Consolidated financial information as at 31 December 2010

Board of Directors meeting of 8 February 2011

Unofficial translation of the French-language "*Informations financières consolidées au 31 décembre 2010*" of PagesJaunes Groupe, for information purposes only.

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PagesJaunes Groupe
Public limited company having a Board of Directors and a capital of €56,196,950.80
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Commercial and companies register Nanterre 552 028 425

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1. Full-year activity report as at 31 December 2010

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", "pagespro.com"). They also include the development and hosting of websites, directory enquiry services by telephone (118 008), the online small ads activity ("annoncesjaunes.fr") and the QuiDonc reverse directory. This segment also includes the holding company activities accommodated within PagesJaunes Groupe.

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

1.2. Commentary on the 2010 annual results

PagesJaunes Group	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Revenues	**1,125.2**	**1,163.9**	**-3.3%**
External purchases	(260.4)	(280.5)	-7.2%
Other operating income	3.2	4.2	-23.8%
Other operating expenses	(11.9)	(26.7)	-55.4%
Salaries and charges	(338.3)	(332.2)	1.8%
Gross Operating Margin	**517.8**	**528.7**	**-2.1%**
As % of revenues	*46.0%*	*45.4%*	
Employee profit-sharing	(14.7)	(15.3)	-3.9%
Share-based payment	(2.5)	(1.6)	56.3%
Depreciation and amortisation	(18.4)	(19.6)	-6.1%
Result of asset disposals	(0.1)	(0.8)	-87.5%
Restructuring costs	-	(4.5)	-100.0%
Acquisition costs of shares	(0.4)	-	na
Operating income	**481.7**	**487.0**	**-1.1%**
As % of revenues	*42.8%*	*41.8%*	
Financial income	2.0	8.8	-77.3%
Financial expenses	(99.6)	(90.7)	9.8%
Gain (loss) on foreign exchange	-	-	
Net financial income	**(97.6)**	**(81.9)**	**19.2%**
Income before tax	**384.1**	**405.1**	**-5.2%**
Corporation tax	(139.2)	(131.5)	5.9%
Income for the period	**244.9**	**273.6**	**-10.5%**
of which attributable to:			
- Shareholders of PagesJaunes Groupe	244.9	273.6	-10.5%
- Non-controlling interests	-	-	

The number of visits to the Group's Internet sites as a whole, in France and internationally, amounted to 1,946.5 million in 2010, up 25.6% compared to 2009.

In December 2010, the Group's Internet sites in France collectively ranked sixth among the most consulted Internet sites, with 20.1 million unique visitors, representing a reach rate of 48.6% of the total number of Internet users in France. The Group's fixed and mobile Internet sites in France recorded 1,395.3 million visits in 2010, a rise of 11.3% compared to 2009, with the number of mobile Internet visits more than doubling compared to 2009, with 86.4 million visits. By the end of December 2010, the Group's mobile applications in France had been downloaded 6.0 million times onto all types of smartphones.

The consolidated revenues of the PagesJaunes Group amounted to €1,125.2 million in 2010, down 3.3% compared to 2009. The fall in revenues from printed directories, down 10.2% compared to 2009, was partly offset by the growth in Internet activities, which rose 6.2% compared to 2009 to €537.6 million. Internet revenues made up 47.8% of the Group's revenues in 2010, compared to 43.5% in 2009.

The Group's gross operating margin amounted to €517.8 million in 2010, down 2.1% compared to 2009, on revenues down 3.3%. The continuation of efforts to optimise all the costs of the PagesJaunes in France segment and the strong improvement in the gross operating margin of the International & Subsidiaries segment allowed a continuation of investments in new Internet products and services, while maintaining a high rate of gross operating margin of 46.0% in 2010, compared to 45.4% in 2009.

The Group's operating income decreased slightly by 1.1% compared to 2009, to €481.7 million.

The group's financial result decreased by 19.2% compared to 2009, to €97.6 million, due to the rise in the average interest rate on the gross debt (including hedging instruments), which increased from 4.10% in 2009 to 4.55% in 2010. In addition, the time value of interest rate hedging instruments showed a favourable change of €1.3 million in 2010 compared to €7.4 million in 2009.

Income for the period amounted to €244.9 million, down 10.5% compared to 2009.

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

	As at 31 December		
in million euros	**2010**	**2009**	**Change 2010/2009**
PagesJaunes in France	1,051.6	1,097.3	-4.2%
International & Subsidiaries	87.8	75.8	15.8%
Eliminations	(14.2)	(9.1)	56.0%
Revenues	**1,125.2**	**1,163.9**	**-3.3%**
Revenues of Internet services (incl. pagespro.com)	*537.6*	*506.4*	*6.2%*
As % of total revenues	*47.8%*	*43.5%*	
PagesJaunes in France	510.5	527.8	-3.3%
International & Subsidiaries	7.2	0.9	na
Gross Operating Margin	**517.8**	**528.7**	**-2.1%**
As % of revenues	*46.0%*	*45.4%*	

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 2009 and 2010:

PagesJaunes in France	As at 31 December		
in million euros	**2010**	**2009**	**Change 2010/2009**
Revenues	**1,051.6**	**1,097.3**	**-4.2%**
External purchases	(238.2)	(257.1)	-7.4%
Other operating income	4.0	3.3	21.2%
Other operating expenses	(9.1)	(22.6)	-59.7%
Salaries and charges	(297.8)	(293.1)	1.6%
Gross Operating Margin	**510.5**	**527.8**	**-3.3%**
As % of revenues	*48.5%*	*48.1%*	

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 2009 and 2010:

PagesJaunes in France	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Printed directories	523.6	577.8	-9.4%
Internet	479.5	461.0	4.0%
Other activities	48.5	58.5	-17.1%
Revenues	**1,051.6**	**1,097.3**	**-4.2%**
Revenues of Internet services (incl. pagespro.com)	*479.5*	*461.0*	*4.0%*
As % of total revenues	*45.6%*	*42.0%*	

The revenues of the PagesJaunes in France segment amounted to €1,051.6 million in 2010, down 4.2% compared to 2009, due to the 9.4% decrease in revenues from printed directories and the 17.1% decrease in revenues from other activities (118 008, PagesPro, Minitel, Quidonc), partly offset by the 4.0% growth in revenues from Internet services ("pagesjaunes.fr", "annoncesjaunes.fr" and websites).

The decrease in revenues resulted from a 5.7% decrease in the number of advertisers, to 660,000 in 2010 compared to 700,000 in 2009, which was not offset by a 1.7% increase in the average revenue per advertiser to €1,570 in 2010, compared to €1,543 in 2009.

New customer recruitment was lower than in the previous year, with 95,000 new customers in 2010, compared to 119,000 in 2009, due to a decrease in sales prospecting among potential customers with low average revenue (less than €120).

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 €523.6 million in 2010 compared to €577.8 million in 2009, down 9.4%.

The average revenue per advertiser in printed directories declined by 2.6% to €902 in 2010, compared to €926 in 2009. The number of advertisers in the printed directories decreased by 6.9%, with 581,000 advertisers in 2010 compared to 624,000 in 2009.

Internet

The revenues from Internet services, which come mainly from the sale of advertising products on "pagesjaunes.fr" and "annoncesjaunes.fr", as well as website development and hosting activities, rose 4.0% compared to 2009 to €479.6 million. The revenues are recognised over the life of the contracts with advertisers (generally 12 months).

The number of advertisers on the Internet services decreased slightly by 1.1% compared to 2009, with 487,000 advertisers in 2010 compared to 493,000 in 2009. The average revenue per advertiser increased by 3.4% to €977 in 2010, compared to €949 in 2009, reflecting a commercial policy focused essentially on moving existing customers upmarket by means of new services.

With 60,000 Internet Visibility Packs and almost 23,000 videos sold as at 31 December 2010, and with the rapid development of contributory input, the number of reviews posted by users on pagesjaunes.fr reached 263,000 covering 121,000 businesses as at 31 December 2010, PagesJaunes has confirmed its status as a leader in Internet content in France.

The “pagesjaunes.fr” site recorded 936.1 million visits on fixed-internet in 2010, up 5.7% compared to 2009, and 70.4 million visits on mobile Internet, an increase of 137.5% compared to 2009. The PagesJaunes applications have been downloaded 4.0 million times since their launch onto all types of smartphones.

Other activities (118 008, PagesPro, Minitel and Quidonc)

The revenues from other activities in the PagesJaunes in France segment essentially comprise revenues relating to telephone directory enquiry services (118 008), the PagesPro directory on the Internet (printed directory discontinued at the end of 2009), Minitel and the QuiDonc reverse directory.

The revenues from the other activities of the PagesJaunes in France segment amounted to €48.4 million in 2010, down 17.3% compared to 2009. This was due in particular to the 15.2% decrease in the revenues of PagesPro on the Internet and by the discontinuation of the marketing of the printed version of PagesPro.

Revenues from telephone directory enquiry services (118 008), which comprise advertisement revenues, representing 60.2% of the total revenues of this activity, and traffic revenues, amounted to €36.0 million in 2010, down 9.4% compared to 2009.

This decrease in advertising revenues was mainly due to the decrease in the number of advertisers, with 92,000 advertisers at the end of 2010, compared to 117,000 at the end of 2009, while the average revenue per advertiser amounted to €209 in 2010 compared to €212 in 2009. Traffic revenues decreased by 6.6% due to a downward trend in the volume of calls handled in this market, which was not offset by the increase in the average revenue per user.

1.2.1.2. External purchases in the PagesJaunes in France segment

PagesJaunes in France	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
External purchases	(238.2)	(257.1)	-7.4%
As % of revenues	*22.7%*	*23.4%*	

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

The external purchases in the PagesJaunes in France segment amounted to €238.2 million in 2010, down 7.4% compared to 2009, whereas the revenues in the segment decreased by 4.2% over the same period. External purchases represented 22.7% of revenues in 2010, compared to 23.4% in 2009.

The decrease in external purchases was due mainly to the decrease in publishing costs for printed directories and communication expenses, partly offset by an increase in costs associated with new Internet products and services.

Publishing costs of printed directories, comprising the costs of paper purchases, printing and distribution of directories, amounted to €77.2 million in 2010 compared to €97.4 million in 2009, with paper costs amounting to €30.7 million in 2010 compared to €42.4 million in 2009. This €20.2 million decrease was mainly due to the optimisation of print runs and page counts (for example, the continued scoping of directories according to residential areas) and to the renegotiation of paper purchase contracts.

Communication expenses in 2010 decreased compared to 2009, since 2009 had been marked by campaigns to promote the PagesJaunes brand, particularly on television. No such campaigns were run in 2010. The costs of purchasing sponsored links and natural listing as a proportion of Internet revenues fell slightly to 1.7%, compared to 1.9% in 2009 due to the effects of optimisation measures.

The other external purchases increased partly due to website production costs (launch of the Internet Visibility Pack in October 2009) and partly due to the costs of the information system for new developments associated with services for advertisers or new functionalities on the pagesjaunes.fr site.

1.2.1.3. Other operating income of the PagesJaunes in France segment

PagesJaunes in France	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Other operating income	4.0	3.3	21.2%

The other operating income of the PagesJaunes in France segment amounted to €4.0 million in 2010 compared to €3.3 million in 2009. It mainly comprised sundry reinvoicing.

1.2.1.4. Other operating expenses of the PagesJaunes in France segment

PagesJaunes in France	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Other operating expenses	(9.1)	(22.6)	-59.7%

The other operating expenses of the PagesJaunes in France segment amounted to €9.1 million in 2010, compared to €22.6 million in 2009. The other operating expenses comprised taxes and duties, certain provisions for risks and charges, and provisions for bad debts.

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

Transfers to bad debt provisions in 2010 were calculated on the basis of a net transfer of 0.42% of revenues, compared to 0.52% in 2009. This trend reflects an improvement in the economic situation, albeit without any return to the 2008 rate of 0.33%. The bad debt risk remains under control.

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

PagesJaunes in France	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Salaries and charges	(297.8)	(293.1)	1.6%
As % of revenues	*28.3%*	*26.7%*	

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

The salaries and social charges of the PagesJaunes in France segment amounted to 28.3% of revenues in 2010 compared to 26.7% in 2009, and amounted to €297.8 million, an increase of 1.6% compared to 2009.

The remuneration of the sales force and its immediate supervisory personnel remained stable at €159.7 million in 2010. This almost unchanged position is due to the fact that the decrease in commission paid to the sales force, associated with a lower revenue figure, was offset by the rise in costs associated with the adaptation and redeployment of workforces on new duties.

1.2.1.6. Gross operating margin of the PagesJaunes in France segment

The gross operating margin of the PagesJaunes in France segment amounted to €510.5 million in 2010, down 3.3% compared to 2009. The gross operating margin rate of the PagesJaunes in France segment increased slightly to 48.5% in 2010 compared to 48.1% in 2009, particularly as a result of the continued decrease in publishing costs of printed directories (purchase of paper, printing and distribution costs), which was partly offset by the increased expenses associated with the new Internet products and services.

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 2009 and 2010:

International & Subsidiaries	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Revenues	**87.8**	**75.8**	**15.8%**
External purchases	(37.7)	(32.8)	14.9%
Other operating income	1.4	1.7	-17.6%
Other operating expenses	(3.9)	(4.6)	-15.2%
Salaries and charges	(40.4)	(39.2)	3.1%
Gross Operating Margin	**7.2**	**0.9**	**na**
As % of revenues	*8.2%*	*1.2%*	

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 2009 and 2010:

International & Subsidiaries	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Directories and search	44.2	41.4	6.8%
of which Internet	*26.7*	*16.1*	*65.8%*
Internet advertising representation	14.6	9.4	55.3%
Direct marketing and geographics services	29.0	25.0	16.0%
Revenues	**87.8**	**75.8**	**15.8%**
Of which internet revenues	*62.1*	*42.9*	*44.8%*
As % of total revenues	*70.7%*	*56.6%*	

The revenues of the International & Subsidiaries segment amounted to €87.8 million in 2010, a rise of 15.8% compared to 2009, due to 44.8% growth in Internet revenues. The companies 123people and Keltravo, which were consolidated from March 2010 and May 2010 respectively, and accommodated within the “directories and search” activities, contributed €8.8 million to the segment’s revenues in 2010.

On a like-for-like consolidation basis, excluding 123people and Keltravo in 2010 and excluding Edicom in 2009 (sold in October 2009), the revenues of the International & Subsidiaries segment would have been 6.5% higher than in 2009, with Internet revenues up 25.4%.

B to C directories

The revenues of the B to C directory businesses, which result mainly from the sale of advertising space in the printed and online directories and their publication and distribution by the companies QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco as well as the new businesses 123people and Keltravo, amounted to €44.2 million in 2010, up 6.8% compared to 2009, despite the 32.4% decrease in revenues from the printed directories of QDQ Media. In 2009, Edicom had contributed €1.6 million to consolidated revenues.

The internet revenues of the directories and search businesses rose 65.8% compared to 2009 to €26.7 million, due to the 19.2% growth in the Internet activities of QDQ Media and the €8.8 million contribution from the new businesses acquired in the first half of 2010 (123people and Keltravo).

Internet advertising representation

The revenues of Horyzon Média billed to advertisers amounted to €26.8 million in 2010, up 55.8% compared to 2009. The activities as a whole, including both CPC (cost per click) and CPM (cost per mille) grew strongly, particularly due to the recovery in the Internet advertising market and the takeover of representation of new Internet sites.

The contribution to consolidated revenues from Horyzon Média, comprising only representation commissions in the case of CPM activities and all the revenues billed to advertisers in the case of CPC activities, amounted to €14.6 million in 2010 compared to €9.4 million in 2009, an increase of 55.3%.

Direct marketing and geographic services

The revenues from the Direct Marketing and Geographic Services businesses amounted to €29.0 million in 2010, up 16.0% compared to 2009, due to the growth in Internet activities of PagesJaunes Marketing Services, associated in particular with the production of “Internet Visibility Packs” marketed by the PagesJaunes sales force, and the growth in advertising revenues of Mappy.

The “mappy.com” site recorded 239.6 million visits in 2010, a rise of 3.7% compared to 2009, and the Mappy applications have been downloaded 1.8 million times onto all types of smartphones since their launch.

1.2.2.2. External purchases in the International & Subsidiaries segment

International & Subsidiaries	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
External purchases	(37.7)	(32.8)	14.9%
As % of revenues	*42.9%*	*43.3%*	

External purchases in the International & Subsidiaries segment amounted to €37.7 million in 2010, up 14.9% compared to 2009 on revenues up 15.8%. This was due in particular to the increase in amounts paid on to publishers associated with the growth of performance-based activities of Horyzon Média, and the integration of 123people and Keltravo from the first half of 2010.

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

International & Subsidiaries	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Other operating income and expenses	(2.5)	(2.9)	na

The other operating income and expenses of the International & Subsidiaries segment represented a net expense of €2.5 million in 2010 compared to a net expense of €2.9 million in 2009.

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

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

International & Subsidiaries	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Salaries and charges	(40.4)	(39.2)	3.1%
As % of revenues	*46.0%*	*51.7%*	

The salaries and social charges of the International & Subsidiaries segment amounted to €40.4 million in 2010, up 3.1% compared to 2009 on revenues up 15.8%. They represented 46.0% of the revenues of the segment in 2010 compared to 51.7% in 2009.

The impact of the integration of 123people and Keltravo on expenses was partly offset by the decrease in the expenses of QDQ Media, following the restructuring plan carried out in 2009, which resulted in a 16.1% decrease in the company's average staff count from 420 to 352 employees between 2009 and 2010.

1.2.2.5. Gross operating margin of the International & Subsidiaries segment

The gross operating margin of the International & Subsidiaries segment amounted to €7.2 million in 2010 compared to €0.9 million in 2009, due to the restructuring of QDQ Media in 2009 which brought the gross operating margin to break-even in 2010, the strong growth in the gross operating margin of Horyzon Média linked to the increase in its activity, and the positive contribution from 123people, which was consolidated from March 2010.

1.2.3. Analysis of consolidated operating income

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

PagesJaunes Group	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Gross Operating Margin	**517.8**	**528.7**	**-2.1%**
Employee profit-sharing	(14.7)	(15.3)	-3.9%
Share-based payment	(2.5)	(1.6)	56.3%
Depreciation and amortisation	(18.4)	(19.6)	-6.1%
Result of asset disposals	(0.1)	(0.8)	na
Restructuring costs	-	(4.5)	-100.0%
Acquisition costs of shares	(0.4)	-	na
Operating income	**481.7**	**487.0**	**-1.1%**
As % of revenues	*42.8%*	*41.8%*	

1.2.3.1. Employee profit-sharing and share-based payment

The employee profit-sharing in the Group amounted to €14.7 million in 2010, down 3.9% compared to 2009.

The Group's share-based payment expense amounted to €2.5 million in 2010, up 56.3% compared to 2009. This increase is explained by the expense relating to the plans set up in 2010 and by the full-year effect of the plans set up in 2009. The expense for the 2010 financial year results from the stock option plans set up in 2007, 2009 and 2010.

1.2.3.2. Depreciation and amortisation

The Group's depreciation and amortisation charge amounted to €18.4 million in 2010, compared to €19.6 million in 2009, a decrease of 6.1%, which does not reflect the rise in investments carried out by the group which are essential for the business strategy, particularly in the context of the launch of new products and services for our customers and the enrichment of the functionalities of the Group's fixed and mobile Internet sites. That is because some assets currently in development have not yet given rise to depreciation and amortisation charges in the financial statements.

1.2.3.3. Operating income

The Group's operating income amounted to €481.7 million in 2010, representing a limited decrease of 1.1%. The Group's rate of operating margin as a proportion of revenues rose from 41.8% in 2009 to 42.8% in 2010.

1.2.4. Analysis of consolidated net income

The table below presents the Group's consolidated net income for 2009 and 2010:

PagesJaunes Group	**As at 31 December**		
in million euros	**2010**	**2009**	**Change 2010/2009**
Operating income	**481.7**	**487.0**	**-1.1%**
Financial income	2.0	8.8	-77.3%
Financial expenses	(99.6)	(90.7)	9.8%
Gain (loss) on foreign exchange	-	-	
Net financial income	**(97.6)**	**(81.9)**	**19.2%**
Income before tax	**384.1**	**405.1**	**-5.2%**
Corporation tax	(139.2)	(131.5)	5.9%
Income for the period	**244.9**	**273.6**	**-10.5%**
of which attributable to:			
- Shareholders of PagesJaunes Groupe	244.9	273.6	-10.5%
- Non-controlling interests	-	-	

1.2.4.1. Financial result

The Group's financial result in 2010 was a loss of €97.6 million, compared to a loss of €81.9 million in 2009. The financial result essentially comprised the interest expense relating to the bank loan of €1,950 million arranged in November 2006 and, as at 31 December 2010, 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 expense, net of the effect of rate hedging instruments, amounted to €89.3 million in 2010, compared to €80.7 million in 2009. The average interest rate on the debt rose from 4.10% in 2009 to 4.55% in 2010, a rise of 45 basis points associated with the increase in the hedging cost.

The financial result also includes the amortisation of loan issue expenses amounting to €6.8 million, which remained almost unchanged between the two periods, as well as the change in the time value of the collar entered into in November 2006, recorded in "change in the fair value of hedging instruments" and representing income of €1.3 million in 2010 compared to income of €7.4 million in 2009.

1.2.4.2. Corporation tax

In respect of 2010, the Group recorded a corporation tax charge of €139.2 million, up 5.9% compared to 2009. The apparent tax rate was 36.2% in 2010 compared to 32.5% in 2009. This was mainly due to the impact of the Corporate value added contribution in 2010, and by the use of 2007 and 2008 tax losses of PagesJaunes Petites Annonces in 2009.

1.2.4.3. Income for the period

The Group's income for the period amounted to €244.9 million in 2010, compared to €273.6 million in 2009, a decrease of 10.5% between the two periods.

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the movements in the consolidated Group's cash position for the years ending on 31 December 2009 and 31 December 2010:

PagesJaunes Group	**As at 31 December**	
in million euros	**2010**	**2009**
Accrued interest not yet due	-	-
Cash and cash equivalents	106.0	67.0
Cash	**106.0**	**67.0**
Bank overdrafts	(2.5)	(5.6)
Net cash	**103.5**	**61.4**
Bank borrowing	1,950.0	1,950.0
Revolving	-	-
Debt related costs	(21.4)	(28.2)
Liability in respect of hedging instruments	1.9	3.7
Fair value of hedging instruments	63.9	56.3
Accrued interest not yet due	4.7	4.2
Liability on committed purchase of non-controlling interests and earn-outs	2.8	0.6
Other financial liabilities	1.7	10.5
Gross financial debt	**2,003.6**	**1,996.9**
Net debt	**1,900.1**	**1,935.4**
Net debt excl. fair value of hedging instruments and debt-related fees	**1,857.6**	**1,907.4**

PagesJaunes Groupe's bank debt amounts to €1,950 million and is repayable in full at the end of 2013. As at 31 December 2010, 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, a diversified syndicate of banks has granted PagesJaunes Groupe a revolving credit line of approximately €400 million expiring at the end of 2013. This credit line was unutilised as at 31 December 2010.

Excluding the fair value of interest rate hedging instruments, representing a liability of €63.9 million as at 31 December 2010 compared to a liability of €56.3 million as at 31 December 2009, and excluding the amortisation of loan issue expenses amounting to €21.4 million as at 31 December 2010 compared to €28.2 million as at 31 December 2009, the net debt amounted to €1,857.6 million as at 31 December 2010, compared to €1,907.4 million as at 31 December 2009.

The table below shows the consolidated Group's cash flows for the years ending 31 December 2009 and 31 December 2010:

PagesJaunes Group	**As at 31 December**	
in million euros	**2010**	**2009**
Net cash from operations	291.8	283.7
Net cash used in investing activities	(55.6)	(25.1)
Net cash provided by (used in) financing activities	(194.1)	(285.7)
Impact of changes in exchange rates on cash	-	-
Net increase (decrease) in cash position	**42.0**	**(27.0)**
Net cash and cash equivalents at beginning of period	61.4	88.5
Net cash and cash equivalents at end of period	**103.5**	**61.4**

The net cash and cash equivalents amounted to €103.5 million as at 31 December 2010 compared to €61.4 million as at 31 December 2009.

The net cash from operations amounted to €291.8 million in 2010 compared to €283.7 million in 2009, representing a rise of €8.1 million due mainly to:

- A gross operating margin of €517.8 million in 2010, down €10.9 million compared to 2009,
- Restructuring costs of €4.5 million in 2009,
- A generation of working capital of €4.5 million in 2010, compared to a working capital requirement of €3.2 million in 2009,
- A net disbursement of €88.4 million in respect of financial interest in 2010, compared to €80.1 million in 2009, due to the extension of the hedging,
- A disbursement of €136.0 million in respect of corporation tax in 2010, compared to a disbursement of €148.0 million in 2009.

The net cash used in investing activities represents a disbursement of €55.6 million in 2010 compared to a disbursement of €25.1 million in 2009, the rise of €30.6 million being associated with investments in new Internet products and services as well as the acquisition of 123people and Keltravo.

The net cash used in financing activities amounted to €194.1 million in 2010, compared to €285.7 million in 2009, a decrease of €91.5 million, and mainly comprised:

- €182.4 million in respect of dividends paid in 2010, down €87.0 million compared to the dividends paid in 2009,
- €7.4 million in 2009 relating to the buyouts of minority holdings in PagesJaunes Petites Annonces and Horyzon Média.

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 the 2011 financial year

The main risks and uncertainties identified by the Group concern:

- The economic environment and the situation of the local advertising market in France and Spain, which are expected to affect the sales prospecting by PagesJaunes and QDQ Media in their respective markets,

- Developments in competition on the Internet, particularly with regard to search services and geographic and mapping services, which may have an impact on the ability of PagesJaunes, and Mappy to maintain their rate of revenue growth,

- Developments in the fixed-income markets, which could cause PagesJaunes Groupe's financial result to vary due to a rise in interest on debt (on the 12% of bank borrowings that are not covered by any interest rate hedging) 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 2010

There were no events subsequent to the closing date which could have a significant impact on the consolidated financial statements for the year ending 31 December 2010.

1.7. Research and development

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

2. Consolidated financial statements

Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	As at 31 December 2010	As at 31 December 2009
Revenues	6	1,125,214	1,163,901
External purchases		(260,417)	(280,532)
Other operating income		3,172	4,196
Other operating expenses		(11,932)	(26,680)
Personnel expenses : - Salaries and charges	7	(338,258)	(332,233)
Gross Operating Margin		**517,780**	**528,653**
- Employee profit-sharing	7	(14,712)	(15,274)
- Share-based payment	7	(2,452)	(1,579)
Depreciation and amortisation	13 & 14	(18,365)	(19,563)
Result of asset disposals	8	(90)	(818)
Restructuring costs		-	(4,457)
Acquisition costs of shares		(439)	-
Operating income		**481,723**	**486,962**
Financial income		1,979	8,798
Financial expenses		(99,567)	(90,656)
Gain (loss) on foreign exchange		30	-
Net financial income	9	**(97,558)**	**(81,858)**
Corporation tax	10	(139,239)	(131,472)
Income for the period		**244,926**	**273,632**
Income for the period attributable to:			
- Shareholders of PagesJaunes Groupe		244,926	273,611
- Non-controlling interests		-	21
Net earnings per share (in euros)			
Net earnings per share of the consolidated group			
- basic	11	0.87	0.98
- diluted		0.85	0.96

Statement of comprehensive income

(Amounts in thousands of euros, except data relating to shares)	Notes	**As at 31 December 2010**	**As at 31 December 2009**
Income for the period report		**244,926**	**273,632**
Net (loss) /gain on cash flow hedges			
- Gross		(8,372)	(38,407)
- Deferred tax		2,883	13,225
- Net of tax	17	**(5,489)**	**(25,182)**
Exchange differences on translation of foreign operations		-	33
Other comprehensive income		**(5,489)**	**(25,149)**
Total comprehensive income for the period, net of tax		**239,437**	**248,484**
Total comprehensive income for the period attributable to:			
- Shareholders of PagesJaunes Groupe		239,437	248,462
- Minority interests		-	21

Statement of financial position

(Amounts in thousands of euros)	Notes	As at 31 December 2010	As at 31 December 2009
ASSETS			
Net goodwill	12	66,687	50,358
Other net intangible fixed assets	13	49,154	25,051
Net tangible fixed assets	14	27,694	22,950
Available-for-sale assets	15	207	207
Other non-current financial assets	16	1,251	667
Net deferred tax assets	10	31,572	28,130
Total non-current assets		**176,566**	**127,363**
Net inventories	18	2,194	6,434
Net trade accounts receivable	19	447,042	466,179
Other current assets	20	27,830	36,273
Current tax receivable	10	1,986	5,374
Prepaid expenses	21	105,611	106,856
Other current financial assets		-	-
Cash and cash equivalents	27	105,977	67,040
Total current assets		**690,639**	**688,157**
TOTAL ASSETS		**867,205**	**815,520**
LIABILITIES			
Share capital		56,197	56,197
Issue premium		98,676	98,676
Reserves		(2,509,017)	(2,602,320)
Income for the period attribuable to shareholders of PagesJaunes Groupe		244,926	273,611
Other comprehensive income		(40,934)	(35,445)
Own shares		(4,037)	(3,831)
Equity attributable to equity holders of the PagesJaunes Groupe	23	**(2,154,188)**	**(2,213,112)**
Non-controlling interests		-	-
Total equity		**(2,154,188)**	**(2,213,112)**
Non-current financial liabilities and derivatives	17 & 27	1,962,358	1,980,102
Employee benefits - non-current	25	47,435	41,692
Provisions - non-current	25	6,813	3,629
Deferred tax liabilities	10	1,136	-
Total non-current liabilities		**2,017,742**	**2,025,423**
Bank overdrafts and other short-term borrowings	27	38,970	18,204
Accrued interest	27	4,739	4,177
Provisions - current	25	1,285	761
Trade accounts payable	24	101,998	102,356
Employee benefits - current	25	119,261	121,242
Other current liabilities	25	94,808	96,279
Corporation tax	10	490	200
Deferred income	28	642,101	659,990
Total current liabilities		**1,003,651**	**1,003,209**
TOTAL LIABILITIES		**867,205**	**815,520**

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**	Non-controlling interests	**Total equity**
Balance as at 31 December 2008	**280,404,148**	**56,197**	**98,676**	**(4,313)**	**(2,334,341)**	**(10,263)**	**(33)**	**(2,194,077)**	**2**	**(2,194,075)**
								-		
Total comprehensive income for the period, net of tax					273,611			**273,611**	21	**273,632**
Other comprehensive income, net of tax						(25,182)	33	**(25,149)**		**(25,149)**
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)**
Total comprehensive income for the period, net of tax					244,926			**244,926**	-	**244,926**
Other comprehensive income, net of tax						(5,489)	-	**(5,489)**		**(5,489)**
Comprehensive income for the period, net of tax					**244,926**	**(5,489)**	**-**	**239,437**	**-**	**239,437**
Share-based payment					2,140			**2,140**	-	**2,140**
Dividends paid					(182,448)			**(182,448)**	-	**(182,448)**
Shares of the consolidating company net of tax effect	(84,883)			(206)				**(206)**	-	**(206)**
Balance as at 31 December 2010	**280,365,693**	**56,197**	**98,676**	**(4,037)**	**(2,264,091)**	**(40,934)**	**-**	**(2,154,188)**	**-**	**(2,154,188)**

Cash flow statement

(Amounts in thousands of euros)	Notes	As at 31 December 2010	As at 31 December 2009
Income for the period attributable to shareholders of PagesJaunes Groupe		**244,926**	**273,611**
Depreciation and amortisation of fixed assets	12 & 14	18,365	19,563
Change in provisions	22	9,352	6,142
Share-based payment		2,141	1,474
Capital gains or losses on asset disposals		90	818
Interest income and expenses	9	56,757	53,461
Hedging instruments	17	40,831	28,397
Unrealised exchange difference		(37)	(3)
Tax charge for the period	10	139,239	131,472
Non-controlling interests		-	21
Decrease (increase) in inventories		4,240	99
Decrease (increase) in trade accounts receivable		18,182	40,299
Decrease (increase) in other receivables		4,943	992
Increase (decrease) in trade accounts payable		(554)	(6,928)
Increase (decrease) in other payables		(22,353)	(37,656)
Net change in working capital		**4,459**	**(3,195)**
Dividends and interest received		718	2,500
Interest paid and rate effect of net derivatives		(89,069)	(82,572)
Corporation tax paid	10	(135,993)	(148,020)
Net cash from operations		**291,778**	**283,668**
Acquisition of tangible and intangible fixed assets	13 & 14	(42,746)	(25,965)
Change in suppliers of fixed assets		(577)	1,346
Proceeds from sale of tangible and intangible assets		151	92
Acquisitions of investment securities and subsidiaries, net of cash acquired	5	(16,883)	-
Proceeds from disposals of financial assets, net of cash sold	5	5,337	(629)
Decreases (increases) in marketable securities and other long-term assets	27	(916)	99
Net cash used in investing activities		**(55,634)**	**(25,057)**
Cash flows arising from changes in ownership interests not resulting in a loss/gain of control		(460)	(7,439)
Increase (decrease) in borrowings	27	(10,834)	(9,423)
Movements in own shares	23	(383)	697
Capital increase		-	3
Dividends paid to non-controlling interests		-	(35)
Dividends paid	23	(182,447)	(269,455)
Net cash provided by (used in) financing activities		**(194,124)**	**(285,651)**
Impact of changes in exchange rates on cash		37	1
Net increase (decrease) in cash position		**42,057**	**(27,040)**
Net cash and cash equivalents at beginning of period		61,444	88,484
Net cash and cash equivalents at end of period	27	**103,501**	**61,444**

In accordance with the revised IFRS 3 and IAS 7, changes in ownership interests that do not result in a gain/loss of control have been reclassified from “Net cash used in investing activities” to “Net cash used in financing activities». There are no other significant monetary flows.

Note 1 – Information on the Group

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

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

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

This information was approved by the Board of Directors of PagesJaunes Groupe on 8 February 2011.

Note 2 – Context of publication and basis for preparation of the 2010 financial information

Pursuant to European regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the Group has prepared the consolidated financial statements for the year ending 31 December 2010 in accordance with the IFRS standards adopted in the European Union and applicable as of that date.

The summary statements relate to the financial statements prepared in accordance with the IFRS standards as at 31 December 2010 and 31 December 2009. The 2008 financial statements, included in the Reference Document filed with the AMF on 17 March 2009 under the number D09-125, are included for reference purposes.

The accounting policies applied are consistent with those used in the preparation of the annual consolidated financial statements for the year ending 31 December 2009, with the exception of new standards, amendments and interpretations which are mandatory from 1 January 2010 but have no significant impact:

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

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

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

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

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

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

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

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

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

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 31 December 2010.

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

- IAS 24 – Related Party Disclosures,
- Amendment to IAS 32 - Classification of Rights Issues,
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement,
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments.

Finally, the Group does not apply the following instruments that were not adopted by the European Union as at 31 December 2010:

- Improvements to IFRS (May 2010),
- IFRS 9 – Financial Instruments,
- Amendment to IFRS 7 – Disclosures – Transfers of Financial Assets,
- Amendments to IFRS 1 – Severe Hyperinflation,
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets.

Nonetheless, the Group is currently reviewing the practical consequences of these new texts and the effects of their application on its future financial statements. At this stage of the review, the Group does not anticipate any significant impact on its consolidated financial statements.

All of the standards and interpretations adopted by the European Union as at 31 December 2010 are available on the website of the European Commission at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

In order to prepare the financial statements, the Management of the Group is required to make estimates and assumptions which have an effect on the amounts presented as assets and liabilities, the contingent liabilities at the date of preparation of the financial statements and the amounts presented as income and expenses for the financial year. The Management continuously evaluates these estimates and assessments on the basis of its past experience as well as various other factors deemed reasonable, which form the basis of its assessment of the book value of the assets and liabilities. This includes in particular goodwill (notes 3.8 and 12), share-based payments (notes 3.1, 3.17 and 26) and the valuation of pension liabilities (notes 3.16 and 25). Actual results may differ markedly from these estimates due to different realisation conditions. Finally, where a specific transaction is not covered by any standards or interpretations, the management of the Group applies judgment to define and apply accounting methods that will provide relevant and reliable information (note 3.1), to ensure that the financial statements:

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

Note 3 – Accounting policies and changes of estimates

This note describes the accounting policies applied for the financial year ending 31 December 2010, in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2010.

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

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

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

Management Participation Plan:
Sèvres I, Sèvres II and Sèvres III, which together controlled 100% of the capital of Médiannuaire Holding, the indirect majority shareholder of PagesJaunes Groupe, offered a certain number of Group managers the opportunity to take up a minority shareholding, in the form of 212,591 ordinary shares, in the capital of Médiannuaire Holding (i.e. 0.55% of the capital of Médiannuaire Holding). This participating interest, acquired at the end of December 2006, was based on the price proposed by Médiannuaire Holding in the context of the price guarantee on the PagesJaunes Groupe stock finalised on 1 December 2006.

As at 31 December 2010, the Group managers held 131,122 ordinary shares and 223,994 preference shares, representing a total of 0.92% of Médiannuaire Holding's share capital.

Médiannuaire Holding's capital is divided into ordinary shares and preference shares, the rights for each class of shares to the increase in value of the equity being variable depending on the internal rate of return recorded by the Médiannuaire Holding shareholders on their investment during their holding period. Moreover, each manager entered into a reciprocal call and put commitment with the Médiannuaire Holding shareholders which becomes exercisable, by one or other of the parties, as soon as the manager in question leaves the PagesJaunes Group. The price per share at which these reciprocal call and put commitments would be implemented varies in particular according to the stock market price of the PagesJaunes Groupe share, the length of service of the managers from 21 December 2006 and the attainment of certain performance targets. As at 31 December 2010, 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.

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

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

3.2 - Consolidation

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

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

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

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

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

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

3.3 – Transactions in foreign currencies

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

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

3.4 – Presentation of the financial statements

As permitted under IAS 1 “Presentation of Financial Statements”, the Group presents the income statement by type.
Operating income corresponds to net income before:

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

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

- Employee profit-sharing;
- Share-based payment, including any associated social charges;
- Depreciation and amortisation expense;
- Impairment of goodwill and fixed assets;
- Results of asset disposals;
- Restructuring costs;
- Acquisition costs of shares;
- 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 Group's core business activity is the publication of directories in France and abroad. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

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

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

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

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

4.1 – By business sector

The table below presents a breakdown of the main aggregates by business sector for the periods ending 31 December 2010 and 2009:

Income statement	As at 31 December 2010				As at 31 December 2009			
Amounts in thousands of euros	**PagesJaunes in France**	**International & subsidiaries**	**Eliminations**	**Group**	**PagesJaunes in France**	**International & subsidiaries**	**Eliminations**	**Group**
Revenues	**1,051,637**	**87,754**	**(14,177)**	**1,125,214**	**1,097,270**	**75,780**	**(9,149)**	**1,163,901**
- External	1,051,637	73,577	-	1,125,214	1,097,251	66,650	-	1,163,901
- Inter-segment	-	14,177	(14,177)	-	19	9,130	(9,149)	-
External purchases	(238,189)	(37,657)	15,429	(260,417)	(257,109)	(32,782)	9,359	(280,532)
Other operating income	4,021	1,405	(2,254)	3,172	3,338	1,658	(800)	4,196
Other operating expenses	(9,103)	(3,867)	1,038	(11,932)	(22,628)	(4,607)	556	(26,680)
Salaries and charges	(297,818)	(40,404)	(36)	(338,258)	(293,080)	(39,187)	34	(332,233)
Gross operating margin	**510,548**	**7,232**	**-**	**517,780**	**527,791**	**862**	**-**	**528,653**
Employee profit-sharing				(14,712)				(15,274)
Share-based payment				(2,452)				(1,579)
Depreciation and amortisation	(14,869)	(3,496)	-	(18,365)	(16,486)	(3,077)	-	(19,563)
Result of asset disposals				(90)				(818)
Restructuring costs	-	-	-	-	-	(4,457)	-	(4,457)
Acquisition costs of shares	(439)	-	-	(439)	-	-	-	-
Operating income				**481,723**				**486,963**
Acquisitions of tangible and intangible fixed assets	**32,324**	**10,422**	**-**	**42,746**	**22,787**	**3,178**	**-**	**25,965**

Balance sheet	As at 31 December 2010				As at 31 December 2009			
Amounts in thousands of euros	**PagesJaunes in France**	**International & subsidiaries**	**Eliminations**	**Group**	**PagesJaunes in France**	**International & subsidiaries**	**Eliminations**	**Group**
Net goodwill	6,824	59,863	-	66,687	6,426	43,932	-	50,358
Net intangible fixed assets	32,070	17,084	-	49,154	19,790	5,261	-	25,051
Net tangible fixed assets	22,251	5,443	-	27,694	17,897	5,053	-	22,950
Non-current non-segment assets				33,030				29,004
Non-current assets				**176,566**				**127,363**
Net inventories	1,918	276	-	2,194	6,139	295	-	6,434
Net trade accounts receivable	409,097	43,749	(5,804)	447,042	430,546	39,565	(3,932)	466,179
Other current assets	22,944	5,392	(509)	27,827	33,837	2,845	(409)	36,273
Prepaid expenses	99,972	5,712	(73)	105,611	100,706	6,199	(49)	106,856
Current non-segment assets				107,966				72,414
Current assets				**690,639**				**688,157**
Total assets				**867,205**				**815,520**
of which segment assets	*595,076*	*137,519*	*(6,386)*	*726,209*	*615,341*	*103,152*	*(4,390)*	*714,102*
of which non-segment assets				*140,996*				*101,418*
Shareholders' equity				**(2,154,188)**				**(2,213,112)**
Non-controlling interests				**-**				**-**
Personnel benefits - non-current	47,203	232	-	47,435	41,544	148	-	41,692
Provisions - non-current	6,813	-	-	6,813	3,629	-	-	3,629
Other non-current liabilities	-	-	-	-	-	-	-	-
Non-current segment liabilities				1,963,494				1,980,102
Non-current liabilities				**2,017,742**				**2,025,423**
Provisions - current	663	622	-	1,285	78	683	-	761
Trade accounts payable	83,374	24,428	(5,804)	101,998	93,033	13,696	(4,373)	102,356
Personnel benefits - current	113,056	6,205	-	119,261	115,581	5,661	-	121,242
Other current liabilities	88,445	6,872	(509)	94,808	91,427	5,261	(409)	96,279
Deferred income	627,218	14,956	(73)	642,101	642,415	17,624	(49)	659,990
Current non-segment liabilities				44,199				22,581
Current liabilities				**1,003,651**				**1,003,209**
Total liabilities				**867,205**				**815,520**
of which segment liabilities	*966,772*	*53,315*	*(6,386)*	*1,013,701*	*987,707*	*43,073*	*(4,831)*	*1,025,949*
of which non-segment liabilities				*(146,496)*				*(210,429)*

4.2 - By geographic region

Amounts in thousands of euros	**As at 31 December 2010**	**As at 31 December 2009**
Revenues	**1,125,214**	**1,163,901**
- France	1,084,868	1,122,490
- Others	40,346	41,411
Assets	**867,205**	**815,520**
- France	666,596	669,405
- Others	59,613	44,699
- Unallocated	140,996	101,416

Note 5 - Change in the scope of consolidation

The main operations during the 2010 and 2009 financial years were as follows:

2010

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

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

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

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

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

Earn outs totalling an estimated €2.8 million may be paid in 2011, 2012 and 2013 if certain operational performance conditions are fulfilled. They have been stated in current and non-current liabilities.

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

(Amounts in thousands of euros)	**123people + Keltravo + Aronet**
Non-current assets	4,732
Current assets	1,770
Cash and cash equivalents	1,005
Total assets	**7,507**
Non-current liabilities	(1,385)
Current liabilities	(1,882)
Total liabilities	**(3,267)**
Total identifiable net assets at fair value	**4,240**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	16,370
Purchase consideration transferred	**20,610**

These operations gave rise to the recognition of goodwill totalling €16.4 million. This goodwill, which is not deductible for tax purposes, represents expected synergies and the know-how developed by these two companies.

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

Since their acquisition date, these three entities have contributed €8.7 million to consolidated revenues (€8.8 million to the revenues of the “International & Subsidiaries” segment) and €1.1 million to the gross operating margin.
If these three entities had been acquired on 1 January 2010, the consolidated revenues would have been €1127.0 million and the consolidated gross operating margin would have been €517.3 million.

2009

On 20 October 2009, PagesJaunes Groupe sold 100% of the shares of Edicom. This Moroccan subsidiary had contributed €1.6 million in revenues to the 2009 consolidated financial statements, -€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 of PagesJaunes Petites Annonces from M6, for €6.0 million. After this transaction, PagesJaunes Groupe held 100% of this subsidiary’s shares and voting rights. It gave rise to the recognition of goodwill amounting to €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 had no significant impact on the consolidated financial statements .

Following the departure of one of the directors of Horyzon Média, PagesJaunes Groupe exercised the call option granted in the partnership agreement and raised its interest in this subsidiary from 66% to 95.83% for a price of €1.4 million on 15 January 2009.

Note 6 - Revenues

(Amounts in thousands of euros)	**31 December 2010**	**31 December 2009**
PagesJaunes in France		
Printed directories	523,606	577,824
Pagesjaunes.fr, annoncesjaunes.fr and websites	479,513	460,968
Telephone directory enquiry services	35,966	39,711
Other activities including Minitel	12,552	18,767
Total PagesJaunes in France segment	**1,051,637**	**1,097,270**
International & Subsidiaries		
B to C directories	44,183	41,412
Internet advertising representation	14,563	9,372
Direct marketing and geographic services	29,009	24,996
Total International & Subsidiaries segment	**87,754**	**75,780**
Inter-segment	(14,177)	(9,149)
TOTAL	**1,125,214**	**1,163,901**

Note 7 – Personnel expenses

(Amounts in thousands of euros, except staff count)		31 December 2010	31 December 2009
Average staff count (full-time equivalent)		4,253	4,502
Salaries and charges		**(338,258)**	**(332,233)**
of which:	- Wages and salaries	(236,988)	(234,843)
	- Social charges	(92,049)	(88,643)
	- Taxes on salaries and similar items	(9,221)	(8,747)
Share-based payment (1)		**(2,452)**	**(1,579)**
of which:	- Stock options and free shares	(2,141)	(1,474)
	- Social charges on grants of stock options	(311)	(105)
Employee profit-sharing (2)		**(14,712)**	**(15,274)**
Total personnel expenses		**(355,421)**	**(349,086)**

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

Note 8 – Result of asset disposals

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

Note 9 - Financial result

The financial result is made up as follows:

(Amounts in thousands of euros)	**31 December 2010**	**31 December 2009**
Interest and similar items on financial assets	58	54
Result of financial asset disposals	558	1,148
Change in fair value of hedging instruments	1,263	7,445
Dividends received	100	151
Financial income	**1,979**	**8,798**
Interest on financial liabilities	(49,031)	(52,339)
Income / (expenses) on hedging instruments	(40,257)	(28,383)
Change in fair value of hedging instruments	(574)	(14)
Amortisation of loan issue expenses	(6,808)	(6,579)
Other financial expenses & fees	(341)	(399)
Accretion cost (1)	(2,556)	(2,942)
Financial expenses	**(99,567)**	**(90,656)**
Gain (loss) on exchange	**30**	**-**
Financial result	**(97,558)**	**(81,858)**

(1) The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments (cf. note 25), the liability in respect of hedging instruments (cf. note 17) and the liability in respect of minority interest acquisition commitments (cf. note 5).

Note 10 - Corporation tax

10.1 - Group tax analysis

The corporation tax for the year results from the application of the effective tax rate at the end of the financial year to the pretax income.
The reconciliation of the theoretical tax, calculated on the basis of the statutory tax rate in France, and the effective tax is as follows:

Amounts in thousands of euros	**As at 31 December 2010**	**As at 31 December 2009**
Pretax net income from continuing businesses	**384,165**	**405,104**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**(132,281)**	**(139,491)**
Loss-making companies not integrated for tax	(384)	440
Loan and current account depreciation QDQ Media	896	(551)
Share-based payment	(729)	(507)
Foreign subsidiaries	451	131
Recognition of previously unrecognised tax losses	-	9,401
Corporate value added contribution	(7,365)	(1,355)
Other non-taxable income	173	459
Effective tax	**(139,239)**	**(131,472)**
of which current tax	*(139,617)*	*(127,799)*
of which deferred tax	*378*	*(3,673)*
Effective tax rate	**36.24%**	**32.45%**

10.2 – Taxes in the balance sheet

The net balance sheet position is detailed as follows:

Amounts in thousands of euros	**As at 31 December 2010**	**As at 31 December 2009**
Retirement benefits	13,537	11,901
Employee profit-sharing	4,783	5,047
Non-deductible provisions	4,726	3,325
Hedging instruments	24,806	22,160
Other differences	914	639
Subtotal deferred tax assets	**48,766**	**43,072**
Corporate value added contribution	(309)	(1,355)
Loan issue costs	(9,934)	(11,649)
Brand 123people	(1,132)	-
Depreciations accounted for tax purposes	(6,955)	(1,938)
Subtotal deferred tax liabilities	**(18,330)**	**(14,942)**
Total net deferred tax assets / (liabilities)	**30,436**	**28,130**
Deferred tax assets	*31,572*	*28,130*
Deferred tax liabilities	*(1,136)*	-

The Regional Economic Contribution (CET) was introduced in 2010 under the Finance Act. Since the corporate value added contribution (CVAE) component of this contribution was based on the added value, the Group opted in 2009 to enter it in the 2010 accounts under income tax. In accordance with IAS 12, contributions qualified as income tax lead to the recognition of deferred tax in the income statement in respect of all timing differences in all the assets and liabilities in the balance sheet. A deferred tax liability of €1.4 million was therefore recognised in the consolidated financial statements as at 31 December 2009. As at 31 December 2010, this deferred tax liability amounted to €0.3 million.

No deferred tax asset relating to loss carryforwards of QDQ Media was recognised in the balance sheet, as this company recorded a net loss in 2010. The amount of deferred tax not recognised is estimated at €62.2 million as at 31 December 2010.

PagesJaunes Groupe has opted for the tax integration system provided for in articles 223 A ff. of the French General Tax Code. The aim of using this option is to create a fiscally integrated group comprising PagesJaunes Groupe and all its French subsidiaries fulfilling the necessary conditions to become members. This option took effect on 1 January 2005 for a period of five financial years.

The deferred tax assets in the balance sheet rose from €28.1 million as at 31 December 2009 to €31.6 million as at 31 December 2010.

In the balance sheet as at 31 December 2010, corporation tax represents a receivable of €2.0 million and a liability of €0.5 million. As at 31 December 2009, corporation tax represented a receivable of €5.4 million and a liability of €0.2 million. The tax disbursed during the 2010 financial year was €136.0 million as against €148.0 million in 2009.

Note 11 – Earnings per share

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

In 2009, net income amounted to €273.6 million. The average number of ordinary shares in circulation was 280.5 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to €0.98, or €0.96 taking into account the potentially dilutive effect of the average of 5.9 million stock options in 2009.

Note 12 – Goodwill in respect of consolidated companies

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

(Amounts in thousands of euros)	**31 December 2009**	**31 December 2010**		
	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
PagesJaunes (3)	6,426	-	398	6,824
Horyzon Média	11,145	-	(41)	11,104
123people (1)	-	-	10,613	10,613
Keltravo (2)	-	-	5,359	5,359
Total	**50,358**	**-**	**16,329**	**66,687**

(1) 123people shares acquired on 12 March 2010 (cf. note 5)
(2) Keltravo shares acquired on 4 May 2010 (cf. note 5)
(3) Aronet shares acquired on 20 October 2010 (cf. note 5)

Goodwill values were examined in the context of the closing of consolidated financial statements according to the method described in note 3.8 - Accounting policies, on the basis of business plans, a perpetual growth rate of between 1.2% and 3.5% and an after-tax discount rate of between 9.0% and 15.0% depending on the cash-generating units. These rates are based on published sector studies.

As at 31 December 2010, the impairment tests on these intangible assets showed no material sensitivity to rate variations.

The assumptions made in determining the recoverable values are similar for all cash-generating units. They may be based on market data, the penetration rates of the various media or the products on the market, revenues (number of advertisers, average revenue per advertiser) or levels of gross operating margin. The values assigned to each of these parameters reflect past experience, subject to anticipated developments during the life of the plan.

No impairment was recorded in 2010 and 2009.

Note 13 - Other intangible fixed assets

(Amounts in thousands of euros)	31 December 2010			31 December 2009		
	Gross value	Accumulated amortisation	Net value	Gross value	Accumulated amortisation	Net value
Software and support applications	102,380	(62,027)	40,352	72,868	(51,637)	21,231
L'Annuaire concession	11,000	(11,000)	-	11,000	(11,000)	-
Other intangible fixed assets	10,060	(1,259)	8,802	4,861	(1,041)	3,820
Total	**123,440**	**(74,286)**	**49,154**	**88,729**	**(63,678)**	**25,051**

No significant impairment was recorded as at 31 December 2010 and 2009.

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

(Amounts in thousands of euros)	31 December 2010	31 December 2009
Balance at start of year	**25,051**	**21,158**
Acquisitions	12,543	4,706
Internally generated assets (1)	17,725	11,897
Effect of changes in the scope of consolidation (2)	4,557	(75)
Reclassifications	-	-
Disposals	(202)	(18)
Amortisation charge	(10,520)	(12,617)
Balance at end of year	**49,154**	**25,051**

(1) concerns all capitalised development expenses
(2) in 2010, concerns the acquisitions of Keltravo and 123people

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

Note 14 - Tangible fixed assets

(Amounts in thousands of euros)	31 December 2010			31 December 2009		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
Land and buildings	1,509	(247)	1,262	1,509	(226)	1,283
IT and terminals	49,714	(37,415)	12,299	43,011	(33,164)	9,847
Other items	37,571	(23,438)	14,133	32,601	(20,781)	11,820
Total	**88,794**	**(61,100)**	**27,694**	**77,121**	**(54,171)**	**22,950**

No significant impairment was recorded as at 31 December 2010 and 2009.

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

(Amounts in thousands of euros)	31 December 2010	31 December 2009
Balance at start of year	**22,950**	**19,987**
Acquisitions of tangible fixed assets	12,477	10,302
Effect of changes in the scope of consolidation (1)	150	(106)
Disposals and discards	(39)	(287)
Depreciation charge	(7,844)	(6,946)
Balance at end of year	**27,694**	**22,950**

(1) in 2010, concerns the acquisitions of Keltravo and 123people

Note 15 - Other available-for-sale assets

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

Note 16 – Other non-current financial assets

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

Note 17 - Derivative financial instruments

PagesJaunes Groupe uses derivative financial instruments to manage the interest rate risk associated with the variable rate bank debt granted to the company in 2006. PagesJaunes Groupe has implemented the procedures and documentation necessary to justify hedge accounting within the meaning of IAS 39.

Description of derivative financial instruments

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

In 2006,

- an interest rate swap contract for a nominal amount of €380 million, commencing on 13 December 2006 and ending on 13 December 2011. In this operation, PagesJaunes Groupe receives the variable rate, i.e. three-month Euribor, and pays 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, commencing on 13 December 2006 and ending on 13 December 2011. The tunnels formed by these collars provide for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%. The annual premiums on these collars, payable in arrears, amount to €1.9 million.

In 2009,

- extension of the above hedge by two swap contracts for a total nominal amount of €200 million, commencing on 13 September 2009 and ending on 13 December 2011, and for which PagesJaunes Groupe receives the variable rate, i.e. three-month Euribor, and pays the fixed rate of 1.99%.
- extension of the above hedge by two swap contracts for a total nominal amount of €900 million, commencing on 13 December 2011 and ending on 24 November 2013, and for which PagesJaunes Groupe receives the variable rate, i.e. three-month Euribor, and pays the fixed rate of 3.79%.

These operations provide a cash flow hedge relating to the variable rate debt granted to PagesJaunes Groupe in November 2006 (cf. note 27). Prospective effectiveness tests performed by PagesJaunes Groupe on the inception of these operations and retrospective tests carried out on 31 December 2010 and 2009 showed that these financial instruments offered a totally effective cash flow hedge in relation to this bank debt.

Following the Group's decision temporarily to index 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 debt, an interest rate swap contract was concluded on 3 December 2010. The nominal amount of the swap is €1,720 million, running from 13 December 2010 to 14 March 2011. In this operation, PagesJaunes Groupe receives the one-month Euribor variable rate and pays the three-month Euribor variable rate less 19 basis points. This contract enables hedging against the one-month Euribor interest rate risk. This instrument has not been considered eligible for hedge accounting within the meaning of standard IAS 39.

Accounting and assets/liabilities relating to these derivative financial instruments

The initial fair value of the collars was stated in the consolidated assets on the conclusion of the transaction in December 2006, in an amount of €8.3 million, the opposite entry being "Liability in respect of hedging instruments" (cf. note 27) in an amount of €8.3 million, corresponding to the discounted premium payable in five annual instalments. As at 31 December 2010, this debt amounted to €1.9 million (€3.7 million at 31 December 2009).

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

Amounts in thousands of euros	**31 December 2010**	**31 December 2009**
Interest rate swaps – cash flow hedge	(42,700)	(26,301)
Interest rate swap – fair value hedge	(574)	(14)
Collars – cash flow hedge	(20,668)	(29,944)
of which intrinsic value	*(19,730)*	*(27,757)*
of which time value	*(938)*	*(2,187)*
Asset / (liability)	**(63,942)**	**(56,259)**

The change in the fair value of derivative financial instruments (qualified as cash flow hedges) between 31 December 2009 and 31 December 2010, i.e. a decrease of €16.4 million for the interest rate swap and an increase of €8.0 million for the intrinsic value of the collars, was stated as recyclable equity, after recognition of a deferred tax asset of €2.9 million.

The change in the time value of the collars and the change in the value of the interest rate swap qualified as fair value hedging were stated in financial income (cf. note 9) in an amount of €1.3 million for the collars and in financial expenses in an amount of €0.6 million for the swap. Deferred tax of €0.2 million was recorded in this respect.

No ineffectiveness was recorded with regard to cash flow hedges.

Note 18 – Net inventories

Inventories 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 websites.

Where necessary, they have been written down 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 2010 and 2009 financial years.

Note 19 – Trade debtors

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

Amounts in thousands of euros	31 December 2010	31 December 2009
Gross trade debtors	472,770	489,050
Provisions for impairment (1)	(21,071)	(17,649)
Net receivables before statistical impairment	**451,699**	**471,401**
Provisions for statistical impairment (1)	(4,657)	(5,222)
Net trade debtors	**447,042**	**466,179**

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

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

Amounts 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	between 181 and 360 days	> 360 days
2010	451,699	398,594	15,373	5,431	9,666	9,465	8,176	4,994
2009	471,401	417,427	13,472	7,678	9,709	8,708	8,713	5,694

(1) Excluding statistical impairment provisions totalling €4,657k as at 31 December 2010 and €5,222k as at 31 December 2009

The Group's portfolio of trade debtors does not present a significant risk of concentration (over 700,000 advertisers, including 660,000 in France). In France, PagesJaunes' 20 largest advertisers represent 1.4% of these revenues (1.3% in 2009) and advertisers in the 10 largest business sectors represent 14.0% of the revenues of PagesJaunes in France (14.9% in 2009). In France, provisions for bad debts remain at a very low level, with net provisions amounting to 0.42% of revenues in 2010 compared to 0.52% in 2009.

Note 20 - Other current assets

The other current assets are made up as follows:

Amounts in thousands of euros	31 December 2010	31 December 2009
VAT receivable	17,148	16,586
Sundry accounts receivable	17	225
Advances and down payments to suppliers	3,347	6,292
Other current assets (1)	7,315	13,170
Total	**27,827**	**36,273**

(1) including, as at 31 December 2009, €5.3 million due from ECM (Edition et Communication Méditerranée) relating to the Edicom sale and paid at the beginning of 2010.

Note 21 - Prepaid expenses

Prepaid expenses mainly comprise costs, including remuneration due, on the sale of advertisements invoiced for inclusion in directories yet to be published and online directories spread over a display period which is usually 12 months.

Note 22 - Changes in provisions for asset impairment

(Amounts in thousands of euros)	**Balance at beginning of period**	**Allocations / reversals (net)**	**Other movements (1)**	**Balance at end of period**
2008				
Trade debtors	19,461	4,381	(971)	22,871
Other assets	381	(293)	(29)	59
2009				
Trade debtors	22,871	2,540	317	25,728
Other assets	59	(59)	-	-

(1) including additions of Keltravo (€315k) in May 2010 and 123people in March 2010 and departure of Edicom in October 2009 for (€967k)

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

Note 23 – Shareholders' equity

23.1 – Share capital

As at 31 December 2009 and 2010, the share capital of PagesJaunes Groupe amounted to €56.2 million and was divided into 280,984,754 ordinary shares of a par value of €0.20 each. This capital is entirely paid up.

Médiannuaire SAS held 54.68% of the capital of PagesJaunes Groupe as at 31 December 2009 and 2010.

23.2 – Other reserves and other elements of comprehensive income

The other consolidated reserves and other elements of comprehensive income were negative in an amount of €2,550.0 million as at 31 December 2010 (€2,637.8 million as at 31 December 2009) and were mainly composed of:

- the portion of distributions in excess of the income for the year, mainly relating to exceptional distributions made in November 2006 for an amount of €2,519.7 million.
- The loss of fair value of derivative financial instruments between their conclusion date and 31 December 2010 in a pretax amount of €62.4 million (€54.1 million as at 31 December 2009) and a corresponding tax of €21.5 million (€18.6 million as at 31 December 2009).
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in an amount of €58.4 million (€56.2 million as at 31 December 2009), cf. note 26.

The recycling of reserves relative to the financial instruments, generated in the implementation of hedge accounting within the meaning of IAS 39, is forecast to be between 1 and 3 years (cf. note 17, maturity of these instruments).

23.3 – Own shares

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

Under this contract, as at 31 December 2010, the company held 619,061 of its own shares, stated as a deduction from equity and €4.0 million of liquidities classified as cash and cash equivalents.

At 31 December 2009, the company held 534,178 of its own shares and €4.4 million in liquidities under contract.

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

23.4 - Dividends

The dividend proposed to the 2011 General Meeting of Shareholders will be €0.58 per share, which represents a total estimated amount of €163.0 million excluding the future deduction of treasury shares. No liability was recognised in this regard as at 31 December 2010.

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

In 2009, the dividend paid on 23 June amounted to €269.5 million, i.e. €0.96 per share.

Note 24 – Trade creditors

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

Note 25 - Personnel benefits, provisions and other liabilities

These are made up as follows:

(Amounts in thousands of euros)	**31 December 2010**	**31 December 2009**
Post-employment benefits	39,327	34,587
Other long-term benefits	8,108	7,105
Non-current personnel benefits (1)	**47,435**	**41,692**
Other provisions for risks	6,597	1,561
Provisions for social or fiscal disputes	216	2,068
Non-current provisions	**6,813**	**3,629**

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

(Amounts in thousands of euros)	**31 December 2010**	**31 December 2009**
Personnel (1)	78,373	80,955
Social organisations	40,888	40,287
Total current personnel benefits	**119,261**	**121,242**
VAT payable	86,205	87,475
Sundry accounts payable	7,633	7,542
Other current liabilities	970	1,262
Other current liabilities	**94,808**	**96,279**

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

Movements in provisions were as follows:

(in thousands of euros)	**Opening balance**	**Charge for the year**	**Reversal of the year (unused)**	**Reversal of the year (utilised)**	**Changes in the scope of consolidation, reclassifications and others**	**Closing balance**
Provisions for social and fiscal litigations	2,669	4,063	(305)	(366)	1,344	7,405
Other Provision for risks	1,721	453	(160)	-	(1,321)	693
Total provisions	**4,390**	**4,516**	**(465)**	**(366)**	**23**	**8,098**
- of which non current	*3,629*	*3,536*	*(6)*	*(100)*	*(246)*	*6,813*
- of which current	*761*	*980*	*(459)*	*(266)*	*269*	*1,285*

Pension commitments and other personnel benefits:

(in thousands of euros)	Post-employment benefits	Other long-term benefits	**Total 31 December 2010**	**Total 31 December 2009**
Change in value of commitments				
Total value of commitments at start of period	**50,561**	**7,105**	**57,667**	**51,061**
Cost of services rendered	3,480	569	4,049	3,460
Discounting cost	2,257	312	2,569	2,644
Contributions paid by employees	-	-	-	-
Amendments to scheme	-	-	-	-
Reductions/liquidations	(616)	(62)	(678)	(1,287)
Actuarial (gains) or losses	2,586	483	3,070	4,031
Benefits paid	(1,945)	(300)	(2,245)	(2,243)
Acquisitions	-	-	-	-
Assignments/transfers of activity	-	-	-	-
Changes in scope	-	-	-	-
Others: (translation differences)	-	-	-	-
Total value of commitments at end of period (A)	**56,323**	**8,108**	**64,432**	**57,667**
Commitments at end of period relating to fully or partly financed schemes	*55,060*	-	*55,060*	*49,456*
Commitments at end of period relating to non-financed schemes	*1,264*	*8,108*	*9,372*	*8,211*
Change in cover assets				
Fair value of cover assets at start of period	**577**	**-**	**577**	**2,034**
Financial income from cover assets	12	-	12	27
Gains/losses on cover assets	-	-	-	-
Contributions paid by the employer	-	-	-	500
Contributions paid by the employees	-	-	-	-
Reductions/liquidations	-	-	-	-
Benefits paid by the fund	(564)	-	(564)	(1,984)
Change in scope	-	-	-	-
Others (translation differences)	-	-	-	-
Fair value of cover assets at end of period (B)	**25**	**-**	**25**	**577**
Financial cover				
Situation of the scheme (A) – (B)	56,298	8,108	64,406	57,089
Unrecognised actuarial gains or (losses)	(16,972)	-	(16,972)	(15,397)
Unrecognised cost of past services	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-
Provision / (assets) at end of period	**39,326**	**8,108**	**47,435**	**41,692**
of which provision / (asset) short term	-	-	-	-
of which provision / (asset) long term	*39,326*	*8,108*	*47,435*	*41,692*
Pension charge				
Cost of services rendered	3,480	569	4,049	3,460
Discounting costs	2,257	312	2,569	2,644
Expected return on scheme assets	(12)	-	(12)	(27)
Amortisation of actuarial (gains) or losses	822	483	1,305	895
Amortisation of cost of past services	-	-	-	-
Effect of reductions/liquidations	(425)	(62)	(488)	(888)
Assignments/transfers of activity	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-
Total pension charge	**6,121**	**1,303**	**7,424**	**6,084**
Movements in the provision / (asset)				
Provision / (assets) at start of period	**34,586**	**7,105**	**41,692**	**36,368**
Pension charge	6,121	1,303	7,424	6,084
Pension charge from divested businesses	-	-	-	-
Contributions paid by the employer	(1,381)	(300)	(1,681)	(759)
Benefits paid directly by the employer	-	-	-	-
Change of scope	-	-	-	-
Others (goodwill)	-	-	-	-
Provision / (assets) at end of period	**39,326**	**8,108**	**47,435**	**41,692**
Assumptions				
Discount rate (%)	4.00%	4.00%	4.00%	4.75%
Expected long-term inflation rate (%)	2.0%	2.00%	2.00%	2.5%
Expected long-term salary growth (%)				
Expected yield on scheme assets (%)	4.20%	-	-	-
Probable residual activity period	15.6	15.6	15.6	15.0
Amount entered as a charge in respect of the period	**6,121**	**1,303**	**7,424**	**6,084**

In 2010, the expense stated in respect of defined contribution pension plans amounted to €34.8 million.

The discount rate applied in valuing commitments as at 31 December 2010 is 4.00%, compared to 4.75% as at 31 December 2009. This decrease in the discount rate, aimed at reflecting the decrease in long-term interest rates in 2009, led to a rise in the amount of the commitment.

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

On the valuation date, in the eurozone, the rate for first-class private bonds (AA) was between 3.75% and 4.25% according to Bloomberg.

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

Sensitivity of the discount rate on post-employment benefits (*IFC – Indemnité fin de carrière):*
a 0.50% increase in the discount rate leads to a decrease in the commitment of 7%, or around €3.6 million, while a decrease of 0.50% in the discount rate leads to an increase of 7%, i.e. around €3.9 million, in the liability.

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

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

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

(in thousands of euros)	**2010**	**2009**	**2008**	**2007**	**2006**
Total value of commitments at end of period	64,432	57,667	51,152	50,393	44,744
Fair value of cover assets at end of period	(25)	(577)	(2,034)	(1,542)	(1,287)
Situation of the scheme	**64,406**	**57,089**	**49,118**	**48,851**	**43,457**
Actuarial (gains) or losses relating to experience - liability	(2,655)	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 the plans

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

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

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

The programme continued in 2010 with two additional grants:

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

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

- The plan set up in June 2005, for a total of 3,796,800 options at an adjusted exercise price of €11.72 and having a life of 10 years. The options were fully vested after three years, i.e. by 30 June 2008. As at 31 December 2010, 2,825,000 options remained in circulation.
- The plan set up in December 2007, for a total of 2,927,900 options at an exercise price of €14.46 and having a life of 10 years. The options were fully vested after three years, i.e. on 20 December 2010. There are no performance conditions. As at 31 December 2010, 2,483,484 options remained in circulation.

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

26.1.2 - Description of valuation models

PagesJaunes Groupe evaluated the fair value of the goods or services rendered during each of the periods, based on the fair value of the granted equity instruments.

The fair values of the options granted under the PagesJaunes Groupe plan in 2010 were calculated using a binomial model reflecting the anticipated exercise behaviour of the grantees with a hypothetical "exercise ceiling" expressed as a multiple of the exercise price and representing the value of the share for which it is expected that all options will be exercised. The ceiling used to calculate the above fair values is 2.0. The expected volatility was established on the basis of the historical volatility of the PagesJaunes Groupe share. Taking into account an annual initial rate before the opening of rights estimated at 5.0% and an expected dividend rate estimated at 6.0%, the fair values of the PagesJaunes Groupe options were valued as follows:

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

The grant date applied for the valuation of the charge corresponds to the date of the Board meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.

26.1.3 - Movements in stock option plans during the year

	Number of options 2010	Weighted average exercise price 2010	Number of options 2009	Weighted average exercise price 2009
Options circulating at start of period	**6,870,922**		**5,807,878**	
July 2010 plan	-	-	-	-
December 2010 plan	-	-	-	-
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
Options granted	**1,502,000**		**1,307,000**	
July 2010 plan	1,336,000	€8.59	-	-
December 2010 plan	166,000	€7.10	-	-
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	-	-	-	-
Options exercised	-	-	-	-
July 2010 plan	-	-	-	-
December 2010 plan	-	-	-	-
July 2009 plan	-	-	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	-	-	-	-
June 2005 plan	-	-	-	-
Options cancelled, lapsed	**(378,438)**		**(243,956)**	
July 2010 plan	(17,000)	€8.59	-	-
December 2010 plan	-	-	-	-
July 2009 plan	(106,000)	€6.71	-	-
October 2009 plan	-	-	-	-
December 2009 plan	-	-	-	-
December 2007 plan	(143,116)	€14.46	(160,950)	€14.46
June 2005 plan	(112,322)	€11.72	(83,006)	€11.72
Options circulating at end of period	**7,994,484**		**6,870,922**	
July 2010 plan	1,319,000	€8.59	-	-
December 2010 plan	166,000	€7.10	-	-
July 2009 plan	1,039,000	€6.71	1,145,000	€6.71
October 2009 plan	87,000	€8.84	87,000	€8.84
December 2009 plan	75,000	€7.82	75,000	€7.82
December 2007 plan	2,483,484	€14.46	2,626,600	€14.46
June 2005 plan	2,825,000	€11.72	2,937,322	€11.72

As at 31 December 2010, the options in the June 2005 and December 2007 plans were exercisable. The average time remaining until the start of the exercise period is 19 months for the July 2009 plan, 22 months for the October 2009 plan, 24 months for the December 2009 plan, 31 months for the July 2010 plan and 36 months for the December 2010 plan.

26.2 – Free grant of shares

No free grants of shares were made by PagesJaunes Groupe or any of its Subsidiaries in 2010 and 2009.

26.3 – Expense relating to stock option plans and free grants of shares

The impact of the stock option plans on the 2010 income statement amounts to €2.5 million compared to €1.6 million in 2009. These amounts include social charges relating to the employer's 10% contribution based on the fair value of the options granted in 2010.

These plans are expected to be settled through equity instruments.

Note 27 – Cash and cash equivalents, net financial debt

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

(Amounts in thousands of euros)	**31 December 2010**	**31 December 2009**
Accrued interest not yet due	3	4
Cash equivalents	103,025	63,000
Cash	2,949	4,036
Gross cash	**105,977**	**67,040**
Bank overdrafts	(2,476)	(5,596)
Net cash	**103,501**	**61,444**
Bank loan	1,950,000	1,950,000
Loan issue expenses	(21,439)	(28,247)
Lease liability	159	375
Fair value of hedging instruments (cf. note 17)	63,942	56,259
Liability in respect of hedging instruments (cf. note 17)	1,866	3,684
Accrued interest not yet due	4,739	4,177
Liability in respect of minority buyout commitments	-	559
Earn outs on acquisition of securities	2,772	-
Other financial liabilities	1,552	10,080
Gross financial debt	**2,003,591**	**1,996,887**
of which current	*41,233*	*16,785*
of which non-current	*1,962,358*	*1,980,102*
Net debt	**1,900,090**	**1,935,443**

Cash and cash equivalents

As at 31 December 2010, cash equivalents amounted to €103.0 million and comprised two mutual funds, UCITS invested under the liquidity contract and non-blocked, remunerated, fixed-deposit accounts.

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

Bank overdraft

The Group has an authorised overdraft of €30 million with a number of its banks.

Bank loan

PagesJaunes Groupe has bank financing facilities up to a maximum of €2,350 million, comprising a medium-term loan of €1,950 million and a revolving credit line of around €400 million. The revolving credit line is intended to finance the Group's cash flow requirements (working capital, investments or refinancing) in relation to its operational activities and is available in particular in the form of drawings, letters of credit or bilateral lines.

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

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

As at 31 December 2010, these financial covenants were complied with and no non-current debt required reclassification as current debt.

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

The medium-term loan has a variable interest rate and matures in November 2013. It is repayable in full at maturity.

As at 31 December 2010, the reference rate was one-month Euribor plus a margin of 175 basis points.

The revolving credit line has the same maturity, with variable interest rates based on the Euribor or Libor reference rate plus a margin of 175 basis points as at 31 December 2010. This line was unutilised as at 31 December 2009 and 2010.

Liability in respect of minority buyout commitment

The liability in respect of minority buyout commitments corresponds to call options granted in the context of the acquisition of Horyzon Média securities and amounted to €0.6 million as at 31 December 2009, PagesJaunes Groupe exercised a call option granted under the partnership agreement and raised its holding in this subsidiary from 95.83% to 100% on 17 February 2010 for a price of €0.5 million. This liability was extinguished on 31 December 2010.

Earn outs on acquisition of securities

As part of the acquisitions completed in 2010, earn outs of an estimated total of €2.8 million may be paid in 2011, 2012 and 2013 if certain operating performance conditions are fulfilled.

Other financial liabilities

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

Note 28 – Deferred income

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

Note 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	1,251	-	-	-	1,251	-	-
Net trade accounts receivable	447,042	-	-	-	447,042	-	-
Cash equivalents	103,025	103,025	-	-	-	-	-
Cash	2,952	2,952	-	-	-	-	-
Financial assets	**554,477**	**105,977**	**-**	**207**	**448,293**	**-**	**-**
Non-current financial liabilities and derivatives	1,962,358	-	31,628	-		1,930,730	-
Bank overdrafts and other short-term borrowings	38,970	1,512	30,802	-		6,656	-
Accrued interest	4,739	-	-	-		4,739	-
Trade accounts payable	101,998	-	-	-		101,998	-
Financial liabilities	**2,108,065**	**1,512**	**62,430**	**-**		**2,044,123**	**-**

Hedging derivatives stated at fair value in equity are detailed in note 17.

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

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

The valuation of hedging derivatives corresponds to level 2.

In the 2010 financial year, there were no transfers between levels 1 and 2 in the hierarchy of fair values, nor any transfers to or from level 3.

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)	Financial liabilities (amortised cost)
Interest income	1,979	716	1,263	-	-	-	-
Interest expenses	(97,011)	-	(574)	-	-	(96,437)	-
Gain (loss) on foreign exchange	30	-	-	-	30	-	-
Net gains / (net losses)	**(95,002)**	**716**	**689**	**-**	**30**	**(96,437)**	**-**
Discounting cost	(2,556)						
Net financial income (cf. note 9)	**(97,558)**						

Note 30 - Financial risk management and capital management policy objectives

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

The two main financial management objectives are as follows:

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

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

The Group sets as its objective the maintenance of its financial leverage between 3 and 4 times GOM. As at 31 December 2010, this leverage stood at 3.6 times GOM (3.6 times as at 31 December 2009), a level that is lower than the maximum of 4.00 times specified in the bank documentation (4.40 times as at 31 December 2009).

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

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

Interest rate risk
PagesJaunes Groupe is exposed to the risk of interest rate fluctuations insofar as all of its short and long term financing is at a variable rate. The Group manages this risk through recourse to derivative instruments, mainly interest rate swaps and collars.
The main features of the Group's banking debt are stated in note 27 (Cash and Cash equivalents,

net financial debt) 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 0.50% in short term interest rates compared to the three-month Euribor rate at 31 December 2010, i.e. 1.029%, would lead to a decrease in the consolidated pretax annual income of €0.9 million.

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

(in millions of Euros)	Cash equivalents	Bank loan and overdrafts	Net derivative financial instruments		Total
			Cash flow hedge	Fair value	
Carrying amount in balance sheet	106.0	(1,954.0)	-	(65.8)	
Sensitivity in profit and loss	0.5	(9.8)	8.6	(0.3)	**(0.9)**
Sensitivity in equity	-	-	-	19.1	**19.1**

Liquidity risk

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

Based on the maturity dates of financial liabilities as at 31 December 2010, forecast disbursements for future periods, calculated on the basis of the forward rate curve at 31 December 2010, are as follows:

(in millions of Euros)	Carrying amount in balance sheet		2011		2012	2013	
	Assets	Liabilities	Variable interest	Reimbur.	Variable interest	Variable interest	Rembour.
Financial liabilities							
Bank loan	-	(1,950.0)	(56.9)	-	(74.0)	(87.8)	(1,950.0)
Revolving credit line	-	-	-	-	-	-	-
Bank overdrafts	-	(2.5)	-	(2.5)	-	-	-
Accrued interest not yet due	-	(4.7)	(4.7)	-	-	-	-
Liability on committed purchase of minority interests	-	(2.8)	-	(0.8)	(2.0)	-	-
Other financial liabilities	-	(1.6)	-	(1.6)	-	-	-
Interest rate risk hedging							
Collars and swap	-	(65.8)	(34.4)	-	(15.8)	(9.4)	-
Forward rate (Euribor 3m)			1.17%		2.04%	2.75%	

Credit risk

PagesJaunes Groupe is generally exposed to credit risk essentially in its investments and interest rate hedging instruments. PagesJaunes Groupe limits credit risk by selecting counterparties having a long-term rating higher than AA- (Standard & Poor's and/or Fitch IBCA) or Aa3 (Moody's). As at 31 December 2010, PagesJaunes Groupe was exposed to an extent of €103.0 million in respect of its investment operations (cf. note 27 - cash equivalents), while the market value of its derivative financial instruments was negative (cf. note 17).

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

Equity risk
PagesJaunes Groupe considers that the equity risk is not significant insofar as the amount invested in own shares 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 2011 a dividend per share of €0.58 in respect of the 2010 financial year. This distribution target in no way constitutes a commitment on the part of PagesJaunes Groupe. Future dividends will depend on the Group's results, its financial situation and any other factor which the Board of Directors and the 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 shows the remuneration of persons who were members of PagesJaunes Groupe's Board of Directors and Executive Committee during or at the end of each financial year. It also includes the directors representing employees and sitting on the PagesJaunes Groupe Board of Directors.

In thousands of euros	**31 December 2010**	**31 December 2009**
Short-term benefits (1)	4,157	3,416
of which employer charges	*1,008*	*807*
Post-employment benefits (2)	30	19
Other long term benefits (3)	2	1
End-of-contract benefits (4)	904	1,980
Equity benefits (5)	291	73
Total	**5,385**	**5,489**

(1) Salaries, remuneration, profit-sharing and bonuses paid and social security contributions, paid holidays, directors' fees and non-monetary benefits entered in the accounts.
(2) Pensions, annuities, other benefits, life insurance, medical insurance, etc.
(3) Seniority leave, sabbatical leave, long-term benefits, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the closing date).
(4) Severance pay, non-competition clause compensation, including social charges
(5) Share-based payment including social charges relating to anticipated exercise and grant of stock options

In 2010, the charge in respect of defined-contribution pension 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 2010 financial year (€1.2 million for 2009). These transactions form part of current operations.

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

A non-competition obligation will be applied in the event of termination of Jean-Pierre Remy's mandate as Chief Executive Officer for any reason and in any form whatsoever. This non-competition clause will be limited to a period of 24 months beginning on the day of effective termination of his functions and will cover the entire territory of France. The relevant compensation will be equal to 12 months of remuneration based on the total gross monthly average of remuneration over the 12 months of activity preceding the date of termination.

The departure of the former Chief Executive Officer of PagesJaunes Groupe at the end of May 2009 entailed entry into the accounts, in 2009, of his severance pay and non-competition compensation 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 (Amounts in thousands of euros)	2010				2009
	Total	Payments due per period			Total
		In less than 1 year	In 1 to 5 years	In more than 5 years	
Simple leasing contracts	**60,080**	**14,101**	**40,547**	**5,432**	**54,657**
Paper, printing, distribution [1]	6,931	6,931	-	-	7,787
Other services	21,800	13,648	8,152	-	25,488
Commitments for the purchase of goods and services	**28,731**	**20,579**	**8,152**	**-**	**33,275**
Total	**88,811**	**34,680**	**48,699**	**5,432**	**87,932**

(1) see detailed table below

The "Other services" section includes all firm orders placed by 31 December 2010 for goods and services deliverable from 2011.

Conditional commitments (Amounts in thousands of euros)	2010				2009
	Total	Payments due per period			Total
		In less than 1 year	In 1 to 5 years	In more than 5 years	
Guarantees	335	335	-	-	346

Leasing contracts

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

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

The rental charge recorded in the income statement in respect of simple leases amounted to €13.7 million in 2010 (€13.5 million in 2008).

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

As at 31 December 2010, the Group's commitment under all leasing contracts amounted to €60.1 million, of which €14.1 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 entities enter into contracts with their paper suppliers, printers and distributors. These contracts may be annual or multi-annual.

PagesJaunes had entered into three-year contracts with two of its paper suppliers in respect of 2007, 2008 and 2009. These contracts were formally extended until 31 January 2012. These contracts specify the rates payable over the period and state forecast order volumes for each year, but no minimum contract value. These contracts represent an estimated volume of €19 million as at 31 December 2010, all of which is due in less than one year.

In 2008, PagesJaunes entered into new contracts with its printers, for a duration of five years and expiring on 31 December 2013. These contracts do not entail any firm commitment except with one printer with whom PagesJaunes is committed to a volume of 6 billion folios per year, valued at €21 million for the residual term of the contract as at 31 December 2010.

These commitments are detailed in the table below:

	2010				2009
Contractual obligations (Amounts in thousands of euros)	Total	Payments due per period			Total
		In less than 1 year	In 1 to 5 years	In more than 5 years	
Paper	3,566	3,566	-	-	3,839
Printing	2,321	2,321	-	-	2,628
Distribution	863	863	-	-	889
Editorial content	181	181	-	-	431
Total	**6,931**	**6,931**	**-**	**-**	**7,787**

Statutory training rights (DIF)
In respect of statutory training rights for employees working for the French companies in the Group under indefinite-term contracts, the volume of hours accumulated but not used totalled 392,324 hours as at 31 December 2010 (365,789 hours at 31 December 2009). In 2010, 10,322 hours were used by employees (8,310 hours in 2009).

Other commitments given
None.

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 2010.

Deconsolidation structures and ad hoc entities
The Group has not created any deconsolidation structures during the reporting periods. It has no contractual obligations towards ad hoc entities.

Note 33 – Disputes and litigation

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

With regard to the cases before administrative courts, the *Conseil d'Etat*, as court of last resort, issued eight judgements unfavourable to PagesJaunes on 12 January 2011, setting aside the rulings issued by the *Cour Administrative d'Appel* of Paris in 2009 and hence the Minister's authorisation for the redundancies. The practical consequences of these judgements have yet to be ascertained.

The €7.3 million provision recognised at the end of 2002 in respect of this risk has been the subject of several writebacks since 2006 in view of the favourable progress of these cases and amounted to €2.1 million as at 31 December 2010.

An action was brought against PagesJaunes by an advertising agency (Publicom Méditerranée) at the *Tribunal de Commerce* of Nanterre for abuse of a dominant position, discriminatory practices and unfair competition. A judgement in favour of PagesJaunes was rendered on 24 September 2008. After Publicom had appealed this decision, the *Cour d'Appel* of Versailles issued a judgement on 18 March 2010 dismissing Publicom's claims and upholding all the provisions of the judgement of the *Tribunal de Commerce* of Nanterre. Consequently, this case is now closed.

Actions were brought against PagesJaunes by eleven advertising agencies at the Tribunal de commerce of Nanterre for abuse of a dominant position (particularly for withdrawing the 5% trade discount granted to advertisers using advertising agencies on the Internet and 118 008 platforms), discriminatory practices and unfair competition.
In a judgement on 26 January 2011, the *Tribunal de Commerce* of Nanterre declined jurisdiction in favour of the *Tribunal de Commerce* of Paris.
These same agencies referred the same facts to the French Competition Authority as those brought before the *Tribunal de commerce* of Nanterre (cf. above) requesting the pronouncement of interim measures based on article L.464-1 of the Commercial Code.
In a judgement on 22 December 2010, the French Competition Authority dismissed the application for interim measures and referred the proceedings back on the merits.

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

In February 2008, PagesJaunes filed a suit against the companies, *Xentral* and *L'Annuaire Universel* for forgery of the PagesJaunes brand name by operating the "pagesjaunes.com" online directory site aimed at a French audience.

In a judgement delivered on 28 May 2008, the *Tribunal de Grande Instance* of Paris ruled that *Xentral (formerly Prodis)* and *L'Annuaire Universel* were guilty of forgery and unfair competition.
This ruling confirms the rights of PagesJaunes over its historical brand names, "PagesJaunes" and "Les PagesJaunes", the validity of which had already been recognised unequivocally by the *Cour d'Appel* of Paris in its judgement of 30 March 2005 and by the Court of First Instance of the European Communities (CFIEC) in its ruling of 13 December 2007. *Xentral* and *L'Annuaire Universel* have appealed against the ruling. After *L'Annuaire Universel* was placed in administration, the proceedings had been suspended. They were then resumed by the court-appointed administrator.
On 12 November 2010 the *Cour d'Appel* of Paris upheld all provisions of the judgement of 28 May 2008.

L'Annuaire Universel brought an action against PagesJaunes at the *Tribunal de Commerce* of

Nanterre, requesting the annulment of the various *Pages Blanches* brand names on the grounds that they were part of everyday language and business language used when referring to alphabetical lists of subscribers when they were registered.
In view of the bankruptcy of l'*Annuaire Universel* and in the absence of any regularisation by the court-appointed administrator, these proceedings have now been struck out.

In 2010, PagesJaunes and PagesJaunes Groupe were the subject of an inspection by the French social security agency URSSAF in respect of the 2007, 2008 and 2009 financial years. The companies were notified of adjustments, and the risk was fully provisioned as at 31 December 2010. PagesJaunes and PagesJaunes Groupe are contesting all the adjustments and have referred them to the URSSAF arbitration committee to defend their position.

In addition, in common with the other companies in the sector, the Group companies are frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Group companies. The number of such proceedings declined constantly from 2001, remained stable in 2006 and 2007 and has decreased once again. As at 31 December 2010, there were 11, representing total claims for damages of €0.3 million. In these proceedings, the Group companies endeavour to negotiate out-of-court compensation, which significantly reduces the final total cost of these proceedings. However, no guarantee can be given that these proceedings will not have an adverse impact on the Group's financial position.

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

Note 34 - Auditors' fees

	Ernst & Young				Deloitte			
(amounts in thousands of euros)	Amount		In % of fees		Amount		In % of fees	
	2010	2009	2010	2009	2010	2009	2010	2009
Audit								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	**354**	**391**	**79%**	**98%**	**307**	**415**	**98%**	**99%**
- Including PagesJaunes Groupe	121	172	27%	43%	121	172	39%	41%
- Including fully consolidated subsidiaries	233	219	52%	55%	186	243	59%	58%
Other procedures and services in relation to the mission of the Company Auditors	**94**	**8**	**21%**	**2%**	**7**	**6**	**2%**	**1%**
- Including PagesJaunes Groupe	87	6	19%	2%	6	6	2%	1%
- Including fully consolidated subsidiaries	7	2	2%	0%	2	-	0%	0%
Subtotal	**448**	**399**	**100%**	**100%**	**314**	**421**	**100%**	**100%**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and social security -related	-	-			-	-		
Others	-	-			-	-		
Subtotal	**-**	**-**			**-**	**-**		
TOTAL	**448**	**399**	**100%**	**100%**	**314**	**421**	**100%**	**100%**

Note 35 - Scope of consolidation

		At 31 December 2010		At 31 December 2009	
Entity	**Country**	**Interest**	**Control**	**Interest**	**Control**
Fully consolidated companies					
PagesJaunes in France segment					
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%
PagesJaunes Marketing Services	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Horyzon Média (1)	France	100%	100%	96%	96%
Horyzon Worldwide	Spain	100%	100%	100%	100%
123people (2)	Austria	100%	100%	-	-
Keltravo (3)	France	100%	100%	-	-
Proportionally consolidated company					
International & Subsidiaries segment					
Editus	Luxembourg	49%	49%	49%	49%

(1) buyout of minority-held shares
(2) acquired on 12 March 2010
(3) acquired on 4 May 2010

Note 36 - Events subsequent to the closing date

There has not been any event subsequent to the closing date that could have a significant impact on the consolidated financial statements for the year ending 31 December 2010.