution	889	889	-	-	1,532
Editorial content	431	431	-	-	1,609
Total	**7,787**	**7,787**	**-**	**-**	**7,534**

Individual rights to training (DIF)
With regard to the legal individual right to training, for employees working for the French companies in the Group under permanent employment contracts, the volume of hours accumulated for employee training but not used totalled 365,789 hours as at 31 December 2009 (290,416 hours at 31 December 2008). In 2009, 8,310 hours were used by employees (6,614 hours in 2008).

Other commitments made
PagesJaunes Groupe sold all of the shares making up the capital of Kompass France and Kompass Belgium to the company Coface Services on 14 March 2007. Within this context, PagesJaunes Groupe granted a certain number of general guarantees to Coface Services, subject to a maximum of €2.7 million, as well as specific guarantees related in particular to employee relations and fiscal risks, limited to a total of 7.7 million euros. The general guarantees and those relating to the employees and company mandate holders expired on 31 December 2008 and 2009 respectively. The guarantees relative to the fiscal aspects are due to expire on 31 December 2010.

Within the context of the Edicom sale, PagesJaunes Groupe has undertaken to set up, for the benefit of the assignee, a remunerated current account for an amount of 10 million dirhams together with share subscription warrants taken out by PagesJaunes Groupe.

Other commitments received
PagesJaunes Groupe has a revolving credit line of around €400 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 2009.

Deconsolidation structures and ad hoc entities
The Group has not proceeded to carry out deconsolidation structures during the periods presented herein.
It has no contractual obligations towards ad hoc entities.

Note 33 - Disputes

At the beginning of 2002, PagesJaunes set up a commercial development plan including, in particular, modification of 930 employment contracts for sales consultants. The purpose of the modification was to adapt these contracts to a new competitive context. Around one hundred employees refused to sign the new contract offered and were dismissed during the second quarter of 2002. Almost all of the employees dismissed started court proceedings against PagesJaunes to contest the validity of the reason for dismissal. The Court of Cassation validated this commercial development plan in two decisions made on 11 January 2006. The Court of Cassation ruled that a laying off of staff following reorganisation aimed at preventing future economic difficulties linked to technological developments was justified. Through a new decision of 14 February 2007, the Court of Cassation confirmed the validity of the plan set in place by PagesJaunes. However, there are a number of files containing claims not based on these Court decisions and certain files still being processed before the administrative jurisdictions. The provision, constituted at the end of 2002 to take this risk into account, and amounting to €7.3 million, has been reversed on several occasions since 2006, given the favourable progress of this file. Consequently, it amounted to €2.1 million as of 31 December 2009.

PagesJaunes was sent a summons by an advertising agency (*Publicom Méditerranée*) to appear before the Nanterre Commercial Court for abuse of a dominant position, discriminatory practices and unfair competition. A judgement in favour of PagesJaunes was rendered on 24 September 2008. *Publicom* has appealed this decision.

In 2007 and 2008, the company PagesJaunes was summonsed to appear before the Prud'Hommes Council (French employment tribunal) of Caen, Marseille and Lille by employees of the company *Adrexo*, charged with distribution of its directories in certain departments. The plaintiffs complained of a dissimulated employment situation and also cited PagesJaunes on the grounds of financial solidarity. The files before the courts of Caen and Marseille have been closed due to the adversarial parties abandoning their case while the other proceedings have been cancelled for administrative reasons but may be reintroduced within two years at the request of the adversarial parties.

In February 2008, PagesJaunes instituted proceedings against the companies *Xentral* and *L'Annuaire Universel* for counterfeiting the PagesJaunes brand through exploitation of the online directory site "pagesjaunes.com" for the French public.

In a decision taken on 28 May 2008, the High Court of Paris pronounced the companies *Xentral* (formerly *Prodis*) and *L'Annuaire Universel* as guilty of fraud and unfair competition.
This decision confirmed the rights of PagesJaunes to its historical brands "PagesJaunes" and "Les PagesJaunes" whose validity had already been clearly recognised by the Appear Court of Paris in its decision of 30 March 2005 and by the Court of First Instance of the European Communities (TPICE) in its decision of 13 December 2007. The companies *Xentral* and *L'Annuaire Universel* are appealing this decision. Following the placing under receivership of the company *L'Annuaire Universel*, the proceeding had been suspended before being taken up again by a court-appointed liquidator. No date has yet been set for the proceeding.

The company *L'Annuaire Universel* summonsed PagesJaunes to appear before the Nanterre Commercial Court, demanding cancellation of the various Pages Blanches (white pages) brands on the grounds that the words were part of current and professional speech to designate the alphabetical lists of subscribers at the time that the name was filed as a brand. Although at this stage possible unfavourable judgements or consequences cannot be ruled out, the progress being made in the proceeding and the well-founded arguments held by PagesJaunes allow us to expect a favourable outcome to this case. The proceeding was suspended due to the placing in receivership of the company *L'Annuaire Universel*.

On the other hand, the Group, like other companies in the sector, is frequently summonsed to court in the context of proceedings instituted on grounds of errors in the publication of the directories and other supports. Generally speaking, the financial risk represented by each of these proceedings is relatively limited. However, the multiplication in the number of proceedings may constitute a significant risk for the Group. The number of proceedings has been decreasing steadily since 2001, remaining stable in 2006 and 2007 then continuing to decrease again. At 31 December 2009, there were 14 proceedings for a total amount of claims for damages of €0.6 million. Within the context of these proceedings, the Group endeavours to negotiate amicable settlements that would enable the total and final cost of the proceedings to be significantly reduced. However, there is no guarantee that these proceedings will not have unfavourable repercussions on the Group's financial situation.

To the best of the company's knowledge, there are no other State, legal or arbitration proceedings outstanding, whether pending or threatened, likely to have or having had, in the last 12 months, significant effects on the company's and/or Group's financial situation or profitability.

Note 34 - Auditors' fees

(amounts in thousands of euros)	Ernst & Young				Deloitte			
	Amount		In % of fees		Amount		In % of fees	
	2009	2008	2009	2008	2009	2008	2009	2008
Audit								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	**391**	**378**	**98%**	**98%**	**415**	**437**	**99%**	**99%**
- Including PagesJaunes Groupe	172	179	43%	46%	172	179	41%	41%
- Including fully consolidated subsidiaries	219	199	55%	51%	243	258	58%	59%
Other procedures and services in relation to the mission of the Company Auditors	**8**	**9**	**2%**	**2%**	**6**	**3**	**1%**	**1%**
- Including PagesJaunes Groupe	6	8	2%	2%	6	3	1%	1%
- Including fully consolidated subsidiaries	2	2	0%	0%	-	-	0%	0%
Subtotal	**399**	**387**	**100%**	**100%**	**421**	**439**	**100%**	**100%**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and social security -related	-	-			-	-		
Others	-	-			-	-		
Subtotal	**-**	**-**			**-**	**-**		
TOTAL	**399**	**387**	**100%**	**100%**	**421**	**439**	**100%**	**100%**

Note 35 - Scope of consolidation

		At 31 December 2009		At 31 December 2008	
Entity	**Country**	**Interest**	**Control**	**Interest**	**Control**
Fully integrated consolidated companies					
PagesJaunes segment in France					
PagesJaunes Groupe	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
International & Subsidiaries segment					
QDQ Media	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
Edicom (1)	Morocco	-	-	100%	100%
PagesJaunes Marketing Services	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
PagesJaunes Petites Annonces (2)	France	-	-	66%	66%
Horyzon Média (3)	France	96%	96%	66%	66%
Horyzon Worldwide (4)	Spain	100%	100%	-	-
Proportionally integrated consolidated Company					
International & Subsidiaries segment					
Editus	Luxembourg	49%	49%	49%	49%

(1) Entity sold on 20 October 2009
(2) Business merged with PagesJaunes in 2009
(3) Acquisition of shares from minority shareholders
(4) Entity created at end December 2009, no activity.

Note 36 - Subsequent events

There has not been any subsequent event likely to have a significant impact on the consolidated accounts for the year ending 31 December 2009.