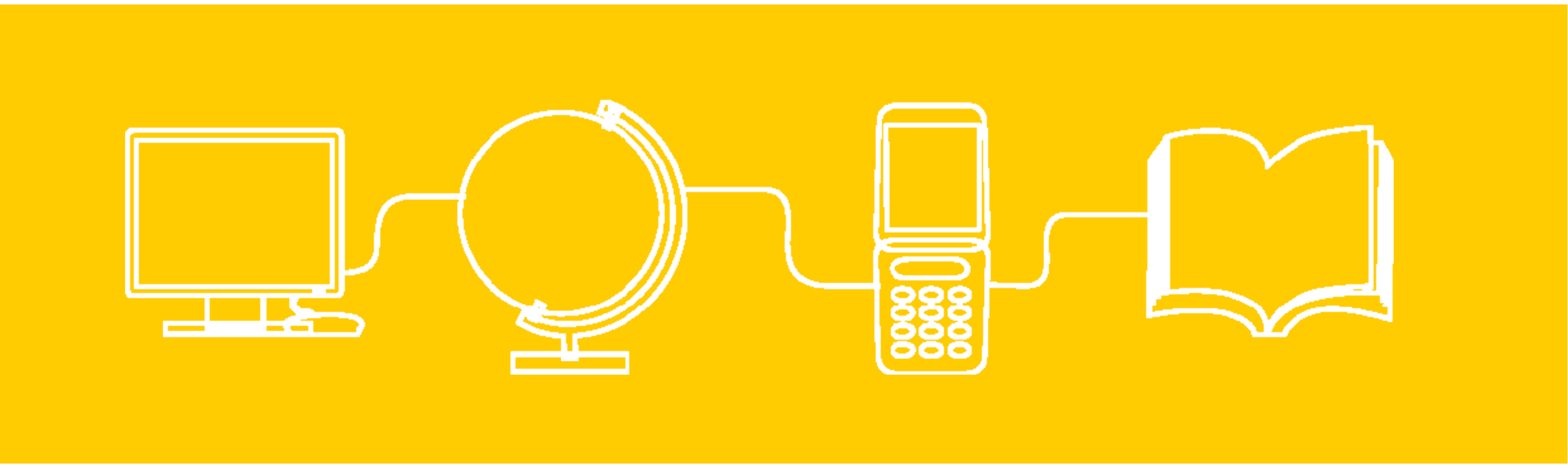
PagesJaunes Groupe

Consolidated financial information at 31 December 2008

Board of Directors of 25 February 2009



Unofficial translation of the French-language “*Informations financières consolidées au 31 décembre 2008*” of PagesJaunes Group, for information purposes only.

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PagesJaunes Groupe

A limited liability company (*société anonyme*) with a Board of Directors

(*Conseil d'administration*) and a share capital of 56,128 890 euros

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1. ANNUAL ACTIVITY REPORT AS AT 31 DECEMBER 2008

1.1. OVERVIEW

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

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

- **PagesJaunes in France.** These are the Group's activities in France related to the publication and distribution of directories and the sale of advertising space in printed (PagesJaunes, *L'Annuaire*) and online directories ("pagesjaunes.fr"). They also include the creation and hosting of Internet sites, the telephone directory enquiry services (118008) and by SMS as well as various activities such as the publication of the PagesPro directories and the QuiDonc reverse directory. This segment also includes holding company activities contained within PagesJaunes Groupe.

- **International & Subsidiaries.** These are the activities of the Group's various subsidiaries, mainly comprising the publication of consumer directories outside France (Spain, Luxembourg and Morocco) and the development of complementary activities related to the publication of directories, such as the geographic services of Mappy and the direct marketing activities of PagesJaunes Marketing Services. This segment also includes the new online classified ads business ("annoncesjaunes.fr") launched at the beginning of January 2007 and accommodated within the company PagesJaunes Petites Annonces, as well as, since the 2007 fourth quarter, the advertising business of Horyzon Média and Horyzon Clics, in which PagesJaunes Groupe acquired a majority stake on 11 October 2007. Horyzon Média and Horyzon Clics were merged on 30 June 2008 with retroactive effect as 1 January 2008; the new entity is called Horyzon Média.

1.2. COMMENTARY ON 2008 ANNUAL RESULTS

PagesJaunes Group	**As at 31 december**		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Net revenues	**1,192.8**	**1 ,158.3**	**3.0%**
External purchases	(295.4)	(314.6)	-6.1%
Other operating income	11.8	10.1	16.8%
Other operating expenses	(22.8)	(24.0)	-5.0%
Salaries and charges	(334.8)	(321.0)	4.3%
Gross Operating Margin	**551.6**	**508.9**	**8.4%**
As % of revenues	*46.2%*	*43.9%*	
Employee profit-sharing	(17.8)	(14.4)	23.6%
Share-based payment	(1.5)	(5.2)	-71.2%
Goodwill impairment	(68.9)	-	na
Depreciation and amortisation	(17.2)	(14.9)	15.4%
Result of asset disposals	(0.3)	14.3	na
Restructuring costs	(2.5)	-	na
Operating income	**443.4**	**488.7**	**-9.3%**
As % of revenues	*37.2%*	*42.2%*	
Financial income	3.4	3.1	9.7%
Financial expenses	(138.2)	(131.1)	5.4%
Gain (loss) on foreign exchange	-	(0.0)	na
Net financial income	**(134.8)**	**(128.0)**	**5.3%**
Corporation tax	(131.7)	(126.4)	4.2%
Net income from continuing businesses	**176.8**	**234.2**	**-24.5%**
Net income from divested businesses (after tax)	-	34.4	na
Net income of the consolidated group	**176.8**	**268.6**	**-34.2%**
of which attributable of the operating PagesJaunes Group	176.9	269.6	-34.4%
of which minority interests	(0.1)	(1.0)	-90.0%

Consolidated revenue of PagesJaunes Groupe in 2008 totalled 1,192.8 million euros in 2008, up 3.0% over 2007. This increase was driven primarily by sustained growth of the Group's Internet activities that expanded 24.2% over 2007 to 471.4 million euros. As a result, Internet service revenues now account for 39.5% of total Group consolidated revenue compared to 32.8% in 2007.

In December 2008 all Group Internet sites in France (“pagesjaunes.fr”, “mappy.com”, “annoncesjaunes.fr”, and “pagespro.com”) ranked fourth among the most visited Internet sites with 17.3 million unique visitors. This represents a reach rate of 50.9% for total French Internet users. In addition, the “pagesjaunes.fr” and “mappy.com” websites had 1.5 million unique visitors on mobile Internet in October 2008, representing a reach rate of 20.4% and making it the fourth most visited service.

The Group's gross operating margin totalled 551.6 million euros in 2008, up 8.4% on 2007. This trend reflects a 1.8 point improvement in the gross operating margin as a percentage of consolidated revenue for the PagesJaunes segment in France from 48.3% in 2007 to 50.1%, combined with the division by three of the gross operating loss of the International & Subsidiaries segment to 2.9 million euros in 2008 from 8.7 million euros in 2007.

Group operating income declined 9.3 % on 2007 to 443.4 million euros. In light of the deteriorated situation of the Spanish market and a sharp slowdown in activity of the Spanish subsidiary and resulting losses incurred, an impairment charge was recorded for the full amount of goodwill from QDQ Media of 68.9 million euros at 31 December 2008. In addition, in 2007 the Group recorded a profit of 14.6 million euros in connection with the PagesJaunes Petites Annonces rights issue reserved for M6. Excluding these exceptional items, operating income of the Group grew 8.1% in relation to 2007 to 512.2 million euros.

Net financial income increased from a loss of 128.0 million euros in 2007 to a loss of 134.8 million euros in 2008 in response to the unfavourable change in the fair value of interest rate hedges. Excluding this fair value change representing a charge of 16.5 million euros in 2008 compared to 5.6 million euros in 2007 that had no impact on Group cash, net negative financial income would have improved by 3.3% over 2007 to 118.3 million euros. The average interest rate on debt including flows from interest rate hedges decreased from 5.89% in 2007 to 5.64% in 2008.

Net income from continuing operations declined 24.5% from 2007 to 176.8 million euros. Excluding exceptional items (a dilution profit from the PagesJaunes Petites Annonces rights issue in 2007, and an impairment for the full amount of QDQ Media goodwill recognised in 2008) net income from continuing operations increased 10.7% over 2007 to 243.0 million euros.

The following sections present revenues, gross operating margin, as well as key intermediate management balances for each of the two segments of the consolidated Group, the PagesJaunes in France segment and the International & Subsidiaries segment.

1.2.1. ANALYSIS OF REVENUES AND GROSS OPERATING MARGIN OF THE PAGESJAUNES IN FRANCE SEGMENT

The following table shows the change in revenues and gross operating margin of the PagesJaunes in France segment for 2007 and 2008:

PagesJaunes in France	**As at 31 december**		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Net revenues	**1,106.6**	**1,071.8**	**3.2%**
External purchases	(258.1)	(270.8)	-4.7%
Other operating income	10.0	12.6	-20.6%
Other operating expenses	(19.7)	(22.7)	-13.2%
Salaries and charges	(284.4)	(273.4)	4.0%
Gross Operating Margin	**554.5**	**517.6**	**7.1%**
As % of revenues	*50.1%*	*48.3%*	

1.2.1.1. REVENUES OF THE PAGESJAUNES IN FRANCE SEGMENT

The following table shows the distribution of the consolidated revenues of the PagesJaunes in France segment by line of products for 2007 and 2008:

PagesJaunes in France	**As at 31 december**		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Printed directories	**617.7**	**653.0**	**-5.4%**
PagesJaunes	498.8	528.8	-5.7%
L'Annuaire	118.9	124.2	-4.3%
Online services	**432.8**	**369.3**	**17.2%**
Internet	427.8	344.0	24.4%
Minitel	5.0	25.3	-80.2%
Directory enquiry services (118008)	**36.4**	**28.1**	**29.5%**
Other activities	**19.8**	**21.5**	**-7.9%**
Net revenues	**1,106.6**	**1,071.8**	**3.2%**

The PagesJaunes segment in France had revenue 1,106.6 million euros in 2008, up 3.2% on 2007, in response to 24.4% growth in revenues from Internet services ("pagesjaunes.fr" and Internet websites) and 29.5% from directory inquiry services (118008) launched at the end of 2005. At the same time, revenue from printed directories decline 5.4% in relation to 2007.

Overall growth in revenue resulted from the increased number of advertisers, up 4.4% on 2007 from 666,800 to 696,100 in 2008, reflecting a record number of new advertisers acquired in 2008, of 131,300 versus 120 700 in 2007. This performance resulted primarily from the strategy focusing on growing the customer portfolio that PagesJaunes has pursued for several years (expanding the scope of prospecting, strengthening the commercial channel dedicated to acquiring new customers). This success was facilitated by a positive trend of growth in the number of companies operating in the commercial and service sectors in France.

The client retention rate, expressed in the number of advertisers, has remained high at 84.7% in 2008 compared to 85.6% in 2007. This includes the limited impact of the new pricing structure and the deteriorating economic situation for SMEs. Expressed in terms of value, the client retention rate declined from 93.2% of revenue in 2007 to 92.7% in 2008. At the same time, average revenue per advertiser contracted 1.1% to 1,564 euros in 2008 versus 1,581 euros in 2007.

Printed directories

Revenue from printed directories that presently originating primarily from selling of advertising space in the PagesJaunes directory and l'*Annuaire* (white pages), totalled 617.7 million euros in 2008 compared to 653.0 million in 2007, a decline of 5.4%. This breaks down into a 5.7% drop in revenue to 498.8 million euros for the PagesJaunes directory compared to 4.3% for l'*Annuaire* to 118.9 million euros.

Average revenue per advertiser for printed directories declined 8.3% par on 2007 to 984 euros versus 1,073 euros in 2007, from the combined impact of a reduction in rates and the introduction of multi-space tapered rates for printed directories in Ile-de-France, Lyon and Marseille, and the adoption of a multi-space tapered rates for all PagesJaunes directories, and the significant number of new advertisers in general providing lower revenue than average (550 euros on average) and which, in the majority of cases, invest in printed directories. At the same time, the number of advertisers in printed directories continued to rise, with 628,000 in 2008 versus 608,600 in 2007.

In 2008 PagesJaunes pursued initiatives to expand distribution of printed directories ("all addresses" distribution) in selected large cities. These measures are destined to boost use of printed directories that remain important loss leaders for most new advertisers and a key media for consultation by users.

Online services

Revenue from online services for PagesJaunes in France derived primarily from the sale of advertising products on “pagesjaunes.fr” and from website development and hosting, grew 24.4% compared to 427.8 million euros in 2007.

The number of online advertisers increased 2.3% in 2008 to 482 100 compared to 471 200 in 2007. Average revenue per advertiser grew 13.7% to 907 euros compared to 798 euros in 2007, notably in response to the change in the rate structure and the introduction of video. As a result, average revenue is approaching that experienced for printed directories (984 euros in 2008).

In 2008 the “pagesjaunes.fr” website had 849 million visits for fixed Internet in 2008, up 3.6% on 2007, and 14 million visits on mobile Internet, an increase of 31.9% on the prior year. The site was enhanced by functional improvements, actions taken to improve its visibility and, for mobile Internet, the development of versions for touch phones. As in 2007, more than half the visits to “pagesjaunes.fr” originated from direct access (traffic generated from URL “pagesjaunes.fr” entered directly in the web browser or through a website favourite link).

As expected, the decline in Minitel use accelerated in 2008, with revenue falling 80.2% in relation to 2007 to 5.0 million euros.

In 2008, revenue from all online services including both Internet and Minitel totalled 432.8 million euros, gaining 17.2% in relation to 2007.

Telephone directory inquiry services (118008)

Revenues from telephone directory inquiry services (118008) that include advertising inserts, now accounting for more than 55% of this activity, and traffic revenue, totalled 36.4 million euros in 2008, up 29.5% on 2007.

This growth in large part reflects a 57% increase in revenue from advertising inserts, with 114 200 advertisers at the end of 2008 versus 93 600 at the end of 2007, and average revenue per advertiser of 199 euros in 2008 versus 163 euros in 2007. Traffic revenue also expanded, though at a slower pace, boosted by growth in average revenue per user.

Other activities

Revenues from other activities of the PagesJaunes segment in France totalled 19.8 million euros in 2008, down 7.9% on 2007. These other activities which account for only 1.8% of the PagesJaunes in France segment's revenues in 2008, concerned primarily PagesPro’s printed media and Internet offerings as well as the reverse directory QuiDonc which can be consulted via Internet, Minitel and Audiotel.

Revenue growth for PagesPro on Internet also remained marginally positive compared to a decline for the reversed directory QuiDonc, reflecting the declining number of users of the service on Minitel and its availability free of charge on the Internet starting in April 2008.

1.2.1.2. EXTERNAL PURCHASES OF THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France	As at 31 december		
in million euros	**2008**	**2007**	**Variation 2008/2007**
External purchases	(258.1)	(270.8)	-4.7%
As % of revenues	*23.3%*	*25.3%*	

External purchases essentially comprise publishing costs (purchase of paper, printing and distribution of printed directories), databases costs, information system expenses, communication and marketing expenses and overhead.

External purchases of the PagesJaunes in France segment totalled 258.1 million euros in 2008, a decrease of 4.7% on 2007, whereas revenues from the same segment expanded over this period 3.2%. External purchases thus accounted for 23.3% of revenues for the segment in 2008 versus 25.3% in 2007.

The decline of purchasing costs was achieved in particular through measures to optimise costs and reduce communication expenses, following a 2007 financial year that incurred notably costs related to the launch of the new version of “pagesjaunes.fr”.

Publishing costs of printed directories, comprising cost of paper, printing and distribution totalled 104.3 million euros in 2008 versus 103.3 million euros in 2007, with cost of paper of 45.8 million euros in 2008 compared to 45.1 million euros in 2007[1]. This trend reflects primarily an increase in the number of pages in connection with the insertion of mobile and voice over IP (VoIP) lines, partially offset by a marginal decrease in the number of print runs. Distribution of printed directories that significantly increased in the prior year remained at a relatively high level in 2008, in line with PagesJaunes' objective of achieving a relatively exhaustive distribution coverage (“all addresses” in 23 major towns targeting new occupants and second homes). PagesJaunes benefits from multi-year contracts for paper, printing and distribution, enabling it to limit the sensitivity of printed directory publishing costs to price rises. Printing contracts signed in 2008 will contribute to stable prices over the period from 2009 to 2013.

Other communications expenses in 2008 are down in relation to the prior year that included costs for the launch of the new version of “pagesjaunes.fr” site. Efforts were also made to rationalise expenses devoted to maintaining the market share of 118008, and refocus investments on the PagesJaunes brand name. At the same time, regular listing costs and purchases of sponsored links in relation to Internet revenues remained stable at approximately 1.1%.

Other external purchases overall were down, benefiting from cost optimisation measures, in addition to the impact of nonrecurring costs incurred in 2007. The results of optimisation measures include the impact on a full-year basis of measures in 2007 on operating costs for 118008, the renegotiation of leases and the optimisation of office space, and on IT maintenance costs. There were also marginal increases in data purchases reflecting the PagesJaunes' strategy to increase the global coverage of its databases, while the decline of Minitel fees remitted to France Télécom was in line with the drop in revenue from this media.

[1] After deduction in 2008 of 0.3 million euros of credit notes from printers, and, in 2007, 0.1 million euros of income from disposal of paper and 1.1 million euros of credit notes from printers. These items are recognised under other operating income.

1.2.1.3. OTHER OPERATING INCOME OF THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France	As at 31 december		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Other operating income	10.0	12.6	-20.6%

Other operating income of the PagesJaunes in France segment amounted to 10.0 million euros in 2008 versus 12.6 million euros in 2007. This mainly comprised recharging of operating expenses of PagesJaunes 3611 alphabetical search to France Télécom and other non-recurrent income, that in 2007 included notably the recharging of commercial operations undertaken for PagesJaunes Petites Annonces.

1.2.1.4. OTHER OPERATING EXPENSES OF THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France	As at 31 december		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Other operating expenses	(19.7)	(22.7)	-13.2%

Other operating expenses of the PagesJaunes in France segment totalled 19.7 million euros in 2008 versus 22.7 million euros in 2007. This comprised taxes and duties, certain provisions for contingencies and expenses, and provisions for receivables from customers that remained effectively managed, with net allowances for provisions as a percentage of revenues of 0.289% for the 2008 edition marginally up compared to 0.245% for the 2007 edition.

1.2.1.5. SALARIES AND SOCIAL CHARGES OF THE PAGESJAUNES IN FRANCE SEGMENT

PagesJaunes in France	As at 31 december		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Salaries and charges	(284.4)	(273.4)	4.0%
As % of revenues	*25.7%*	*25.5%*	

Salaries and social charges of the PagesJaunes in France segment comprised wages and salaries, both fixed and variable, including employee profit sharing, social charges, accrued vacation expenses, post-employment benefits, and various other benefits paid to sales force and support function employees.

For the PagesJaunes in France segment these costs accounted for 25.7% of revenues of the segment in 2008 versus 25.5% in 2007, and totalled 284.4 million euros, up 4.0% compared to 2007, while for the same period, revenues increased 3.2%.

Remuneration of the sales force and its direct supervisory staff[2], excluding specific costs related to commercial operations undertaken on behalf of PagesJaunes Petites Annonces, accounted for 14.9% of revenues in 2008 versus 14.5% in 2007. This was accompanied by further expansion of commercial staff that increased to 2,116 employees at 2008 year-end versus 2,022 at the end of 2007, destined to strengthen PagesJaunes' commercial resources for the purpose of acquiring new customers.

1.2.1.6. GROSS OPERATING MARGIN OF THE PAGESJAUNES IN FRANCE SEGMENT

The gross operating margin of the PagesJaunes in France segment increased 7,1% compared to 2007 to 554,5 million euros, gaining as a percentage of sales 1.8 point to 50.1% versus 48.3% in 2007.

This improvement reflects the growth in revenue from Internet and telephone directory inquiry services (118008) combined with effective management and optimisation of all charges.

1.2.2. ANALYSIS OF REVENUES AND GROSS OPERATING MARGIN OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

The following table shows the change in revenues and gross operating margin of the International & Subsidiaries segment for 2007 and 2008:

International & Subsidiaries	**As at 31 december**		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Net revenues	**94.8**	**93.8**	**1.1%**
External purchases	(46.5)	(51.2)	-9.2%
Other operating income	3.1	1.4	121.4%
Other operating expenses	(4.0)	(5.2)	-23.1%
Salaries and charges	(50.3)	(47.6)	5.7%
Gross Operating Margin	**(2.9)**	**(8.7)**	**-66.7%**
As % of revenues	*-3.1%*	*-9.3%*	

[2] Remuneration of the sales force and its immediate supervisory staff, consisting in large part of variable compensation, is dependent on achieving commercial objectives relating to revenue aggregates. In consequence, it cannot be compared directly with the remuneration of commercial staff.

1.2.2.1. REVENUES OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

The following table shows the distribution of consolidated revenues of the International & Subsidiaries segment by line of products for 2007 and 2008:

International & Subsidiaries	**As at 31 december**		
in million euros	**2008**	**2007**	**Variation 2008/2007**
BtoC directories	56.9	61.8	-7.9%
of which QDQ Media	42.1	47.6	-11.6%
Online small ads	3.6	1.9	89.5%
Internet advertising representation	5.3	1.1	na
Direct marketing and geographics	29.1	29.0	0.3%
Net revenues	**94.8**	**93.8**	**1.1%**

Revenues of the International & Subsidiaries segment totalled 94.8 million euros in 2008, up 1.1% on 2007. The 11.6% decline in revenue from QDQ Media was offset by growth from the Internet advertising management activities Horyzon Média, consolidated in October 2007, and the online classified ads of PagesJaunes Petites Annonces, launched in January 2007.

B-to-C Directories

Revenues from B-to-C directories business amounted to 56.9 million euros in 2008, down 7.9% on 2007. These revenues are derived primarily from the sale of advertising space in printed and online directories by QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco.

QDQ Media's revenues declined 11.6% in 2008 to 42.1 million euros, in response to severe deterioration of the Spanish economy accompanied by a downturn in the advertising market. In this environment, QDQ Media registered a decline of 5.4% in the number of advertisers to 73,000 in 2008 versus 77,200 in 2007 while revenues from printed directories fell 19.5% to 29.4 million euros. At the same time, QDQ Media has pursued the development of online activities, with the number of Internet advertising is up 20% on 2007 to 44,775 and the number of visits to "qdq.com" of 12.9% to 23.7 million, resulting in a 12.8% increase in Internet revenue to 12.3 million euros. In June 2008, QDQ Media signed an agreement with Google to distribute the Google Adwords programme to local advertisers in Spain. The promotion of this new offering that provides a complementary fit with QDQ Media's advertising products was launched in October 2008. As a result its impact on 2008 revenues was marginal. Given current trends of the Spanish market, QDQ Media decided to redeploy its commercial organisation and operations to focus investments on those areas providing greater potential, expanding its national presence on Internet platforms and achieving the full benefits of the partnership with Google.

Revenues from other B-to-C directories (Editus in Luxembourg and Edicom in Morocco) amounted to 14.8 million euros in 2008, up 4.2% on 2007, primarily in response to growth of Internet business and classified ads in Luxembourg.

Online classified ads

Revenue of the online classified ads business, launched in January 2007 amounted to 3.6 million euros in 2008 versus 1.9 million euros in 2007. The promotion and marketing of products and services to advertisers began in the first quarter of 2007, and has resulted in gradual growth in the number of customers and revenues, driven notably by successful commercial efforts (introductory offer including several months of free use of the service). The "annoncesjaunes.fr" website had 23.7 million visits in 2008 with 1.9 million unique visitors in December 2008, ranking it among the most visited online property and automobile classified ad websites in France. More than 490,000 classified property and automobile ads were placed on the “annoncesjaunes.fr” website at 31 December 2008.

Internet Advertising Representation

On 11 October 2007, PagesJaunes Groupe acquired controlling interests in Horyzon Média and Horyzon Clics, Internet advertising management companies. Their results were consolidated by the Group as of October 2007, and on 30 June 2008 the two companies were merged with retroactive effect as 1 January 2008 with the new entity called Horyzon Média.

This acquisition has allowed PagesJaunes Groupe to strengthen its presence in the dynamic market of national online advertising of the display type. Horyzon Média has been entrusted with managing the advertising for all the Group's Internet sites in France including “pagesjaunes.fr”, “mappy.com”, “annoncesjaunes.fr” and “pagespro.com”. In 2008, net revenues of Horyzon Média comprising representation commissions amounted to 5.3 million euros, and represented billings of 18.6 million euros versus 10.2 million euros for the 2007 full year.

Direct marketing and geographic services

Revenues from Direct Marketing (PagesJaunes Marketing Services) and Geographic Services (Mappy) amounted to 29.1 million euros in 2008, remaining stable in relation to 2007. Growth by Mappy of 7.0% over 2007, was achieved primarily from the development of advertising revenues from “mappy.com” that recorded 221.7 million visits in 2008 and 12.7 million unique visitors in December 2008. This growth offset the decline in revenues of PagesJaunes Marketing Services, adversely affected by the economic slowdown in the 2008 second half that weighed on sales, particularly in the segment of national customers.

1.2.2.2. EXTERNAL PURCHASES OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

International & Subsidiaries	**As at 31 december**		
in million euros	**2008**	**2007**	**Variation 2008/2007**
External purchases	(46.5)	(51.2)	-9.2%
As % of revenues	*49.1%*	*54.6%*	

External purchases of the International & Subsidiaries segment amounted to 46.5 million euros in 2008, down 9.2% compared to 2007, and accounted for 49.1% of revenues of the segment versus 54.6% in 2007.

This trend reflects in particular the decrease in external purchases of PagesJaunes Petites Annonces, following 2007 that incurred a major portion of expenses for the launch of this business including notably the first communications campaigns, marketing costs associated with putting the commercial offering into place and outsourcing costs for certain technical and IT developments.

This decline also reflects the reduction of external purchases for QDQ Media, and in particular, reduced directory publishing costs, after the downward revision of volumes to be printed and distributed and communication and marketing expenses.

The consolidation of Horyzon Média starting in October 2007 had a limited impact on trends for external purchases, since staff costs account for the major share of the company's expenses.

1.2.2.3. OTHER OPERATING INCOME AND EXPENSES OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

International & Subsidiaries	**As at 31 december**		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Other operating income and expenses	(0.9)	(3.7)	-75.7%

Other operating income and expenses of the International & Subsidiaries segment represented a net charge of 0.9 million euros in 2008 versus a net charge of 3.7 million euros in 2007.

The financial year 2007 was also impacted by the recognition of major marketing efforts by the PagesJaunes sales force for PagesJaunes Petites Annonces in connection with the launch of the online classified ads business.

1.2.2.4. SALARIES AND SOCIAL CHARGES OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

International & Subsidiaries	**As at 31 december**		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Salaries and charges	(50.3)	(47.6)	5.7%
As % of revenues	*53.1%*	*50.7%*	

Salaries and social charges of the International & Subsidiaries segment amounted to 50.3 million euros in 2008, up 5.7% on 2007, and accounted for 53.1% of revenues of the segment versus 50.7% in 2007.

This increase results primarily from the impact of the consolidation starting in October 2007 of Horyzon Média and Horyzon Clics, merged on 30 June 2008, and the comparison base from the formation in 2007 of teams of PagesJaunes Petites Annonces, with an annual average equivalent full-time employees of 26 in 2007 compared to 66 in 2008.

1.2.2.5. GROSS OPERATING MARGIN OF THE INTERNATIONAL & SUBSIDIARIES SEGMENT

The operating loss of the International & Subsidiaries segment was divided by three between 2007 and 2008. As a result, the gross operating margin narrowed its deficit of 8.7 million euros in 2007 to 2.9 million euros. This improvement was primarily the result of the reduction in losses by PagesJaunes Petites Annonces, following 2007 that incurred a significant share of expenses associated with the launch of this new business. The financial year 2008 also benefited from the full-year contribution of earnings from Horyzon Média, consolidated for the first time in October 2007.

The economic slowdown in Spain adversely affected QDQ Media's earnings, resulting in a loss in 2008 of 2.8 million euros. In the second half of 2008, the company initiated a major reorganisation of its businesses that resulted in the departure of 20% of its workforce[3] representing reorganisation costs 2.5 million euros recognised, in accordance with Group accounting standards, under “restructuring costs”, not included in the gross operating margin.

[3] Average headcount of 550 employees at 31 January 2009 versus 699 at 31 December 2007.

1.2.3. ANALYSIS OF THE CONSOLIDATED OPERATING INCOME

The following table shows the Group's consolidated operating income for 2007 and 2008:

PagesJaunes Groupe	**As at 31 december**		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Gross Operating Margin	**551.6**	**508.9**	**8.4%**
Employee profit-sharing	(17.8)	(14.4)	23.6%
Share-based payment	(1.5)	(5.2)	-71.2%
Goodwill impairment	(68.9)	-	na
Depreciation and amortisation	(17.2)	(14.9)	15.4%
Result of asset disposals	(0.3)	14.3	na
Restructuring costs	(2.5)	-	na
Operating income	**443.4**	**488.7**	**-9.3%**
As % of revenues	*37.2%*	*42.2%*	

1.2.3.1. EMPLOYEE PROFIT SHARING AND SHARE-BASED COMPENSATION

Group employee profit sharing amounted to 17.8 million euros in 2008 versus 14.4 million euros in 2007. This includes a new 2% tax ("*forfait social*") for 0.3 million euros.

The Group share-based payment expense amounted to 1.5 million euros in 2008 compared to 5.2 million euros in 2007. The charge for 2008 concerned two stock option plans set up on 28 June 2005 and 20 December 2007, as well as the bonus share plan established on 20 November 2006.

Only 50% of the free shares granted in November 2006, for which the final allotment was subject to fulfilment of performance criteria set for the 2007 and 2008 financial years, were granted on 20 November 2008 as criteria set for 2008 were not met. The charge associated with this plan of 3.8 million euros recognised in 2008 was offset by income of 4.4 million euros.

1.2.3.2. AMORTISATION AND DEPRECIATION

Group allowances for depreciation and amortisation in 2008 amounted to 17.2 million euros versus 14.9 million euros in 2007, up 15.4%, reflecting increased in investments by the Group in 2006 and 2007, notably in connection with setting up the new publishing information system at PagesJaunes and the launch of the new "pagesjaunes.fr" site.

1.2.3.3. OPERATING INCOME

The Group's operating income declined 9.3% compared to 2007 to 443.4 million euros.

Given the deterioration in the economic environment of the Spanish market and the sharp downturn in revenues and resulting losses, at the end of the year QDQ Media initiated a major reorganisation of its businesses involving the departure of approximately 20% of its workforce resulting in a charge of 2.5 million euros, recognised in accordance with Group accounting standards under "restructuring costs". In this environment, taking into account the company's new business plan, an impairment charge of 68.9 million euros for the full amount of QDQ Media goodwill was recognised at 31 December 2008.

In addition, when M6 acquired a shareholding in PagesJaunes Petites Annonces in October 2007, the Group had recognised a dilution profit of 14.6 million euros under “result from disposal of shares”.

Excluding these nonrecurring items, the Group's operating income grew 8.1% in 2008 to 512.2 million euros.

1.2.4. ANALYSIS OF THE CONSOLIDATED NET INCOME

The following table shows the Group’s consolidated net income for 2007 and 2008:

PagesJaunes Groupe	**As at 31 december**		
in million euros	**2008**	**2007**	**Variation 2008/2007**
Operating income	**443.4**	**488.7**	**-9.3%**
Financial income	3.4	3.1	9.7%
Financial expenses	(138.2)	(131.1)	5.4%
Gain (loss) on foreign exchange	-	(0.0)	na
Net financial income	**(134.8)**	**(128.0)**	**5.3%**
Corporation tax	(131.7)	(126.4)	4.2%
Net income from continuing businesses	**176.8**	**234.2**	**-24.5%**
Net income from divested businesses (after	0.0	34.4	na
Net income of the consolidated group	**176.8**	**268.6**	**-34.2%**
of which attributable of the operating PagesJaunes Groupe	176.9	269.6	-34.4%
of which minority interests	(0.1)	(1.0)	-90.0%

1.2.4.1. NET FINANCIAL INCOME

The Group had a negative financial income of 134.8 million euros in 2008 versus 128.0 million euros in 2007.

This financial income comprised mainly interest expense on the bank loan of 1.950.0 million euros arranged in November 2006. This expense, net of the result of interest rate hedges, amounted to 111.6 million euros in 2008 versus 116,9 million euros in 2007. The average interest rate for debt thus declined from 5.89% in 2007 to 5.64% in 2008, despite the increase by 44 basis points of the of the average three-month Euribor rate from 4.34% in 2007 to 4.78% in 2008. The Group benefited from interest rate hedges providing coverage up to 13 December 2011, as well as optimisation of its financial debt and the margin ratchet, that enabled it to reduce its average interest rate charged by 70 basis points in 2008.

The financial income also comprised the amortisation of loan issuance costs for 6.4 million euros in 2008, that remained stable in relation to the prior period, as well as the change in the time value of the collar entered into by the Group in November 2006, recognised under “change in fair value of hedging insurance”, resenting a net expense of 16.5 million euros in 2008 compared to 5.6 million euros in 2007, that had no impact on the Group's cash position. Excluding the impact of the change in the time value of the collar, the negative financial income would have improved by 3.3% compared to 2007 to 118.3 million euros.

At 31 December 2008, PagesJaunes Groupe's net debt amounted to 1,881.9 million euros hedged for approximately 80% against the rise in interest rate through a collars and interest rate swaps portfolio maturing at the end of 2011.

1.2.4.2. CORPORATION TAX

The Group recorded corporation tax expense of 131.7 million euros in 2008, up 4.2% on 2007. The effective tax rate was consequently 42.7% in 2008 versus 35.1% in 2007.

Excluding the dilution profit from the right issue of PagesJaunes Petites Annonces in 2007, and recognition of an impairment charge for the total amount of QDQ Media goodwill in 2008, as these two items are not included in the taxable income, the effective tax rate was 35.6% in 2008 versus 36.5% in 2007. This improvement in the effective tax rate resulted notably from the decrease in losses by PagesJaunes Petites Annonces that is not included in the tax consolidation group, and the decline in share-based compensation expenses that are non-deductible.

1.2.4.3. NET INCOME FROM CONTINUING OPERATIONS

Net income from continuing operations declined 24.5% from 2007 to 176.8 million euros. Excluding exceptional items (a dilution profit from the PagesJaunes Petites Annonces rights issue in 2007 and an impairment charge for the full amount of QDQ Media goodwill recognised in 2008) net income from continuing operations increased 10.7% over 2007 to 243.0 million euros.

1.2.4.4. NET INCOME

Net income of the Group amounted to 176.8 million euros in 2008 against 268.6 million euros in 2007, that included a net profit of 34.4 million from divested businesses.

PagesJaunes Groupe sold Kompass France and Kompass Belgium Coface Services on 14 March 2007. Net income from discontinued operations of 34.4 million euros, recognised in 2007, comprised the net expenses and income from 1 January 2007 to the date of disposal, as well as the consolidated capital gain on disposals of 33.0 million euros.

Net income attributable to PagesJaunes Groupe shareholders amounted to 176.9 million euros in 2008 versus 269.6 million euros in 2007. Income attributable to minority shareholders represented a loss of 0.1 million euros in 2008 compared with a loss of 1.0 million euros in 2007.

Excluding extraordinary items (i.e. impacts in 2007 of the disposals of Kompass and the dilution profit from the PagesJaunes Petites Annonces rights issue) and excluding the impairment charge in 2008 for the full amount of QDQ Media goodwill, the net income attributable to the Group would have increased by 10.7% compared to 2007 to 243.0 million euros.

1.3. CONSOLIDATED LIQUIDITIES, CAPITAL RESOURCES AND INVESTMENT EXPENSES

The table below shows the development of the Group's consolidated cash position for the financial years ended 31 December 2007 and 31 December 2008:

PagesJaunes Groupe	**As at 31 december**	
in million euros	**2008**	**2007**
Fair value of hedging instruments	-	30.0
Accrued interest	0.1	-
Cash equivalents	89.0	71.2
Cash	**89.1**	**101.2**
Bank borrowing	(1,950.0)	(1,950.0)
Revolving	-	-
Debt costs	34.8	41.2
Liability in respect of hedging instruments	(5.3)	(6.8)
Fair value of hedging instruments	(25.3)	-
Accrued interest not yet due	(4.5)	(6.8)
Bank overdrafts	(0.5)	(16.7)
Liability on committed purchase of minority interests	(3.1)	(8.7)
Other financial liabilities	(17.1)	(16.1)
Gross financial debt	**(1,971.0)**	**(1,963.9)**
Net cash (debt)	**(1,881.9)**	**(1,862.7)**

The consolidated gross financial debt of the Group amounted to 1,971.0 million euros as at 31 December 2008 versus 1,963.9 million euros as at 31 December 2007. This increase of 7.1 million euros is primarily the result of the decline in fair value of hedging instruments by 25.3 million euros and the amortisation of loan issuance costs of 6.4 million euros, offset by a decline in bank overdrafts of 16.2 million euros and a decrease by 5.6 million euros of debt for the undertaking to buy back minority interests. It is noted that this debt in connection with the undertaking to buy back minority interest of 8.7 million euros in 2007 was recorded in 2007 under "other non-current liabilities" in 2007, and as such excluded from gross financial debt.

The consolidated Group's net financial debt amounted to 1,881.9 million euros as at 31 December 2008 versus 1,862.7 million euros as at 31 December 2007. Excluding the fair value of hedging instruments representing liabilities of 25.3 million euros as at 31 December 2008 versus assets of 30.0 million euros as at 31 December 2007, net debt amounted to 1,856.6 million euros as at 31 December 2008 versus 1,892.7 million euros as at 31 December 2007.

Bank borrowing of the PagesJaunes Groupe of 1,950.0 million euros, is repayable in full at the end of 2013. PagesJaunes Groupe also has a revolving credit line from a banking syndicate comprising several banks for approximately 400.0 million euros expiring at the end of 2013. This credit line was not drawn on as at 31 December 2008.

The table below shows the development of the Group's consolidated cash position for the financial years ended as at 31 December 2007 and 31 December 2008:

PagesJaunes Group *in million euros*	**As at 31 december** **2008**	**2007**	**Variation 2008/2007**
Net cash from operations	320.2	285.0	12.4%
Net cash used in investing activities	(11.5)	5.8	na
Net cash provided by (used in) financing activities	(290.9)	(274.6)	5.9%
Impact of changes in exchange rates on cash	0.0	0.0	na
Net increase (decrease) in cash position	**17.7**	**16.2**	**9.3%**
Cash and cash equivalents at beginning of period	71.2	55.1	29.2%
Cash and cash equivalents at end of period	**89.0**	**71.2**	**25.0%**

Cash and cash equivalents amounted to 89.0 million euros as at 31 December 2008 versus 71.2 million euros as at 31 December 2007.

Net cash from operations amounted to 320.2 million euros in 2008 versus 285.0 million euros in 2007, an increase of 12.4%, with notably:

- A gross operating margin of 551.6 million euros in 2008, up 42.7 million euros compared to 2007 or an increase of 8.4%;
- A favourable change in working capital of 16.2 million euros in 2008 versus 23.6 million euros in 2007;
- A net outflow of 110,9 million euros in respect of interest in 2008, a decrease of 3.8 million euros compared to 2007;
- An outflow of 118.7 million euros in respect of the corporation tax in 2008, a decrease of 3.0 million euros compared to 2007.

Net cash used in investing activities represented an outflow of 11.5 million euros in 2008 versus a net inflow of 5.8 million euros in 2007, including notably:

- 32.0 million euros in 2007 of income from disposals, net of divested cash, from Kompass France and Kompass Belgium to Coface Services;
- 10.8 million euros in 2007 in respect to the acquisition of shares in associate companies, net of acquired cash, including 10.2 million euros linked to the acquisition of majority interests in Horyzon Média and Horyzon Clics;
- 12.1 million euros in 2008 in respect to the acquisition of property, plant and equipment and intangible assets versus 16.4 million euros in 2007.

Net cash provided by financing activities amounted to 290.9 million euros in 2008 versus 274.6 million euros in 2007, including primarily:

- 269.5 million for dividends paid in 2008 against 303.1 million euros in 2007;
- A decrease of 15.2 million euros in bank overdrafts in 2008 compared to an increase of 9.9 million euros in 2007;

- A contribution of 16 million euros from majority shareholders in 2007 in connection with the PagesJaunes Petites Annonces rights issue;

- A capital increase of 4.4 million euros in 2007, in connection with the early exercise of stock options;

- 4.3 million euros for treasury shares acquired in connection with the liquidity agreement implemented in September 2008.

1.4. OFF-BALANCE SHEET LIABILITIES, DISPUTES AND RELATED PARTIES

See notes 32 to 34 of the consolidated financial statements.

1.5. RISKS AND UNCERTAINTIES IN RESPECT OF 2009

The main risks and uncertainties identified by PagesJaunes Groupe concerned:

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

- the development of Internet competition as regards search, geographic and mapping services, as well as online classified ads that could have an impact on PagesJaunes' and its subsidiaries Mappy's and Pages Petites Annonces' ability to maintain the pace of growth of their Internet revenues,

- Change in interest rates, which could affect PagesJaunes Groupe's financial income due to an increase in interest on debt (in respect of 20% of bank loans not hedged against interest rate change risk) and the change in fair value of hedging instruments used by the Group (for their time value).

1.6. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE OF 31 DECEMBER 2008

Following the departure of one of Horyzon Média founders, PagesJaunes Groupe exercised the option available under the shareholders' agreement and increased its stake in this subsidiary from 66% to 95.83% on 15 January 2009 for a price of 1.4 million euros.

On 18 February 2009, PagesJaunes Groupe acquired from M6 34% of the shares comprising the capital of PagesJaunes Petites Annonces for 6.0 million euros. As a result it henceforth holds 100% of the share capital and voting rights of this subsidiary.

The Company's Board of Directors decided, during its session on 25 February 2009, that Michel Datchary's situation deviated from the AFEP/MEDEG recommendations regarding remuneration of company officers of companies whose shares are listed for trading on a regulated market, on two points: the accumulation of corporate officer/employment contract and the terms of paying and calculating retirement benefits.

The Board of Directors had to take into account the fact that the end of Michel Datchary's employment contract would cause him to lose his rights to end-of-career bonuses (which are due upon retirement) and his rights to retirement benefits and non-competition compensation.

Consequently, Michel Datchary resigned his salaried duties in the Group on 25 February 2009 and two types of compensation were put in place: compensation applicable solely in case of a forced departure and compensation for the non-competition obligation.

The Board of Directors has decided that Michel Datchary will receive compensation in the event he is forced to leave the Company due to a change in the Company's control or strategy (irrespective of the form of departure: dismissal, non-renewal or resignation). The amount of this compensation is equal to 21 months of remuneration calculated based on the average monthly total gross remuneration paid to Michel Datchary during the 12 calendar months preceding the date he ceases his duties.

The non-competition obligation will be implemented in case Michel Datchary ceases his mandate as Managing Director for any reason and in any form whatsoever. This non-competition obligation will be applicable for a 24 months period and the corresponding compensation will equal 12 months of remuneration. This compensation will be due in any case.

The total of the departure compensation and this compensation shall in no case exceed 24 months of gross remuneration.

1.7. RESEARCH AND DEVELOPMENT

At the cutting edge in its sector, PagesJaunes Groupe has developed a highly effective and innovative research activity that combines the resources of its own teams and new partnerships. These include the best specialists in their respective areas of expertise for the purpose of fostering innovation and excellence.

2. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(Amounts in thousands of euros, except data relating to shares)	Notes	**As at 31 December 2008**	**As at 31 December 2007**
Net revenues	7	1,192,845	1,158,304
External purchases		(295,420)	(314,600)
Other operating income		11,779	10,125
Other operating expenses		(22,798)	(23,960)
Personnel expenses : - Salaries and charges	8	(334,794)	(321,014)
Gross Operating Margin		**551,612**	**508,854**
- Employee profit-sharing	8	(17,840)	(14,385)
- Share-based payment	8	(1,490)	(5,189)
Goodwill impairment	14 & 15	(68,882)	-
Depreciation and amortisation	14 & 15	(17,195)	(14,892)
Result of asset disposals	9	(339)	14,277
Restructuring costs		(2,515)	-
Operating income		**443,351**	**488,665**
Financial income		3,376	3,079
Financial expenses		(138,162)	(131,069)
Gain (loss) on foreign exchange		-	(10)
Net financial income	10	**(134,786)**	**(128,001)**
Corporation tax	11	(131,739)	(126,440)
Net income from continuing businesses		**176,826**	**234,224**
Net income from divested businesses (after tax)	6	-	34,358
Net income of the consolidated group		**176,826**	**268,582**
Attributable to:			
- Shareholders of the operating PagesJaunes Group		176,888	269,566
- Minority interests		(62)	(984)
Net earnings per share (in euros)			
Net earnings per share of continuing businesses	12		
- basic		0.63	0.84
- diluted		0.62	0.83
Net earnings per share of divested businesses			
- basic		0.00	0.12
- diluted		0.00	0.12
Net earnings per share of the consolidated group			
- basic		0.63	0.96
- diluted		0.62	0.95

CONSOLIDATED BALANCE SHEET

(Amounts in thousands of euros)	Notes	As at 31 December 2008	As at 31 December 2007
ASSETS			
Net goodwill	13	50,334	125,528
Other net intangible fixed assets	14	21,158	26,128
Net tangible fixed assets	15	19,987	20,404
Available-for-sale assets	16	207	207
Other non-current financial assets	17	967	1,955
Derivative financial instruments	18	-	29,970
Net deferred tax assets	11	18,854	102
Total non-current assets		**111,507**	**204,294**
Net inventories	19	6,533	5,244
Net trade accounts receivable	20	513,449	517,990
Other current assets	21	30,417	28,023
Current tax receivable	11	2,003	12,699
Prepaid expenses	22	108,581	104,599
Other current financial assets		82	17
Cash and cash equivalents	28	88,956	71,228
Total current assets		**750,022**	**739,800**
TOTAL ASSETS		**861,529**	**944,094**
LIABILITIES			
Share capital		56,197	56,129
Issue premium		98,676	98,676
Reserves		(2,521,491)	(2,497,651)
Net income		176,888	269,566
Translation differences		(33)	(36)
Own shares		(4,313)	-
Equity attributable to equity holders of the parent	24	**(2,194,077)**	**(2,073,316)**
Minority interests		2	373
Total equity	24	**(2,194,075)**	**(2,072,943)**
Non-current financial liabilities and derivatives *	18 & 28	1,944,447	1,922,467
Employee benefits - non-current	26	36,458	32,836
Provisions - non-current	26	4,419	5,658
Other non-current liabilities		-	-
Deferred tax liabilities	11	-	5,463
Total non-current liabilities		**1,985,324**	**1,966,424**
Bank overdrafts and other short-term borrowings	28	22,026	34,618
Accrued interest	28	4,481	6,845
Provisions - current	26	596	580
Trade accounts payable	25	107,706	109,393
Employee benefits - current	26	122,718	118,324
Other current liabilities	26	104,641	105,016
Corporation tax	11	16,697	3,431
Deferred income	29	691,415	672,407
Total current liabilities		**1,070,280**	**1,050,613**
TOTAL LIABILITIES		**861,529**	**944,094**

* In 2007, includes a liability for 8,700 thousand euros for the repurchase of minority interests that had been entered under "Other non-current liabilities".

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Amounts in thousands of euros)	Number of shares in circulation	Share capital	Issue premium	Own shares	Income and reserves	Translation reserve	Group equity	Minority interests	Total equity
Balance as at 31 December 2006	**280,266,780**	**56,053**	**94,325**	**-**	**(2,210,924)**	**(20)**	**(2,060,565)**	**-**	**(2,060,565)**
2007 result					269,566		**269,566**	(984)	**268,582**
Share-based payment					4,464		**4,464**	2	**4,466**
Dividends paid					(303,071)		**(303,071)**		**(303,071)**
Translation difference						(16)	**(16)**	-	**(16)**
Change in value of hedging instruments net of tax					11,880		**11,880**	-	**11,880**
Stock options exercised	377,670	76	4,351				**4,427**	-	**4,427**
Dilution effect (profit recognised when M6 acquired an interest in the capital of PagesJaunes Petites Annonces)							**-**	1,373	**1,373**
Scope entry of Horyzon Media, Horyzon Clics and A Ton Service							**-**	252	**252**
Minority puts on Horyzon Media et Horyzon Clics							**-**	(271)	**(271)**
Balance as at 31 December 2007	**280,644,450**	**56,129**	**98,676**	**-**	**(2,228,085)**	**(36)**	**(2,073,316)**	**373**	**(2,072,943)**
2008 result					176,888		**176,888**	(62)	**176,826**
Share-based payment					1,468		**1,468**		**1,468**
Dividends paid					(269,419)		**(269,419)**	(120)	**(269,539)**
Translation difference						2	**2**	-	**2**
Change in value of hedging instruments net of tax					(25,388)		**(25,388)**		**(25,388)**
Capital increase, granting of free shares	340,304	68			(68)		**-**		**-**
Shares of the consolidating company net of tax	(580,606)			(4,313)			**(4,313)**	-	**(4,313)**
Minority puts on Horyzon Media et Horyzon Clics							**-**	(190)	**(190)**
Balance as at 31 December 2008	**280,404,148**	**56,197**	**98,676**	**(4,313)**	**(2,344,603)**	**(33)**	**(2,194,077)**	**2**	**(2,194,075)**

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in thousands of euros)	Notes	As at 31 December 2008	As at 31 December 2007
Consolidated net attributable income		**176,888**	**269,566**
Depreciation and amortisation of fixed assets	13 à 15	86,077	14,892
Capital gains or losses on asset disposals		339	(47,277)
Change in provisions	23	2,259	2,960
Tax charge for the period	11	131,739	126,198
Interest income and expenses	10	130,408	126,188
Minority interests		(62)	(984)
Unrealised exchange difference		4	11
Hedging instruments	18	4,373	1,770
Share-based payment		1,468	4,466
Net change in working capital		16,245	23,553
Dividends and interest received		17,519	952
Interest paid and rate effect of net derivatives		(128,426)	(115,636)
Taxes paid	11	(118,661)	(121,698)
Net cash from operations		**320,170**	**284,962**
Acquisition of tangible and intangible fixed assets	14 & 15	(12,069)	(16,433)
Change in suppliers of fixed assets		341	(1,448)
Proceeds from sale of tangible and intangible assets		60	39
Acquisitions of investment securities and subsidiaries, net of cash acquired	5	(1)	(10,760)
Proceeds from disposals of financial assets, net of cash sold	6	-	32,044
Decreases (increases) in marketable securities and other long-term assets	28	124	2,394
Net cash used in investing activities		**(11,545)**	**5,836**
Increase (decrease) in borrowings and bank overdrafts	28	(17,042)	8,019
Movements in own shares	24	(4,313)	-
Capital increase	24	-	4,427
Minority interests contribution	9	-	16,000
Dividends paid to minority interests		(120)	-
Dividends paid	24	(269,419)	(303,071)
Net cash provided by (used in) financing activities		**(290,894)**	**(274,625)**
Impact of changes in exchange rates on cash		(3)	(22)
Net increase (decrease) in cash position		**17,728**	**16,152**
Cash and cash equivalents at beginning of period		71,228	55,076
Cash and cash equivalents at end of period	28	**88,956**	**71,228**

NOTE 1 – INFORMATION ON THE GROUP

For over sixty years, PagesJaunes Groupe has been offering a wide range of products and services geared to the general public and businesses. Its core business is directories in France and abroad on printed and online media. The Group's principle activities are described in note 4.

The financial year of the companies of PagesJaunes Groupe is from 1 January to 31 December. The presentation currency of the consolidated financial statements and Notes is the euro.

PagesJaunes Groupe is a public limited company listed on Euronext Paris (PAJ) – compartment A.
This information was issued by the Board of Directors of PagesJaunes Groupe on 25 February 2009.

NOTE 2 – CONTEXT OF THE PUBLICATION AND BASIS FOR PREPARATION OF THE 2008 FINANCIAL INFORMATION

In accordance with European regulation 1606/2002 dated 19 July 2002 on the application of international accounting standards, the Group has prepared consolidated accounts for the financial year ending 31 December 2008 in accordance with the IFRS standards as adopted in the European Union, applicable to this date, and available on the following website:
http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The accounting principles adopted are consistent with those used in preparing the annual consolidated accounts for the financial year ending 31 December 2007, except for the adoption of the following standards and interpretations, without significant impact:

- IFRIC 11 – IFRS 2 Group and Treasury Share Transactions
- Amendment to IAS 39 and IFRS 7 – Reclassification of Financial Assets.

These principles do not differ from the IFRS standards published by IASB insofar as the application, compulsory for financial years starting from 1 January 2008, of the following standards and interpretations not yet adopted by the European Union will not have a significant impact on the Group's accounts:

- IFRIC 12 – Service Concession Arrangements
- IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding requirement and their interaction.

Moreover, the Group has not anticipated standards and interpretations adopted by the European Union and whose application is compulsory after 1 January 2008:

- IFRS 8 – Operating Segments
- Amendment to IAS 1 – Presentation of financial statements (revised)
- Amendment to IAS 23 – Borrowing Costs
- Amendment to IFRS 2 – Share-based payment: Vesting conditions and cancellations
- IFRIC 13 – Customer Loyalty Programmes.

Finally, the Group has not applied the following texts that, as at 31 December 2008, had not been adopted by the European Union:

- IFRS 3 – Business Combinations
- Amendment to IAS 27 – Consolidated and Separate Financial Statements
- Amendment to IAS 39 – Financial instruments: Recognition and Measurement – Exposures Qualifying for Hedge Accounting
- Amendment to IAS 32 and IAS 1 – Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 - Distributions of Non-cash Assets to Owners
- Improvements to IFRS standards.

The process of determining the potential impact on the Group's consolidated accounts is currently being carried out by PagesJaunes Groupe. At this stage of analysis, the Group does not anticipate a significant impact on its consolidated accounts and has determined, in particular, that the "Operating Segments" defined in standard IFRS 8 will be the same as the "Business Segments" defined in standard IAS 14 "Segment Reporting".

IFRS 3 will modify prospectively the accounting methods of Business Combinations.

The summary statements apply to accounts prepared according to IFRS standards as at 31 December 2008 and 31 December 2007. The financial statements for 2006, included in the *Document de référence* submitted to the AMF on 27 March 2007 under No. R07-023, are incorporated for reference purposes.

The preparation of financial statements requires the management of PagesJaunes Groupe to make estimates and apply assumptions that affect the reported amounts of assets and liabilities and contingent liabilities at the date of preparation of the financial statements and reported income and expenses for the period. The management reviews these estimates and assessments on a continuous basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the book value of assets and liabilities. These concern in particular goodwill (notes 3.8 and 13), share-based payment (notes 2.17, 3.1 and 27) and the valuation of pension liabilities (notes 2.16 and 26). Actual results may differ significantly from these estimates, if different assumptions or circumstances apply. Finally, where a specific transaction is not dealt with in any standards or interpretations, the management of the Group applies judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

- Give a true and fair view of the Group's financial position, financial performance and cash flows,
- Reflect the substance of transactions,
- Are neutral,
- Are prepared on a prudent basis,
- Are complete in all material respects.

NOTE 3 – ACCOUNTING POLICIES AND CHANGES OF ESTIMATE

This note describes the Accounting Policies applied to the accounts as at 31 December 2008 in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2008.

Unless stated otherwise, these methods have been applied consistently to all the financial years shown.

3.1 – ACCOUNTING POSITIONS ADOPTED BY THE GROUP, IN APPLICATION OF PARAGRAPHS 10 TO 12 OF IAS 8

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

Undertaking to acquire minority interests:
In the framework of the acquisition, at the end of 2007, of 66% of the securities of the companies holding the advertising business on Internet (Horyzon Média and Horyzon Clics), call and put options were granted respectively for the balance of 34% of the securities of these subsidiaries consolidated through full integration. They are exercisable by both parties up to 2011. Save for special circumstances, the exercise price of these options is set according to a predetermined calculation

formula based on the sales figures and the operating result for the financial year 2010.
In accordance with the different regulations in force as at 31 December 2008, the accounting method adopted by the Group is as follows:

- In accordance with the provisions set out by standard IAS 32 “Financial instruments: information to be supplied and presentation”, the Group records a financial debt under the put options granted to minority shareholders of the entities concerned;
- The debt is stated in “Financial debts” for the current value of the provisional exercise price at the time of the start of the operation, then at the time of the subsequent statements of account, on the basis of the fair value of the shares potentially bought;
- The counterpart of this debt is recorded as a decrease in the minority interests and for the balance in goodwill;
- The subsequent variation of the value of the undertaking is stated by adjusting the amount of goodwill, excluding unwinding of the discounting effect of the debt, which is stated in the financial expenses.

The share of the net income attributable to the shareholders of PagesJaunes Groupe is calculated on the basis of the percentage of their holding in the entities, without taking into account the percentage of interest attached to the put options.

Variations in percentage of interest:
Since IFRS standards do not contain any specific detail on the accounting method at the time of the contribution by minority shareholders of their interests in a consolidated entity of the Group in exchange for securities of another consolidated entity of the Group, nor on the accounting method for the percentage decrease of interest arising as a result, the Group has adopted the following accounting methodology: the increase in percentage of interest is assimilated with an acquisition of minority interests; the percentage decrease of interest is assimilated with a disposal where the result is recorded in the income statement under the heading “result of disposal of shares” when it is made.

Management share ownership plan:
Sèvres I, Sèvres II and Sèvres III, which jointly controlled 100% of the capital of Médiannuaire Holding, the indirect majority shareholder of PagesJaunes Groupe, have offered certain managers of the Group the possibility of acquiring a minority holding, in the form of 212,591 ordinary shares, in the capital of Médiannuaire Holding, representing 0.55% of the company’s capital. This holding was acquired at the end of December 2006 on the basis of the price proposed by Médiannuaire Holding in the framework of the standing tender offer (“*garantie de cours*”) relating to the PagesJaunes Groupe shares completed on 1 December 2006.

The capital of Médiannuaire Holding is made up of ordinary shares and preference shares. The right of each class of share to the increase in value of shareholders’ equity is variable as a function of the internal rate of return recorded by the shareholders of Médiannuaire Holding on their investment during their holding period. Furthermore, each manager has made with the shareholders of Médiannuaire Holding a reciprocal commitment to buy and sell, which becomes exercisable by one or other of the parties once this manager leaves PagesJaunes Groupe. The price per share at which these reciprocal purchase and sale undertakings would be implemented varies mainly depending on the share price of PagesJaunes Groupe, the length of service of the managers as from 21 December 2006, and the fulfilment of certain performance conditions. As at 31 December 2008, application of these criteria would result, assuming that these cross options were exercised on this date by one or other of the parties, in a buy-back at nought value of the shares acquired by the managers.

Statutory training rights (DIF):
The Group has maintained in IFRS the treatment retained in French standards for statutory training rights (Opinion No. 2004-F of 13 October 2004 of the emergency committee of the CNC relating to the “accounting for statutory training rights – DIF”), namely:

- Expenditure in respect of statutory training rights constitutes an expense for the period and does not give rise to any provision;

- The volume of hours at the end of the accounting period, of the portion open to rights with an indication of the volume of hours not having been the subject of requests from the employees, is mentioned in the notes.

3.2 - CONSOLIDATION

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

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

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

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

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

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

3.3 – TRANSACTIONS IN FOREIGN CURRENCIES

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

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

3.4 – PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

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

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

3.4 – REVENUES

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

- Revenues from the sale of advertising space in printed directories are recognised at the time of publication of each printed directory. Consequently, sales of advertising space billed in respect of future directories are stated in the balance sheet under the heading of "Deferred Income".
- Income from the sale of advertising space in online directories is apportioned over the display period, which is generally 12 months.
- Revenues from traffic relating to the telephone enquiry services (118008 in France and 11875 in Spain) are recognised at their gross value when the service is rendered.
- Revenues from publicity campaigns are recognised for the period in which the campaigns are run. When Group entities act exclusively as agents, the revenue consists only of the commission.
- Expenses directly attributable to the directory publication campaigns for a particular financial period are associated with the corresponding revenues stated for the period in question; this concerns commissions for sales and telesales personnel as well as publishing costs including the publication fee.

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

3.6 – ADVERTISING AND SIMILAR EXPENSES

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

3.7 - EARNINGS PER SHARE

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

3.8 - GOODWILL

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

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

To determine whether goodwill has been impaired, the consolidated net book value of the assets and liabilities is compared to their recoverable amount. The recoverable amount is the higher of the fair value less exit costs and value in use.

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

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

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

Goodwill impairment losses are recorded in the income statement

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

3.9 – OTHER INTANGIBLE ASSETS

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

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

Internally developed trademarks are not recognised in the balance sheet.

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

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

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

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

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

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

3.10 – TANGIBLE FIXED ASSETS

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

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

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

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

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

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

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

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

3.11 – IMPAIRMENT OF FIXED ASSETS

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

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

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

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

3.12 - FINANCIAL ASSETS AND LIABILITIES

Financial assets include available-for-sale assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.
Financial liabilities include borrowings, other financing and bank overdrafts and operating debts.

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

3.12.1 - MEASUREMENT AND RECOGNITION OF FINANCIAL ASSETS

Assets held to maturity

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

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

Available-for-sale assets

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

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

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

Loans and receivables

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

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

Assets at fair value through the income statement

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

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

Cash and cash equivalents

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

3.12.2 - MEASUREMENT AND RECOGNITION OF FINANCIAL LIABILITIES

Financial liabilities

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

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

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

Financial liabilities at fair value through profit or loss

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

3.12.3 - MEASUREMENT AND RECOGNITION OF DERIVATIVE INSTRUMENTS

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

Hedging instruments

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

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

Hedge accounting applies if:

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

The effects of applying hedge accounting are as follows:

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

3.13 – INVENTORIES

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

3.14 – DEFERRED TAXES

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

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

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

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

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

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

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

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

3.15 - PROVISIONS

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

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

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

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

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

Provisions are discounted when the discounting adjustment is material.

3.16 – PENSION AND SIMILAR BENEFIT OBLIGATIONS

3.16.1 – POST-EMPLOYMENT BENEFITS

Retirement benefits and similar commitments

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

The impact of changes in assumptions is reflected in the income statement over the residual average working life of the employees (see note 26).

Other retirement schemes

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

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

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

3.16.2 – OTHER LONG-TERM BENEFITS

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

3.16.3 – TERMINATION BENEFITS

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

3.17 – SHARE-BASED PAYMENTS

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

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

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

3.18 – OWN SHARES

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

Note 4 – Segment information

The Group's core business is the publication of directories in France and abroad. It offers a diversified range of products and related services for the general public and businesses.

In the income statement, only the gross operating margin and allocations to depreciation are subject to segment allocation. On the balance sheet, all items are subject to segment allocation other than cash, financial liabilities and tax liabilities.

The Group's business is organised in two main segments:

- **PagesJaunes in France.** These are the Group's activities in France related to the publication and distribution of directories and the sale of advertising space in printed (PagesJaunes, *L'Annuaire*) and online directories ("pagesjaunes.fr"). They also include the creation and hosting of Internet sites, the telephone directory enquiry services (118008) and by SMS as well as various activities such as the publication of the PagesPro directories and the QuiDonc reverse directory. This segment also includes holding company activities contained within PagesJaunes Groupe.
- **International & Subsidiaries.** These are the activities of the Group's various subsidiaries, mainly comprising the publication of consumer directories outside France (Spain, Luxembourg and Morocco) and the development of complementary activities related to the publication of directories, such as the geographic services of Mappy and the direct marketing activities of PagesJaunes Marketing Services. This segment also includes the new online classified ads business ("annoncesjaunes.fr") launched at the beginning of January 2007 and accommodated within the company PagesJaunes Petites Annonces, as well as, since the 2007 fourth quarter, the advertising business of Horyzon Média and Horyzon Clics, in which PagesJaunes Groupe acquired a majority stake on 11 October 2007. Horyzon Média and Horyzon Clics were merged on 30 June 2008 with retroactive effect as 1 January 2008; the new entity is called Horyzon Média.

4.1 – Analysis by business segment

The following table breaks down the primary aggregates by business segment for the periods ended 31 December 2008 and 31 December 2007:

Income statement	**As at 31 December 2008**				**As at 31 December 2007**			
Amounts in thousands of euros	**PagesJaunes in France**	**International & Subsidiaries**	**Eliminations**	**Group**	**PagesJaunes in France**	**International & Subsidiaries**	**Eliminations**	**Group**
Net revenues	**1,106,606**	**94,828**	**(8,589)**	**1,192,845**	**1,071,830**	**93,825**	**(7,351)**	**1,158,304**
- External	1,106,474	86,371	-	1,192,845	1,071,533	86,771	-	1,158,304
- Inter-segment	132	8,457	(8,589)	-	297	7,054	(7,351)	-
External purchases	(258,059)	(46,483)	9,122	(295,420)	(270,753)	(51,198)	7,351	(314,600)
Other operating income	10,006	3,073	(1,300)	11,779	12,613	1,417	(3,905)	10,125
Other operating expenses	(19,696)	(3,960)	858	(22,798)	(22,707)	(5,158)	3,905	(23,960)
Salaries and charges	(284,383)	(50,320)	(91)	(334,794)	(273,383)	(47,631)	-	(321,014)
Gross operating margin	**554,474**	**(2,862)**	**0**	**551,612**	**517,599**	**(8,745)**	**-**	**508,854**
Employee profit-sharing				(17,840)				(14,385)
Share-based payment				(1,490)				(5,189)
Goodwill impairment	-	(68,882)	-	(68,882)	-	-	-	-
Depreciation and amortisation	(13,989)	(3,206)	-	(17,195)	(11,916)	(2,976)	-	(14,892)
Result of asset disposals				(339)				14,277
Restructuring costs	-	(2,515)	-	(2,515)	-	-	-	-
Operating income				**443,351**				**488,665**
Acquisitions of tangible and intangible fixed assets	**9,152**	**2,917**	**-**	**12,069**	**11,871**	**4,562**	**-**	**16,433**

Balance sheet	As at 31 December 2008				As at 31 December 2007			
Amounts in thousands of euros	**PagesJaunes in France**	**International & Subsidiaries**	**Eliminations**	**Group**	**PagesJaunes in France**	**International & Subsidiaries**	**Eliminations**	**Group**
Net goodwill	-	50,334	-	50,334	-	125,528	-	125,528
Net intangible fixed assets	16,090	5,068	-	21,158	20,994	5,134	-	26,128
Net tangible fixed assets	14,430	5,557	-	19,987	14,713	5,691	-	20,404
Non-current non-segment assets				20,028				32,234
Non-current assets				**111,507**				**204,294**
Net inventories	6,195	338	-	6,533	4,353	891	-	5,244
Net trade accounts receivable	470,950	47,461	(4,962)	513,449	472,006	49,323	(3,339)	517,990
Other current assets	24,828	5,768	(179)	30,417	23,555	4,480	(12)	28,023
Pre-paid expenses	100,400	8,244	(63)	108,581	96,594	8,029	(24)	104,599
Current non-segment assets				91,040				83,944
Current assets				**750,022**				**739,800**
Total assets				**861,529**				**944,094**
of which segment assets	*632,893*	*122,771*	*(5,204)*	*750,460*	*632,215*	*199,076*	*(3,375)*	*827,916*
of which non-segment assets				*111,069*				*116,178*
Shareholders' equity				**(2,194,077)**				**(2,073,316)**
Shareholders' equity				**2**				**373**
Personnel benefits - non-current	36,266	192	-	36,458	32,627	209	-	32,836
Provisions - non-current	4,419	-	-	4,419	5,647	11	-	5,658
Other non-current liabilities	-	-	-	-	-	-	-	-
Non-current segment liabilities				1,944,447				1,927,930
Non-current liabilities				**1,985,324**				**1,966,424**
Provisions - current	-	596	-	596	-	580		580
Trade accounts payable	92,905	19,763	(4,962)	107,706	89,382	23,350	(3,339)	109,393
Personnel benefits - current	114,039	8,679	-	122,718	110,963	7,361		118,324
Other current liabilities	97,849	6,971	(179)	104,641	98,166	6,862	(12)	105,016
Deferred income	669,867	21,611	(63)	691,415	649,129	23,302	(24)	672,407
Current non-segment liabilities				43,204				44,893
Current liabilities				**1,070,280**				**1,050,613**
Total liabilities				**861,529**				**944,094**
of which segment liabilities	*1,015,345*	*57,812*	*(5,204)*	*1,067,953*	*994,614*	*61,675*	*(3,375)*	*1,044,214*
of which non-segment liabilities				*(206,424)*				*(100,120)*

4.2 - Analysis by geographic region

Amounts in thousands of euros	**As at 31 December 2008**	**As at 31 December 2007**
Revenues	**1,192,845**	**1,158,304**
- France	1,135,989	1,096,534
- Others	56,856	61,770
Assets	**861,529**	**944,094**
- France	691,419	696,334
- Others	59,041	131,583
- Unallocated	111,069	116,177
Acquisitions of tangible and intangible fixed assets	**12,069**	**16,433**
- France	10,927	13,640
- Others	1,142	2,793

Note 5 – Change in the scope of consolidation

The main operations during 2008 and 2007 were as follows:

2008

Horyzon Média and Horyzon Clics merged on 30 June 2008, effective retroactively to 1 January 2008. PagesJaunes Petites Annonces and “A Ton Service” merged on 31 October 2008. These internal restructuring operations do not have a significant impact on the consolidated financial statements.

2007

On 14 March 2007, PagesJaunes Groupe sold 100% of the shares of Kompass France and Kompass Belgium to Coface Services. In accordance with international accounting standards (IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”), the revenues and expenses of the Kompass businesses are stated separately from the continuing businesses on a “Net earnings of divested businesses” line at the foot of the consolidated income statement, until their actual departure from the consolidated Group. In addition, the figures are stated before the elimination of intercompany items between Kompass France and Kompass Belgium on the one hand, and all the other companies of the PagesJaunes Groupe on the other hand. These two companies formed part of the “International & Subsidiaries” segment.

On 27 July 2007, PagesJaunes Groupe and Group M6 formed a partnership for the business of Internet classified ads, under the terms of which Group M6 acquired, on 17 October, a 34% stake in the capital of PagesJaunes Petites Annonces, subsidiary of PagesJaunes Groupe, by an increase in capital of 16 million euros.

On 17 October 2007, PagesJaunes Petites Annonces, subsidiary of the PagesJaunes Groupe, acquired 100% of the shares and voting rights in “A Ton Service” for 0.5 million euros.

On 11 October 2007, PagesJaunes Groupe acquired 55% of the shares and voting rights of Horyzon Média and 66% of the shares and voting rights of Horyzon Clics. On 24 December 2007, an additional 11% of the shares and voting rights of Horyzon Média were acquired. All these shares were acquired in cash, for a price of 10.7 million euros, including 0.2 million euros for fees and costs.

In addition, options to buy and sell shares were respectively granted for the balance of 34% of the shares. They can be exercised by both parties until 2011. The accounting of these options generated a debt of 8.6 million euros recognised in “Financial liabilities” and additional goodwill for the same amount.

Note 6 – Divested businesses

PagesJaunes Groupe sold 100% of the shares of Kompass France and Kompass Belgium on 14 March 2007 (see note 5). The Kompass businesses are shown in the financial statements as divested businesses. The net income and expenses and the disposal results after tax are shown in “net income from divested businesses”.

The main aggregates making up the net income from divested businesses for the periods presented are as follows:

(in thousands of Euros)	**31 December 2008**	**31 December 2007 (1)**
Revenues	-	7,017
Operating expenses	-	(5.656)
Gross operating margin	**-**	**1,361**
Operating income	-	1,015
Financial income	-	31
Corporation tax	-	(273)
Net income from Kompass businesses	**-**	**1,013**
Capital gain on disposal before tax (2)	-	32,830
Tax on disposal result (3)	-	515
Capital gain on disposal after tax (2)	-	33,345
Net income from divested businesses	**-**	**34,358**

(1) Corresponds to the flows generated by the Kompass businesses up to the disposal date
(2) Capital gains net of disposal expenses amounting to 0.2 million euros and the balance of deferred tax assets at the disposal date, recorded for losses in previous years, amounting to 2.2 million euros
(3) Corresponds to the tax saving relating to the short-term capital loss on the disposal income (1.3 million euros) and disposal expenses (0.2 million euros)

The net cash flows relating to the Kompass businesses in the periods presented are as follows:

(in thousands of euros)	**31 December 2008**	**31 December 2007 (1)**
Net cash from operations	-	1,728
Net cash used in investing activities	-	(247)
Net cash provided by (used in) financing activities	-	55

(1) Corresponds to the flows generated by the Kompass businesses up to the disposal date.

The net impact of the divestment of the Kompass businesses on the cash position, net of cash divested, amounted to 32.0 million euros in 2007.

Note 7 - Revenues

(in thousands of euros)	**31 December 2008**	**31 December 2007**
PagesJaunes in France		
Printed directories	**617,667**	**653,003**
PagesJaunes	498,768	528,795
L'*Annuaire*	118,899	124,208
Online services	**432,762**	**369,285**
Internet	427,776	344,025
Minitel	4,986	25,260
Telephone directory enquiry services	**36,391**	**28,067**
Other businesses	**19,786**	**21,475**
PagesJaunes in France segment total	**1,106,606**	**1,071,830**
International & Subsidiaries		
BtoC directories	56,857	61,779
Internet advertising management	5,332	1,148
Online classified ads	3,553	1,891
Direct marketing and geographic services	29,086	29,007
International & Subsidiaries total	**94,828**	**93,825**
Inter-segment	(8,589)	(7,351)
TOTAL	**1,192,845**	**1,158,304**

Note 8 – Personnel expenses

(in thousands of euros, except for number of employees)		**31 December 2008**	**31 December 2007**
Average number of employees (full-time equivalent)		4,791	4,640
Salaries and social charges		**(334,794)**	**(321,014)**
of which:	- Salaries and wages	(236,817)	(230,581)
	- Social charges	(89,363)	(82,171)
	- Payroll and other items	(8,614)	(8,262)
Share-based compensation		**(1,490)**	**(5,189)**
of which:	- Stock options and free shares (1)	(1,468)	(4,367)
	- Social charges on exercised stock options	(22)	(822)
Employee profit-sharing (2)		**(17,840)**	**(14,385)**
Total personnel expenses		**(354,124)**	**(340,588)**

(1) see note 27
(2) including 2% tax in 2008

Note 9 – Income from asset disposals

This section includes the income from current operations of selling intangible and tangible assets.

On 27 July 2007, PagesJaunes Groupe and Group M6 formed a partnership for the business of Internet classified ads, under the terms of which Group M6 acquired, on 17 October, a 34% stake in the capital of PagesJaunes Petites Annonces, subsidiary of PagesJaunes Groupe, by an increase in capital of 16 million euros.

This operation generated a diluted profit of 14.6 million euros in 2007, recognised in the section “Income from asset disposals”.

Note 10 – Financial income

Financial income breaks down as follows:

(in thousands of euros)	As at 31 December 2008	As at 31 December 2007
Interest and similar income from financial assets	176	438
Result in disposal of financial assets	2,873	2,107
Change in fair value of hedging instruments	-	-
Dividends received	327	534
Financial income	**3,376**	**3,079**
Interest on financial liabilities	(123,787)	(120,749)
Hedging instrument receipts	12,163	3,861
Change in fair value of hedging instruments	(16,536)	(5,628)
Amortisation of debt costs	(6,360)	(6,151)
Other financial expenses	(258)	-
Discounting cost (1)	(3,384)	(2,402)
Financial expenses	**(138,162)**	**(131,069)**
Gain (loss) on foreign exchange	-	(10)
Net financial income	**(134,786)**	**(128,001)**

(1) The discounting cost corresponds to the increase during the year of the current value of retirement benefit commitments (see note 26), the debt on hedge instruments (see note 18) and the debt on commitments to repurchase minority interests (see note 5).

Note 11 – Corporation income tax

11.1 – Group tax proof

The corporation income tax for the year results from applying the effective year-end rate to the pre-tax income.

The reconciliation between the effective tax expense and the theoretical tax calculated on the basis of the French statutory tax rate is as follows:

Amounts in thousands of euros	As at 31 December 2008	As at 31 December 2007
Pretax net income from continuing businesses	308,565	360,664
Goodwill impairment	68,882	-
Pretax income	**377,447**	**360,664**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**(129,968)**	**(124,177)**
Loss-making companies not consolidated for tax purposes	(4,279)	(6,115)
Loan and current account depreciation QDQ Media	2,739	-
Merger result Horyzon Média and Horyzon Clics	98	-
Share-based payment	(506)	(1,504)
Foreign subsidiaries	186	191
Previous year adjustements	-	(1)
Dilution profit recognised when M6 acquired an interest in the capital of PagesJaunes Petites Annonces	-	5,036
Other non-taxable revenues and expenses	(9)	129
Effective tax	**(131,739)**	**(126,440)**
of which current tax	*(142,624)*	*(127,806)*
of which deferred tax	*10,885*	*1,366*

11.2 – Balance sheet tax position

The net balance sheet tax position breaks down as follows:

Amounts in thousands of euros	**As at 31 December 2008**	**As at 31 December 2007**
Retirement benefits	10,300	9,233
Employee profit-sharing	6,022	4,960
Non-deductible provisions	4,126	1,818
Hedging instruments	11,765	-
Other differences	(87)	709
Subtotal of deferred tax assets	**32,126**	**16,720**
Hedging instruments	-	(7,258)
Loan issue costs	(13,272)	(14,823)
Subtotal of deferred tax liabilities	**(13,272)**	**(22,081)**
Total net deferred tax assets / (liabilities)	**18,854**	**(5,361)**
Deferred tax assets	*18,854*	*102*
Deferred tax liabilities	*-*	*(5,463)*

No deferred tax assets were recognised in the balance sheet in respect of loss carry-forwards of QDQ Media, as this company recorded a net loss in 2008. The amount of the unrecognised deferred tax was estimated at 58.7 million euros, as at 31 December 2008.

PagesJaunes Groupe opted for the French tax consolidation scheme provided for by Articles 223A and subsequent of the French General Tax Code. This option aims to create a consolidated tax group, consisting of, in addition to PagesJaunes Groupe, all its French subsidiaries that satisfy the conditions required to become a member. This option took effect as of 1 January 2005, for a period of five years.

Deferred tax balance went from a deferred tax liability of 5.4 million euros at 31 December 2007, to a deferred tax asset of 18.9 million euros at 31 December 2008.

The corporation tax liabilities on the balance sheet (16.7 million euros at 31 December 2008 versus 3.4 million euros at 31 December 2007) correspond to the current tax. The tax disbursed during the 2008 financial year amounted to 118.7 million euros (121.7 million euros in 2007).

Note 12 – Earnings per share

In 2008, net income amounted to 176.8 million euros and 243.0 million euros excluding goodwill impairment. On average 280.6 million ordinary shares were in circulation, net of treasury shares. Net consolidated earnings per share amounted therefore to 0.63 euros and 0.62 euros, taking into account the potentially dilutive effect of the existence, on average in 2008, of 5.6 million stock options, as well as 0.7 million shares that could be granted free of charge, in 2008 and 2009, subject to the fulfilment of performance conditions.

In 2007, net income amounted to 268.6 million euros. On average 280.6 million ordinary shares were in circulation. Net consolidated earnings per share was therefore 0.96 euros and 0.95 euros, taking into account the potentially dilutive effect of the existence, on average in 2007, of 3.4 million stock options, as well as 0.8 million shares that could be granted free of charge, in 2008 and 2009, subject to the fulfilment of performance conditions. Net earnings per share of continuing operations amounted to 0.84 euros (0.83 euros after dilution) and net earnings per share of discontinued operations amounted to 0.12 euros (0.12 euros after dilution).

Note 13 – Goodwill related to consolidated companies

The goodwill arising from the fully consolidated companies breaks down as follows:

(in thousands of euros)	**31 December 2007**	**31 December 2008**		
	Closing balance	Impairment	Other movements	Closing balance
QDQ Media	68,882	(68,882)	-	-
Mappy	7,400	-	-	7,400
PagesJaunes Marketing Services	13,278	-	-	13,278
Euro Directory	12,109	-	-	12,109
Edicom	4,796	-	-	4,796
PagesJaunes Petites Annonces	-		421	421
A Ton Service	421	-	(421)	-
Horyzon Média et Clics	18,642	-	(6,312)	12,330
Total	**125,528**	**(68,882)**	**(6,312)**	**50,334**

The value of goodwill was examined in the context of the consolidated financial statements, in accordance with the method described in note 3.8 – Accounting Policies, on the basis of business plans, a perpetual growth rate of between 1.5% and 2.5% and a discount rate after tax of between 9.0% and 12.5% depending on the cash-generating units (8.5% and 12% in 2007). These rates are based on published segment studies.
At 31 December 2008, the impairment tests for these intangible assets are not materially sensitive to the rate variations.

The assumptions used to determine the recoverable values are similar from one CGU to another. They can involve market data, penetration rate for supports or products in the market, revenues (number of advertisers, average revenue per advertiser) and gross operating margin levels. The values assigned to each of these parameters reflect past experience, affected by anticipated changes over the plan period.

The 68.9 million euros of goodwill related to QDO Media at 31 December 2008 was fully impaired at this date. This impairment is shown in the “Goodwill Impairment” item in the income statement. It is based on the marked slow-down in the business as well as the worsened economic prospects in the Spanish advertising market, and the level of losses incurred by this CGU.

No impairment was recognised in 2007.

Moreover, as described in note 3.1, the liability recognised for commitments to buy out minority shareholders is offset by a decrease in minority interest and an increase in goodwill for the balance. The subsequent variation in the value of the commitment is recognised by adjusting the amount of the goodwill. At 31 December 2008, this commitment was adjusted to take into account the buyback of one of the founding partners’ stake in a subsequent period. This resulted in a net decrease of goodwill of 6.1 million euros (see note 28 and note 36).

Note 14 – Other intangible fixed assets

	31 December 2008			31 December 2007		
(in thousands of Euros)	Gross value	Accumulated amortisation	Net value	Gross value	Accumulated amortisation	Net value
ERP & Applications support	56,771	(42,359)	14,412	49,970	(33,440)	16,530
Annuaire concession	11,000	(8,250)	2,750	11,000	(5,500)	5,500
Other intangible fixed assets	4,891	(895)	3,996	5,885	(1,787)	4,098
Total	**72,662**	**(51,504)**	**21,158**	**66,855**	**(40,727)**	**26,128**

No impairment was recognised at 31 December 2008 and 2007.

The changes in the net value of other intangible fixed assets break down as follows:

(in thousands of euros)	**31 December 2008**	**31 December 2007**
Opening balance	**26,128**	**28,016**
Acquisitions	2,635	3,744
Assets generated internally (1)	3,454	3,869
Effect of changes in scope of consolidation (2)	0	(326)
Translation differences	0	(1)
Reclassifications	128	1
Disposals	(105)	(335)
Amortisation charge	(11,082)	(8,840)
Closing balance	**21,158**	**26,128**

(1) capitalised development expenses.
(2) entry of “A Ton Service” and Horyzon Média into the scope of consolidation in 2007 and the divestment of Kompass France and Kompass Belgium.

Note 15 – Tangible fixed assets

	31 December 2008			31 December 2007		
(in thousands of Euros)	Gross value	Accumulated Depreciation	Net value	Gross value	Accumulated Depreciation	Net value
Land and buildings	1,530	(216)	1,314	1,530	(191)	1,339
Computers and terminals	38,972	(30,698)	8,274	37,475	(29,418)	8,057
Other assets	28,664	(18,265)	10,399	27,579	(16,571)	11,008
Total	**69,166**	**(49,179)**	**19,987**	**66,584**	**(46,180)**	**20,404**

No impairment was recognised at 31 December 2008 and 31 December 2007.

The changes in the net value of other tangible fixed assets break down as follows:

(in thousands of euros)	31 December 2008	31 December 2007
Opening balance	**20,404**	**19,021**
Acquisitions of tangible fixed assets	5,980	8,820
Effect of changes in the scope of consolidation (1)	0	(1,294)
Translation differences	0	(2)
Reclassifications	0	(35)
Disposals and discards	(284)	(54)
Depreciation charge	(6,113)	(6,052)
Closing balance	**19,987**	**20,404**

(1) entry of Horyzon Média and Horyzon Clics into the scope of consolidation in 2007 and the divestment of Kompass France and Kompass Belgium.

Note 16 – Other available-for-sale assets

This section includes shares classified as assets available for sale within the meaning of IAS 39.

Note 17 – Other non-current financial assets

Other financial assets are comprised primarily of the long-term portion of security deposits and guarantees.

Note 18 – Derivative financial instruments

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

Description of derivative financial instruments

On 30 November 2006, PagesJaunes Groupe concluded with a number of financial establishments:

- an interest rate swap contract for a nominal amount of 380 million euros, commencing on 13 December 2006 and ending on 13 December 2011. As part of this operation, PagesJaunes Groupe receives interest at a variable rate (i.e. 3-month Euribor) and pays a fixed rate of 3.7830%,
- a collar, comprised of the synthetic combination of a cap purchase and a floor sale for a nominal amount of 1,140 million euros, commencing on 13 December 2006 and ending on 13 December 2011. The tunnel made up of this collar provides for a minimum interest rate of 3.0% and a maximum interest rate of 4.0%. The annual premium on this collar, payable in arrears, is 1.9 million euros.

These operations cover the cash flow related to the variable-rate debt arranged by PagesJaunes Groupe in November 2006 (see note 28). The prospective effectiveness tests carried out by PagesJaunes Groupe when initiating these operations and the retrospective tests carried out on 31 December 2007 and 2008 demonstrated that these financial instruments offered fully effective hedging of the cash flows related to this senior debt.

Following the Group's decision to temporarily index its bank debt to 1-month Euribor, as allowed by the credit agreement in order to reduce the overall cost of its debt, an interest rate swap contract was concluded on 2 December 2008. The swap is for a nominal amount of 1,520 million euros and runs from 15 December 2008 to 13 March 2009. As part of this operation, PagesJaunes Groupe receives interest at the 1-month Euribor variable rate and pays the 3-month Euribor variable rate less 64 basis points. This contract hedges the 1-month Euribor interest rate risk. This instrument was considered ineligible for hedge accounting within the meaning of IAS 39.

Recognition of these derivative financial instruments and related assets and liabilities
The initial fair value of the collar was recognised for 8.3 million euros in consolidated assets when it was concluded in December 2006, with an offsetting entry of 8.3 million euros in "Hedging instrument liabilities" (see note 28) corresponding to the discounted premium the Company will have to pay in five annual instalments. This debt amounted to 5.3 million euros at 31 December 2008 (6.8 million euros at 31 December 2007).

The value of these derivative financial instruments breaks down as follows:

(in thousands of Euros)	**31 December 2008**	**31 December 2007**
Interest rate swap – cash flow hedge	(9,885)	8,515
Interest rate swap – fair value hedge	(1,165)	0
Collar – cash flow hedge	(14,233)	21,455
of which intrinsic value	*(5,765)*	*14,551*
of which time value	*(8,468)*	*6, 904*
Total	**(25,283)**	**29,970**

The change in the fair value of these derivative financial instruments (qualified as cash flow hedges) between 31 December 2007 and 31 December 2008 (i.e. an 18.4 million euros drop in the swap's intrinsic value and a 20.3 million euros drop in the collar's intrinsic value) was recognised in recyclable shareholders' equity, after recording a deferred tax asset of 13.3 million euros.

This drop was due to the sharp drop in short-term interest rates in the last quarter of 2008 (more than 200 basis points) and the continuing high level of volatility in short-term interest rates.

The 15.4 million euros change in the collar's time value was recorded in financial charges (see note 10), resulting in the recognition of deferred tax of 5.3 million euros.

The interest rate swap's value of 1.2 million euros (qualified as a fair value hedge) was recorded in financial expenses (deferred tax of 0.4 million euros).

No ineffectiveness was recorded for the cash flow hedges.

Note 19 – Net inventories

Inventories are primarily comprised of paper for the production of printed directories and work in progress relating to the production of advertisements (printed and online products) and websites.

Where necessary, they are written down when the commercial prospects suggest there is a risk they may be sold for less than their balance sheet value.

No significant discards were recognised in 2008 and 2007.

Note 20 – Trade accounts receivable

The gross value and impairment of trade receivables break down as follows:

(in thousands of euros)	**31 December 2008**	**31 December 2007**
Gross trade accounts receivable	532,910	535,190
Provisions for impairment	(15,179)	(13,568)
Net trade accounts receivable before statistic impairment	**517,731**	**521,622**
Provisions for statistic impairment (1)	(4,282)	(3,632)
Net trade accounts receivable	**513,449**	**517,990**

(1) see note 23 – Changes in provisions for impairment of assets

At 31 December, trade receivables were due as follows:

(in thousands of euros)	**Total**	**Not due and not impaired**	**Overdue and not impaired (1)**					
			< 30 days	**between 31 and 60 days**	**between 61 and 90 days**	**between 91 and 180 days**	**between 181 and 360 days**	**> 360 days**
2008	517,731	467,892	21,290	11,170	4,941	7,474	4,316	648
2007	521,622	479,867	19,476	10,766	3,731	4,422	2,827	533

(1) did not give rise to a provision for individual impairment

The Group's trade receivables portfolio does not present a significant risk of concentration (there are nearly 788,000 advertisers, including 696,100 in France). PagesJaunes' first 20 advertisers in France represent 1.3% of this revenue as in 2007 and advertisers in the 10 leading professional categories represent 13.5% of PagesJaunes' revenues in France (14.1% in 2007). Provisions for trade accounts receivable risks in France remain very low, with a net allocation rate of 0.289% of revenue for 2008 (0.245% in 2007).

Note 21 – Other current assets

Other current assets break down as follows:

(in thousands of Euros)	**31 December 2008**	**31 December 2007**
VAT receivable	20,388	17,439
Sundry accounts receivable	93	675
Other current assets (1)	9,936	9,909
Total	**30,417**	**28,023**

(1) including advances and down payments to suppliers for 3.3 million euros in 2008 and 3.1 million euros in 2007.

Note 22 – Prepaid expenses

Prepaid expenses are primarily comprised of charges, including remuneration due, related to the sale of advertising insertions invoiced for forthcoming online directories spread over a display period, which is generally 12 months.

Note 23 – Changes in provisions for impairment of assets

(in thousands of Euros)	**Opening balance**	**Net allowances/ releases**	**Other movements (1)**	**Closing balance**
2007				
Trade accounts receivable	16,572	2,203	(1,575)	17,200
Other assets	522	(463)	29	88
2008				
Trade accounts receivable	17,200	2,791	(530)	19,461
Other assets	88	(239)	532	381

(1) including the divestment of Kompass France and Kompass Belgium in 2007 for 1,575 million euros

The receivables on forthcoming directories are also covered by a provision calculated based on a statistical rate observed empirically during the last 5 years of publications.

Note 24 – Shareholders’ equity

24.1 - Share capital

At 31 December 2008, the PagesJaunes Groupe’s share capital amounted to 56.2 million euros, divided into 280,984,754 ordinary shares with a par value of 0.20 euros each. It is fully paid up.

In 2008, the Company increased capital 0.1 million euros, by debiting this amount from other reserves, following the definitive free allocation of 340,304 shares on 20 November 2008 (see note 27.2.1).

In 2007, the Company had increased capital 75,534 euros through the creation of 377,670 new shares as part of the early exercise of PagesJaunes Groupe options.

PagesJaunes Groupe’s share capital was 54.68% owned by Médiannuaire SAS at 31 December 2007 and 2008.

24.2 - Other reserves

The other consolidated reserves amount to negative 2,521.5 million euros at 31 December 2007 (2,497.7 million euros at 31 December 2007) and are primarily comprised of:

- the loss in the fair value of derivative financial instruments between their conclusion date and 31 December 2008 for a before-tax total of 15.7 million euros (increase of 23.1 million euros at 31 December 2007) and a corresponding tax amount of 5.4 million euros (7.9 million euros at 31 December 2007);
- the offset entry for 54.6 million euros (53.2 million euros at 31 December 2007) of share-based payment expenses for the portion settled in treasury shares (see note 27);
- the portion of dividend distributions exceeding the earnings for the period, primarily concerning the exceptional distribution of 2,519.7 million euros carried out in November 2006.

The estimated time for recycling reserves related to financial instruments, generated as part of implementing hedge accounting according to IAS 39, is three years (maturity for these instruments).

24.3 - Treasury shares

A liquidity agreement was put in place on 18 September 2008 with an investment service provider for a period ending on 31 December 2008. It was renewed for a period of one year. 8.0 million euros were allocated to implement the contract.

With respect to this contract at 31 December 2008, the Company held 580,606 of its own shares, recognised as a decrease in shareholders’ equity, and 3.5 million euros of liquidities classified in the cash equivalents category.

In 2008, PagesJaunes Groupe did not buy back shares other than the liquidity agreement.

At 31 December 2007, there were no treasury shares.

24.4 - Dividend

The dividend proposed to the 2009 General Shareholders' Meeting is 0.96 euros per share, which represents an estimated total of 269.4 million euros, excluding the future deduction for treasury shares. No liability was recognised for this dividend at 31 December 2008.

Dividend distributed on 14 May 2008 amounted to 269.4 million euros, or 0.96 euros per share.

In 2007, dividend distributed on 4 May amounted to 303.1 million euros, or 1.08 euros per share.

Note 25 – Trade accounts payable

Trade accounts payable do not bear interest and are usually payable between 30 and 60 days.

Note 26 – Employee benefits, provisions and other liabilities

These items break down as follows:

(in thousands of Euros)	**31 December 2008**	**31 December 2007**
Post-employment benefits	29,999	26,655
Other long-term benefits	6,459	6,181
Employee benefits – non-current (1)	**36,458**	**32,836**
Other provisions for risks	1,061	1,258
Provisions for corporate and taxation disputes	3,358	4,400
Provisions – non-current	**4,419**	**5,658**

(1) See details in following note. Non-current employee benefits concern the French entities.

(in thousands of euros)	**31 December 2008**	**31 December 2007**
Personnel (1)	80,938	79,559
Corporate bodies	41,780	38,765
Total employee benefits – current	**122,718**	**118,324**
VAT payable	95,310	94,567
Sundry accounts payable	7,941	8,429
Other current liabilities	1,390	2,020
Other current liabilities	**104,641**	**105,016**

(1) Primarily comprised of employee profit-sharing and provisions for salaries.

Provisions changed as follows:

(in thousands of euros)	**Opening balance**	**Charge for the year**	**Reversal of the year (unused)**	**Reversal of the year (utilised)**	**Changes in the scope of consolidation, reclassifications and others**	**Closing balance**
Provisions for social and fiscal litigations	4,660	168	(551)	(501)	(15)	3,761
Other Provision for risks	1,578	494	(121)	(698)	1	1,254
Total provisions	**6,238**	**662**	**(672)**	**(1,199)**	**(14)**	**5,015**
- of which non current	*5,658*	*501*	*(623)*	*(1,112)*	*(5)*	*4,419*
- of which current	*580*	*161*	*(49)*	*(87)*	*(9)*	*596*

(in thousands of euros)	Post-employment benefits	Other long-term benefits	**Total 31 December 2008**	**Total 31 December 2007**
Change in value of commitments				
Total value of commitments at start of period	**44,212**	**6,182**	**50,394**	**44,744**
Cost of services rendered	2,575	428	3,003	3,014
Discounting cost	2,215	323	2,538	1,950
Contributions paid by employees	-	-	-	-
Amendments to scheme	-	-	-	-
Reductions/liquidations	-	-	-	-
Actuarial (gains) or losses	(2,528)	(264)	(2,792)	2,968
Benefits paid	(1,781)	(209)	(1,990)	(1,469)
Acquisitions	-	-	-	-
Assignments/transfers of activity	-	-	-	-
Changes in scope	-	-	-	(814)
Others: (translation differences)	-	-	-	-
Total value of commitments at end of period (A)	**44,693**	**6,459**	**51,152**	**50,393**
Commitments at end of period relating to fully or partly financed schemes	*43,694*	-	*43,694*	*43,102*
Commitments at end of period relating to non-financed schemes	*998*	*6,459*	*7,457*	*7,291*
Change in cover assets				
Fair value of cover assets at start of period	**1,542**	**-**	**1,542**	**1,287**
Financial income from cover assets	62	-	62	42
Gains/losses on cover assets	-	-	-	-
Contributions paid by the employer	2,000	-	2,000	1,489
Contributions paid by the employees	-	-	-	-
Reductions/liquidations	-	-	-	-
Benefits paid by the fund	(1,569)	-	(1,569)	(1,276)
Change in scope	-	-	-	-
Others (translation differences)	-	-	-	-
Fair value of cover assets at end of period (B)	**2,034**	**-**	**2,034**	**1,542**
Financial cover				
Situation of the scheme (A) – (B)	42,659	6,459	49,118	48,851
Unrecognised actuarial gains or (losses)	(12,660)	-	(12,660)	(15,783)
Unrecognised cost of past services	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-
Provision / (assets) at end of period	**29,999**	**6,459**	**36,458**	**33,068**
Pension charge				
Cost of services rendered	2,575	428	3,003	3,014
Discounting costs	2,215	323	2,538	1,950
Expected return on scheme assets	(62)	-	(62)	(42)
Amortisation of actuarial (gains) or losses	595	(264)	331	1,268
Amortisation of cost of past services	-	-	-	-
Effect of reductions/liquidations	-	-	-	-
Assignments/transfers of activity	-	-	-	(17)
Adjustment linked to upper limit of assets	-	-	-	-
Total pension charge	**5,323**	**487**	**5,810**	**6,173**
Movements in the provision / (asset)				
Provision / (assets) at start of period	**26,887**	**6,182**	**33,069**	**29,374**
Pension charge	5,323	487	5,810	6,173
Pension charge from divested businesses	-	-	-	17
Contributions paid by the employer	(2,212)	(209)	(2,421)	(1,682)
Benefits paid directly by the employer	-	-	-	-
Change of scope	-	-	-	(814)
Others (goodwill)	-	-	-	-
Provision / (assets) at end of period	**29,999**	**6,459**	**36,458**	**33,068**
Assumptions				
Discount rate (%)	5.25%	5.25%	5.25%	4.75%
Expected long-term inflation rate (%)	2.5%	2.5%	2.5%	2.0%
Expected long-term salary growth (%)	Dependent on employee category and age			
Expected yield on scheme assets (%)	4.0%	-	-	-
Probable residual activity period	15.0	15.0	15.0	15.4
Amount entered as a charge in respect of the period	**5,323**	**487**	**5,810**	**6,173**

The expense recognised for defined contribution pension plans amounted to 26.0 million euros in 2008.

The 2.0 million euros contribution paid to the outside fund covers the estimated benefits payable for 2009.

The discount rate used to evaluate the commitments at 31 December 2008 was 5.25% versus 4.75% at 31 December 2007. This increase in the discount rate, intended to reflect the increase in long-term interest rates in 2008, decreases the amount of the commitment.

IAS 19 establishes the discount rate as being equal to the rate for bonds issued by first-class companies at a maturity equal to the commitment's maturity. If the market for these bonds is not liquid, the rate equals the corresponding French Government Bond rate (OAT).

In the Euro zone, the first-class (AA) private bond rates vary from 4.75% to 6.00% depending on the benchmarks (IBOXX, Bloomberg) at the evaluation date.

Consequently, the discount rate actually used in the present evaluation complies with IAS 19.

Sensitivity of the discount rate on post-employment benefits:
A 0.50% increase in the discount rate decreases the commitment in the order of 6%, or approximately 3 million euros, whereas a 0.50% decrease in the discount rate increases the commitment in the order of 7%, or approximately 3 million euros.

Sensitivity of the discount rate on other long-term benefits (long-service medals):
A 0.50% increase in the discount rate decreases the commitment in the order of 5% (less than 1 million euros), whereas a 0.50% decrease in the discount rate increases the commitment in the order of 5% (less than 1 million euros).

The present value of the obligation for these commitments and the adjustments in the scheme based on experience for the current year and the four previous years breaks down as follows:

(in thousands of euros)	2008	2007	2006	2005	2004
Total value of commitments at end of period	51,152	50,393	44,744	39,792	32,926
Fair value of cover assets at end of period	(2,034)	(1,542)	(1,287)	(1,612)	(1,920)
Situation of the scheme	**49,118**	**48,851**	**43,457**	**38,180**	**31,006**
Actuarial (gains) or losses relating to experience - liability	190	(1,581)			
Actuarial (gains) or losses relating to experience - asset	-	-	-	-	-

Note 27 – Stock options and free shares

27.1 - Stock options

27.1.1 – Description of the plans

The General Shareholders' Meeting of 12 April 2005 authorised the Board of Directors to implement a share option plan to the benefit of certain managers and employees of the Group, pursuant to articles L. 225-177 and subsequent of the French Commercial Code, in order to associate them with the Group's development. This authorisation was granted for 38 months and the total number of stock options allocated by this resolution may not represent more than 2.0% of the Company's capital at the date of this Shareholders' Meeting (i.e. 5,575,792 options).

Thus, PagesJaunes Groupe implemented two share option subscription plans, the first on 28 June 2005 and the second on 20 December 2007.

The plan established in June 2005, totalling 3,796,800 options with an exercise price of 19.30 euros, is valid for 10 years. The options are fully vested after three years (i.e. on 30 June 2008).

The payment of an exceptional dividend by debiting the Company's free reserves on 24 November 2006 resulted in an adjustment to the exercise price and the number of shares granted, pursuant to article L.225-181 of the French Commercial Code. At 31 December 2008, in view of the early exercise of options following the change in control on 11 October 2006 and the adjustment to the exercise price and the number of options, along with the departures of employees, 3,020,328 options remained in circulation (3,190,829 in 2007) that can now be exercised at the adjusted exercise price of 11.72 euros.

A second plan was established in December 2007, totalling 2,927,900 options with an exercise price of 14.46 euros and valid for 10 years. The options are fully vested after 3 years. There are no performance conditions attached. At 31 December 2008, there were 2,787,550 options in circulation.

For all plans, French tax laws forbid the sale of the shares for 4 years. This applies to French residents for tax purposes.

No new plan was granted in 2008.

27.1.2 – Description of the valuation models

PagesJaunes Groupe has measured the fair value of the goods or services received during each period based on the fair value of the shareholders' equity instruments issued.

The fair values of the options in the PagesJaunes Groupe plan granted in December 2007 were calculated using a binomial model that reflects the expected exercise behaviour of grantees by means of "exercise ceiling" assumptions expressed as a multiple of the exercise price and that represents the value of the share at which it is expected all options will be exercised. The ceiling used to calculate the above fair values is 2.0. The expected volatility was established based on the historical volatility of the PagesJaunes Groupe share (i.e. 18%). Given an estimated annual departure rate of 3.0% before rights are opened and an estimated expected dividend rate of 5.0%, the fair value of a PagesJaunes Groupe option was measured at 1.61 euros for French resident taxpayers (1.62 euros for non-French residents) for an underlying price on the grant date of 13.65 euros and an exercise price of 14.46 euros. The allocation date for the valuation of the charge corresponds to the date of the Board of Directors' meeting that granted the options (i.e. 20 December 2007), the lead-time for informing the grantees having been considered as reasonable.

No new plan was granted in 2008.

27.1.3 – Changes in stock option plans during the year

	Number of options in 2008	Weighted average exercise price 2008	Number of options in 2007	Weighted average exercise price 2007
Options in circulation at start of period				
December 2007 stock option plan	2,927,900	14.46 €	-	-
June 2005 stock option plan	3,190,829	11.72 €	3,735,176	11.72 €
Options granted				
December 2007 stock option plan	-	-	2,927,900	14.46 €
June 2005 stock option plan	-	-	-	-
Options exercised				
December 2007 stock option plan	-	-	-	-
June 2005 stock option plan	-	-	(377,670)	11.72 €
Options cancelled, lapsed				
December 2007 stock option plan	(140,350)	14.46 €	-	-
June 2005 stock option plan	(170,501)	11.72 €	(166,677)	11.72 €
Options in circulation at end of period	**5,807,878**		**6,118,729**	
December 2007 stock option plan	2,787,550	14.46 €	2,927,900	14.46 €
June 2005 stock option plan	3,020,328	11.72 €	3,190,829	11.72 €

At 31 December 2008, the options in the June 2005 plan can be exercised. The average time left to run until the beginning of the exercise period is 24 months for the December 2007 stock option plan.

27.2 – Allocation of free shares

27.2.1 – Description of the plans

The Extraordinary Shareholders' Meeting of 19 April 2006 authorised the Board of Directors to implement a free share plan to the benefit of certain managers and employees of the Group, pursuant to articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, in order to associate them with the Group's development. This authorisation was granted for a period of 38 months and the total number of free shares allocated free of charge with respect to this resolution may not represent more than 0.5% of the Company's capital on the date of this General Shareholders' Meeting (i.e. 1,393,948 shares).

The Board of Directors set the conditions for the first free share plan on 30 May 2006. This plan gave rise to the initial grant of 602,361 shares. A second plan to grant free shares was established on 20 November 2006 and resulted in the grant of 778,638 shares.

These shares will be fully vested at the end of a two-year vesting period, provided the beneficiary is still an employee or director in one of the Group companies and the performance conditions have been fulfilled. The performance conditions concern the achievement of Group growth criteria for consolidated revenue and consolidated gross operating margin for 2006 and 2007 in the case of the first plan and Group growth criteria for consolidated gross operating margin for 2007 and 2008 in the case of the second plan.

The beneficiaries lost the entire grant of 30 May 2006 for failure to achieve the performance criteria set by the Board of Directors for 2006 and 2007.

Regarding the grant of 20 November 2006, since the performance criteria established were only achieved for one of the two years, only 50% of this grant's rights were fully vested. In view of beneficiaries that departed, 340,304 shares were fully vested by the beneficiaries at 20 November 2008, which resulted in a 0.1 million euros capital increase by debiting other reserves.

27.2.2 – Description of the valuation models

No new plan to allocate free shares was granted in 2008.

27.3 – Expense relating to stock option plans and free share allocations

The impact of the stock option plans and free share allocations on the income statement for 2008 amounted to 1.5 million euros (5.2 million euros in 2007, including 0.8 million euros for social security contributions). The social security contributions are related to the early exercise of stock options in 2007 and the employer's contribution of 10%, introduced by the 2008 law for Social Security financing and based on the fair value of shares granted in December 2007.

The plan is to settle these plans with equity instruments.

Note 28 – Cash and cash equivalents, net financial debt

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

(in thousands of euros)	**31 December 2008**	**31 December 2007**
Hedging instruments (see note 18)	-	29,970
Accrued interest not yet due	60	-
Cash and cash equivalents	88,977	71,245
Cash position	**89,037**	**101,215**
Bank borrowing	(1,950,000)	(1,950,000)
Debt costs	34,826	41,186
Fair value of hedging instruments	(25,283)	-
Liability in respect of hedging instruments (see note 18)	(5,301)	(6,792)
Accrued interest not yet due	(4,481)	(6,845)
Liability on committed purchase of minority interests	(3,112)	*(8,700)
Bank overdrafts	(532)	(16,709)
Other financial liabilities	(17,071)	(16,070)
Gross financial debt	**(1,970,954)**	**(1,963,930)**
of which current	*(26,507)*	*(41,463)*
of which non-current	*(1,944,447)*	*(1,922,467)*
Net cash (debt)	**(1,881,917)**	**(1,862,715)**

* The debt on commitments to buy back minority interests was classified as “other non-current liabilities” in 2007 and therefore was excluded from net debt.

Cash and cash equivalents

Cash and cash equivalents are primarily comprised of certificates of deposit, unit trusts and overdrawn bank accounts. They are valued as they are managed based on their fair value.

At 31 December 2008, cash equivalents amounted to 82.2 million euros, comprised of a certificate of deposit, two investment funds and unit trusts invested as part of the liquidity agreement.

Bank loan

PagesJaunes Groupe has bank financing for a maximum total of 2,350 million euros, which includes a medium-term loan of 1,950 million euros and a revolving credit line of approximately 400 million euros. The revolving credit line is intended to finance the Group’s treasury requirements (working capital requirement, investments or refinancing) in the context of its operating activities and can be used as drawdowns, the issuance of letters of credit or the creation of bilateral lines.

This financing contract contains in particular default and mandatory prepayment clauses as well as adaptive financial covenants.

- the ratio of the consolidated net debt to an aggregate close to the consolidated gross operating margin must be less than or equal to 4.85 every quarter until 30 June 2009, 4.40 from 30 September 2009 to 30 June 2010, 4.25 at 30 September 2010, 4.00 from 31 December 2010 to 30 September 2011 and 3.75 thereafter (gross operating margin and consolidated net debt as defined in the agreement entered into with the financial institutions);

- the ratio of the consolidated net interest expense to an aggregate close to the consolidated gross operating margin must be less than or equal to 3.25 every quarter until 30 June 2009, 3.50 from 30 September 2009 to 30 June 2010, 3.75 from 30 September 2010 to 30 June 2011 and 4.00 thereafter (gross operating margin and consolidated net debt as defined in the agreement entered into with the financial institutions);

At 31 December 2008, these financial covenants were respected and not non-current debt needed to be reclassified current.

The medium-term loan matures in November 2013, with variable interest rate based on the 1-month Euribor reference rate and a margin of 150 basis points at 31 December 2008 (3-month Euribor and a margin of 175 basis points at 31 December 2007) and is reimbursable in full at maturity. The margin, which was 175 basis points at 31 December 2007, was reduced to 150 basis points at 31 December 2008, given the repurchase margin the Group enjoyed due to a financial lever less than 3.50 times an aggregate close to the gross operating margin.
The revolving line of credit has the same maturity, with the same variable interest rate at the Euribor or Libor reference rate with a margin of 150 basis points at 31 December 2008. This revolving line of credit had not been drawn on at 31 December 2007 and 2008.

Debt on commitment to buy back minority interests

The debt on the commitment to buy back minority interests corresponds to purchase options granted in 2007 on the 34% balance of Horyzon Média's shares (see note 5). It amounts to 3.1 million euros, including 1.4 million euros at less than one year, versus 8.7 million euros in 2007. Note that it was classified in "other non-current liabilities" in 2007 and was therefore excluded from net debt.

At 31 December 2008, this commitment was adjusted to take into account the buyback of one of the founding partners' stake in a subsequent period. This resulted in a decrease of goodwill of 6.1 million euros (see note 13 and note 36).
Moreover, the expense corresponding to the discounted commitment was recognised as 0.5 million euros of financial expenses (see note 10).

Bank overdraft

The Group benefits from an authorised 20 million euros overdraft from its cash flow banks that carries interest based on Eonia + 25 basis points.

Other financial liabilities

Other financial liabilities are primarily comprised of debit balances on a current account with PagesJaunes Outre-Mer, a non-consolidated subsidiary owned 100% by the PagesJaunes Groupe.

The changes in financial liabilities break down as follows:

(in thousands of euros)	**31 December 2008**	**31 December 2007**
Opening balance	1,963,930	1,939,447
Changes in scope of consolidation (1)	-	(57)
Net increase (decrease)	7,024	24,540
Closing balance	**1,970,954**	**1,963,930**

(1) Entry of "A Ton Service" for 0.1 million euros and divestment of Kompass France and Kompass Belgium for (0.2) million euros

Note 29 – Prepaid income

Prepaid income consists primarily of the billing for advertisements in as yet unpublished directories and online directories spread over a display period that is generally 12 months.

Note 30 – Financial instruments

30.1 – Financial instruments recorded on the balance sheet

Position of financial instruments in balance sheet (in thousands of euros)	Carrying amount in balance sheet	Breakdown according to IAS 39 Fair value recognised in profit or loss	Derivative instruments (Fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Others
Available-for-sale assets	207	-	-	207	-	-	-
Other non-current financial assets	967	-	-	-	967	-	-
Derivative financial instruments	-	-	-	-	-	-	-
Net trade accounts receivable	513,449	-	-	-	513,449	-	-
Other current financial assets	82	82	-	-	-	-	-
Cash equivalents	82,163	82,163	-	-	-	-	-
Cash	6,793	6,793	-	-	-	-	-
Financial assets	**603,661**	**89,037**	**-**	**207**	**514,416**	**-**	**-**
Non-current financial liabilities and derivatives	1,944,447	8,468	15,651	-		1,918,637	1,691
Bank overdrafts and other short-term borrowings	22,026	1,164	-	-		19,441	1,421
Accrued interest	4,481	-	-	-		4,481	-
Trade accounts payable	107,706	-	-	-		107,706	-
Financial liabilities	**2,078,660**	**9,632**	**15,651**	**-**		**2,050,265**	**3,112**

Hedging derivatives recorded at their fair value by shareholders' equity are detailed in note 18.

30.2 – Impact of financial instruments on earnings

Effect in result of financial instruments (in thousands of euros)	Impact in profit and loss	Breakdown according to IAS 39 Fair value recognised in profit or loss	Derivative instruments	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Others
Interest income	3,376	3,376	-	-	-	-	-
Interest expenses	(134,778)	-	(16,536)	-	-	(118,242)	-
Gain (loss) on foreign exchange	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Net gain / (loss)	**(131,402)**	**3,376**	**(16,536)**	**-**	**-**	**(118,242)**	**-**
Discounting cost	(3,384)						
Net financial income (note 10)	**(134,786)**						

Note 31 – Objectives of the Group's financial risk and share capital management policies

The Group's objective is to optimise its financial structure, whose main assessment criterion is the financial lever (ratio of net debt to gross operating margin), in order to reduce its capital cost while preserving financial flexibility so it can achieve its development plan.

The two main financial management objectives are:

- PagesJaunes Groupe, and the consolidated PagesJaunes Groupe, are net borrowers and in this context the PagesJaunes Groupe's first objective is to secure and thus limit its debt cost;
- Since it generates significant cash flow based on the sales prospecting cycle and also due to interest paid on its debt and dividends payable to shareholders at different periods, the PagesJaunes Groupe produces cash surpluses and may temporarily find itself in a cash surplus situation. As these surpluses are not expected to last over time, the Group's objective is to invest them at the highest interest rate possible, under conditions of very limited risk.

The Group is also careful to respect its commitments in its banking documentation that contains certain default and early demand for payment clauses. These clauses are tied in particular to respecting operating and financial arrangements such as the minimum hedging level for the net consolidated interest charge through an aggregate close to the consolidated gross operating margin (GOM) and the maximum lever, measured by ratio between the consolidated net debt and an aggregate close to the consolidated GOM.

The Group's objective is to maintain its financial lever at 3 to 4 times GOM. At 31 December 2008, this lever was 3.4 times GOM (3.6 times at 31 December 2007), a level clearly less than the maximum of 4.85 times set by the banking documentation (5.25 times at 31 December 2007).

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

Exchange rate risk

The PagesJaunes Groupe estimates that the exchange rate risk is not significant with regard to its activity, which is primarily carried out in the euro zone.

Interest rate risk

The PagesJaunes Groupe is exposed to the risk of interest rate fluctuations since all of its short and long-term financing is at variable rates. The Group manages this risk through derivative instruments, mainly interest rate swaps and collars.

The main characteristics of the Group's bank debt are shown in note 28 (Cash and cash equivalents, net financial debt) and the main characteristics of the interest rate hedging instruments in note 18 (Derivative financial instruments – non-current assets).

The PagesJaunes Groupe estimates that a 1% increase in the short-term interest rates compared to the 3-month Euribor rate reported at 31 December 2008 (i.e. 2.892%) should lead to a decrease in the consolidated annual before-tax earnings in the order of 2.7 million euros.

(in millions of Euros)	Cash equivalents	Bank loan and overdrafts	Net derivative financial instruments		Total
			Cash flow hedge	Fair value	
Carrying amount in balance sheet	89.0	(1,967.6)	-	(30.6)	
Sensitivity in profit and loss	0.9	(19.7)	5.0	11.0	**(2.7)**
Sensitivity in equity	-	-	-	15.9	**15.9**

Liquidity risk

The PagesJaunes Groupe has set up centralised cash flow management with a cash pooling system that includes all of its French subsidiaries and is organised around a PagesJaunes Groupe pivot. This method of managing liquidity combined with an internal reporting system enables the Group to anticipate and estimate future cash flows linked to the operational activity of its various subsidiaries, thereby optimising the draws on its credit lines for cash flow requirements and investments when it has cash surpluses.

Based on the maturities of financial liabilities as at 31 December 2008, the estimated cash disbursements for future periods, calculated based on the forward rate curve at 31 December 2008, are as follows:

(in millions of Euros)	Carrying amount in balance sheet		2009		2010	2011	2012	2013 and over	
	Assets	Liabilities	Variable interest	Reimbur.				Variable interest	Reimbur.
Financial liabilities									
Bank loan	-	(1,950.0)	(76.2)	-	(94.6)	(95.0)	(95.0)	(95.0)	(1,950.0)
Revolving credit line	-	-	-	-	-	-	-	-	-
Bank overdrafts	-	(0.5)	-	(0.5)	-	-	-	-	-
Accrued interest not yet due	-	(4.5)	(4.5)	-	-	-	-	-	-
Liability on committed purchase of minority interests	-	(3.1)	-	(1.4)	-	(1.9)	-	-	-
Other financial liabilities	-	(17.1)	-	(17.1)	-	-	-	-	-
Interest rate risk hedging									
Collars and swap	-	(30.6)	(17.6)	-	(4.5)	(4.4)	-	-	-
Forward rate (Euribor 3m)			2.16%		3.10%	3.12%	3.12%	3.12%	

Credit risk

The PagesJaunes Groupe is exposed to credit risk, essentially in the context of its investments and interest rate hedging instruments. The PagesJaunes Groupe limits credit risk by selecting counterparts with a long-term rating higher than AA- (Standard & Poor's and/or Fitch IBCA) and Aa3 (Moody's). At 31 December 2008, the PagesJaunes Groupe's exposure for its investments amounted to 82.2 million euros (see note 28 – cash equivalents) and the market value of its derivative financial instruments negative (see note 18).

The procedure adopted by PagesJaunes Groupe for managing its financial operations also includes a limited list of authorised signatures outside of which the Managing Director's signature is compulsory. The banking documentation also limits the list of counterparts for interest rate hedging operations.

Share risk

The PagesJaunes Groupe estimates that the share risk is not significant since the amount invested in treasury shares via the liquidity agreement remains limited and since its cash surplus investments are not exposed to risk on the securities markets.

Finally, the PagesJaunes Groupe has set the objective of distributing in 2009, for 2008, a dividend per share equal to the one distributed for 2007. It should be noted that the objective of this distribution in no way represents a firm commitment by the PagesJaunes Groupe and future dividends will depend on Group results, the Group's financial situation and on any other issues the Board of Directors and the PagesJaunes Groupe shareholders deem relevant.

Note 32 – Information on related parties

32.1 – Remuneration of members of the Executive Committee and the Board of Directors

The table below presents the remuneration of members of the PagesJaunes Groupe's Board of Directors, Executive Committee or the Executive Committee of PagesJaunes at the close of each period or who had been members during such periods. The scope of this table also includes members representing employees on the Board of Directors of the PagesJaunes Groupe.

In thousands of Euros	**31 December 2008**	**31 December 2007**
Short-term benefits (1)	4,966	4,879
of which employer's contributions	*1,291*	*1,226*
Post-employment benefits (2)	47	48
Other long-term benefits (3)	2	2
Termination benefits (4)	-	-
Equity benefits (5)	82	205
Total	**5,098**	**5,134**

(1) Salaries, remuneration, profit-sharing and bonuses paid, social security contributions, paid leave, director's fees and recognised non-monetary benefits
(2) Pensions, retirement and other benefits, life assurance, medical insurance, etc.
(3) Leave associated with length of service, sabbatical leave, long-term leave, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the period-end)
(4) Redundancy benefits
(5) "Share-based remuneration" including social contributions related to advance levies and allocations of stock options

32.2 – Transactions with related parties

Service contracts were set in place in 2006 and 2007 with Médiannuaire, majority shareholder in the PagesJaunes Groupe. These contracts generated a charge of 1.2 million euros for 2008 (3.2 million euros for 2007). The transactions form part of day-to-day operations.

Note 33 – Contractual obligations and off-balance-sheet liabilities

Significant off-balance-sheet liabilities break down as follows:

(in thousands of euros)	2008 Total	2008 Payments due by period: Less than one year	From one to five years	More than five years	2007 Total
Simple leases	**56,958**	**10,475**	**38,351**	**8,132**	**69,901**
Paper, printing, distribution (1)	7,534	7,534	-	-	7,792
Others	27,654	18,791	7,333	1,530	17,599
Purchase obligations for goods and services	**35,188**	**26,325**	**7,333**	**1,530**	**25,391**
Total	**92,146**	**36,800**	**45,684**	**9,662**	**95,292**

(1) see details in table below

The "Others" category includes all the firm orders placed at 31 December 2008 for goods and services deliverable in 2009.

(in thousands of euros)	2008 Total	2008 Payments due by period: Less than one year	From 1 to 5 years	More than 5 years	2007 Total
Guarantees	322	-	322	-	322

Leasing contracts

PagesJaunes leases land, buildings, vehicles and materials. These contracts are due to mature at various dates over the next nine years.

Management believes that these contracts will be renewed or replaced at their termination by other contracts under normal business conditions.

The rent expense recorded in the income statement for operating leases amounted to 13.9 million euros in 2008 (15.9 million euros in 2007).

At the beginning of 2007, PagesJaunes renegotiated contracts for premises in Sèvres, permitting the Group to hold the lease directly with the owner. These leases were granted and accepted for a firm period of nine whole consecutive years starting 1 April 2007.

At 31 December 2008, the Group’s commitment for all leasing contracts amounted to 57.0 million euros, including 10.5 million euros at less than one year.

Commitments to purchase goods and services

Production of directories

As part of its activity of producing and distributing printed directories, the Group enters into contracts with its paper suppliers, printers and distributors. These may be single year or multi-year contracts.

PagesJaunes had entered into three-year contracts with three of its paper suppliers for 2007, 2008 and 2009. These contracts fix the price conditions granted for the period and state forecast order volumes for each of the years but without any minimum contract value. These contracts represent a volume of services estimated at 26 million euros at 31 December 2008, all of which is at less than one year.

In 2008, PagesJaunes also concluded new contracts with its printers for a five-year term that will expire on 31 December 2013. These new contracts don’t include any commitment and represent a volume of services estimated at 34 million euros at 31 December 2008, including 4.8 million euros at less than one year.

Consequently, only firm orders placed as of 31 December 2008, with paper suppliers, content suppliers, printers and distributors, are recorded in off-balance-sheet liabilities at that date, for a total amount of 7.5 million euros.

These liabilities are detailed in the table below:

(in thousands of euros)	2008				2007
	Total	Payments due per period			Total
		Less than 1 year	From 1 to 5 years	More than 5 years	
Paper	1,840	1,840	-	-	-
Printing	2,553	2,553	-	-	6,392
Distribution	1,532	1,532	-	-	1,004
Editorial content	1,609	1,609	-	-	396
Total	**7,534**	**7,534**	**-**	**-**	**7,792**

Employee Training Right (DIF)
Under the employee training right, for employees with a permanent work contract in the Group's French entities, 290,416 training hours were earned but not consumed at 31 December 2008 (compared to 235,694 hours at 31 December 2007). 6,614 training hours were claimed by employees in 2008 (4,305 hours in 2007).

Other commitments given
On 14 March 2007, the PagesJaunes Groupe sold all of the shares of Kompass France and Kompass Belgium to Coface Services. In this context, the PagesJaunes Group gave a certain number of general guarantees to Coface Services, limited to 2.7 million euros, as well as specific guarantees related in particular to employee relations and fiscal risks, limited to a total of 7.7 million euros. The general guarantees expired null and void on 31 December 2008. The guarantees related to employees and officers will expire on 14 March 2009 and the fiscal guarantees will expire on 31 December 2010.

Other commitments received
The PagesJaunes Group has a revolving credit line of about 400 million euros to cover the Group's cash flow requirements (working capital requirement, investments and refinancing) for its operating activities. This revolving line of credit had not been drawn on at 31 December 2008.

Deconsolidation deals and ad hoc entities
The Group did not conduct any deconsolidation deals during the periods under review.
There are no contractual obligations towards ad hoc entities.

Note 34 – Disputes and litigation

At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, in particular, the modification of the employment contracts of 930 sales representatives. This modification aims to adapt these contracts to a new competitive environment. Approximately 100 employees refused to sign the proposed new contract and were laid off during the second quarter of 2002. Almost all these employees commenced legal proceedings against PagesJaunes to contest the validity of the reason for the redundancies. The *Cour de Cassation*, in two judgments handed down on 11 January 2006, approved the commercial development plan. The *Cour de Cassation* ruled that economic redundancy following a reorganisation implemented to prevent future economic difficulties associated with technological developments was justified. On 14 February 2007, the *Cour de Cassation* passed a new judgment confirming the validity of the plan implemented by PagesJaunes. However, cases including claims based on grounds not settled by the above judgments and cases before the administrative jurisdictions are still pending. The 7.3 million euros provision constituted at the end of 2002 to cover this risk has been subject to several write-backs since 2006 in view of the favourable progress on this case. Consequently, the provision stands at 3.4 million euros at 31 December 2008.

An advertising agency (Publicom Méditerranée) commenced legal proceedings against PagesJaunes before the Commercial Court of Nanterre for abuse of dominant position, discriminatory practices and unfair competition. A judgment favourable to PagesJaunes was handed down on 24 September 2008. Publicom has appealed this decision.

In 2007 and 2008, PagesJaunes was summoned to appear before the "Conseils de Prud'Hommes" (French work and industrial tribunal) of Caen, Marseille and Lille at the instigation of the employees of ADREXO, responsible for delivering directories in certain French départements. The plaintiffs are complaining of unreported work and claim PagesJaunes is liable on grounds of financial solidarity. The proceedings before the Caen and Marseille CPHs are finished as the opposing parties have withdrawn their claims. The other proceedings have been crossed off administratively, but can be reintroduced within two years at the demand of the opposing parties.

In February 2008, PagesJaunes commenced proceedings against the *Xentral* and *L'Annuaire Universel* companies for infringement of the PagesJaunes brand by use of the online directory website "pagesjaunes.com," aimed at the French public.
In a judgment handed down on 28 May 2008, the Paris *Tribunal de Grande Instance* (court of first instance) found the *Xentral* and *L'Annuaire Universel* companies guilty of:

- infringement, and
- unfair competition.

This decision confirms PagesJaunes' rights to its historical brands, "PagesJaunes" and "Les PagesJaunes," whose validity had already been clearly recognised by the Paris Appeals Court in its ruling of 30 March 2005 and by the Court of First Instance of the European Communities (CFI) in its decision of 13 December 2007. The *Xentral* and *L'Annuaire Universel* companies have appealed this decision.

L'Annuaire Universel has commenced proceedings against PagesJaunes before the Nanterre Commercial Court, asking the Court to cancel the various Pages Blanches brands on the grounds that they were commonly used in everyday and business language to designate alphabetical lists of subscribers, when they were filed. Even though it cannot yet exclude at this stage potential prejudicial sentences or consequences, progress in the proceeding and PagesJaunes' serious arguments give the company reason to foresee a favourable development in this case.

In addition, in common with other companies in this sector, the Group is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Group. The number of such proceedings has declined constantly from 2001, was stable in 2006 and 2007, and is declining once again. At 31 December 2008, there were 15 cases pending for a total damages of 1.4 million euros. In the context of these cases, the Group is attempting to negotiate out-of-court settlements, which will significantly reduce the total final cost of these proceedings. However, there is no guarantee that these cases will not have an unfavourable impact on the Group's financial situation.

To the Company's knowledge, there is no other outstanding dispute, arbitration or exceptional fact liable to have, or having had in the last 12 months, a significant impact on the financial position or profitability of the Company and/or of the Group.

Note 35 – Auditors' fees

(amounts in thousands of euros)	Ernst & Young				Deloitte			
	Amount		In % of fees		Amount		In % of fees	
	2008	2007	2008	2007	2008	2007	2008	2007
Audit								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	**378**	**364**	**98%**	**96%**	**437**	**414**	**99%**	**97%**
- Including PagesJaunes Groupe	179	168	46%	44%	179	168	41%	39%
- Including fully consolidated subsidiaries	199	196	51%	52%	258	246	59%	58%
Other procedures and services in relation to the mission of the Company Auditors	**9**	**14**	**2%**	**4%**	**3**	**13**	**1%**	**3%**
- Including PagesJaunes Groupe	8	12	2%	3%	3	12	1%	3%
- Including fully consolidated subsidiaries	2	2	0%	1%	-	1	0%	0%
Subtotal	**387**	**378**	**100%**	**100%**	**439**	**427**	**100%**	**100%**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and social security -related	-	-			-	-		
Others	-	-			-	-		
Subtotal	**-**	**-**			**-**	**-**		
TOTAL	**387**	**378**	**100%**	**100%**	**439**	**427**	**100%**	**100%**

Note 36 – Events subsequent to closing

Following the departure of one of Horyzon Média founders, PagesJaunes Groupe exercised the option available under the shareholders' agreement and increased its stake in this subsidiary from 66% to 95.83% on 15 January 2009 for a price of 1.4 million euros.

On 18 February 2009, PagesJaunes Groupe acquired from M6 34% of the shares comprising the capital of PagesJaunes Petites Annonces for 6.0 million euros. As a result it henceforth holds 100% of the share capital and voting rights of this subsidiary.

The Company's Board of Directors decided, during its session on 25 February 2009, that Michel Datchary's situation deviated from the AFEP/MEDEG recommendations regarding remuneration of company officers of companies whose shares are listed for trading on a regulated market, on two points: the accumulation of corporate officer/employment contract and the terms of paying and calculating retirement benefits.
The Board of Directors had to take into account the fact that the end of Michel Datchary's employment contract would cause him to lose his rights to end-of-career bonuses (which are due upon retirement) and his rights to retirement benefits and non-competition compensation.
Consequently, Michel Datchary resigned his salaried duties in the Group on 25 February 2009 and two types of compensation were put in place: compensation applicable solely in case of a forced departure and compensation for the non-competition obligation.
The Board of Directors has decided that Michel Datchary will receive compensation in the event he is forced to leave the Company due to a change in the Company's control or strategy (irrespective of the form of departure: dismissal, non-renewal or resignation). The amount of this compensation is equal to 21 months of remuneration calculated based on the average monthly total gross remuneration paid to Michel Datchary during the 12 calendar months preceding the date he ceases his duties.
The non-competition obligation will be implemented in case Michel Datchary ceases his mandate as Managing Director for any reason and in any form whatsoever. This non-competition obligation will be applicable for a 24 months period and the corresponding compensation will equal 12 months of remuneration. This compensation will be due in any case.
The total of the departure compensation and this compensation shall in no case exceed 24 months of gross remuneration.

Note 37 – Scope of consolidation

		As at 31 December 2008		As at 31 December 2007	
Company	**Country**	**Interest**	**Control**	**Interest**	**Control**
Fully consolidated companies					
PagesJaunes in France segment					
PagesJaunes Groupe	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
International & Subsidiaries segment					
QDQ Media	Spain	100%	100%	100%	100%
Eurodirectory	Luxemburg	100%	100%	100%	100%
Edicom	Morocco	100%	100%	100%	100%
PagesJaunes Marketing Services	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
PagesJaunes Petites Annonces	France	66%	66%	66%	66%
Horyzon Média	France	66%	66%	66%	66%
Horyzon Clics (1)	France	-	-	66%	66%
A Ton Service (2)	France	-	-	66%	100%
Proportionally consolidated companies					
International & Subsidiaries segment					
Editus	Luxemburg	49%	49%	49%	49%

(1) business merged in 2008 with Horyzon Média
(2) business merged in 2008 with PagesJaunes Petites Annonces