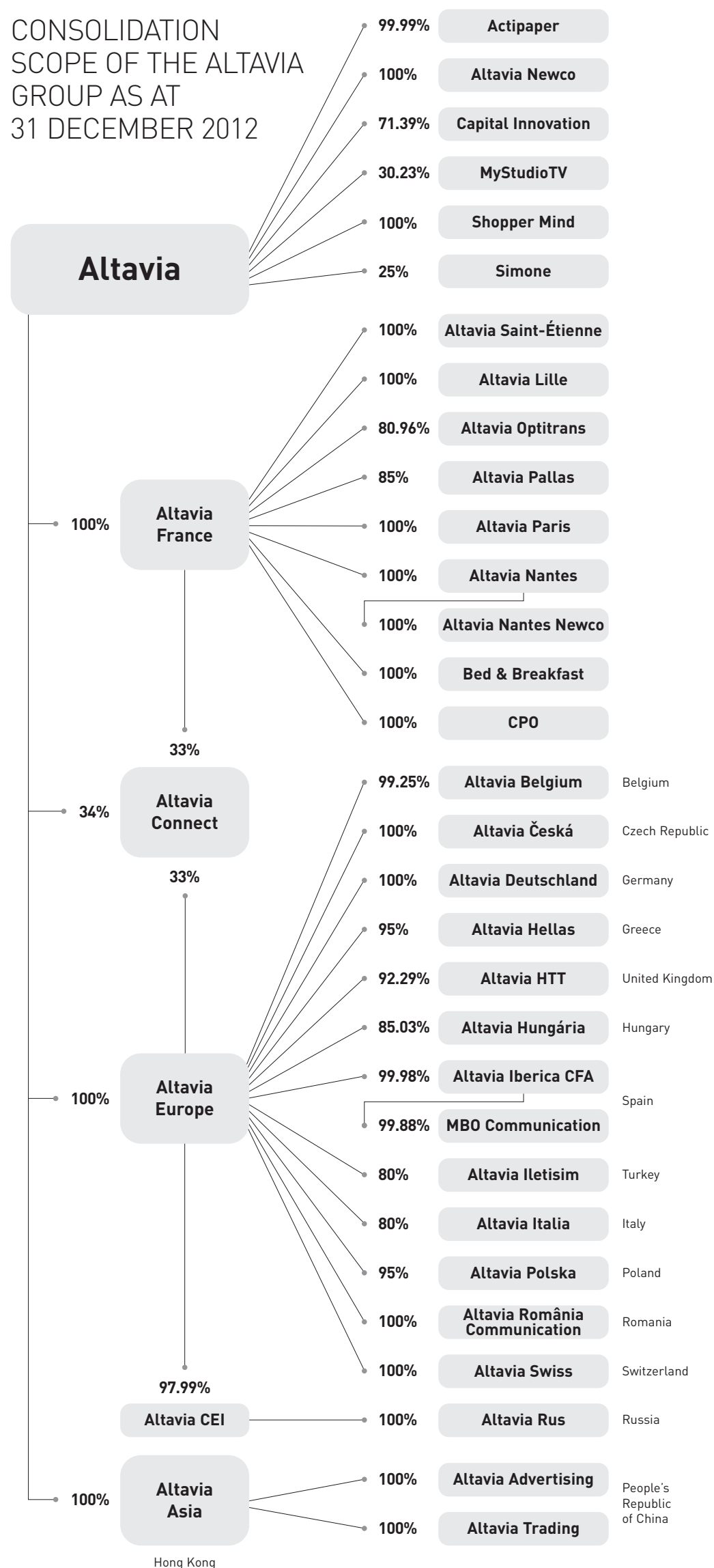


65



CONSOLIDATION
SCOPE OF THE ALTAVIA
GROUP AS AT
31 DECEMBER 2012



CONSOLIDATED
ACCOUNTS
AT 31/12/2012

67

CONSOLIDATED BALANCE SHEET

In thousands of euros

Assets	31/12/12	31/12/11	
Capital assets	30 782	33 041	
Goodwill	note 3-1 24 402	27 401	
Intangible fixed assets	note 3-2 2 612	1 734	
Tangible fixed assets	note 3-3 2 496	2 919	
Long-term investments	note 3-4 796	717	
Securities accounted for under equity method	note 3-5 476	270	
Current assets	180 561	193 588	
Inventory and work in progress	note 3-6 18 747	22 510	
Trade receivables and related accounts	note 3-7 107 793	125 370	
Other receivables and accrual accounts	note 3-8 17 968	16 682	
Marketable securities	note 3-9 10 476	10 090	
Cash assets	25 577	18 936	
Total assets	211 343	226 629	
Liabilities & shareholders' equity	31/12/12	31/12/11	
Shareholders' equity (group share)	note 3-10	40 837	38 436
Capital	3 919	3 919	
Premiums	2 446	2 446	
Consolidated reserves and earnings (1)	34 472	32 071	
Minority interests	note 3-10	744	774
Provisions for contingencies and expenses	note 3-11	4 428	4 257
Debts	165 334	183 162	
Borrowed funds and financial debts	note 3-12 9 373	6 385	
Trade payables and related accounts	110 749	123 130	
Other debts and accrual accounts	note 3-13 45 212	53 647	
Total liabilities & shareholders' equity	211 343	226 629	
(1) of which net earnings, group share, for the fiscal year	4 232	4 004	

CONSOLIDATED INCOME STATEMENT

In thousands of euros

		31/12/12	31/12/11
Turnover	note 4-1	595 580	609 094
Other operating income	note 4-2	-417	9 609
Purchases used		-521 123	-548 035
Payroll costs	note 4-3	-55 994	-52 098
Other operating expenses		-649	-330
Taxes and levies		-2 424	-2 500
Allocations to amortisation/depreciation and provisions	note 4-4	-3 455	-3 602
Operating earnings		11 518	12 138
Financial expenses and income	note 4-5	-627	-884
Current earnings of consolidated companies		10 891	11 254
Non-recurring expenses and income	note 4-6	59	-17
Income tax	note 4-7	-2 563	-2 833
Net earnings of consolidated companies		8 387	8 404
Proportion of earnings from equity-method companies	note 3-5	144	98
Allocations to amortisation of goodwill		-3 816	-4 024
Net earnings of the consolidated group		4 715	4 478
Minority interests		483	474
Net earnings, group share		4 232	4 004
Group share of net earnings per share	in €	3,2	3,1
Earnings per share before allocation to goodwill amortisation	in €	6,2	6,1
Diluted earnings per share	in €	3,2	3,0
Gross income		90 395	87 735

CASH FLOW STATEMENT

In thousands of euros

	31/12/12	31/12/11
Cash flows from operations:		
Net earnings of consolidated companies after allocations and write-backs for goodwill amortisation	4 571	4 380
Elimination of expenses and income with no cash flow impact or not related to operations:		
- Goodwill amortisation	3 816	4 024
- Amortisation/depreciation and provisions	1 678	2 197
- Change in deferred taxes	-378	-242
Cash flow from operations of consolidated companies	9 687	10 359
Change in working capital requirements for operations:		
- Inventories and work in progress	3 763	-7 644
- Operating receivables	16 145	-19 149
- Operating debts	-20 801	30 018
Net cash flow generated from operations	8 794	13 584
Cash flow from investment operations:		
Acquisition of fixed assets	-2 250	-2 983
Proceeds from disposed fixed assets, net of taxes	120	128
Impact of changes in scope	-683	-1 127
Net cash flow from investment operations	-2 813	-3 982
Net cash flow from financing operations:		
Dividends paid to shareholders of the parent company	-1 859	-1 859
Dividends paid to minority shareholders of consolidated companies	-531	-510
Minority shareholder contributions	0	0
Debt issues	291	2 362
Loan repayments	0	-9
Cash flow from financing operations	-2 099	-16
Change in cash position	3 882	9 586
Opening cash position	18 138	8 411
Closing cash position	22 060	18 138
Impact of changes in exchange rates	-40	-141

APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Highlights of fiscal year 2012

- Creation of Altavia Hungária (85% held by Altavia Europe)
- Acquisition by Altavia SA of the balance of securities of Shopper Mind (wholly-owned after the transaction)
- Acquisition by Altavia SA of the securities of Actipaper (99.99% held after the transaction)
- Acquisition of Altavia Pallas (85% held by Altavia France after the transaction) and Bed & Breakfast (wholly-owned by Altavia France after the transaction)
- Acquisition of an additional interest in Altavia HTT (92.29% held by Altavia Europe after the transaction)

Name changes

- Altavia Connexion became Altavia Saint-Étienne
- Altavia Victor became Altavia Nantes

Events subsequent to the close

- No significant events have occurred since the close of fiscal year 2012.

1. Principles and methods of consolidation

1.1 General principles

Altavia Group's consolidated financial statements have been prepared in accordance with the accounting rules and methods applicable in France related to consolidated financial statements in accordance with regulation no. 99-02 of the Comité de la Réglementation Comptable (French Accounting Regulatory Committee) approved on 22 June 1999.

The financial statements are expressed in thousands of euros.

1.2 Consolidation methods and criteria

The full consolidation method is applied to the financial statements of companies that Altavia SA controls exclusively by directly or indirectly holding a majority of the voting rights.

The equity method of accounting is applied to the financial statements of companies over which Altavia SA exerts a significant influence.

1.2.1 Name and registered office of consolidated companies

Altavia (parent company)	1, rue Rembrandt - 75008 Paris
Actipaper	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Altavia Advertising	Room 2202 and 2203, Floor 22 , Zhongyu Plaza , A6 Gongti North Road Chaoyang District, Beijing - Chine
Altavia Asia	Unit 7107B, Level 71, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Altavia Belgium	Avenue Louise, 287 Bte 5 - 1050 Bruxelles - Belgique
Altavia CEI	1, rue Rembrandt - 75008 Paris
Altavia Česká	Pocernicka 96/272, CP 108 00 - Prague 10 - République Tchèque
Altavia Connect	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Altavia Deutschland	Am Wehrhahn 100, 40211 Düsseldorf - Allemagne
Altavia Europe	1, rue Rembrandt - 75008 Paris
Altavia France	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Altavia Hellas	Ethnikis Antistaseos 103 GR-15451 N. Psychiko (Athènes) - Grèce
Altavia HTT	4 Park Square, Newton Chambers Road, Thorncliffe Park, Chapelton, Sheffield, S35 2PH - Royaume Uni
Altavia Hungária	H-1047 Budapest, Károlyi István út 10, Hongrie
Altavia Iberica CFA	C/ Général Ramirez de Madrid 8 - 28020 Madrid - Espagne
Altavia Iletisim	Pazar Sokak N°2 Barelli Is Merkezi Kat: 3 Gayrettepe - 34387 Istanbul - Turquie
Altavia Italia	Alzaia Naviglio Pavese 78/3 - 20142 Milano - Italie
Altavia Lille	23, rue du Molinel - 59800 Lille
Altavia Nantes	ZA des Hauts de Couëron, rue des Forgerons - 44220 Couëron
Altavia Nantes Newco	ZA des Hauts de Couëron, rue des Forgerons - 44220 Couëron
Altavia New Co	1, rue Rembrandt - 75008 Paris
Altavia Optitrans	19, Chemin de la Plaine , 69390 Vourles
Altavia Pallas	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Altavia Paris	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Altavia Polska	Ul. Młynarska 48, 01-171 Varsovie - Pologne
Altavia Rus	42, Novokuznetskaya Street, bld. 5, Moscow, 115054 - Russie
Altavia România Communication	10, rue Sg. Constantin Apostol, rez-de-chaussée, bureau n°3 secteur 6 - Bucarest - Roumanie
Altavia Saint-Étienne	2, rue Gutenberg - 42270 Saint-Priest-en-Jarez
Altavia Swiss	Industriestrasse 47, Postfach 4461, 6304 Zug - Suisse
Altavia Trading	Unit 324&325, The Point Jingan, No. 555, Anyuan Road, Jingan District, Shanghai 200040, P.R. - Chine
Bed & Breakfast	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Capital Innovation	10, rue Blanqui - 93406 Saint-Ouen CEDEX
CPO	10, rue Blanqui - 93406 Saint-Ouen CEDEX
MBO Communication	C/ Général Ramirez de Madrid 8 - 28020 Madrid - Espagne
MyStudioTV	21, avenue de l'Opéra, 75001 Paris
Shopper Mind	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Simone	22, rue de Trévis - 75009 Paris



1.2.2 Interest and control expressed as a percentage and consolidation method applied

Companies	31/12/12		31/12/11	Consolidation method
	% holding	% of control	% holding	
Altavia (parent company)	100.00	100.00	100.00	Full consolidation
Actipaper	99.99	99.99	98.99	Full consolidation
Altavia Advertising	100.00	100.00	100.00	Full consolidation
Altavia Asia	100.00	100.00	100.00	Full consolidation
Altavia Belgium	99.25	99.25	99.17	Full consolidation
Altavia CEI	97.99	97.99	97.99	Full consolidation
Altavia Česká	100.00	100.00	100.00	Full consolidation
Altavia Connect	100.00	100.00	100.00	Full consolidation
Altavia Deutschland	100.00	100.00	100.00	Full consolidation
Altavia Europe	100.00	100.00	100.00	Full consolidation
Altavia France	100.00	100.00	100.00	Full consolidation
Altavia Hellas	95.00	95.00	95.00	Full consolidation
Altavia HTT	92.29	92.29	90.00	Full consolidation
Altavia Hungária	85.03	85.03	NA	Full consolidation
Altavia Iberica CFA	99.98	99.98	99.98	Full consolidation
Altavia Iletisim	80.00	80.00	80.00	Full consolidation
Altavia Italia	80.00	80.00	80.00	Full consolidation
Altavia Lille	100.00	100.00	100.00	Full consolidation
Altavia Nantes	100.00	100.00	100.00	Full consolidation
Altavia Nantes Newco	100.00	100.00	100.00	Full consolidation
Altavia New Co	100.00	100.00	100.00	Full consolidation
Altavia Optitrans	80.96	80.96	80.96	Full consolidation
Altavia Pallas	85.00	85.00	NA	Full consolidation
Altavia Paris	100.00	100.00	100.00	Full consolidation
Altavia Polska	95.00	95.00	95.00	Full consolidation
Altavia Rus	97.99	100.00	97.99	Full consolidation
Altavia România Communication	100.00	100.00	100.00	Full consolidation
Altavia Saint-Étienne	100.00	100.00	100.00	Full consolidation
Altavia Swiss	100.00	100.00	100.00	Full consolidation
Altavia Trading	100.00	100.00	100.00	Full consolidation
Bed & Breakfast	100.00	100.00	NA	Full consolidation
Capital Innovation	71.39	71.39	71.39	Full consolidation
CPO	100.00	100.00	100.00	Full consolidation
MBO Communication	99.86	99.88	99.86	Full consolidation
Shopper Mind	100.00	100.00	50.00	Full consolidation
MyStudioTV	30.23	30.23	30.23	Equity method
Simone	25.00	25.00	25.00	Equity method

1.2.3 Changes in the scope of consolidation

The scope of the consolidation was modified because of the creation of Altavia Hungária, the acquisition of Altavia Pallas and Bed & Breakfast, as well as the change in consolidation method for Shopper Mind.

1.2.4 Non-consolidated companies

Altavia does not hold any non-consolidated companies.

1.2.5 Treatment of goodwill

Goodwill represents the difference between the acquisition price (plus related costs) of the subsidiary's securities and the group's share in the fair value of its net assets on the date when the interest was acquired.

Goodwill on equity securities is fully amortised within the fiscal year when it is less than €50K. Otherwise, it is generally amortised over a period of 1 to 15 years.

Goodwill is also analysed at the close of each fiscal year to assess its net value and account for exceptional amortisation when the inventory value is less than the book value.

Additional goodwill amounts are determined upon an increase in the percentage of Group interest in a company that has already been consolidated, without calling into question the asset and liability valuations made as at the date when control is taken. These differences are subject to the same method as described above.

1.2.6 Restatement of foreign companies' financial statements

At the end of the period, items on the balance sheets of foreign companies, except shareholders' equity (which remains at the historical rate), are converted at the exchange rate of the closing date of the fiscal year. The difference is entered under the item 'exchange gain/loss'.

Entries to the income statement are converted using the average rate for the fiscal year.

Closing rates used at 31 December 2012 and at 31 December 2011 expressed in currency units per €1:

Country	Currency	Companies	31/12/12	31/12/11
Hong Kong	Hong Kong Dollar	Altavia Asia	10,23	10,05
Hungary	Forint	Altavia Hungária	292,30	
Poland	Polish Zloty	Altavia Polska	4,07	4,46
People's Republic of China	Yuan	Altavia Advertising	8,22	8,16
People's Republic of China	Yuan	Altavia Trading	8,22	8,16
Czech Republic	Czech crown	Altavia Česká	25,15	25,79
Romania	New Romanian leu	Altavia România Communication	4,44	4,32
United Kingdom	Pound sterling	Altavia HTT	0,82	0,84
Russie	Rouble	Altavia Rus	40,33	41,77
Switzerland	Swiss franc	Altavia Swiss	1,21	1,22
Turkey	Turkish pound	Altavia Iletisim	2,36	2,44

Average rates used at 31 December 2012 and at 31 December 2011 expressed in currency units per €1:

Country	Currency	Companies	31/12/12	31/12/11
Hong Kong	Hong Kong Dollar	Altavia Asia	9,97	10,83
Hungary	Forint	Altavia Hungária	289,32	
Poland	Polish Zloty	Altavia Polska	4,18	4,12
People's Republic of China	Yuan	Altavia Advertising	8,11	9,00
People's Republic of China	Yuan	Altavia Trading	8,11	9,00
Czech Republic	Czech crown	Altavia Česká	25,15	24,59
Romania	New Romanian leu	Altavia România Communication	4,46	4,24
United Kingdom	Pound sterling	Altavia HTT	0,81	0,87
Russie	Rouble	Altavia Rus	39,92	40,88
Switzerland	Swiss franc	Altavia Swiss	1,21	1,23
Turkey	Turkish pound	Altavia Iletisim	2,31	2,34

1.2.7 Deferred taxes

Deferred taxes are calculated based on temporary differences between the tax basis and the balance sheet.

The method used for recognition of deferred taxes is the accrual method: deferred taxes are calculated at each year-end based on the last known tax rate applicable to future fiscal years.

The effects of tax rate changes are posted in the earnings for the fiscal year in which the change occurred.

The tax rate used at 31 December 2012 was 33.33% (33.33% in 2012) for French companies. In foreign countries, the tax rate is consistent with the applicable local tax.

Deferred tax assets are analysed on a case-by-case basis and posted in the balance sheet when they are likely to be recovered during subsequent years.

In addition, the application of the tax consolidation system makes it possible to book the losses of subsidiaries included within the tax consolidation scope of Altavia SA.

1.2.8 Treatment of Group internal operations

Reciprocal operations between fully consolidated companies have been eliminated both from the balance sheet and the income statement.

Pending internal profits have not been restated, considering their insignificant impact on earnings (margin on inventory).

Internal sales of fixed assets transferred from one Group company to another have not been eliminated due to the absence of a capital gain on disposal and their low impact on balance sheet items.

No adjustment has been made for differences resulting from the different amortisation rates applied within the Group's companies to the same type of fixed assets, as they are insignificant.

2. Accounting principles and valuation method

2.1 Changes in valuation and presentation methods

There were no changes in valuation and presentation methods at 31 December 2012.

2.2 Valuation methods

Intangible and tangible fixed assets

Intangible and tangible fixed assets are accounted for at their acquisition price. Depreciation is calculated using the straight-line method for the following estimated useful lives:

- Software	1 year
- Fixtures and fittings	4 to 10 years
- Office and IT equipment	2 to 10 years
- Furniture	5 to 10 years

Some fixed assets are regulated by lease contracts under the terms of which the Group assumes the benefits and risks of ownership. In this case, an adjustment is made in order to recognise the value of the leased property under assets and the corresponding financial debt under liabilities. The fixed asset is depreciated over its economic life for the group. The debt is amortised over the duration of the lease contract. The impact of the restatement on the income statement is the cancellation of rents and the recording of the allocation to depreciation and amortisation and the debt-related interest charges.

Development costs

The recognition of development costs as an asset is related to the development of substantially individualised projects whose technical feasibility is proven and that the company anticipates and is able to achieve. Capitalisation of these costs is justified insofar as these projects provide future economic benefits.

The accounting depreciation term used is based on the evaluated marketing lifetime of each developed product or, in case of non-marketing, the useful life.

Equity securities and securities accounted for using the equity method

The value of securities of companies accounted for by the equity method represents the Group's share in shareholders' equity and in the profits of these companies, based on the consolidation principles applied.

Equity securities in these companies are valued at their gross book value or at their inventory value if it is lower. In this case, a provision for impairment is established.

The inventory value is determined on the basis of the corresponding share in the shareholders' equity of the company in question, adjusted where applicable according to specific future risks.

Inventory and work in progress

Inventories of raw materials and other supplies are valued at their acquisition value. Products and work in progress have been valued at their production cost. They correspond to work for which the margin is dependent on delivery.

Trade receivables

Trade receivables and related accounts are recorded at their nominal value. Appropriate impairment provisions have been established to cover the risks of non-recovery. They were determined individually or on the basis of length of time outstanding.

Marketable securities

Marketable securities include securities of the company Altavia SA.

Accrual and similar accounts

Accrual and similar accounts are recorded as assets and include the following primary items:

- prepaid expenses
- deferred tax assets

Exchange gains and losses

Unrealised exchange gains or losses resulting from transactions denominated in foreign currencies are recorded on the income statement.

Retirement compensation

In France, contractual retirement payments are payable when an employee retires, if said employee is still part of the Group at the retirement date. These payments are evaluated and set aside on the basis of the employee's salary and seniority on the date of retirement at the age of 65, in accordance with the regulations of the applicable agreements. Payroll taxes at the rate of 45% have been applied to these compensation amounts at 31 December 2011 and 31 December 2012.

The assumptions pertaining to the discounting and growth rates of salaries used to calculate commitments are 3.60% and 1.55% respectively at 31 December 2012 and 4.50% and 1.55% respectively at 31 December 2011.

Provisions for contingencies and expenses

Provisions for contingencies and expenses are booked when their purpose has been clearly specified at the close of the fiscal year or before the financial statements were drawn up.

Tax consolidation

A tax consolidation agreement includes Altavia SA, Altavia NewCo, Altavia Europe, Altavia France, Altavia Paris, Altavia Lille, Altavia Nantes, Altavia Nantes Newco, Altavia Saint-Étienne, CPO, Altavia CEI, and Actipaper.

This agreement stipulates that each member company of the tax consolidation group must book its own taxes. Tax consolidation expenses and income are booked by the Group's head company in its income statement.

Recognition of turnover

The various benefits and income from ordinary activities are accounted for using the completion method. The same applies to operations that are partially completed at the closing date of the fiscal year, as the margin is established only upon delivery of the operation.

Gross income

Gross income is understood to be the difference between customer billing and net external expenditure directly associated with services provided to customers; it includes income from discounts.

3. Notes on the consolidated balance sheet

3.1 Positive goodwill

In thousands of euros	31/12/12	31/12/11
Gross value at 1 January	55 996	58 246
New goodwill for the fiscal year (1)	817	1 062
Disposals for fiscal year (2)	3 986	3 312
Gross value at close	52 827	55 996
Goodwill amortisation at 1 January	28 595	27 883
Allocations for fiscal year	3 816	4 024
Disposals for fiscal year	3 986	3 312
Goodwill amortisation	28 425	28 595
Net goodwill value at end of period	24 402	27 401

(1) In 2012, the new goodwill pertains to the redemption of securities of Shopper Mind and Altavia HTT and the acquisitions of Altavia Pallas and Bed & Breakfast. In 2011, the new goodwill corresponds primarily to the buyout of minority interests in Altavia HTT and the acquisition of interest in Simone.

(2) Fully amortised goodwill has been cancelled, resulting in a reduction in gross values and amortisation of €3,986 K at 31 December 2012 and €3,312 K at 31 December 2011.

3.2 Intangible fixed assets

Gross values

In thousands of euros	Gross value at 31 Dec. 2011	Increases during the financial year	Reductions during the financial year	Variation in scope	Misc. movements	Gross value at 31 Dec. 2012
Preliminary expenses	6					6
Research and development costs	859				-1	858
Concessions, patents, and licences	3 639	365	993	35	6	3 052
Business capital	306			10		316
Other intangible fixed assets	131	12		8	4	155
Intangible fixed assets in progress	364	968			80	1 412
TOTAL	5 305	1 345	993	53	89	5 799

Items appearing on the balance sheet under 'Intangible fixed assets' primarily represent software licenses.

Amortisation and provisions

In thousands of euros	Amortization and provisions at 31 Dec. 2011	Provisions for financial year	Reductions during the financial year	Variation in scope	Misc. movements	Amortization and provisions at 31 Dec. 2012
Preliminary expenses	6					6
Research and development costs	857					857
Concessions, patents, and licences	2 445	500	993	35	7	1 994
Business capital	152	29		10		191
Other intangible fixed assets	111	16		8	4	139
TOTAL	3 571	545	993	53	11	3 187

3.3 Tangible fixed assets

Gross values

In thousands of euros	Gross value at 31 Dec. 2011	Increases during the financial year	Diminutions during the financial year	Variation in scope	Misc. movements	Gross value at 31 Dec. 2012
Other tangible fixed assets	14 096	714	3 212	85	20	11 703
Current tangible fixed assets	146	48	5		-83	106
Advances and deposits on fixed assets						0
Own fixed assets	14 242	762	3 217	85	-63	11 809
Other leased tangible fixed assets	202	24	24		9	211
Leased tangible fixed assets	202	24	24		9	211
TOTAL	14 444	786	3 241	85	-54	12 020

Amortisation and provisions

In thousands of euros	Amortization and provisions at 31 Dec. 2011	Provisions for financial year	Reductions during the financial year	Variation in scope	Misc. movements	Amortization and provisions at 31 Dec. 2012
Other tangible fixed assets	11 373	1 074	3 159	67	12	9 367
Own fixed assets	11 373	1 074	3 159	67	12	9 367
Other leased tangible fixed assets	152	24	14		-5	157
Leased tangible fixed assets	152	24	14	0	-5	157
TOTAL	11 525	1 098	3 173	67	7	9 524

3.4 Long-term investments

Gross values

In thousands of euros	Gross value at 31 Dec. 2011	Increases during the financial year	Diminutions during the financial year	Variations in scope	Gross value at 31 Dec. 2012
Loans					0
Other long-term investments	732	119	67	12	796
TOTAL	732	119	67	12	796

Other long-term investments correspond to security deposits related to commercial leases.

Amortisation and provisions

In thousands of euros	Amortization and provisions at 31 Dec. 2011	Provisions for financial year	Reductions during the financial year	Movements during the financial year	Amortization and provisions at 31 Dec. 2012
Loans	0				0
Other long-term investments	15		15		0
TOTAL	15	0	15	0	0

Schedule of loans and other long-term investments

In thousands of euros	Due in less than 1 year	Due in more than 1 year	Accrued interest	TOTAL
Loans	0			0
Other long-term investments		796		796

3.5 Securities accounted for under equity method

In thousands of euros	31/12/12	31/12/11
Net value at 1 January	270	141
Changes in consolidation scope	62	31
Earnings for fiscal year	144	98
TOTAL	476	270

3.6 Inventory and work in progress

In thousands of euros	Gross value at 31 Dec. 2012	Depreciation at 31 Dec. 2012	Net value at 31 Dec. 2012	Net value at 31 Dec. 2011
Raw materials and supplies	1 726	378	1 348	1 482
Work in progress	17 296		17 296	20 905
Finished products	124	31	93	113
Goods	21	11	10	10
TOTAL	19 167	420	18 747	22 510

3.7 Trade receivables and related accounts

In thousands of euros	31/12/12	31/12/11	Change
Gross value	110 480	127 738	-17 258
Provisions	2 687	2 368	319
Net value	107 793	125 370	-17 577

Receivables are debts due in less than one year.

3.8 Other receivables and accrual accounts (assets)

In thousands of euros	Gross value at 31 Dec. 2011	Depreciation at 31 Dec. 2011	Net value at 31 Dec. 2011	Net value at 31 Dec. 2010
Advances and deposits	1 881		1 881	1 753
Other receivables	12 263		12 263	11 567
Prepayments and deferred expenses	1 678		1 678	1 594
Deferred tax assets (see note 4-7)	2 146		2 146	1 768
TOTAL	17 968	0	17 968	16 682

The various debtors have due dates within one year.

3.9 Marketable securities

In thousands of euros	Gross value at 31 Dec. 2011	Depreciation at 31 Dec. 2011	Net value at 31 Dec. 2011	Net value at 31 Dec. 2010
Own shares	7 540		7 540	7 016
Marketable securities	2 936		2 936	3 074
TOTAL	10 476	0	10 476	10 090

3.10 Group share of shareholders' equity and minority interests

Share capital is made up of 1,306,291 shares at €3 each.

In thousands of euros	Registered capital	Share premium account	Consolidated income and reserves	Shareholders' equity (Group share)	Minority interests	Total
Net situation as at 31/12/10 after allocation of earnings	3 919	2 446	29 750	36 115	860	36 975
Capital movements				0		0
Scope changes (1)				0	-35	-35
Distributions of dividends			-1 859	-1 859	-510	-2 369
Change in foreign exchange gains or losses			176	176	-15	161
Earnings at 31/12/11			4 004	4 004	474	4 478
Net situation as at 31/12/11 after allocation of earnings	3 919	2 446	32 071	38 436	774	39 210
Capital movements				0		0
Scope changes (2)				0	3	3
Distributions of dividends			-1 859	-1 859	-531	-2 390
Change in foreign exchange gains or losses			28	28	15	43
Earnings at 31/12/12			4 232	4 232	483	4 715
Net situation as at 30/06/12 after allocation of earnings	3 919	2 446	34 472	40 837	744	41 581

(1) Changes in scope correspond to the buyout of minority interests in Altavia France.

(2) Changes in scope correspond mainly to the buyout of minority interests in Altavia HTT.

The General Meeting on 20 May 2010 authorised the Board of Directors to grant, at one or more times, over a period of thirty-eight months, i.e. no later than 20 July 2013, stock options each giving the right to acquire a share of Altavia, within the limit of 10% of the share capital. Options may be granted to executives (such as those defined by Article L.225-185, paragraph 4 of the French Commercial Code) and to eligible employees having a permanent contract of employment with Altavia, as well as to only employees of companies or economic interest groups of which at least 10% of capital or voting rights are held directly or indirectly by Altavia.

Subscription options for shares awarded during financial years 2010, 2011, and 2012

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options	Price of options
20/05/2010	16/12/2010	50 519	16/12/2014 or 01/05/2015	01/01/2015 or 16/06/2015	€72,34
20/05/2010	17/03/2011	8 179	01/05/2015	01/07/2015	€72,34
20/05/2010	19/05/2011	19 019	19/05/2015 or 01/11/2015	01/07/2015 or 19/11/2015	€72,34
20/05/2010	22/09/2011	2 115	01/11/2015	01/01/2016	€72,34
20/05/2010	28/06/2012	1 138	28/06/2016 or 01/11/2016	01/07/2016 or 28/12/2016	€74,72
20/05/2010	20/09/2012	15 848	01/11/2016	01/01/2017	€74,72

3.11 Provisions for contingencies and expenses

In thousands of euros	31/12/12	31/12/11
Provisions for contingencies	1 338	1 165
Provisions for retirement payouts	3 076	2 986
Other provisions for expenses	14	106
Sub-total of provisions for contingencies and expenses	4 428	4 257
Deferred tax liabilities (see note 4-7)	0	0
TOTAL	4 428	4 257

Changes in provisions for contingencies and expenses

In thousands of euros	Provisions at 1 January 2012	Allocations for fiscal year	Reversals for fiscal year	Miscellaneous movements	Exchange gain/loss	Provisions at 31 Dec. 2012
Provisions for contingencies	1 165	852	766	87		1 338
Provision for pensions	2 986	351	282	10	11	3 076
Provisions for expenses	106	1	106	13		14
TOTAL	4 257	1 204	1 154	110	11	4 428

Provisions for contingencies mainly pertain to commercial and employee litigation.

3.12 Borrowed funds and financial debts

In thousands of euros	31/12/12	31/12/11
Loans from credit institutions	2 816	2 424
Other financial debts	0	0
Bank loans and overdrafts	6 453	3 872
Accrued interest not due on loans	104	89
TOTAL	9 373	6 385

The Altavia group has a confirmed line of credit of up to €80 M [effective since 7 February 2011].

As at 31/12/2012, €2 M of this line of credit has been used.

The credit line is guaranteed in the following manner:

- a) A rate swap at 3.9845% (initial notional principal of €5.8 M) on the deferred start date of 02/01/2008, maturing 01/07/2013
- b) A rate collar (floor = 3.60%, cap = 3.90% - initial notional principal of €5.8 M) on the deferred start date of 02/01/2008, maturing 01/07/2013
- c) A rate cap at 2.30% (initial notional principal of €10 M) on the start date of 10/04/2011, maturing 10/01/2014
- d) A rate swap at 2.95% (initial notional principal of €4.3 M) on the start date of 10/01/2012, maturing 10/01/2016
- e) A rate cap at 2.50% (initial notional principal of €3.2 M) on the start date of 10/01/2012, maturing 10/01/2016

Schedule of loans and debts

In thousands of euros	Debts of under 1 year	Debts from 1 to 5 years	Debts of more than 5 years	TOTAL
Loans from credit institutions	102	2 714		2 816
Other financial debts	0			0

3.13 Other debts and accrual accounts (liabilities)

In thousands of euros	31/12/12	31/12/11
Tax and social liabilities	18 933	21 719
Miscellaneous debts	7 543	6 362
Other deferred revenue	18 736	25 566
TOTAL	45 212	53 647

All debts are due in less than one year.

3.14 Off-balance sheet commitments

Issued by Altavia

- Pledging of 80% of the Altavia France shares held by Altavia SA as collateral for the loan and credit agreement signed on 7 February 2011 with BNP PARIBAS for a maximum outstanding amount of €70 M.

- Buyback of company shares by Altavia SA from partners of a subsidiary, under the condition precedent of the occurrence of events, under predefined conditions.

Received by Altavia

- Assets and liabilities guarantee agreement (until 03/05/2013), limited to €1,925,000, for the period prior to 03/05/2006, received from shareholders of Altavia HTT.
- Assets and liabilities guarantee agreement (until 31/12/2012), limited to €500,000, for the period prior to 10/03/2009, received from shareholders of Altavia Spindigital.

Issued by Altavia France

- Buyback of shares by Altavia France, with value assessed by experts, from the executive of a subsidiary if he or she leaves the Group.

Received by Altavia France

- Assets and liabilities guarantee agreement (until 31/12/2015), limited to €15,000, for the period prior to 13/09/2012, received from a partner of Altavia Pallas.
- Assets and liabilities guarantee agreement (until 31/12/2015), limited to the sale price received, including price supplements received or to be received, all increased to €50,000, for the period prior to 18/10/2012, received from the partners of Bed & Breakfast.
- Autonomous first-demand bank guarantee (until 31/12/2015) amounting to €25,000, as collateral for the assets and liabilities guarantee agreement granted by the partners of Bed & Breakfast.

Given by Shopper Mind

- "Better fortunes" clause, under certain conditions, in favour of Opinion Way for an amount capped at €31,160 until the close of fiscal year 2015.

Issued by Altavia Belgium

- Bank guarantee in favour of the backer for €71 K.

Issued by Altavia Deutschland

- Bank guarantee issued to the Swiss tax authorities (VAT payment of 7,500 CHF).
- Bank guarantee in favour of the backer for €13 K.

4. Notes on the consolidated income statement

4.1 Breakdown of turnover by geographic region

	31/12/12		31/12/11	
	In thousands of euros	as percentage	In thousands of euros	as percentage
Sales in France	319 938	54%	339 863	56%
EU country sales	227 288	38%	232 906	38%
Sales outside the EU	48 354	8%	36 325	6%
TOTAL	595 580	100%	609 094	100%

4.2 Other operating income

In thousands of euros	31/12/12	31/12/11
Production placed in inventory	-3 523	7 705
Capitalised production	346	131
Operating subsidies	0	32
Write-backs of operating provisions	1 705	1 224
Transfers of operating expenses	385	243
Other operating income	670	274
TOTAL	-417	9 609

4.3 Payroll expenses and staff size

In thousands of euros	31/12/12	31/12/11
Personnel remuneration	41 462	38 435
Social security contributions	14 532	13 663
TOTAL	55 994	52 098

A profit-sharing agreement was entered into between Altavia France and some of its subsidiaries in 2004.

Staff size of fully consolidated companies

	31/12/12	31/12/11
FRANCE	543	554
ABROAD (outside China)	262	240
CHINA	147	147
GRAND TOTAL	952	941

4.4 Operating amortisation and provisions

In thousands of euros	31/12/12	31/12/11
Allocations to depreciation of tangible fixed assets	545	552
Allocations to depreciation of own fixed assets	1 074	1 195
Allocations to depreciation of leased tangible fixed assets	24	18
Allocations and write-backs of provisions on inventories	-98	2
Allocations and write-backs of provisions on receivables	319	233
Allocations and write-backs of provisions for contingencies and operating expenses	-114	378
TOTAL	1 750	2 378
incl. total allocations	3 455	3 602
incl. total write-backs (note 4.2)	1 705	1 224

4.5 Financial expenses and income

In thousands of euros	31/12/12	31/12/11
Exchange gains and losses	-245	-234
Allocations and write-backs of financial provisions	15	0
Financial interest and expenses	-708	-897
Other financial income	139	129
Income from disposal of investment securities	172	118
TOTAL	-627	-884

4.6 Non-recurring expenses and income

In thousands of euros	31/12/12	31/12/11
Non-recurring income and expenses on capital operations	122	82
Allocations and write-backs of extraordinary provisions	-48	-46
Non-recurring income and expenses on management operations	-15	-53
TOTAL	59	-17

4.7 Income tax

In thousands of euros	31/12/12	31/12/11
Income taxes payable	2 802	3 069
Deferred taxes	-239	-236
TOTAL	2 563	2 833

4.8 Tax declaration

In thousands of euros	31/12/12
Net earnings of the consolidated entity	4 715
Allocations to amortisation of goodwill	3 816
Share of earnings from companies accounted for under the equity method	144
Income tax	2 563
Theoretical tax base	10 950
Tax rate applicable to the consolidating company	33,33
Theoretical tax	3 650
Impacts of permanent differences	293
Tax credits and other corporate tax elements	-863
Tax rate differences	-348
Capitalisation of tax loss	-218
Deferred taxes not recorded on losses	50
Recognised tax	2 563

5. Miscellaneous information

Professional fees for auditors and members of their networks recorded by the Group.

	Audit			Other services			Grand Total
	Statutory audit, certification, examination of individual and consolidated accounts	Other related assignments and other auditing assignments	Audit sub-total	Legal, tax, social	Other	Other sub-total	
Altavia							
2012							
Deloitte	122 520	500	123 020			0	123 020
Angeli	30 000		30 000			0	30 000
2011							
Deloitte	135 018		135 018		2 000	2 000	137 018
Angeli	30 000		30 000			0	30 000
Subsidiaries							
2012							
Deloitte	285 508	2 300	287 808	3 100	2 300	5 400	293 208
2011							
Deloitte	278 503	1 088	279 591	2 000	500	2 500	282 091

I. Altavia group operations in 2012

In 2012, the Altavia Group saw a further increase in its activity with a 3.0% rise in its gross revenue between 2012 and 2011.

Earnings and financial position

1. Earnings

Consolidated turnover amounted to €595.6 million in 2012, down by 2.2% compared with 2011. It was generated mainly in the business lines of Publishing Services. The share of turnover realised outside of France grew to 46% of global turnover, particularly thanks to growth in China.

Consolidated gross revenue for 2012 (the main indicator of the Group's activity level, made up of both turnover minus external purchases directly related to projects completed and income from discounts) increased in 2012 to €90.4 million compared with €87.7 million in 2011.

Operating earnings amounted to €11.5 million in 2012, slightly down from 2011. It represents 12.7% of 2012 gross revenue.

Financial earnings continued to improve in 2012 (-€0.6 million compared with -€0.9 million in 2011).

Consolidated net earnings posted a slightly improved profit of €4.7 million in 2012. The combination of improved financial earnings and decreased tax expense and allocations to goodwill amortisation offset the decrease in operating earnings overall.

The group's share of 2012 net earnings was €4.2 million, slightly improved from fiscal year 2011.

2. Financial position

Consolidated shareholders' equity amounted to €41.6 million at 31 December 2012 compared with €39.2 million at 31 December 2011. The group's share of shareholders' equity amounted to €40.8 million compared with €38.4 million at 31 December 2011.

Gross financial debt increased slightly to €9.4 million at the end of 2012 compared with €6.4 million at the end of 2011. The group's gross debt/equity ratio (gross loans and financial debts over consolidated shareholders' equity) was 22.5% at 31 December 2012. At 31/12/2012, gross financial debt included €2.0 million from use of the line of credit.

The Altavia group's consolidated available cash (excluding treasury shares) improved to €28.5 million at 31 December 2012 compared with €22.0 million at 31 December 2011.

In total, net cash (investments and cash assets, excluding treasury shares, less gross loans and financial debts) at 31 December 2012 increased to €19.1 million compared with €15.6 million at 31 December 2011.

This improvement in net cash came directly from the gross operating surplus, as there was virtually no change in WCR over the fiscal year.

Events subsequent to the close

In accordance with the provisions of articles L. 232-1 and L. 233-26 of the French Commercial Code, we hereby inform you that no significant event has occurred since the end of fiscal year 2012.

II. Outlook

In 2013, the Altavia group will continue to strengthen its marketing campaign expertise to serve its Retail customers as a priority, particularly by relying on its experience in the field of publishing and marketing services. It is also opening up new fields of application to its expertise through digital and multi-channel solutions. Its large network of autonomous yet interdependent subsidiaries allows it to offer local or global solutions based on customers' needs up to each individual point of sale. The continued development of Chinese activity, currently seeing rapid expansion, is also an important issue. Lastly, it will take advantage of its healthy financial position to carry out targeted external growth operations in a number of countries and on certain business lines in which it would like to have a stronger presence.

III. Financial and legal information for Altavia – parent company

1. Altavia operations

Turnover for Altavia SA, the Group's parent company, composed primarily of revenues from delivery of services and rebilling of property rent, amounted to €10,948,496.97 compared with €10,721,054.30 in 2011. Other income totalled €14,038.22 compared with €91,792.66 in 2011. After accounting for €10,433,283.37 in operating expenses, 2012 operating earnings amounted to €529,251.82 compared with €442,836.16 in 2011.

Financial earnings totalled €2,887,981.22 in 2012 compared with €4,539,559.05 in 2011, mainly due to lower dividends received by Altavia.

Earnings before tax and extraordinary items amounted to €3,298,257.51 compared with €5,017,896.40 for fiscal year 2011.

Extraordinary earnings were €84,525.69 compared with a loss of €[43,953.51] in 2011.

In 2012, the tax expense for Altavia SA was negative at [€576,660.00] because of the tax savings generated by tax consolidation. The negative tax expense in 2011 was €[1,216,844.00].

Net earnings for fiscal year 2012 thus amounted to €3,959,443.20 compared with €6,190,786.89 in 2011.

At 1 January 2012, all of the Altavia group's French companies, except for Altavia Optitrans, MyStudioTV, Capital Innovation, and Simone, were more than 95% held by Altavia SA directly or indirectly and were therefore part of its tax consolidation scope.

Shopper Mind and Bed & Breakfast, more than 95% held by Altavia SA, opted for the tax consolidation system beginning on 1 January 2013.

Mr François-Régis de Vulpian's term of office as a member of the audit, accounts, and investment committee was renewed for three years, i.e. until the meeting of the board of directors responsible for approving the 2014 accounts to be held in 2015.

Mr Michel Duval's term of office as a member of the appointments and compensation committee was renewed for three years, i.e. until the meeting of the board of directors responsible for approving the 2014 accounts to be held in 2015.

Note that in a letter dated 3 April 2012, Viateam announced the resignation of Mr Laurent Saumon from his office as permanent representative of Viateam. He was replaced by Mr Sébastien Reydon.

2. Earnings – Allocation

In euros	2012	2011	Change %
Turnover excl. tax	10 948 497	10 721 054	2,12
Other income	14 038	91 793	[84,71]
Operating income	10 962 535	10 812 847	1,38
Operating expenses	10 433 283	10 370 011	0,61
Including employee-related expenses and social security contributions	4 795 372	4 517 854	6,14
Operating earnings	529 252	442 836	19,51
Joint ventures	[118 976]	35 501	ns
Financial earnings	2 887 981	4 539 559	[36,38]
Earnings before tax and extraordinary items	3 298 258	5 017 896	[34,27]
Extraordinary earnings	84 526	[43 954]	ns
Earnings before tax	3 382 783	4 973 943	[31,99]
Tax	576 660	1 216 844	[52,61]
Earnings after tax	3 959 443	6 190 787	[36,04]

We hereby request that you approve the following allocations:

Allocation of 2012 earnings

After discussion and exchanges of views, the Board decided to propose at the next general meeting of shareholders the following allocation of the earnings for the fiscal year, i.e. €3,959,443.20:

a. Amounts to be allocated

Retained Earnings €24.825.981,32*
*(including 2011 dividends attached to own shares for an amount of €152,376.84)

Earnings for fiscal year 2012 €3.959.443,20

Total to be allocated €28.785.424,52

b. Allocations

Dividends €2.011.688,14
To "Other reserves" €1.947.755,06
To "Retained Earnings", the balance for €24.825.981,32

The dividends attached to the 98,946 own shares, amounting to €152,376.84, will be booked in Retained Earnings, which will then total €24,978,358.16.

The gross dividend of €2,011,688.14 to be distributed for the fiscal year is therefore set at €1.54 per share for the 1,306,291 shares. It will be made available for payment at the instruction of the Chairman with effect from the Ordinary General Meeting convened to approve the accounts for fiscal year 2012.

In accordance with the adopted tax modifications, since 1 January 2013, dividends received by private individuals (with the exception of those received as part of a share savings plan) are subject to the following rules:

- mandatory social security contributions totalling 15.5% will be withheld when the dividends are paid.
- dividends received by private individuals are subject to income tax according to the progressive scale after application of a 40% exemption.
- dividends, before being taxed according to the progressive scale, are subject to a mandatory deduction at source at the rate of 21%. This deduction at source constitutes an advance payment on income tax, which can be applied against the income tax due in the following year for the year during which it was carried out. This deduction at source is refundable in the event of overpayment.

The company will carry out the mandatory deduction at source, declare the transaction, and make the payment to the Treasury no later than the 15th of the month following the payment of the dividends.

Furthermore, shareholders holding shares in a share savings plan will be responsible for informing the company and providing any necessary evidence before 15 May 2013 in order to receive an exemption from the aforementioned deductions at source.

In application of Article 243a of the French General Tax Code, we hereby remind you that dividends paid out for the last three fiscal years were, per share, as follows:

Table of dividends

	Dividend Amount	Dividend eligible for The allowance of 40%	Non-eligible dividends for the allowance of 40%
2009 (for 1,306,291 shares with nominal value of €3)	€2,024,751.05 or €1.55/share	€2,024,751.05 x 58.75%* or €1,189,541.24	€2,024,751.05 x 41.25%** or €835,209.81
2010 (for 1,306,291 shares with nominal value of €3)	€1,998,625.23 or €1.53/share	€1,998,625.23 x 62.83%* or €1,255,736.23	€1,998,625.23 x 37.17%** or €742,889
2011 (for 1,306,291 shares with nominal value of €3)	€2,011,688.14 or €1.54/share	€2,011,688.14 x 58.38%* or €1,174,423.53	€2,011,688.14 x 41.62%** or €837,264.60

*% of capital held by private individuals residing in France

**% of capital held by legal entities

***% of capital held by legal entities or private individuals not residing in France

3. Registered capital and shareholders

The breakdown of capital and shareholders were modified slightly during 2012.

At 31 December 2012, capital amounted to €3,918,873 comprising 1,306,291 shares with nominal value of €3 per share and was distributed as follows:

Raphaël Palti:	44.33% of the capital
Firapa:	16.90% of the capital
Lorenzo Bertagnolio:	6.69% of the capital
Viateam company:	6.41% of the capital
BNP Paribas développement:	6.00% of the capital
Other shareholders ⁽¹⁾ :	12.10% of the capital
Treasury shares ⁽²⁾ :	7.57% of the capital

(1) These are primarily other members of the company's Board of Directors and certain employees or corporate officers of the company or of its subsidiaries.

(2) Note that 26,800 additional shares were bought back by the company in April 2013 in order to contribute to a stock option plan. In addition, a director share was returned to the company. Consequently, the company's number of own shares totalled to 125,747, or 9.63% of the capital, as from 11 April 2013.

At 31 December 2012, no other shareholders held, directly or indirectly, more than 5% of the registered capital or voting rights of the company.

Altavia bought back 7,250 of its own shares from a minority shareholder in order to contribute to the current stock option plan.

The memorandum and articles of association provide for dual voting rights to be attached to all fully paid-up shares for which proof can be provided of nominal holding by the same shareholder for at least four years. All shareholders have the option to waive their dual voting rights temporarily on all or part of their shares.

4. Share subscription options and treasury shares

A Stock Options plan, authorised by the Combined General Meeting of Shareholders held on 20 May 2010, has been put in place. The General Meeting on 20 May 2010 authorised the Board of Directors to grant, at one or more times, over a period of thirty-eight months, i.e. no later than 20 July 2013, stock options each giving the right to acquire a share of Altavia, within the limit of 10% of the share capital. Options may be granted to executives (such as those defined by Article L.225-185, paragraph 4 of the French Commercial Code) and to eligible employees having a permanent contract of employment with Altavia, as well as to only employees of companies or economic interest groups of which at least 10% of the capital or voting rights are held directly or indirectly by Altavia.

In principle, the options can be exercised at the end of a four-year waiting period following the date of their award by the Board of Directors, provided that the awardees still work within the Group at that date, and at the latest six months after the expiry date of the four-year freeze.

Note that officers of Altavia must keep at least 50% of the shares that they hold, after exercising the stock options allocated to them, and until the end of their term of office.

The Board of Directors meetings on 28 June and 20 September 2012 allocated a total of 16,996 stock options.

A special report on Stock Options was drawn up as required by French Law no. 2001-420 of 15 May 2001.

Summary of delegations of powers or authority granted by the General Meeting of Shareholders to the Board of Directors for capital increases:

Delegation by the General Meeting valid for 2012	Utilisation during 2009, 2010, 2011 and 2012 by the Board of Directors of the delegation for a capital increase
Assemblée Générale du 20 mai 2010 : Delegation granted to the Board of Directors for a period of 38 months to allocate stock options in the company within a limit of 10% of the capital from this date.	None

5. Control shares held by the Company

We hereby inform you that, as at 31 December 2012, the company holds 98,946 of its own shares, or 7.57% of the capital.

During fiscal year 2012, Altavia bought back 7,250 of its own shares from a shareholder, with a view to contributing to a Stock Option plan.

Summary table:

	Number of shares acquired by the company during the financial year 2012	Average price of shares acquired during the financial year 2012	Number of shares subscribed in the name of the company at end of the financial year 2012	Value of control shares held at 31/12/12
16/04/2012	7,250	€72.34	98,946	€7,539,974

6. Subsidiaries and Equity Interests

6.1 Acquisitions and disposals of equity interests carried out during fiscal year 2012 (direct and indirect)

In accordance with the provisions of articles L. 233-6 and L. 247-1 of the French Commercial Code, we hereby inform you that your company acquired an interest or controlling interest during the fiscal year in the following companies:

- On 11 May 2012, Altavia acquired 5,000 shares of Shopper Mind and now holds 100% of the capital of this company.
- On 19 March 2012, Altavia acquired 275,000 shares of Actipaper from a minority shareholder, bringing Altavia's stake in Actipaper's capital to 99.99%.
- On 13 September 2012, Altavia France acquired an 85% stake in the capital of Agence Pallas through the acquisition of shares and a capital increase reserved for Altavia France. This is an SARL (limited liability company) with a capital of €41,800, registered with the Trade and Companies Register of Bobigny under number 509 310 033, whose registered office is located at 10, rue Blanqui in Saint-Ouen (93400). The corporate name became Altavia Pallas.
- On 18 October 2012, Altavia France acquired 100% of Bed & Breakfast, an SARL (limited liability company) with a capital of €192,200, registered with the Trade and Companies Register of Bobigny under number 478 147 366, whose registered office is located at 10, rue Blanqui in Saint-Ouen (93400).
- On 14 June 2012, a limited liability company governed by Hungarian law was created in Hungary, Altavia Hungária, 85% of whose capital is held by Altavia Europe.
- During fiscal year 2012, Altavia Europe acquired 2.29% of the capital of Altavia HTT from minority shareholders, bringing its stake to 92.29% of this company's share capital.

6.2 Operations of subsidiaries and investments:

The table of subsidiaries and investments included in the notes to the accounts provides comprehensive information about the identity and results of the subsidiaries directly or indirectly owned by Altavia.

a. In France :

Altavia France:

Altavia France's subsidiaries are: Altavia Paris, Altavia Nantes (formerly Altavia Victor), Altavia Lille, Altavia Optitrans, Altavia Saint-Etienne (formerly Altavia Connexion), CPO, Altavia Pallas, and Bed & Breakfast.

The subsidiary of Altavia Nantes, Altavia Nantes New Co, is inactive.

The contribution of France to the group's consolidated turnover amounted to €319,938 thousand.

Actipaper:

The company posted a loss of €338,436.26. Although up considerably, turnover remains low. Following a reorganisation in the first half of 2012, a new positioning and new offers were launched, particularly in digital in-store. Discussions with customers are promising.

Altavia Connect (EIG):

In 2012, the EIG continued its objective of structuring and optimising operational and functional services, while continuing to invest particularly in tools that will allow it to better prepare the members of the grouping and their subsidiaries for the issues of tomorrow.

The negative earnings generated by the EIG, taking fiscal transparency into account, will be returned to its members in proportion to their holdings, i.e. 34% to be returned to Altavia.

Capital Innovation:

The company experienced another difficult fiscal year, but with a slight increase in its activity, resulting in a loss at 31 December 2012 of -€130 thousand.

MyStudioTV:

The company continued its growth and posted a Gross Margin up 14% compared with last year and an EBIT slightly down, amounting to €166 thousand.

Altavia Newco:

this company maintained business activities with potential customers but contractually transformed these relationships.

b. In Europe:

Altavia Europe's subsidiaries are: Altavia CEI, Altavia Belgium, Altavia Ceska, Altavia Deutschland, Altavia Hellas, Altavia Htt, Altavia Iberica CFA, Altavia Iletisim, Altavia Italia, Altavia Polska, Altavia Swiss, Altavia România Communication, Altavia Hungária. Note that MBO Communication is a subsidiary of Altavia Iberica CFA and that Altavia Rus is a subsidiary of Altavia CEI.

The contribution of Altavia Europe and its subsidiaries to the group's consolidated turnover amounted to €227,763 thousand.

c. In China:

Altavia Beijing Advertising completed fiscal year 2012 satisfactorily and in line with the budget. Altavia Beijing Advertising's contribution to the group's overall turnover was €9,400,081.

Altavia Shanghai Trading, a subsidiary of Altavia Asia, posted turnover of €13,478,719 for fiscal year 2012.

7. Modifications to the presentation of annual financial statements or to the methods of valuation applied in previous years

We hereby inform you that our company's financial statements were drawn up according to the formats and methods set out in the French General Accounting Plan ("Plan Comptable Général").

8. Research and development operations

The company did not book any expenses of this nature during the fiscal year.

9. Non-deductible expenses referred to in Article 39-4 of the French General Tax Code

We hereby inform you that the accounts for the fiscal year just ended included expenses amounting to €44,684 that are not deductible from taxable income as specified in Article 39-4 of the French General Tax Code. However, these expenses do not have any impact, due to the tax loss carry-forward.

10. Payment periods

In accordance with the law of 4 August 2008 enacting Article L. 441-6-1 of the French Commercial Code, we hereby provide the breakdown, at the close of fiscal years 2011 and 2012, of the balance of debts to suppliers by due date:

Amounts in euros	Nature	Balance as at 31/12/2011	Invoices not received	Due dates			
				Due	January 2012	February 2012	March 2012 and beyond
401	Operating suppliers	306 369		57968	246617	1784	0
403	Notes payable			-			
4081	Inv. not received	438 122	438 122				
Operating suppliers		744 491					
404	Fixed asset suppliers	-		-		-	
4047	Holdbacks						
405	Notes payable						
4084	Inv. not received	-		-			
Fixed asset suppliers							

Amounts in euros	Nature	Balance as at 31/12/2012	Invoices not received	Due dates			
				Due	January 2013	February 2013	March 2013 and beyond
401	Operating suppliers	-131 726		43 669	-119 215	-56 181	
403	Notes payable						
4081	Inv. not received	-324 366	-324 366				
Operating suppliers		-456 092					
404	Fixed asset suppliers	-		-		-	
4047	Holdbacks						
405	Notes payable						
4084	Inv. not received						
Fixed asset suppliers		-		-			

11. Table of the Company's earnings for the past five fiscal years or of each of the completed fiscal years since the company was formed

The table required by the French Companies Act is attached to this report.

12. Agreements provided for under Article 225-38 of the French Commercial Code

In accordance with Article 225-41 of the French Commercial Code, we request that you approve the proposed agreements referred to in Article 225-38 of the French Commercial Code which were signed during the fiscal year just ended after having been duly authorised by your Board of Directors.

The Statutory Auditor has been duly informed of these agreements as described in the special report.

13. Administration and control of the company

Mr Michel Duval, Chairman and member of the audit, accounts, and investments committee, and Mr Alain Roubach, member of the audit, accounts, and investments committee, were renewed in their offices as members of the audit, accounts, and investments committee for a term of three years, i.e. until the meeting of the Altavia board of directors responsible for approving the 2015 accounts to be held in 2016.

Mr Daniel de Botton, Chairman and member of the appointments and compensation committee, and Mr Raphaël Palti and Mr Alain Roubach, members of the appointments and compensation committee, were renewed in their offices for a term of three years, i.e. until the meeting of the Altavia board of directors responsible for approving the 2015 accounts to be held in 2016.

The Board decided to propose to the general meeting the renewal of the term of office of Mr Raphaël as director and the renewal of the term of office of Mr Luc Bertholat as non-voting member for a new period of six years, ending after the ordinary general meeting called to approval the accounts for fiscal year 2018, which will be held in 2019.

Mr Philippe Finkelstein and Mr Michael Likierman announced their decision to resign from their offices as director starting on 11 April 2013.

The Board decided to propose to the general meeting to appoint a new director, Ms Corinne Evens, for a term of six years, i.e. until the general meeting called to approve the 2018 accounts to be held in 2019.

During the Board meeting on 11 April 2013, the terms of office of Mr Lorenzo Bertagnolio as Deputy Managing Director for Europe and Mr Laurent Gampel as Deputy Managing Director of Business Development were renewed for three years, expiring during the expiring at the Board of Directors meeting called to approve the accounts for the fiscal year ending on 31 December 2015, which will occur in 2016. Lastly, we remind you of the end of the term of office as Deputy Managing Director-General Secretary of Mr Laurent Saumon during the Board meeting on 29 March 2012.

14. List of corporate offices held in all companies by each corporate officer during the fiscal year

Offices held by Raphaël Palti

In the Altavia group, in France:

Altavia SA: Chief Executive Officer and Director
 Altavia France SA : Chairman of the Board of Directors and Director
 Junium SA: Director
 Actipaper SA: Chief Executive Officer and Director
 Altavia Connect GIE: Representative of Altavia SA on the Board of Directors
 Altavia Europe SA: Representative of Altavia SA on the Board of Directors
 Altavia Newco SARL: Manager
 Altavia Nantes Newco SARL: Manager

In the Altavia group, abroad:

Altavia Belgium SA (Belgian subsidiary): Director and Chairman
 Altavia Hellas AE (Greek subsidiary): Director
 Altavia Polska Sp. z.o.o. (Polish subsidiary): Member of the Executive Board
 Altavia Česká SRO (Czech subsidiary): Joint Manager
 Altavia Deutschland GmbH (German subsidiary): Joint Manager
 Altavia HTT Ltd (English subsidiary): Non-Executive Director
 MBO Communication LSA (Spanish subsidiary): Director, Vice-Chairman
 Altavia Iberica CFA (Spanish subsidiary): Director, Vice-Chairman
 Altavia Iletisim AS (Turkish subsidiary): Director, Vice-Chairman
 Altavia Swiss SA (Swiss subsidiary): Chairman
 Altavia Italia Srl (Italian subsidiary): Director
 Altavia România Communication SRL (Romanian subsidiary): Director
 Altavia Hungária KFT (Hungarian subsidiary): Member of the Supervisory Board (since 14/06/2012)
 Altavia Asia Limited Ltd (Hong Kong): Director
 Altavia Beijing Advertising Co. Ltd (Chinese subsidiary): Chairman of the Board of Directors and Director
 Altavia Shanghai Trading Co. Ltd (Chinese subsidiary): Chairman of the Board of Directors and Director

Outside the Altavia group:

Foncière blanqui SA: Chief Executive Officer and Director
 Firapa SAS: Chairman
 Viateam SAS: Representative of Firapa SAS, Chairman of VIATEAM
 SCI Rembrandt Courcelles: Joint Manager
 Fondiaria 78/3 Srl: Director (since 19/07/2012)
 Etam Développement SCA: Member of the Supervisory Board

Offices held by Lorenzo Bertagnolio

In the Altavia group, in France:

Altavia SA: Deputy Managing Director
 Altavia Europe SA: Chief Executive Officer, Director
 Altavia Connect GIE: Representative of Altavia Europe SA on the Board of Directors
 Altavia CEI SARL: Manager

In the Altavia group, abroad:

Altavia Belgium SA (Belgian subsidiary): Director
 Altavia Hellas AE (Greek subsidiary): Chairman of the Board of Directors and Managing Director
 Altavia Polska Sp. z.o.o.(Polish subsidiary): Member and Chairman of the Executive Board
 Altavia Česká SRO (Czech subsidiary): Joint Manager
 Altavia Deutschland GmbH (German subsidiary): Joint Manager
 Altavia HTT Ltd (English subsidiary): Non-Executive Director
 MBO Communication LSA (Spanish subsidiary): Chairman and Director
 Altavia Iberica CFA (Spanish subsidiary): Chairman and Director
 Altavia Iletisim AS (Turkish subsidiary): Director
 Altavia Italia Srl (Italian subsidiary): Director
 Altavia România Communication SRL (Romanian subsidiary): Chairman of the Board of Directors
 Altavia Hungária KFT (Hungarian subsidiary): Member of the Supervisory Board

Outside the Altavia group:

Fondiaria 78/3 srl: Director since 19/07/2012

Offices held by Daniel de Botton

In the Altavia group:

Altavia SA : Director
 Altavia France : Director

Outside the Altavia group:

SA UFIP: Chief Executive Officer
 Foncière Blanqui SA: Deputy Managing Director and Direc
 Fundiaria 78/3 Srl: Chairman and Director (since 10/07/2012)
 Manager of the following SCI real estate partnerships: EPP Ile de France, Paradis Ile de France, Rafiloc, Suresnes Nieuport, Rugelec, Le Nil, Rembrandt-Courcelles, Ivry Michelet, Scar temple, Audoen et Paul
 Joint manager of the following SCIs (real estate partnerships): Eurocolombes, Colombia Finlande, Immobiliere Valmy, Immobiliere Kennedy, Paradalp, Ferber Ile de France, FDL 1, Saint-Antoine 18/30
 Manager of the following SARL (limited liability companies): TIGRE, EPP Montreuil Beaune, EPP Montreuil Holdings, Le Raphael, EPP Vanves, EPP Ile de France Holdings, SB Investissements, Techninvest, FRS Conseils, EPP Rue Martel, Le Martel, EPP Colombia Real Estate, FPP Real Estate, EPP Ivry Hoche, EPP Suresnes Curie, Classic European Real Estate, Marathon Ris Orangis, Romainville Shared Office, EPP Bezons
 Joint manager of the following SARLs (limited liability companies): KVE, Le Diderot, Evry du Lac, Le Noisy le Grand, Le St Ouen, EPP Saint-Ouen, Marathon Evry, Marathon Noisy, Marathon Suresnes, TMRE 2006 Charonne, TMRE 2006 Colombes, TMRE 2006 Suresnes, TMRE 2006 Noisy, TMRE 2006 Evry, TMRE 2006 Saint-Ouen, Sezarr, Petinan, A&G Valcke et Cie, V De Villiers
 Manager of SC Bermau
 Joint manager of SC 3B
 Manager of the following SNCs (general partnerships): EPP Bezons, EPP Massy Ile de France.

Offices held by Catherine Dunand

In the Altavia group:

Altavia SA: Director

Outside the Altavia group:

Yxene SAS: Board Member
 Promontoires SAS: Chairman
 Bioalliance: Independent director, member of the audit committee
 Kalibox SAS: Chairman of the Board of Directors
 HRA Pharma: Independent director, Chairman of the audit committee
 Novinvest Partners: Manager

Offices held by Michel Duval

In the Altavia group:

Altavia SA: Director
 Altavia France SA: Director

Outside the Altavia group:

SCI La Mare: Joint Manager
 MD Conseil: Manager
 Vitamine Capital: Manager
 Majencia (office furniture): Director
 Orige/Adduxi (Plastics): Member of the Supervisory Board

Offices held by Philippe Finkelstein

In the Altavia group:

Altavia SA: Director

Outside the Altavia group:

Cross Partners (New-York): Chief Executive Officer
 Nature Capitale INTL (New-York): Director
 Pure Trade USA (New -York): Director



Offices held by Laurent Gampel

In the Altavia group, in France:

Altavia SA: Deputy Managing Director
Altavia France SA: Director
Altavia Europe SA: Director

In the Altavia group, abroad:

None

Outside the Altavia group:

None

Offices held by Michael Likierman

In the Altavia group:

Altavia SA: Director

Outside the Altavia group:

Chateauform: Member of the Supervisory Board
Chateauform Holding: Member of the Supervisory Board
Atria Capital Partenaires: Member of the Supervisory Board
EAPV3: Manager

Offices held by Pierre Milchior

In the Altavia group:

Altavia SA: Director

In the ETAM group:

Held in France:

Etam SAS: Chairman
Etam Développement SCA: Full partner statutory manager
Nortex SA: Director
Covi Deux SAS: Chairman
Gerset SAS: Chairman of the Board of Directors and Director
Elan Industries SA: Representative of Etam SA on the Board of Directors
Financière Casteres SAS: Chairman until 30 December 2011

Held outside France – Belgium:

Etamint: Permanent representative of Etam SAS on the Board of Directors
Société Belge Etam: Permanent representative of Etam SAS on the Board of Directors
Société Foncière Etel: Société Belge Etam Representative on the Board of Directors

Held outside France - China:

Shanghai Intermoda Clothing: Director
Shanghai Aige: Director
Shanghai Intermay: Director
Elagant Shanghai: Director
Taizhou Aige Clothing: Director

Held outside France - Spain:

Ifem: Director

Held outside France - Luxembourg:

123 Luxembourg SA: Representative of Etamint on the Board of Directors
Modasia Holding: Representative of Etam SAS on the Board of Directors and Director in his own name
Société Luxembourgeoise Etam: Representative of Etamint on the Board of Directors

Outside the Etam group:

Pivest: Manager
Selau: Manager
Seva: Manager
Tami: Manager
Finora SA: Director

Offices held by Sébastien Reydon

In the Altavia group in France:

Altavia SA: Representative of VIATEAM SAS on the Board of Directors (since 03/04/2012)
Altavia France SA: Representative of Altavia SA on the Board of Directors (since 03/04/2012)
Altavia Europe SA: Director (since 06/04/2012)

Junium SA: Director

Actipaper SA: Director

In the Altavia group abroad:

Altavia Belgium SA (Belgian subsidiary): Director
Altavia Hellas AE (Greek subsidiary): Director
Altavia Polska Sp. z.o.o. (Polish subsidiary): Member of the Executive Board
Altavia Česká SRO (Czech subsidiary): Joint Manager
Altavia Deutschland GmbH (German subsidiary): Joint Manager
Altavia HTT Ltd (English subsidiary): Director (Non-Executive Director)
MBO Communication LSA (Spanish subsidiary): Director
Altavia Iberica CFA (Spanish subsidiary): Director
Altavia Iletisim AS (Turkish subsidiary): Director
Altavia Italia Srl (Italian subsidiary): Director
Altavia România Communication SRL (Romanian subsidiary): Director
Altavia Hungária KFT (Hungarian subsidiary): Member of the Supervisory Board (since 14/06/2012)
Altavia ASIA (Hong Kong): Director (since 17/04/2012)
Altavia Beijing Advertising Co. Ltd (Chinese subsidiary): Director
Altavia Shanghai Trading Co. Ltd (Chinese subsidiary): Director

Outside the Altavia group:

MSTV SA: Director (since 22/03/2012)

Offices held by Alain Roubach

In the Altavia group:

Altavia SA: Director

Outside the Altavia group:

Pomme de Pain SAS: Chairman of the Shareholders Committee (until 19/12/2012)
La Chaise Longue: Member of the Supervisory Committee
Opéra Immobilier SARL: Manager
Financière Alclan SC: Manager
Anegada Compagny SARL: Joint Manager
Covent Partners SAS: Managing Director
CFA Ort: Vice-Chairman and Treasurer

Offices held by Laurent Saumon

In the Altavia group, in France:

Altavia SA: Deputy Managing Director (until 29/03/2012) and representative of VIATEAM SAS on the Board of Directors (until 03/04/2012)
Altavia France SA: Representative of Altavia SA on the Board of Directors (until 03/04/2012)
Junium SA: Director
Altavia Europe SA: Director (until 03/04/2012)
Actipaper SA: Director (until 19/03/2012)

In the Altavia group, abroad:

Altavia Iletisim AS (Turkish subsidiary): Director (until 17/04/2012)
Altavia HTT Ltd (English subsidiary): Non-Executive Director (until 17/04/2012)
Altavia ASIA Ltd (Hong Kong): Director (until 17/04/2012)
Altavia Beijing Advertising Co. Ltd (Chinese subsidiary): Director (until 17/04/2012)
Altavia Shanghai Trading Co. Ltd (Chinese subsidiary): Director (until 17/04/2012)

Outside the Altavia group:

MSTV SA: Director (until 22/03/2012)
Monceau Corporate Finance Sasu: Chairman

Censors

Luc Bertholat
Jean-Michel Gabriel, Representing BNP Paribas Développement

The Board of Directors

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEAR ENDED ON 31 DECEMBER 2012

ALTAVIA S.A.
COMPANY ACCOUNTS

101

Dear Shareholders,

As part of the duties assigned to us by your general meetings, we submit to you our report relating to the fiscal year ended 31 December 2012, concerning:

- our audit of the accompanying consolidated financial statements of Altavia
- the justification of our assessments
- the specific verifications stipulated by law.

The consolidated financial statements were finalised by the Board of Directors. It is our duty, on the basis of our audit, to express an opinion on these financial statements.

1. Opinion on the consolidated financial statements

We carried out our audit under the professional standards applicable in France; these standards require due diligence in order to provide reasonable assurance that the consolidated financial statements do not contain any major discrepancies. An audit involves using sampling or other selection methods to verify the evidence supporting the amounts and disclosures appearing in the consolidated financial statements. It also involves assessing the accounting principles followed, the significant estimates adopted, and the overall presentation of the accounts. We believe that the information that we collected, on which we based our opinion, was sufficient and appropriate.

We hereby certify that, with regard to accounting principles applicable in France, the consolidated financial statements for the fiscal year feature no irregularities and accurately present the assets, financial situation, and earnings of the consolidated entities.

2. Justification of our assessments

The accounting estimates used in preparing the financial statements were made in an uncertain environment related to the public finance crisis in certain eurozone countries. This crisis is accompanied by an economic and liquidity crisis that renders the task of economic forecasting difficult. It is in this context that, in accordance with the provisions of Article L. 823-9 of the French Commercial Code concerning the justification of our assessments, we hereby inform you that the assessments that we conducted focused on the appropriateness of the accounting principles applied, particularly with regard to the following items:

Note 1.2.5 of the appendix sets out the rules and methods for assessing goodwill. We checked the suitability of the aforementioned accounting methods and the information provided in the notes of the appendix and ensured that they were correctly applied.

The assessments performed are linked to our procedure for auditing consolidated financial statements, taken in their entirety, and therefore contributed to the formation of our opinion expressed in the first part of this report.

3. Specific verification

In accordance with the professional standards applicable in France, we also carried out a specific verification of the disclosures, stipulated by law, relating to group data contained in the management report.

We have no matters to report as to their fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine, 23 April 2012

The Statutory Auditors
Deloitte & Associés

Cabinet Angeli

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory Auditors' report on the consolidated financial statements includes information specifically required by French law in all audit reports, whether modified or not. This information presents below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.
This report on the consolidated financial statements should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

ASSETS

Euros	Gross Value	31/12/2012		31/12/2011 Net Value
		Amort. & deprec.	Net Value	
Fixed assets				
Intangible fixed assets				
Development costs	856 162	856 162		
Concessions, patents, and similar rights	103 539	103 539		576
Goodwill (1)	1		1	1
Tangible fixed assets				
Other tangible fixed assets	3 008 712	2 247 340	761 371	898 783
Advances and deposits	85 596		85 596	37 856
Long-term investments (2)				
Equity interests	32 122 552	2 675 108	29 447 444	29 175 752
Other fixed equity investments	76		76	76
Other long-term investments	574 236		574 236	557 124
Total (I)	36 750 873	5 882 149	30 868 724	30 670 168
Current assets				
Advances and deposits paid on orders	55 000		55 000	77 000
Receivables				
Trade receivables and related accounts (3)	1 090 866	49 641	1 041 225	1 710 457
Other receivables (3)	3 966 981	1 629 390	2 337 591	2 758 616
Marketable securities				
Own shares	7 539 974		7 539 974	7 015 509
Other securities	1 648 856		1 648 856	82 356
Cash assets				
Prepayments (3)	136 127		136 127	198 313
Total (II)	14 448 331	1 679 031	12 769 300	11 949 970
Grand Total (I at II)	51 199 204	7 561 180	43 638 024	42 620 137

(1) Of which leasehold

(2) Of which less than one year (gross)

(3) Of which more than one year (gross)



LIABILITIES

Euros	Value at 31/12/2012	Value at 31/12/2011
Shareholders' equity		
Capital (of which paid: 3 918 873)	3 918 873	3 918 873
Issue, merger, contribution premiums	2 446 046	2 446 046
Reserves:		
- Legal reserve	391 888	391 888
- Regulated reserves	44 100	44 100
- Other reserves	879 926	879 926
Retained earnings	24 825 981	20 494 506
Earnings for the fiscal year (profit or loss)	3 959 443	6 190 787
Net position	36 466 258	34 366 126
Regulated provisions	21 954	12 539
Total (I)	36 488 212	34 378 665
Provisions		
Provisions for contingencies	125 835	141 877
Provisions for expenses	283 066	231 796
Total (II)	408 901	373 673
Debts (1)		
Borrowed funds and debts with credit institutions (2)	2 793 541	2 455 160
Miscellaneous borrowed funds and financial debts (3)	1 119 621	2 614 478
Trade payables and related accounts	455 526	744 491
Tax and social liabilities	1 733 715	1 689 366
Other debts	631 957	364 304
Deferred revenue	6 550	
Total (III)	6 740 911	7 867 799
Grand Total (I at III)	43 638 024	42 620 137
(1) Of which more than one year	2 050 000	2 162 000
(1) Of which less than one year	4 690 911	5 705 799
(2) Of which bank loans, overdrafts, and bank credit balances	35 892	
(3) Of which equity loans		

INCOME STATEMENT

Euros	31/12/12 Total	31/12/11 Total	Variation As amount	Variation As %
Sales of merchandise (1)				
Production sold (goods/services) of which exports: 3 261 404	10 948 497	10 721 054	227 443	2,12
Net turnover	10 948 497	10 721 054	227 443	2,12
Operating subsidies		1 500	-1 500	-100
Reversals on provisions (amortisation), transfers of expenses	1 120	89 320	-88 200	-98,75
Other income	12 918	973	11 946	
Total operating income (I)	10 962 535	10 812 847	149 688	1,38
Purchases of merchandise (2)				
Other purchases and external costs	4 856 201	4 945 180	-88 978	-1,80
Taxes, duties, and similar payments	488 664	504 868	-16 205	-3,21
Salaries and wages	3 363 550	3 143 052	220 498	7,02
Social security charges	1 431 822	1 374 802	57 020	4,15
Allocations to amortisation and depreciation:				
- On fixed assets: allocations to amortisation	188 094	245 964	-57 870	-23,53
- On current assets: allocations to depreciation		9 935	-9 935	-100
- Allocations to provisions	51 270	114 195	-62 925	-55,10
Other expenses	53 683	32 015	21 668	67,68
Total operating expenses (II)	10 433 283	10 370 011	63 273	0,61
Operating earnings (I - II)	529 252	442 836	86 416	19,51
Share of income from joint ventures				
Profit or transferred loss (III)		35 501	-35 501	-100
Loss or transferred profit (IV)	118 976		118 976	
Financial income				
From equity interest (3)	3 787 230	5 371 125	-1 583 895	-29,49
From other securities and fixed asset receivables (3)	198 950	303 427	-104 477	-34,43
Reversals on provisions & depreciation and transfers of expenses	355 777	2 156 845	-1 801 068	-83,50
Positive exchange differences	163	5 136	-4 973	-96,83
Net gains from sales of negotiable securities	78 653	16 729	61 924	370,15
Total financial income (V)	4 420 773	7 853 263	-3 432 490	-43,71
Financial expenses				
Allocations to amortisation, depreciation, and provisions	865 362	619 330	246 032	39,73
Interest and similar expenses (4)	667 429	2 685 188	-2 017 759	-75,14
Negative exchange differences		9 186	-9 186	-100
Total financial expenses (IV)	1 532 791	3 313 704	-1 780 912	-53,74
Financial earnings (V - VI)	2 887 981	4 539 559	-1 651 578	-36,38
Earnings before extraordinary items and taxes (I+II+III-IV+V-VI)	3 298 258	5 017 896	-1 719 639	-34,27
Extraordinary income (VII)	151 016	87 596	63 420	72,40
Extraordinary expenses (VIII)	66 490	131 549	-65 059	-49,46
Extraordinary earnings (VII - VIII)	84 526	-43 954	128 479	292,31
Income tax (X)	-576 660	-1 216 844	640 184	52,61
Total income (I+III+V+VII)	15 534 324	18 789 207	-3 254 883	-17,32
Total expenses (II+IV+VI+VIII+IX+X)	11 574 880	12 598 420	-1 023 540	-8,12
Profit or Loss (total income - total expenses)	3 959 443	6 190 787	-2 231 344	-36,04
(1) Of which income from previous fiscal years				
(2) Of which expenses from previous fiscal years				
(3) Of which income from related entities		5 636 968		
(4) Of which interest from related entities		43 261		

Accounting rules and methods

[Decree no. 83-1020 of 29-11-1983 - Articles 7, 21, 24 beginning, 24-1, 24-2 and 24-3]

Extract from the appendix to the balance sheet and the income statement

The balance sheet total before distribution for the year ended 31/12/2012 is €43,638,024, and the year's income statement, presented in list form, shows a profit of €3,959,443.

The fiscal year lasted 12 months, covering a period from 01/01/2012 to 31/12/2012.

The notes or tables below are an integral part of the annual financial statements.

General accounting principles have been applied, in compliance with the principle of prudence, in accordance with the following basic assumptions:

- Continuity of the business,
- Consistency of accounting methods from one fiscal period to the next,
- Independence of fiscal periods,

and in accordance with the general principles for preparing and presenting annual financial statements currently in force in France.

The basic method used for assessing the items entered into the accounts is the historical costs method.

Only noteworthy information is provided.

The company applied the new accounting rules relating to the definition, valuation, amortisation, and depreciation of assets, specifically regulations 2002-10 of 12 December 2002 and 2004-6 of 23 November 2004 of the Comité de la Réglementation Comptable (French Accounting Regulatory Committee).

Intangible and tangible fixed assets

Amortisations for depreciation are calculated using the straight-line method according to the estimated length of use.

- Software straight-line 1 year
- Fixtures and fittings straight-line 5 to 10 years
- Furniture straight-line 5 to 10 years
- IT and office equipment straight-line 3 years

Long-term investments

Long-term investments are entered onto the balance sheet at their historic value. They are broken down into subsidiary equity investments, receivables related to holdings, and deposits and sureties paid. At the close of the fiscal year, the historic value is compared to the useful value, taking into account the asset portion withdrawn and the earnings trend as well as the economic interest of the group's companies. An unfavourable amount is subject to provisions for depreciation of securities and loans of a financial nature.

As such, the provision for impairment for securities totalled €2,675,108 at 31/12/2012.

Customers

Trade receivables and related accounts are booked at their nominal value. The risks of non-recovery are the subject of appropriate provisions for impairment determined individually. The amount of the provision totalled €49,641 at 31/12/2012. A reversal of €1,120 for bad debt impairment was made.

Other receivables

Receivables are valued at their nominal value. A provision for impairment is applied when the inventory value is less than the book value. As such, a provision for impairment of the group current accounts was recorded for €1,629,390 at 31/12/12.

Negotiable securities

Negotiable securities are valued at purchase prices or the past month's market price, if the latter is lower. For unlisted securities, if the inventory value is lower than the probable trading value, a provision for depreciation is recorded.

Negotiable securities include Altavia securities acquired as part of a stock option plan established during the first half of 2003 and a shareholder share purchase plan in 2008, 2009, 2010, and 2012.

In euros	Gross value at 31 Dec. 2012	Depreciation at 31 Dec. 2012	Net value at 31 Dec. 2012	Net value at 31 Dec. 2011
Own shares	7 539 974		7 539 974	7 015 509
Negotiable securities	1 648 856		1 648 856	82 356
TOTAL	9 188 830	0	9 188 830	7 097 865

Stock options

The General Meeting on 20 May 2010 authorised the Board of Directors to grant, on one or more occasions, over a period of thirty-eight months, i.e. no later than 20 July 2013, stock options each giving the right to acquire a share of Altavia, within the limit of 10% of the share capital. Options may be granted to executives (such as those defined by Article L.225-185, paragraph 4 of the French Commercial Code) and to eligible employees having a permanent contract of employment with Altavia, as well as to only employees of companies or economic interest groups of which at least 10% of capital or voting rights are held directly or indirectly by Altavia.

Share subscription options allocated during fiscal year 2010.

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options	Price of options
20/05/2010	16/12/2010	50 519	16/12/2014 or 01/05/2015	01/01/2015 or 16/06/2015	€72,34

Out of the 50,519 options granted in 2010, 15,829 have become null and void.

Share subscription options allocated during fiscal year 2011.

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options	Price of options
20/05/2010	17/03/2011	8 179	01/05/2015	01/07/2015	€72,34
20/05/2010	19/05/2011	19 019	19/05/2015 or 01/11/2015	01/07/2015 or 19/11/2015	€72,34
20/05/2010	22/09/2011	2 115	01/11/2015	01/01/2016	€72,34

Out of the 29,313 options granted in 2011, 9,379 have become null and void.

Share subscription options allocated during fiscal year 2012.

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options	Price of options
20/05/2010	28/06/2012	1 138	28/06/2016 or 01/11/2016	01/07/2016 or 28/12/2016	€74,72
20/05/2010	20/09/2012	15 858	01/11/2016	01/01/2017	€74,72

Retirement payments

In France, contractual retirement payments are payable when an employee retires, if still part of the Group at the retirement date. Payments are evaluated and provisioned based on the employee's salary and seniority on the date of retirement, in accordance with the regulations of applicable agreements. The theoretical figures used to calculate commitments resulting from the discount rate and the wage inflation rates were 3.60% and 1.55% in 2012. The retirement age used was 65. The social security contribution rate stood at 45%. The provision at 31/12/12 totalled €283,066, i.e., an allocation of €51,270 and a corresponding deferred tax of -€17,090 for fiscal year 2012.

Provisions for contingencies and expenses

The company applies CRC regulation 2000-06 to its liabilities.

Provisions for contingencies and expenses are formed to cover clearly defined contingencies and expenses, whether for events that have occurred or may occur due to current events. The provisions formed correspond to provisions on industrial tribunal litigation risk, provisions on own shares under a stock option plan, and retirement payments.

Results for the company for the last five financial years
(Article R225-102 of the French Commercial Code)

Euros	31/12/2012	31/12/2011	31/12/2010	31/12/2009	31/12/2008
Share capital at the end of the period					
Share capital	3 918 873	3 918 873	3 918 873	3 918 873	3 918 873
Number of ordinary shares in issue (A)	1 306 291	1 306 291	1 306 291	1 306 291	1 306 291
Operations and result for the financial year					
Turnover before tax	10 948 497	10 721 054	12 152 807	12 751 387	13 102 290
Income before tax (B), employee shareholding schemes, provisions and charges on amortization, depreciation and provisions	4 182 209	3 734 833	2 328 019	2 286 103	3 641 189
Corporate income tax	-576 660	-1 216 844	-1 408 354	-1 264 919	76 266
Net profit (C)	3 959 443	6 190 787	1 584 138	3 875 691	6 227 178
Provisions and charges on amortization, depreciation, provisions	799 426	-1 239 110	2 152 235	-324 669	-2 662 256
Distributed profit (D)		2 011 688	1 998 625	2 024 751	3 004 469
Result per share					
Result before tax, employee shareholding schemes, and provisions and charges on depreciation, amort. and provisions = (B) / (A)	3,20	2,86	1,78	1,75	2,79
Result after tax, employee shareholding schemes, and provisions and charges on depreciation, amort. and provisions	3,64	3,79	2,86	2,72	2,73
Result after tax, employee shareholding schemes and provisions and charges on depreciation, amort. and provisions = (C) / (A)	3,03	4,74	1,21	2,97	4,77
Dividend per share = (D) / (A)		1,54	1,53	1,55	2,30
Workforce					
Average number of salaried employees during the financial year	25	25	16	14	20
Total payroll for the financial year	3 363 550	3 143 052	2 814 686	2 751 205	3 917 375
Amounts paid in company benefits (social security, employee benefits)	1 431 822	1 374 802	1 269 681	1 063 696	1 379 040

Other important information

Remuneration for managers

Remuneration paid to Altavia corporate officers totalled €1,283,689.

Individual Right to Training (D.I.F.)

The total volume of hours of training corresponding to rights acquired under DIF was 1,473 hours for the entire workforce present as at 31 December 2012.

Information on entries

At the end of 2000, we opted for the tax consolidation system starting from the fiscal year beginning on 1 January 2001. Altavia heads the group. The tax consolidation scope expanded as at 01/01/2009 from the subsidiaries initial consolidated under Altavia France.

The subsidiaries within the tax consolidation scope are Altavia Europe since 1 January 2007, Altavia Newco since 1 January 2008, Altavia France, Altavia Paris, Altavia Nantes, Altavia Saint-Étienne, Altavia Lille, CPO, and Altavia Nantes Newco since 1 January 2009, Altavia CEI and Actipaper since 1 January 2010, and Shopper Mind since 1 January 2013.

The group's head company is liable for corporate tax, contributions related to this tax, as well as annual fixed taxation for itself and for its consolidated subsidiaries. Each company pays tax as if it were not a group member, and any tax savings are entered into the accounts of the group's head company.

The group's taxable earnings totalled €3,087,861.

These taxable earnings take the profits and losses of our subsidiaries into account. The own taxable earnings of Altavia totalled -€275,628.

The tax savings associated with the tax consolidation recorded at Altavia totalled €712,959 as at 31/12/2012. Altavia incurred the tax on behalf of companies that became profitable again as at 31/12/2012, i.e., Altavia France (€42,976), Altavia Europe (€113,422), and Altavia CEI (€1,881).

Borrowed funds and financial debts

Altavia benefited from a confirmed line of credit of up to €80 m.

As at 31/12/2012, €2 M of this line of credit has been used.

The line of credit is guaranteed as follows:

- a - a rate swap at 3.9845% (initial notional of €5.8 M) on the deferred start date of 02/01/2008, maturing 01/07/2013.
- b - a rate collar (floor = 3.60%, cap = 3.90% - initial notional of €5.8 M) on the deferred start date of 02/01/2008, maturing 01/07/2013.
- c - a rate cap at 2.30% (initial notional of €10 M) on the start date of 10/04/2011, maturing 10/01/2014.
- d - a rate swap at 2.95% (initial notional of €4.3 M) on the start date of 10/01/2012, maturing 10/01/2016.
- e - a rate cap at 2.50% (initial notional of €3.2 M) on the start date of 10/01/2012, maturing 10/01/2016.

List of subsidiaries and shareholdings

Financial information	Share capital	Share of capital held (in %)	Shareholders' equity	Profit or loss at close of financial year just ended	Dividends collected by the company during the year
Subsidiaries and shareholdings					
1. Direct subsidiaries (holding of +50%)					
Altavia Asia	363 254	100	1 503 043	1 057 098	430 276
Capital Innovation	72 640	71,39	-172 687	-167 520	
Altavia Newco	6 000	100	1 085	-2 089	
Actipaper	550 000	99,99	-1 212 221	-338 436	
Altavia France	1 646 784	99,99	10 625 784	3 116 442	
Altavia Europe	5 594 928	99,99	10 616 826	4 321 610	3 356 954
Shopper Mind	10 000	100	-294 010	-170 444	
2. Indirect subsidiaries					
Held by Altavia France:					
Altavia Paris	1 199 660	100	4 950 258	2 369 993	3 290 667
Altavia Lille	72 000	100	946 808	330 171	
Altavia Optitrans	40 000	80,96	574 070	289 610	270 083
Altavia Nantes	1 220 000	100	637 977	-885 621	
Altavia Saint-Étienne	350 840	100	685 906	136 865	300 219
CPO	200 000	100	227 458	-85 971	50 000
Bed & Breakfast	192 200	100	-308 118	-30 542	
Altavia Pallas	41 800	85	-9 732	-13 367	
Held by Altavia Europe:					
Altavia CEI	100 000	97,99	-306 104	71 587	
Altavia HTT	1 383	92,29	990 847	822 615	776 211
Altavia Belgium	300 000	99,25	-840 129	-777 741	
Altavia Iberica CFA	60 200	99,98	986 282	578 041	999 834
Altavia Hellas	60 000	95	179 796	188 787	373 255
Altavia Italia	200 000	80	1 496 050	704 659	800 000
Altavia Deutschland	100 000	100	979 586	651 510	350 000
Altavia Česká	6 582	100	232 827	19 223	37 736
Altavia România Communication	50 000	100	265 084	174 759	110 536
Altavia Polska	12 106	95	472 978	318 699	204 140
Altavia Swiss	60 976	100	72 020	-5 767	
Altavia Iletisim	77 736	80	1 028 011	981 754	518 122
Altavia Hungária	57 471	85,03	13 647	-43 243	
Held by Altavia Asia:					
Altavia Trading	506 439	100	1 333 668	424 084	
Altavia Advertising	200 000	100	2 149 543	1 148 772	
3. Holdings (between 5 & 50 %)					
MyStudioTV	67 887	30,23	1 318 760	203 776	
Altavia Connect	50 000	34	143 722	-41 383	
Simone	24	25	309 288	92 446	

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS FISCAL YEAR ENDED ON 31 DECEMBER 2012

Dear Shareholders,

As part of the duties assigned to us by your general meetings, we submit to you our report relating to the fiscal year ended 31 December 2012, concerning:

- our audit of the accompanying annual financial statements of Altavia
- the justification of our assessments
- the specific checks and information stipulated by law.

The annual financial statements were finalised by the board of directors. It is our duty, on the basis of our audit, to express an opinion on these financial statements.

1. Opinion on the annual financial statements

We carried out our audit according to the professional standards applicable in France; these standards require due diligence in order to provide reasonable assurance that the annual financial statements do not contain any major discrepancies. An audit involves using sampling or other selection methods to verify the evidence supporting the amounts and disclosures appearing in the annual financial statements. It also involves assessing the accounting principles followed, the significant estimates adopted, and the overall presentation of the financial statements. We believe that the information that we collected, on which we based our opinion, was sufficient and appropriate.

We hereby certify that, with regard to accounting principles applicable in France, the annual financial statements feature no irregularities and accurately present the assets, financial situation, and earnings of the company at the end of this fiscal year.

2. Justification of our assessments

The accounting estimates used in preparing the financial statements were made in an uncertain environment related to the public finance crisis in certain eurozone countries. This crisis is accompanied by an economic and liquidity crisis that renders the task of economic forecasting difficult. It is in this context that, in accordance with the legal provisions of Article L. 823-9 of the French Commercial Code concerning the justification of our assessments, we hereby inform you that the assessments that we conducted focused on the appropriateness of the accounting principles applied, particularly with regard to the following items:

The note "Long-term investments" in the appendix sets out the rules and methods for valuation of equity interests and receivables related to these equity interests.

We checked the suitability of the aforementioned accounting methods and the information provided in the notes of the appendix and ensured that they were correctly applied.

The assessments performed are linked to our procedure for auditing annual financial statements, taken in their entirety, and therefore contributed to the formation of our opinion expressed in the first part of this report.

3. Specific verifications and disclosures

We also carried out the specific checks stipulated by law, in accordance with the professional standards applicable in France.

We have no observations to make regarding the genuineness and concordance with the annual financial statements of the information given in the Board of Directors' management report and in the documents sent to the shareholders on the financial position and the annual financial statements.

In accordance with the law, we ensured that the various disclosures related to equity interests and control held, and to the identity of the holders of capital and voting rights, were communicated to you in the management report.

Neuilly-sur-Seine, 23 April 2012

The statutory auditors
Deloitte & Associés

Cabinet Angeli

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the annual financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.