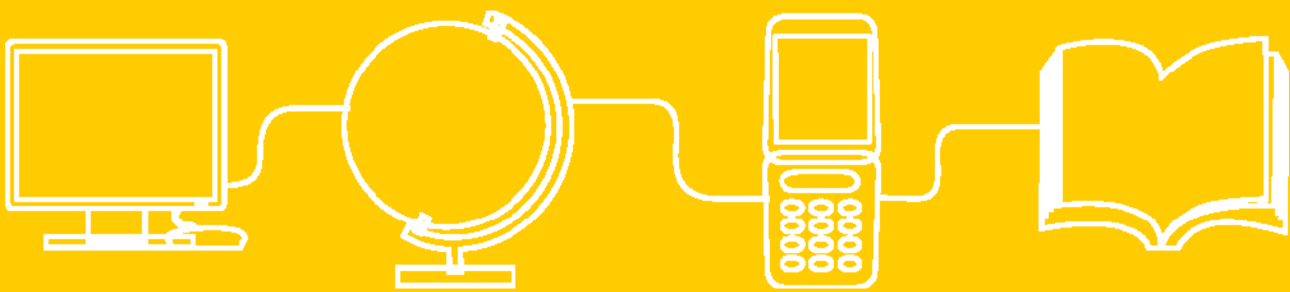
PagesJaunes Groupe
Half-year financial report

As at June 30, 2007

Board of Directors of July 26, 2007



Unofficial translation, for information purposes only, of the French language *Rapport financier semestriel au 30 juin 2007* of PagesJaunes Groupe

PagesJaunes Groupe

Limited company having a Board of Directors and a capital of €56,053,356

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In order to achieve greater harmonisation in Europe in the provisions of national law relating to periodic and continuous reporting obligations incumbent upon issuers of transferable securities admitted to trading in a regulated market, Directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonisation of transparency requirements provides for the publication of a financial report by such issuers. This report, as defined in article 451-1-2 of the Monetary and Financial Code, is governed by article 222-6 of the General Regulations of the *Autorité des Marchés Financiers*.

The new provisions provided for in the Transparency Directive will be applied, in all respects, for the financial years and interim periods commencing after January 20, 2007.

In the context of the implementation of this Directive, PagesJaunes Groupe has decided to apply these requirements voluntarily to its half-year financial statements as at June 30, 2007.

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

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

We also certify that the half-year activity report appearing in section 2 of the present half-year financial report is a true reflection of the information referred to in article 222-6 of the General Regulations of the *Autorité des Marchés Financiers*, namely the important events arising in the first six months of the 2007 financial year and their impact on the annual financial statements, as well as a description of the principal risks and the principal uncertainties for the remaining six months of the 2007 financial year and a statement of the principal transactions between related parties”.

Mr Jacques Garaïalde	Mr Michel Datchary
Chairman of the Board of Directors	Chief Executive Officer
of PagesJaunes Groupe	of PagesJaunes Groupe

2. HALF-YEAR ACTIVITY REPORT AS AT JUNE 30, 2007

2.1. OVERVIEW

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

The Group's activities are organised in two 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 and online directories. They also include the creation and hosting of Internet sites, the telephone directory enquiry services (118 008) and various activities such as the publication of the PagesPro directories and the QuiDonc reverse directory. Finally, they include the holding company activities accommodated within PagesJaunes Groupe.

- **International & Subsidiaries.** These are the activities of the Group's various subsidiaries, mainly comprising the publication of consumer directories outside France 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 small ads business ("annoncesjaunes.fr") launched at the beginning of January 2007 and accommodated within the company PagesJaunes Petites Annonces.

The data presented in the first half of 2006 and in the first half of 2007 have been adjusted to take into account the impacts associated with the sale of Kompass France and Kompass Belgium to Coface on March 14, 2007. The companies Wanadoo Data and e-sama merged on March 31, 2006 to form PagesJaunes Marketing Services. In addition, PagesJaunes Liban, a non-consolidated subsidiary, was divested at the end of June 2006.

2.2. COMMENTARY ON THE RESULTS FOR THE FIRST HALF OF 2007

PagesJaunes Group	First half		
	2007	**2006**	**Change 2007/2006**
In millions of euros			
Revenues	**526.8**	**496.6**	**6.1%**
External purchases	(138.1)	(142.4)	-3.0%
Other operating income	4.4	5.7	-22.9%
Other operating expenses	(10.4)	(10.7)	-2.4%
Salaries and charges	(155.1)	(142.2)	9.1%
Gross operating margin	**227.5**	**207.1**	**9.9%**
As % of revenues	*43.2%*	*41.7%*	
Employee profit-sharing	(7.2)	(5.8)	23.6%
Share-based payment	(6.5)	(2.0)	na
Depreciation, amortisation and impairment	(6.9)	(5.8)	19.0%
Result of asset disposals	0.0	(0.3)	na
Restructuring cost	0.1	0.0	na
Operating income	**207.0**	**193.2**	**7.1%**
As % of revenues	*39.3%*	*38.9%*	
Financial income	1.1	8.4	na
Financial expenses	(69.8)	(0.9)	na
Result of disposal of financial assets	1.4	0.2	na
Financial result	**(67.3)**	**7.6**	**na**
Corporation tax	(54.2)	(70.5)	-23.1%
Net income from continuing businesses	**85.5**	**130.3**	**-34.4%**
Net income from divested businesses (after tax)	34.1	1.2	na
Net income of the consolidated group	**119.6**	**131.5**	**-9.1%**
of which attributable to the shareholders of PagesJaunes Groupe	119.6	131.5	-9.1%

The consolidated revenues of the Group amounted to €526.8 million in the first half of 2007, a rise of 6.1% compared to the first half of 2006. On a constant publication basis, after adjustment for the impact of publication timing differences at QDQ Media, the growth in the Group's revenues was 6.4%. This increase is explained principally by the sustained growth in Internet activities in France and Spain, which advanced 25.1%, and to a lesser extent by the development of telephone directory enquiry services (118 008) in France, which made only a partial contribution to revenues in the first half of 2006.

The Group's gross operating margin amounted to €227.5 million in the first half of 2007, an increase of 9.9% compared to the first half of 2006. The rate of gross operating margin as a proportion of consolidated revenues accordingly rose from 41.7% in the first half of 2006 to 43.2% in the first half of 2007.

Two important developments had a significant impact on the trend in the gross operating margin between the first half of 2006 and the first half of 2007:

- the costs of the launch of the telephone directory enquiry service in the first half of 2006, which were reflected in substantial advertising investments and the costs of establishing external call centres,

- the launch of the online small ads business ("annoncesjaunes.fr"), which had an unfavourable impact on the gross operating margin of the International & Subsidiaries segment in the first half of 2007, with in particular the first communication campaigns and the cost of the marketing operation conducted by the PagesJaunes sales force, against limited revenues in the first half of 2007.

The Group's operating income amounted to €207.0 million in the first half of 2007, a rise of 7.1% compared to the first half of 2006.

Consolidated net income amounted to €119.6 million in the first half of 2007, compared to €131.5 million in the first half of 2006, a decrease of 9.1%. This was mainly due to the negative financial result of €67.3 million in the first half of 2007 made up in part of a financial expense of €69.8 million, including €56.4 million relating to the debt arranged in November 2006 to finance the exceptional dividend paid by PagesJaunes Groupe. The net income for the first half of 2007 also includes the impact of the sale of Kompass France and Kompass Belgium to Coface on March 14, 2007, with net income from divested businesses of €34.1 million, including €33.0 million of capital gains on disposals. These two companies had generated revenues of €31.4 million in 2006.

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

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

The following table shows the revenues and gross operating margin of the PagesJaunes in France segment in the first half of 2006 and the first half of 2007:

PagesJaunes in France	First half		
	2007	**2006**	**Change 2007/2006**
In millions of euros			
Revenues	**493.1**	**463.7**	**6.3%**
External purchases	(116.2)	(126.4)	-8.1%
Other operating income	5.9	5.1	16.4%
Other operating expenses	(9.7)	(10.4)	-6.8%
Salaries and charges	(133.7)	(123.7)	8.1%
Gross operating margin	**239.5**	**208.3**	**14.9%**
As % of revenues	*48.6%*	*44.9%*	

2.2.1.1. Revenues of the PagesJaunes in France segment

The following table shows the breakdown of the consolidated revenues of the PagesJaunes in France segment by product line in the first half of 2006 and the first half of 2007:

	First half		
PagesJaunes in France	**2007**	**2006**	**Change 2007/2006**
In millions of euros			
Printed directories	**293.5**	**296.4**	**-1.0%**
PagesJaunes	232.3	233.5	-0.5%
l'Annuaire	61.2	62.8	-2.6%
Online services	**180.1**	**153.2**	**17.6%**
Internet	165.4	132.8	24.5%
Minitel	14.7	20.4	-27.8%
Telephone directory enquiry services	**11.6**	**5.2**	**123.9%**
Other activities	**7.8**	**8.9**	**-12.4%**
Revenues	**493.1**	**463.7**	**6.3%**

The revenues of the PagesJaunes in France segment amounted to €493.1 million in the first half of 2007, a rise of 6.3% compared to the first half of 2006. This was due to the growth in revenues from online services, buoyed by the sustained development of Internet activities and, to a lesser extent, by the launch of the telephone directory enquiry services.

Printed directories

The revenues from printed directories, which result mainly from the marketing of advertising space in the PagesJaunes directory and in *l'Annuaire* (white pages), amounted to €293.5 million in the first half of 2007, a decrease of 1.0% compared to the first half of 2006.

Between the two periods, the revenues of the PagesJaunes directory[1] decreased by 0.5% to €232.3 million and those of *l'Annuaire* by 2.6% to €61.2 million. The slowdown in the growth of

[1] The technical expenses billed in respect of printed directories were previously allocated in full to the PagesJaunes directory. They are now allocated to the PagesJaunes and *l'Annuaire* directories as appropriate. The breakdown in revenues between PagesJaunes and *l'Annuaire* has accordingly been adjusted in respect of the first half of 2006, with a negative impact of €0.9 million on the revenues of the PagesJaunes directory and a positive impact of €0.9 million on those of *l'Annuaire* in the first half of 2006.

printed directories is concentrated in the Ile-de-France region and, to a lesser extent, in a number of major provincial cities, which will mostly be the target of operations to widen the distribution of printed directories in the second half ("all address" distribution targeted at new occupants and second homes).

These distribution campaigns, combined with a resumption of the advertising effort, are intended to boost the use of printed directories, which remain important flagship products for most new advertisers, and the foremost media in terms of consultation by users.

PagesJaunes will adopt a new charging policy from 2008 with the aim of taking fuller account of the differences observed in the use of printed directories and pagesjaunes.fr depending on the type of housing.

Online services

Revenues from online services amounted to €180.1 million in the first half of 2007. That represents a rise of 17.6% compared to the first half of 2006. These revenues came principally from the sale of advertising products on pagesjaunes.fr and from the Internet site creation and hosting activities, with the advertising revenue of PagesJaunes 3611 now representing only a reduced share of the revenues from online services.

The strong growth in revenues from Internet services, up 24.5% to €165.4 million in the first half of 2007, is explained on the one hand by the increase in the number of advertisers on pagesjaunes.fr, and, on the other hand, by the growth in average revenue per advertiser, resulting from the combined effects of improved monetisation of the audience, the strengthening of the existing offerings and the launch of new advertising products.

PagesJaunes' innovation policy is continuing with the launch of high-definition aerial views in the Ile-de-France region and in eight new conurbations[2], and the extension of the 3D model to four new cities (Lyon, Marseille, Aix-en-Provence and Toulouse), and is contributing to the growth of the audience of pagesjaunes.fr.

In the first half of 2007, PagesJaunes also launched a number of new services, such as the new version of "Ville en Direct", which is more fully integrated in the pagesjaunes.fr site and accessible on mobile handsets, the public transport service associated with each result in the Ile-de-France region, the "En Savoir +" sites on mobile handsets, and integrated the "annoncesjaunes.fr" online small ads service into the pagesjaunes.fr site.

All of these editorial and advertising innovations help to build loyalty among the customers of pagesjaunes.fr and increase both revenues and audience.

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[2] Lyon, Marseille, Toulouse, Aix-en-Provence, Orléans, Reims, Vannes and Mont Saint-Michel.

The number of visits to pagesjaunes.fr rose from 63.9 million in June 2006 to 72.8 million in June 2007, a rise of 14.0%. With 10.8 million unique visitors in June 2007, up 17.9% compared to June 2006, pagesjaunes.fr recorded a reach rate of 43.0%, making it one of the most visited Internet sites in France and the most visited directory site in Europe.

The revenues of PagesJaunes 3611 (Minitel) amounted to €14.7 million in the first half of 2007. They decreased by 27.8% compared to the first half of 2006. This trend reflects the natural decline in the audience of the Minitel service, with 6.4 million consultations in June 2007 against 9.8 million in June 2006.

Telephone directory enquiry services

Revenues from the telephone directory enquiry services (118 008) totalled €11.6 million in the first half of 2007. The growth in revenues from this service compared to the first half of 2006 was not significant since the market was not fully liberalised until April 2006.

PagesJaunes benefits from a unique position in the French market, thanks to a mixed model which enables it not only to generate revenues from calls to the 118 008 service, but also to offer its advertisers a complete range of advertising products, which had attracted around 80,000 advertisers by the end of June 2007 compared to almost 48,000 by the end of June 2006.

Other activities

The revenues from the other activities of the PagesJaunes in France segment amounted to €7.8 million in the first half of 2007, a decrease of 12.4% compared to the first half of 2006. These other activities, which represented only 1.6% of the revenues of the segment in the first half of 2007, relate essentially to the PagesPro offerings on printed and Internet media, and the QuiDonc reverse directory on the Internet, Minitel and Audiotel media.

The trend in revenues from PagesPro on the Internet remains favourable. The revenues from the QuiDonc reverse directory are decreasing due to the decline in the audience of this service on Minitel.

2.2.1.2. External purchases in the PagesJaunes in France segment

PagesJaunes in France *In millions of euros*	**First half 2007**	**2006**	**Change 2007/2006**
External purchases	(116.2)	(126.4)	-8.1%
As % of revenues	*23.6%*	*27.3%*	

The external purchases in the PagesJaunes in France segment amounted to €116.2 million in the first half of 2007, a decrease of 8.1% compared to the first half of 2006, whereas the revenues in the segment increased by 6.3% over the same period. External purchases represented 23.6% of revenues in the first half of 2007, compared to 27.3% in the first half of 2006. This change reflects the first benefits from the formation of a purchasing and performance directorate at the level of PagesJaunes Groupe, which has the particular objective of centralising and renegotiating purchase contracts.

The external purchases essentially comprise publishing costs (purchase of paper, printing and distribution of printed directories), the costs of purchasing, creating and updating databases, the expenses for the hosting of online directories and the production of advertisements, the expenses for external call centres, as well as communication and IT development expenses.

The first half of 2007 benefited from the substantial decrease in external purchases associated with the telephone directory enquiry services (118 008), compared to a first half of 2006 which had borne the largest share of the full-year advertising expenditure for the 118 008 service. The direct costs of this business also decreased in the first half of 2007, following the gearing up of the operation in the first half of 2006.

The costs of paper, printing and distribution amounted to €41.7 million in the first half of 2007, compared to €37.9 million in the first half of 2006[3]. The costs of paper amounted to €17.4 million in the first half of 2007, compared to €15.6 million in the first half of 2006, this increase being due primarily to a rise in the volumes of paper consumed, in connection with the inclusion of mobile and VoIP lines, and the expansion of the distribution of printed directories. At the beginning of 2007, PagesJaunes signed multi-year contracts for paper and distribution, in addition to those already in place for printing, enabling it to limit the sensitivity of printed directory publishing costs to price

[3] After deduction of €0.5 million of income from the sale of paper stated in other operating income.

rises.

PagesJaunes decided to boost the development of the online services, and the audience and usage of the PagesJaunes and *l'Annuaire* printed directories, in particular with the launch of the new version of pagesjaunes.fr scheduled for the autumn of 2007, the resumption of the advertising effort in respect of printed directories and the planned increase of around 10% in the distribution of printed directories with the aim of exhaustive distribution ("all address" distribution in 20 major cities, targeting new occupants and second homes, inclusion of mobile and VoIP lines). All these measures will impact mainly on the financial statements for the second half of the year, except for the resumption of communication on printed directories, which was already largely carried out in the first half of 2007.

2.2.1.3. Other operating income of the PagesJaunes in France segment

PagesJaunes in France	**First half**		
In millions of euros	**2007**	**2006**	**Change 2007/2006**
Other operating income	5.9	5.1	16.4%

The other operating income of the PagesJaunes in France segment amounted to €5.9 million in the first half of 2007, an increase of 16.4% compared to the first half of 2006. The other operating income mainly comprises the recharging to France Télécom of the operating costs of PagesJaunes 3611 alphabetical search, and other non-recurrent income, including, particularly in the first half of 2007, the recharging for the commercial operation conducted on behalf of PagesJaunes Petites Annonces.

2.2.1.4. Other operating expenses of the PagesJaunes in France segment

PagesJaunes in France *In millions of euros*	**First half 2007**	**2006**	**Change 2007/2006**
Other operating expenses	(9.7)	(10.4)	-6.8%

The other operating expenses of the PagesJaunes in France segment amounted to €9.7 million in the first half of 2007, a decrease of 6.8% compared to the first half of 2006. These other operating expenses comprised taxes and duties, customer provisions and certain provisions for risks and charges.

2.2.1.5. Salaries and charges of the PagesJaunes in France segment

PagesJaunes in France *In millions of euros*	**First half 2007**	**2006**	**Change 2007/2006**
Salaries and charges	(133.7)	(123.7)	8.1%
As % of revenues	*27.1%*	*26.7%*	

The salaries and charges of the PagesJaunes in France segment amounted to €133.7 million in the first half of 2007, an increase of 8.1% compared to the first half of 2006. Revenues advanced 6.3% over the same period. Salaries and charges represented 27.1% of revenues in the first half of 2007, compared to 26.7% in the first half of 2006.

This heading comprises wages and salaries, both fixed and variable, including profit-sharing, social charges, payroll tax, provisions for paid leave, post-employment benefits and various benefits paid to employees in the sales force and support functions.

The remuneration of the sales force and its immediate supervisory personnel represented 14.7% of revenues in the first half of 2007, excluding the specific costs associated with the communication operation on behalf of PagesJaunes Petites Annonces, compared to 14.4% in the first half of 2006.

This remuneration of the sales force, which is to a large extent variable, depends principally on the commercial results for the periods concerned. The fact that the cost of the sales force increased to a greater extent than revenues is due principally to the strengthening of the PagesJaunes sales force in order to accelerate the recruitment of new customers, with the number of sales personnel rising from 1,856 at the end of June 2006 to 2,033 at the end of June 2007.

2.2.1.6. Gross operating margin of the PagesJaunes in France segment

The gross operating margin of the PagesJaunes in France segment rose 14.9% in the first half of 2007 compared to the first half of 2006, to €239.5 million, due to the 6.3% growth in revenues and an 8.1% decrease in external purchases.

The gross operating margin of the PagesJaunes in France segment benefited in particular, in the first half of 2007, from the substantial improvement in the contribution from 118 008 due to the increase in the share of advertising revenues. This gross operating margin compares with a first half of 2006 which had borne the largest share of the full-year advertising expenses for the 118 008 service. The gross operating margin of the PagesJaunes in France segment also benefited from the centralisation of purchasing implemented at the end of 2006 and from the renegotiation of all its supplier contracts, which neutralises any impact associated with the departure of the France Télécom Group.

On the other hand, the measures taken to boost the audience and usage of the printed directories had little impact on the gross operating margin of the PagesJaunes in France segment in the first half of 2007. The planned increase of around 10% in the distribution of the PagesJaunes and *l'Annuaire* printed directories, with the aim of exhaustive distribution, should essentially involve the directories due to be published in the second half of 2007. Furthermore, the costs of supporting the launch of the new version of pagesjaunes.fr, intended to improve the ergonomics of the site and the relevance of the results, are expected to have a slight impact on the gross operating margin of the PagesJaunes in France segment in the second half of 2007.

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

The following table shows the trend in revenues and gross operating margin of the International & Subsidiaries segment in the first half of 2006 and the first half of 2007:

	First half		
International & Subsidiaries	**2007**	**2006**	**Change 2007/2006**
In millions of euros			
Revenues	**36.7**	**35.5**	**3.3%**
External purchases	(25.0)	(18.7)	34.1%
Other operating income	0.8	1.5	-46.5%
Other operating expenses	(3.0)	(1.2)	163.2%
Salaries and charges	(21.4)	(18.5)	15.9%
Gross operating margin	**(11.9)**	**(1.2)**	**na**
As % of revenues	*-32.6%*	*-3.5%*	

2.2.2.1. Revenues of the International & Subsidiaries segment

The table below shows the distribution of consolidated revenues in the International & Subsidiaries segment by product line in the first half of 2006 and the first half of 2007:

	First half		
International & Subsidiaries	**2007**	**2006**	**Change 2007/2006**
In millions of euros			
B to C directories business	23.5	23.3	0.6%
Online small ads business	0.2	-	na
Direct Marketing and Geographic Services business	13.0	12.2	6.8%
Revenues	**36.7**	**35.5**	**3.3%**

The revenues of the International & Subsidiaries segment amounted to €36.7 million in the first half of 2007, a rise of 3.3% compared to the first half of 2006. On a constant publication basis, after adjustment for the impact of the publication timing differences at QDQ Media, which represented €1.7 million of revenues in the first half of 2006, this increase amounted to 8.5%.

B to C directories business

The revenues from the B to C directories business amounted to €23.5 million in the first half of 2007. That is an increase of 0.6% compared to the first half of 2006 and 8.5% on a constant publication basis. The revenues from the B to C directories business result from the sale of advertising space in the printed and online directories and their publication and distribution, carried out by the companies QDQ Media in Spain, Editus in Luxembourg and Edicom in Morocco.

The revenues of QDQ Media reached €20.7 million in the first half of 2007, a decrease of 1.7% compared to the first half of 2006, but a rise of 6.9% on a constant publication basis. The growth was buoyant in online services (QDQ.com), up 29.1% to €5.1 million, whereas the growth of revenues from printed directories amounted to 1.2%, on a constant publication basis. Revenues from online activities represented a 24.4% share of the revenues in the first half of 2007 compared to 18.6% in the first half of 2006 (20.2% on a constant publication basis in the first half of 2006).

The revenues from other B to C directories amounted to €2.8 million in the first half of 2007, a growth of 22.4% compared to the first half of 2006. The revenues from Editus and Edicom, however, were insignificant in the first half, since these companies' main printed directories are published in September and November respectively.

Online small ads business

With 618,000 unique visitors in June 2007 and around 400,000 small ads carried on annoncesjaunes.fr, for a total of over 4,000 advertisers recruited in the first half due mainly to the commercial operation conducted by PagesJaunes, the audience and the volume of annoncesjaunes.fr compare favourably with those of its main competitors after six months of commercial development. However, the online small ads business did not generate significant revenues in the first half of 2007. This was because the promotion and marketing of the products of annoncesjaunes.fr among advertisers began in the first quarter of 2007 and will be reflected in a gradual rise in revenues having regard to the commercial effort involved (introductory offer including several months of free use of the service).

Direct Marketing and Geographic Services business

The revenues of the Direct Marketing and Geographic Services business amounted to €13.0 million in the first half of 2007, up 6.8% compared to the first half of 2006. The sustained growth in the revenues from geographic services and cartography, provided by Mappy, more than offset the decline in revenues from PagesJaunes Marketing Services (direct marketing), which, in the first half of 2007, did not yet benefit from the current strengthening of its commercial resources.

2.2.2.2. External purchases in the International & Subsidiaries segment

International & Subsidiaries	**First half**		
	2007	**2006**	**Change 2007/2006**
In millions of euros			
External purchases	(25.0)	(18.7)	34.1%
As % of revenues	*68.2%*	*52.5%*	

The external purchases in the International & Subsidiaries segment amounted to €25.0 million in the first half of 2007, an increase of 34.1% compared to the first half of 2006. External purchases represented 68.2% of revenues in the first half of 2007, compared to 52.5% in the first half of 2006.

In the first half of 2007, these figures included the costs of the launch and gearing up of the online small ads business ("annoncesjaunes.fr"), in particular with the first communication and marketing campaigns, the costs of establishing the commercial offering and the costs associated with the use of external service providers for some technical and IT developments.

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

International & Subsidiaries *In millions of euros*	First half 2007	First half 2006	Change 2007/2006
Other operating income and expenses	(2.2)	0.3	na

The other operating income and expenses of the International & Subsidiaries segment represent a net expense of €2.2 million in the first half of 2007 compared to net income of €0.3 million in the first half of 2006.

This change is explained mainly by the inclusion of expenses for the marketing operation conducted by PagesJaunes on behalf of PagesJaunes Petites Annonces in the first half of 2007.

2.2.2.4. Salaries and charges of the International & Subsidiaries segment

International & Subsidiaries *In millions of euros*	First half 2007	First half 2006	Change 2007/2006
Salaries and charges	(21.4)	(18.5)	15.9%
As % of revenues	*58.3%*	*52.0%*	

The salaries and charges of the International & Subsidiaries segment amounted to €21.4 million in the first half of 2007, an increase of 15.9% compared to the first half of 2006. Salaries and charges represented 58.3% of revenues in the first half of 2007, compared to 52.0% in the first half of 2006.

This change is explained mainly by the strengthening of the commercial, marketing and technical teams of Mappy from 2006, associated with the growth in activity, and by the formation of the teams of the PagesJaunes Petites Annonces company in the first half of 2007.

2.2.2.5. Gross operating margin of the International & Subsidiaries segment

The gross operating margin of the International & Subsidiaries segment was a deficit of €11.9 million in the first half of 2007, compared to a deficit of €1.2 million in the first half of 2006 (deficit of €2.0 million in the first half of 2006 on a constant publication basis for the printed directories of QDQ Media).

The gross operating margin deteriorated in the first half of 2007 compared to the first half of 2006, essentially due to the launch costs for the online small ads business ("annoncesjaunes.fr"), in particular the first communication and marketing campaigns, the cost of the marketing operation conducted by the PagesJaunes sales force, the costs of creating a dedicated sales force within PagesJaunes Petites Annonces and finally the costs associated with the technical and IT developments.

2.2.3. ANALYSIS OF CONSOLIDATED OPERATING INCOME

The following table presents the consolidated operating income of the Group in the first half of 2006 and the first half of 2007:

PagesJaunes Groupe	**First half**		
In millions of euros	**2007**	**2006**	**Change 2007/2006**
Gross operating margin	**227.5**	**207.1**	**9.9%**
Employee profit-sharing	(7.2)	(5.8)	23.6%
Share-based payment	(6.5)	(2.0)	na
Depreciation and amortisation	(6.9)	(5.8)	19.0%
Result of asset disposals	0.0	(0.3)	na
Restructuring cost	0.1	0.0	na
Operating income	**207.0**	**193.2**	**7.1%**
As % of revenues	*39.3%*	*38.9%*	

2.2.3.1. Employee profit-sharing and share-based payment

The employee profit-sharing in the Group amounted to €7.2 million in the first half of 2007, an increase of 23.6% compared to the first half of 2006.

The Group's share-based payment expense amounted to €6.5 million in the first half of 2007, compared to €2.0 million in the first half of 2006, and €8.6 million in full-year 2006. This increase resulted in particular from the two free share plans established on May 30, 2006 and November 20, 2006.

2.2.3.2. Depreciation and amortisation

The Group's depreciation and amortisation charge amounted to €6.9 million in the first half of 2007, an increase of 19.0% compared to the first half of 2006, reflecting the increase in investments made by the Group in 2006.

2.2.3.3. Operating income

The Group's operating income amounted to €207.0 million in the first half of 2007, an increase of 7.1% compared to the first half of 2006. The rate of operating margin as a proportion of revenues improved slightly, from 38.9% in the first half of 2006 to 39.3% in the first half of 2007.

2.2.4. ANALYSIS OF CONSOLIDATED NET INCOME

The table below presents the consolidated net income of the Group in the first half of 2006 and the first half of 2007:

PagesJaunes Group	**First half**		
In millions of euros	**2007**	**2006**	**Change 2007/2006**
Operating income	**207.0**	**193.2**	**7.1%**
Financial income	1.1	8.4	na
Financial expenses	(69.8)	(0.9)	na
Result of disposal of financial assets	1.4	0.2	na
Financial result	**(67.3)**	**7.6**	**na**
Corporation tax	(54.2)	(70.5)	-23.1%
Net income from continuing businesses	**85.5**	**130.3**	**-34.4%**
Net income from divested businesses	34.1	1.2	na
Net income of the consolidated group	**119.6**	**131.5**	**-9.1%**
of which attributable to shareholders of PagesJaunes Groupe	119.6	131.5	-9.1%

2.2.4.1. Financial result

The financial result of the Group in the first half of 2007 was a loss of €67.3 million, compared to net income of €7.6 million in the first half of 2006.

In the first half of 2007, the financial result essentially comprised the interest expense relating to the bank loan of €1,950 million arranged in November 2006, i.e. €56.4 million, and the change in the time value of the collar entered into by the Group in November 2006, i.e. a net expense of €9.4 million. In the first half of 2006, the financial result mainly comprised the financial income generated by the cash deposited with France Télécom, the former majority shareholder of PagesJaunes Groupe.

2.2.4.2. Corporation tax

In the first half of 2007, the group recorded a corporation tax charge of €54.2 million, a decrease of 23.1% compared to the first half of 2006, i.e. an apparent tax rate of 38.8% in the first half of 2007, compared to 35.1% in the first half of 2006.

2.2.4.3. Net income from divested businesses

The net income from the businesses divested by the Group amounted to €34.1 million in the first half of 2007, compared to €1.2 million in the first half of 2006.

PagesJaunes Groupe sold the companies Kompass France and Kompass Belgium to Coface on March 14, 2007. The net income from the businesses divested in the first half of 2007 comprises the net expenses and income and the consolidated capital gain on disposals, amounting to €33.0 million.

2.2.4.4. Net income

The Group's net income amounted to €119.6 million in the first half of 2007, down 9.1% compared to the first half of 2006.

2.3. CONSOLIDATED LIQUIDITIES, CAPITAL RESOURCES AND INVESTMENT EXPENSES

The table below shows the trend in the Group's consolidated cash position in the first half of 2007, the first half of 2006 and the financial year ending December 31, 2006:

PagesJaunes Groupe *In millions of euros*	**First half of 2007**	**Financial year ending December 31, 2006**	**First half of 2006**
Hedging instruments	43.3	17.5	-
Short-term investments > 3 months and < 1 year	0.0	0.3	17.6
Cash and cash equivalents	10.8	55.1	474.5
Cash assets	**54.2**	**72.8**	**492.1**
Bank loan	(1,950.0)	(1,950.0)	-
Revolving credit line	(18.0)	-	-
Loan issue expenses	44.3	47.3	-
Liabilities in respect of hedging instruments	(8.0)	(8.3)	-
Accrued interest not yet due	(5.5)	(5.6)	-
Bank overdrafts	(13.4)	(7.5)	(9.0)
Other financial liabilities	(5.3)	(15.3)	(4.9)
Gross financial debt	**(1,955.9)**	**(1,939.4)**	**(14.0)**
of which current	(42.1)	(28.5)	(14.0)
of which non-current	(1,913.8)	(1,911.0)	0.0
Net cash (debt)	**(1,901.7)**	**(1,866.6)**	**478.1**

The Group's consolidated net debt amounted to €1,901.7 million as at June 30, 2007, compared to €1,866.6 million as at December 31, 2006, and compared to a positive net cash position of €478.1 million as at June 30, 2006.

The Group's gross financial debt amounted to €1,955.9 million as at June 30, 2007, compared to €1,939.4 million as at December 31, 2006, a rise of €16.4 million, associated with drawings under the revolving credit line amounting to €18.0 million, the amortisation of loan issue expenses of €3.0 million, the increase in bank overdrafts of €5.9 million and the reduction of the current account of PagesJaunes Outre-mer, a non-consolidated subsidiary, amounting to €10.0 million.

The table below shows the cash flows of the consolidated group in the first half of 2007, the first half of 2006 and the financial year ending December 31, 2006:

PagesJaunes Groupe *In millions of euros*	**First half of 2007**	**Financial year ending December 31, 2006**	**First half of 2006**
Net cash from operations	216.7	310.3	198.7
Net cash used in investing activities	23.7	50.5	(0.9)
Net cash used in financing activities	(284.6)	(855.6)	(273.1)
Net increase (decrease) in cash and cash equivalents	**(44.3)**	**(494.7)**	**(75.3)**
Impact of exchange rate differences on cash	0.0	0.0	0.0
Cash and cash equivalents at start of period	55.1	549.8	549.8
Cash and cash equivalents at close of period	**10.8**	**55.1**	**474.5**

Cash and cash equivalents amounted to €10.8 million in the first half of 2007, compared to €474.5 million in the first half of 2006 and €55.1 million at the end of 2006.

The net cash from operations increased by €18.0 million to €216.7 million, i.e. a rise of 9.0%, between the first half of 2006 and the first half of 2007. This increase is explained mainly by:

- an improvement of €20.4 million in the gross operating margin,
- an improvement of €28.7 million in the working capital requirement, mainly associated with the lower disbursement for employee profit-sharing in the first half of 2007 (in respect of 2006) compared to the first half of 2006, following the establishment of a new profit-sharing agreement in 2006,
- a disbursement of €54.6 million in the first half of 2007 in respect of the interest associated with the new financial structure, compared to the receipt of financial income of €7.7 million in the first half of 2006, creating a negative difference of €62.3 million between the cash flows in the two periods,
- advance payments of corporation tax which were lower in the first half of 2007 than in the first half of 2006, creating a positive difference of €32.4 million between the cash

flows in the two periods.

The net cash used in investing activities changed by €24.6 million, from €(0.9) million to €23.7 million, between the first half of 2006 and the first half of 2007. This is explained mainly by:

- a positive impact of €11.5 million in disbursements for investment operations, which amounted to €10.1 million in the first half of 2007, compared to €21.6 million in the first half of 2006, including the operating concession for the printed directory established with France Télécom for €11.0 million, the acquisition of the "*l'Annuaire*" trademark for €1.0 million, and a price supplement paid as part of the acquisition of the company e-sama for €1.9 million,

- a positive impact of €32.0 million in the income from disposals of financial assets, net of cash divested, associated with the sale of Kompass France and Kompass Belgium to Coface on March 14, 2007,

- repayment of the loan by France Télécom of €21.4 million in the first half of 2006,

- sundry other items amounting to €2.6 million.

The net cash used in financing activities increased by €11.5 million between the first half of 2006 and the first half of 2007. This increase is explained mainly by:

- the increase in the dividend paid, amounting to €19.1 million, between the first half of 2006 and the first half of 2007,

- drawings under the revolving credit line amounting to €18.0 million in the first half of 2007,

- an increase of €4.4 million in bank overdrafts,

- a capital increase of €7.6 million in the first half of 2006 (paying up of the balance of the capital of QDQ Media), compared to a capital increase of €4.4 million in the first half of 2007 relating to the early exercise of stock options,

- the net change of €2.6 million in treasury stock in the first half of 2006 under the liquidity contract.

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

See notes 13 and 14 to the condensed consolidated financial statements.

2.5. RISKS AND UNCERTAINTIES AFFECTING THE SECOND HALF OF 2007

The advertising investments for the launch of the new ergonomics of pagesjaunes.fr and the development of the audience of annoncesjaunes.fr, as well as the increase in the distribution of the printed directories, are expected to substantially slow the growth of gross operating margin in the second half of 2007.

In full-year 2007, on a like-for-like basis, PagesJaunes Groupe confirms its financial targets as follows:

- Growth of 5-7% in consolidated revenues. This growth is expected to be in the middle of the range;
- Growth of consolidated gross operating margin of 2-4% taking into account the investment in online small ads, the relaunch of printed directories and the development of online services. This growth is expected to be at the upper end of the range;

The above financial targets are based on data, assumptions and estimates which are deemed reasonable by PagesJaunes Groupe. They are liable to change or to be modified due to the uncertainties relating in particular to the economic, financial, competitive and regulatory environment, as well as the realisation of certain risk factors which may have an impact on the activities of the group and its ability to meet its objectives.

The main risks and uncertainties identified by the Group in the second half of 2007 concern:

- the economic environment and the situation of the advertising market in France and Spain, which is expected to partially affect the end of the sales prospecting by PagesJaunes and QDQ Media in their respective markets;
- the first commercial results, at the end of the 2007 financial year, of the overhaul of the charging structure for PagesJaunes' Internet advertising products, with the aim of better monetisation of the growing audience of pagesjaunes.fr;
- the success, among both users and advertisers, of the launch of a new version of pagesjaunes.fr in the autumn, intended to improve the ergonomics of the site and the relevance of the results;

- developments in competition on the Internet, particularly with regard to search services, geographic and cartography services and online small ads, which may impact the ability of PagesJaunes and its subsidiaries Mappy and PagesJaunes Petites Annonces to maintain the rate of growth of their Internet revenues;

- the development of the 118 008 service in the telephone directory enquiries market in France, which is expected to contribute to the increase in the consolidated gross operating margin of PagesJaunes Groupe;

- developments in the interest rate markets, which could cause the financial result of PagesJaunes Groupe to vary due a rise in interest on debt (since 20% of bank borrowings are not covered by any rate hedging) and the change in the fair value of the hedging instruments used by the Group (for their time value).

2.6. SUBSEQUENT EVENTS

PagesJaunes Groupe and the M6 Group have entered into a strategic partnership in small ads on the Internet. The M6 Group will acquire a 34% holding in the capital of PagesJaunes Petites Annonces, currently a 100% subsidiary of PagesJaunes Groupe, for €16 million by way of an increase in capital. This partnership will make it possible to accelerate the development of annoncesjaunes.fr in the dynamic and competitive online small ads market in France, thanks in particular to the prominence given to annoncesjaunes.fr on the M6 media.

3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2007

General information

The PagesJaunes Groupe has for more than 50 years provided a diversified range of products and services for the general public and business customers, with, as its core business, directories in France and abroad on printed and online media.

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

PagesJaunes Groupe is listed on Euronext Paris (PAJ) – compartment A.

This information has been compiled under the responsibility of the Board of Directors of PagesJaunes Group of July 26, 2007.

In these financial statements, unless indicated otherwise, the terms “PagesJaunes Groupe” and “the Company” refer to the company PagesJaunes Groupe SA and the terms “the Group” and “PagesJaunes Groupe” refer to PagesJaunes Groupe and its consolidated subsidiaries.

3.1. CONSOLIDATED INCOME STATEMENT

(Amounts in thousands of euros, except data relating to shares)

	Notes	1st half 2007	Period ending December 31, 2006	1st half 2006
Net revenues		526 790	1 093 342	496 622
External purchases		(138 137)	(302 607)	(142 419)
Other operating income		4 407	11 622	5 717
Other operating expenses		(10 427)	(23 044)	(10 683)
Personnel expenses : - Salaries and charges		(155 120)	(295 703)	(142 156)
Gross operating margin		**227 514**	**483 610**	**207 082**
- Employee profit-sharing		(7 174)	(13 525)	(5 803)
- Share-based payment	10	(6 528)	(8 590)	(1 992)
Depreciation and amortisation		(6 909)	(11 917)	(5 803)
Result of asset disposals		23	(565)	(281)
Restructuring cost		55	(48)	(5)
Operating income		**206 981**	**448 965**	**193 197**
Financial income		1 130	21 172	8 363
Financial expenses		(69 775)	(13 841)	(894)
Result of disposal of financial assets		1 366	764	167
Gain (loss) on foreign exchange		-	-	-
Financial result	6	**(67 279)**	**8 095**	**7 636**
Corporation tax		(54 223)	(160 975)	(70 499)
Net income from continuing businesses		**85 479**	**296 085**	**130 334**
Net income from divested businesses (after tax)	4	**34 118**	**809**	**1 185**
Net income of the consolidated group		**119 597**	**296 895**	**131 519**
Attributable to:				
- Shareholders of PagesJaunes Groupe		119 597	296 895	131 519
- Minority interests		-	-	-

Net earnings per share (in euros)			
Net earnings per share of continuing businesses			
- basic	0,30	1,06	0,47
- diluted	0,30	1,05	0,46
Net earnings per share of divested businesses			
- basic	0,12	0,00	0,00
- diluted	0,12	0,00	0,00
Net earnings per share of the consolidated group			
- basic	0,43	1,07	0,47
- diluted	0,42	1,05	0,47

3.2. CONSOLIDATED BALANCE SHEET

(Amounts in thousands of euros)

	Notes	As at June 30, 2007	As at December 31, 2006	As at June 30, 2006
ASSETS				
Net goodwill	5	106 465	107 727	107 727
Other net intangible fixed assets		28 949	28 016	24 815
Net tangible fixed assets		18 164	19 021	18 540
Available-for-sale assets		169	169	88
Other non-current financial assets		2 252	3 259	22 667
Derivative financial instruments	8	43 340	17 479	-
Net deferred tax assets	7	-	1 959	18 513
Total non-current assets		**199 339**	**177 631**	**192 350**
Net inventories		5 820	6 625	8 019
Net trade accounts receivable		417 742	499 953	397 980
Other current assets		36 471	35 324	33 500
Corporation tax receivable		14 538	15 774	14 309
Prepaid expenses		52 755	59 501	60 038
Other current financial assets		4	285	39 920
Cash and cash equivalents		10 806	55 076	474 509
Total current assets		**538 136**	**672 537**	**1 028 275**
TOTAL ASSETS		**737 474**	**850 168**	**1 220 625**
LIABILITIES				
Share capital		56 129	56 053	55 759
Issue premium		98 676	94 325	68 449
Reserves		(2 484 687)	(2 507 818)	3 590
Net income		119 597	296 895	131 519
Translation differences		(24)	(19)	(10)
Own shares		-	-	(24)
Shareholders' equity	11	**(2 210 308)**	**(2 060 565)**	**259 283**
Non-current financial liabilities and derivatives	9	1 913 760	1 910 990	1
Employee benefits - non-current		31 109	29 374	27 801
Provisions - non-current		5 291	6 889	6 955
Other non-current liabilities		-	90	2 038
Deferred tax liabilities	7	10 564	-	-
Total non-current liabilities		**1 960 724**	**1 947 342**	**36 795**
Bank overdrafts and other current borrowings	9	36 647	22 813	13 946
Accrued interest not yet due	9	5 486	5 645	4
Provisions - current		709	746	350
Trade accounts payable		101 920	116 679	115 552
Employee benefits - current		61 150	73 507	64 417
Other current liabilities		99 171	102 805	94 122
Corporation tax		2 138	912	585
Deferred income		679 838	640 284	635 571
Total current liabilities		**987 059**	**963 391**	**924 547**
TOTAL LIABILITIES		**737 474**	**850 168**	**1 220 625**

3.3. STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Amounts in thousands of euros)

	Number of shares in circulation	Share capital	Issue premium	Income & Reserves	Translation reserve	Own shares	Total shareholders' equity
Balance as at December 31, 2005	**278 689 610**	**55 758**	**68 335**	**285 166**	**8**	**(2 169)**	**407 098**
Result as at June 30, 2006				131 519			**131 518**
Share-based payment				2 116			**2 116**
Distribution of dividends				(283 994)			**(283 994)**
Translation difference					(18)		**(18)**
Stock options exercised	6 000	1	114				**115**
Shares of the consolidating company, net of tax effect	99 000			302		2 145	**2 447**
Balance as at June 30, 2006	**278 794 610**	**55 759**	**68 449**	**135 109**	**(10)**	**(24)**	**259 283**
Result for 2nd half of 2006				165 376			**165 376**
Share-based payment				4 955			**4 955**
Exceptional dividend				(2 519 748)			**(2 519 748)**
Translation difference					(9)		**(9)**
Change in value of hedging instruments net of tax				3 244			**3 244**
Stock options exercised	1 471 170	294	25 876				**26 170**
Shares of the consolidating company, net of tax effect	1 000			141		24	**165**
Balance as at December 31, 2006	**280 266 780**	**56 053**	**94 325**	**(2 210 924)**	**(20)**	**-**	**(2 060 565)**
Result for 2007 financial year				119 597			**119 597**
Share-based payment				6 159			**6 159**
Distribution of dividends				(303 071)			**(303 071)**
Translation difference					(4)		**(4)**
Change in value of hedging instruments net of tax				23 149			**23 149**
Stock options exercised	377 670	76	4 351				**4 427**
Balance as at June 30, 2007	**280 644 450**	**56 129**	**98 676**	**(2 365 090)**	**(24)**	**-**	**(2 210 308)**

See note 11 - Shareholders' equity

3.4. CONSOLIDATED CASH FLOW STATEMENT

(Amounts in thousands of euros)

	1st half 2007	Period ending December 31, 2006	1st half 2006
Consolidated net attributable income	**119 597**	**296 895**	**131 519**
Depreciation and amortisation of fixed assets	6 909	12 639	6 174
Capital gains or losses on asset disposals	(33 023)	558	271
Change in provisions	954	2 887	(591)
Tax charge for the period	53 981	161 655	70 883
Interest income and expenses	57 800	(4 061)	(7 717)
Unrealised exchange difference	1	10	3
Hedging instruments	9 445	(4 206)	-
Share-based payment	6 158	7 071	2 116
Change in net working capital requirement	102 726	(9 669)	74 015
Dividends and interest income received	1 946	15 186	7 915
Interest paid and net derivative rate effect	(56 502)	(5 864)	(177)
Taxes paid	(53 324)	(162 752)	(85 711)
Net cash from operations	**216 668**	**310 349**	**198 700**
Acquisition of tangible and intangible fixed assets	(9 022)	(30 585)	(20 094)
Change in suppliers of fixed assets	(1 109)	1 405	409
Income from disposal of tangible and intangible assets	55	119	63
Acquisitions of investment securities, net of cash acquired	-	(2 043)	(1 962)
Income from disposal of financial assets, net of cash divested	32 044	45	45
Decreases (increases) in marketable securities and other financial assets	1 739	81 578	20 661
Net cash used in investing activities	**23 707**	**50 519**	**(878)**
Increase (decrease) in non-current borrowings	-	1 901 981	(210)
Increase (decrease) in bank overdrafts and current borrowings	14 007	9 578	899
Movements in own shares	-	2 208	2 585
Capital increase	4 427	34 385	7 600
Dividends paid	(303 071)	(2 803 742)	(283 994)
Net cash provided by (used in) financing activities	**(284 637)**	**(855 590)**	**(273 120)**
Net increase (decrease) in cash and cash equivalents	**(44 262)**	**(494 722)**	**(75 298)**
Impact of changes in exchange rates on cash	(8)	(29)	(20)
Net increase (decrease) in cash position	**(44 270)**	**(494 751)**	**(75 318)**
Cash and cash equivalents at beginning of period	55 076	549 827	549 827
Cash and cash equivalents at end of period	**10 806**	**55 076**	**474 509**

3.5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Publication context, basis for preparation of the financial information and accounting principles

1.1 Basis for preparation of the financial statements

In accordance with European regulation 1606/2002 of July 19, 2002, the condensed consolidated financial statements for the first half of 2007 have been prepared in accordance with the IAS/IFRS international accounting standards as adopted in the European Union and presented with comparative data for the first half of 2006 and full-year 2006 prepared under the same standards.

The interim financial statements for the first halves of 2006 and 2007 have been prepared in accordance with standard IAS 34 “Interim financial reporting”, which in particular allows the presentation of a selection of notes to the financial statements. These condensed consolidated financial statements must be read in conjunction with the consolidated financial statements for the 2006 financial year. It should be noted that, for reasons of cost optimisation, the publication dates of the printed directories (determining the recognition of income and the related costs) may vary from one half-year to the next, with each printed directory appearing only once per year. The tax calculated in respect of the half-year periods has been determined using the average effective rate method, estimated for the full year.

The principles applied in preparing this financial information for the first half of 2007 are described from note 1.2. They result from the application:

- of all the standards and interpretations adopted by the European Union which were compulsory on June 30, 2007,
- accounting positions adopted by the Group in accordance with sections 10 to 12 of IAS 8,
- the options and exemptions used.

The preparation of the 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 intangible fixed assets, share-based payment and the valuation of pension liabilities. 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.

New texts or amendments which have come into force since January 1, 2007:

- Interpretation IFRIC 8 “Scope of IFRS 2”, which is compulsory for financial years commencing after May 1, 2006.

In the context of the production of the condensed consolidated financial statements as at June 30, 2007, the Groupe is not affected by:

- IFRS 7 “Financial Instruments – Disclosures”, which is compulsory for financial years commencing after January 1, 2007;
- Amendment to IAS 1 “Presentation of Financial Statements – Capital Disclosures”, which is compulsory after January 1, 2007;
- Interpretation IFRIC 7 “Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies”, which is compulsory for financial years commencing after March 1, 2006;
- Interpretation IFRIC 9 “Reassessment of Embedded Derivatives”, which is compulsory for financial years commencing after June 1, 2006;
- Interpretation IFRIC 10 “Interim Financial Reporting and Impairment”, which is compulsory for financial years commencing after November 1, 2006.

Standards, amendments to standards and interpretations not being applied in advance:

PagesJaunes Groupe has not opted for early application of the following standards, amendments to standards and interpretations (adopted or in the process of adoption by the European Union):

- IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions", which is compulsory for financial years commencing on or after March 1, 2007.

1.2 Consolidation

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

Companies which are 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 must be reported on a separate line of the income statement for all the periods presented. 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 either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

Material intercompany transactions and balances are eliminated in consolidation.

1.3 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 at the transaction date. Monetary assets and liabilities are remeasured at each balance sheet date at the period-end exchange rate and the differences arising from remeasurement are recorded in the income statement:

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

1.4 Presentation of the financial statements

As permitted under IAS 1 “Presentation of Financial Statements”, the Group presents the income statement by type. The presentation of the income statement under IFRS is significantly different from that under French GAAP, in particular with the elimination of the notion of non-operating income and expenses and the reincorporation in operating income of expenses associated with goodwill.

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.

The GOM is an intermediate aggregate defined by PagesJaunes Groupe in accordance with paragraph 83 of IAS 1. It is the key metric of the Group’s operating performance.

1.5 Revenues

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

- Revenues from the sale of advertising space in printed directories are recognised at the time of publication. 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 and on telephone directory enquiry services is apportioned over the display period, which is generally 12 months.

- Revenues from traffic relating to the telephone enquiry services (118 008 in France and 118 75 in Spain) are recognised when the service is rendered.

- The expenses which are directly attributable to the directory publication campaigns for a particular financial period are recognised with the corresponding revenues stated for the period in question; this concerns commissions for sales and telesales personnel as well as the 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 where these are rendered over different periods.

1.6 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.

1.7 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.

1.8 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 and that in certain cases, to test the goodwill, these CGUs may be grouped at the level at which the return on investment of the acquisitions is assessed. (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 CGUs, 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 perpetual growth rate reflecting the expected long-term growth in the market,
- 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 as a deduction from operating income.

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

1.9 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 in connection with the purchase price grant based on their respective market values. When their 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 (cf. note 1.11).

Licences and patents

Licences and patents are amortised on a straight-line basis over periods which correspond to the expected usage period, not exceeding 20 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 intention and financial and technical ability to complete the development project.
- 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 costs 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.

Concession relating to *l'Annuaire*

France Télécom was appointed by decree on March 3, 2005 as the publisher of the universal directory for a period of two years. Since France Télécom must remain the publisher, the transfer of the *l'Annuaire* trademark to PagesJaunes, a subsidiary of PagesJaunes Groupe, as provided for in the agreements of May/June 2004, could not be implemented. In this context the two companies agreed to establish an operational concession contract for the universal printed directory in favour of PagesJaunes accompanied by a contract for the transfer of the *l'Annuaire* trademark for a total of €12 million. These contracts were signed on January 20, 2006 and were effective from 1 January 2006. The price of the operating concession, €11 million, is being amortised over a period of four years with effect from January 1, 2006, the period corresponding to that of the non-competition undertaking granted by France Télécom for the publication of alphabetical directories.

1.10 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 PagesJaunes Groupe (finance 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 PagesJaunes Groupe 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 PagesJaunes Groupe to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are expensed 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.

1.11 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 writedown 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. This corresponds to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal. It is assessed in particular by the discounted cash flows method, based on economic assumptions and operating conditions expected by the management of PagesJaunes Groupe.

1.12 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.

1.12.1 Measurement and recognition of financial assets

1.12.1.a 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 and recognised 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.

1.12.1.b 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 remeasurement 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.

1.12.1.c 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 remeasured periodically, to take into account changes in market interest rates. The remeasurement 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.

1.12.1.d Assets held for trading

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).

Assets held for trading, consisting mainly of mutual fund units, are carried in the balance sheet under "Short-term financial assets".

1.12.1.e 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.

1.12.2 Measurement and recognition of financial liabilities

1.12.2.a 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.

1.12.2.b Financial liabilities held for trading

Financial liabilities held for trading are measured at fair value.

1.12.3 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 remeasurement 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 per cent.

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 remeasuring 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 remeasuring the hedging instrument at fair value;

- For 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.

1.13 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.

1.14 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, advertiser 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.

1.15 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 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.

Statutory training rights (DIF)

Expenditure in respect of statutory training rights constitutes an expense for the period and does not give rise to any provision. However, the notes to the consolidated financial statements include disclosures of the cumulative number of hours' training entitlement at the end of the accounting period and the unused portion of the vested entitlement.

In a limited number of cases (request for training leave, redundancy or resignation) or where such costs cannot be considered as remuneration of future services, the resulting short-term obligation is provided for in the financial statements for the period as soon as the obligation towards the employee becomes probable or certain.

1.16 Pension and similar benefit obligations

1.16.1 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.

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.

1.16.2 Other long-term benefits

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

1.16.3 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.

1.17 Share-based payment

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.

As the grant date for employee share issues, the Group has taken the date when the main terms of the plan were announced to employees, as stipulated in the circular issued by the CNC on December 21, 2004 relating to employee share ownership plans. Since the related benefits are vested immediately (the vesting period being very short or non-existent), the related compensation expense is recognised in full in the period. The Group has valued the benefits granted to employees at fair value on the grant date of the rights, taking into account the restriction period.

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. Plans issued prior to December 31, 2003 have been valued in accordance with the North American standard FAS 123 using the Black-Scholes model. With effect from January 1, 2004, all 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.

Management equity 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, in 2006 offered certain managers of the Group the possibility of acquiring a minority holding, in the form of 202,691 ordinary shares, in the capital of Médiannuaire Holding (i.e. 0.53% of the capital of the Company). 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 price standing offer procedure relating to the PagesJaunes Group shares completed on December 1, 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, the shares held by these managers are subject to presence and performance conditions, implemented by reciprocal purchase and sale undertakings signed with the shareholders of Médiannuaire Holding at a price which varies depending on the fulfilment of these conditions.

The valuation of the rights being acquired as at June 30, 2007, carried out by an independent expert in accordance with the Monte Carlo model, led to the conclusion that having regard to the discounted probabilised value of all of the foreseeable scenarios for the duration of the holding period and the exit value, and the rights to the increase in the value of the shareholders' equity attributed to them, the value had varied by €2.9 million in the first half of 2007 (see note 10). The main assumptions applied in this valuation were as follows: volatility of 14% corresponding to the average of the volatilities recorded in respect of the company at three months according to the "EWMA (Exponentially Weighted Moving Average) method; an exit date based on probabilities centred on years four and five corresponding to the average holding periods recorded on LBO operations. As at June 30, 2007, no right has been contractually acquired.

Note 2 - Change in the scope of consolidation

The main operation which took place in the first half of 2007 was the sale by PagesJaunes Groupe of 100% of the shares of the companies Kompass France and Kompass Belgium to Coface Services on March 14, 2007. 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 "divested businesses" line at the foot of the consolidated income statement until the actual departure from the consolidated group. In accordance with IFRS, this presentation format in the income statement is used both for the financial data for the current year and for the data for the previous year on a comparative basis. 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 Group on the other hand. These two companies formed part of the "International & Subsidiaries" segment.

Note 3 – Segment information

The Group's core business is the publication of directories in France and abroad, offering a diversified range of products and services for the general public and businesses. Financial income, financial expenses, foreign exchange gains and losses and current taxation are not the subject of a segment allocation. Similarly, the related balance sheet items (cash, financial liabilities and tax liabilities) are not allocated by sector. By convention, there is no segment allocation of deferred tax.

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

- PagesJaunes in France: the activities in France related to the publication and distribution of directories, the sale of advertising space in printed and online directories, the creation and hosting of Internet sites, the 118 008 telephone directory enquiry services and the publication of the PagesPro directories and the reverse directory QuiDonc. This segment also includes the holding company activities accommodated within PagesJaunes Group.
- International & Subsidiaries: the activities of the various subsidiaries of the Group, which mainly involve the publication of consumer directories outside France, 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 small ads business launched at the beginning of January 2007 as part of PagesJaunes Petites Annonces.

3.1 By business segment

The following tables show the distribution of the main aggregates by business segment:

Analysis by business segment

Income statement

Amounts in thousands of euros	1st half 2007 PagesJaunes in France	1st half 2007 International & Subsidiaries	1st half 2007 Eliminations	1st half 2007 Group	Period ending December 31, 2006 PagesJaunes in France	Period ending December 31, 2006 International & Subsidiaries	Period ending December 31, 2006 Eliminations	Period ending December 31, 2006 Group	1st half 2006 PagesJaunes in France	1st half 2006 International & Subsidiaries	1st half 2006 Eliminations	1st half 2006 Group
Net revenues	**493 147**	**36 707**	**(3 064)**	**526 790**	**1 013 293**	**85 868**	**(5 819)**	**1 093 342**	**463 722**	**35 529**	**(2 629)**	**496 622**
- External	493 008	33 782	-	526 790	1 013 245	80 097	-	1 093 342	463 571	33 051	-	496 622
- Inter-segment	139	2 925	(3 064)	0	48	5 771	(5 819)	0	151	2 478	(2 629)	0
External purchases	(116 177)	(25 024)	3 064	(138 137)	(268 935)	(39 491)	5 819	(302 607)	(126 388)	(18 660)	2 629	(142 419)
Other operating income	5 876	804	(2 273)	4 407	10 939	2 212	(1 529)	11 622	5 050	1 503	(836)	5 717
Other operating expenses	(9 663)	(3 037)	2 273	(10 427)	(21 277)	(3 296)	1 529	(23 044)	(10 365)	(1 154)	836	(10 683)
Salaries and charges	(133 720)	(21 400)	-	(155 120)	(254 112)	(41 591)	-	(295 703)	(123 697)	(18 459)	-	(142 156)
Gross Operating Margin	**239 463**	**(11 949)**	**-**	**227 514**	**479 908**	**3 702**	**-**	**483 610**	**208 323**	**(1 241)**	**-**	**207 082**
Employee profit-sharing				(7 174)				(13 525)				(5 803)
Share-based payment				(6 528)				(8 590)				(1 992)
Depreciation and amortisation	(5 471)	(1 438)	-	(6 909)	(8 791)	(3 126)	-	(11 917)	(4 244)	(1 560)	-	(5 804)
Result of asset disposals				23				(565)				(281)
Restructuring cost				55				(48)				(5)
Operating income	**233 993**	**(13 388)**	**-**	**206 981**	**471 117**	**576**	**-**	**448 965**	**204 079**	**(2 801)**	**-**	**193 197**
Financial income				1 130				21 172				8 363
Financial expenses				(69 775)				(13 841)				(894)
Result of disposal of financial assets				1 366				764				167
Gain (loss) on foreign exchange				-				-				-
Corporation tax				(54 223)				(160 975)				(70 499)
Net income from continuing businesses				**85 479**				**296 086**				**130 334**
Net income from divested businesses				**34 118**				**809**				**1 185**
Net income of the consolidated group				**119 597**				**296 895**				**131 519**
Acquisitions of tangible and intangible fixed assets	**7 055**	**1 967**		**9 022**	**26 312**	**4 273**		**30 585**	**18 741**	**1 353**		**20 094**

Analysis by business segment
Balance sheet

Amounts in thousands of euros	As at June 30, 2007 PagesJaunes in France	As at June 30, 2007 International & Subsidiaries	As at June 30, 2007 Eliminations	As at June 30, 2007 Group	As at December 31, 2006 PagesJaunes in France	As at December 31, 2006 International & Subsidiaries	As at December 31, 2006 Eliminations	As at December 31, 2006 Group	As at June 30, 2006 PagesJaunes in France	As at June 30, 2006 International & Subsidiaries	As at June 30, 2006 Eliminations	As at June 30, 2006 Group
Net goodwill	-	106 465	-	106 465	-	107 727	-	107 727	-	107 727	-	107 727
Other net intangible fixed assets	23 715	5 234	-	28 949	22 586	5 430	-	28 016	20 133	4 682	-	24 815
Net tangible fixed assets	13 976	4 188	-	18 164	13 553	5 468	-	19 021	13 322	5 218	-	18 540
Non-current non-segment assets				45 761				22 867				41 268
Non-current assets				**199 339**				**177 631**				**192 350**
Net inventories	4 877	943	-	5 820	5 944	681	-	6 625	6 349	1 670	-	8 019
Net trade accounts receivable	381 629	40 609	(4 495)	417 742	450 661	53 305	(4 013)	499 953	349 597	51 843	(3 460)	397 980
Other current assets	33 340	4 512	(1 381)	36 471	30 405	4 919	-	35 324	28 846	4 678	(24)	33 500
Pre-paid expenses	43 088	9 702	(35)	52 755	43 209	16 319	(27)	59 501	43 540	16 526	(28)	60 038
Current non-segment assets				25 347				71 135				528 738
Current assets				**538 136**				**672 537**				**1 028 275**
Total assets				**737 474**				**850 168**				**1 220 625**
of which segment assets	*500 625*	*171 653*	*(5 911)*	*666 366*	*566 358*	*193 849*	*(4 040)*	*756 167*	*461 787*	*192 344*	*(3 512)*	*650 619*
of which non-segment assets				*71 108*				*94 001*				*570 006*
Shareholders' equity				**(2 210 308)**				**(2 060 565)**				**259 283**
Personnel benefits - non-current	30 869	240	-	31 109	28 354	1 020	-	29 374	26 878	923	-	27 801
Provisions - non-current	5 220	71	-	5 291	6 709	180	-	6 889	6 927	28	-	6 955
Other non-current liabilities	-	-	-	-	-	90	-	90	1 880	158	-	2 038
Non-current non-segment liabilities				1 924 324				1 910 990				1
Non-current liabilities				**1 960 724**				**1 947 342**				**36 795**
Provisions - current	-	709		709		746		746	-	350	-	350
Trade accounts payable	87 108	19 307	(4 495)	101 920	102 392	18 300	(4 013)	116 679	101 448	17 565	(3 461)	115 552
Personnel benefits - current	54 993	6 157		61 150	62 577	10 930		73 507	54 341	10 076	-	64 417
Other current liabilities	94 128	6 424	(1 381)	99 171	93 254	9 551		102 805	86 224	7 921	(23)	94 122
Deferred income	647 121	32 752	(35)	679 838	600 176	40 135	(27)	640 284	590 726	44 873	(28)	635 571
Current non-segment liabilities				44 271				29 370				14 535
Current liabilities				**987 059**				**963 391**				**924 547**
Total liabilities				**737 474**				**850 168**				**1 220 625**
of which segment liabilities	*919 439*	*65 660*	*(5 911)*	*979 188*	*893 461*	*80 952*	*(4 040)*	*970 373*	*868 424*	*81 894*	*(3 512)*	*946 806*
of which non-segment liabilities				*(241 714)*				*(120 205)*				*273 819*

3.2 By geographic region

4.2 Analysis by geographic region

(Amounts in thousands of euros)	**1st half 2007**	**Period ending December 31, 2006**	**1st half 2006**
Contributory revenues	**526 790**	**1 093 342**	**496 622**
- France	503 306	1 034 930	473 290
- Others	23 484	58 412	23 332
Assets	**737 474**	**850 168**	**1 220 625**
- France	534 086	622 637	514 663
- Others	132 280	133 530	135 956
- Unallocated	71 108	94 001	570 006
Tangible & intangible investments	**9 022**	**30 585**	**20 094**
- France	8 195	29 479	19 620
- Others	827	1 106	474

Note 4 – Divested businesses

PagesJaunes Groupe sold 100% of the shares of the companies Kompass France and Kompass Belgium on March 14, 2007 (cf. note 2). The Kompass businesses are presented in the financial statements as divested businesses. The net income and expenses and the disposal results after tax are presented 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)	June 30, 2007 (1)	December 31, 2006	June 30, 2006
Revenues	7,017	31,392	15,887
Operating expenses	(5,896)	(28,681)	(13,759)
Gross operating margin	**1,121**	**2,711**	**2,128**
Operating income	1,015	1,317	1,488
Financial result	31	172	81
Corporation tax	(273)	(680)	(384)
Net income from Kompass businesses	**773**	**809**	**1,185**
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	**34,118**	**809**	**1,185**

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

(2) net of disposal expenses amounting to €0.2 million and the balance of deferred tax assets on the disposal date, recorded in respect of losses in previous years, amounting to €2.2 million.

(3) corresponds to the tax saving relating to the fiscal short-term loss from the disposal result (€(1.3) million) and disposal expenses (€0.2 million)

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

(in thousands of euros)	June 30, 2007 (1)	December 31, 2006	June 30, 2006
Net cash from operations	1,728	2,764	1,575
Net cash used in investing activities	(247)	(451)	(219)
Net cash provided by (used in) financing activities	55	(150)	204

(1) corresponds to the flows generated by the Kompass businesses until 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.

Note 5 - Goodwill related to consolidated companies

The principal goodwill items relating to fully consolidated companies are as follows::

(in thousands of euros)	Balance as at 31/12/06	Acquisitions / Disposals / Reclassifications	Balance as at 30/06/07
QDQ Media	68,882	-	68,882
Mappy	7,400	-	7,400
PagesJaunes Marketing Services	13,278	-	13,278
Eurodirectory	12,109	-	12,109
Kompass Belgium (1)	1,262	(1,262)	-
Edicom	4,796	-	4,796
Total	107,727	(1,262)	106,465

(1) divestment of securities of Kompass companies (cf. note 2)

No impairment loss was recorded as at June 30, 2007.

For the significant cash-generating units (QDQ Media and PagesJaunes Marketing Services), the current value of the goodwill has been examined in the preparation of the condensed consolidated financial statements as at June 30, 2007, on the basis of the business plans, a perpetual growth rate between 2% and 3% and a discount rate after tax between 9% and 11%.

Note 6 - Financial result

The financial result is made up as follows:

(in thousands of euros)	June 30, 2007	December 31, 2006	June 30, 2006
Interest and similar income from financial assets	317	16,384	7,878
Change in the fair value of hedging instruments	-	4,206	-
Discount income - hedging instruments	278	-	-
Dividends received	535	577	570
Financial income	**1,130**	**21,167**	**8,448**
Interest on financial liabilities	(56,395)	(11,501)	(126)
Change in the fair value of hedging instruments	(9,443)	-	-
Amortisation of loan issue expenses	(3,022)	(613)	-
Discounting cost - pensions (1)	(915)	(1,549)	(772)
Financial expenses	**(69,775)**	**(13,663)**	**(898)**
Result of disposal of financial assets	**1,366**	**764**	**167**
Foreign exchange gain (loss)	**-**	**-**	**-**
Financial result	**(67,279)**	**8,267**	**7,717**

(1) cost relating to the increase of the retirement benefit obligation present value.

In the first half of 2007, the financial result essentially comprised the interest expense relating to the bank loan of €1,950 million drawn on November 24, 2006 in an amount of €56.4 million, and the change in the time value of the collar established by the Company in November 2006, representing a net expense of €9.4 million in the first half of 2007. In the first half of 2006, the financial result mainly comprised income generated by the cash deposited with France Télécom, the former majority shareholder of PagesJaunes Groupe.

Note 7 - Deferred tax

The deferred tax position in the balance sheet changed from a deferred tax asset of €2.0 million as at December 31, 2006 to a deferred tax liability of €10.6 million as at June 30, 2007. This change is explained mainly by the recording of income in the income statement for the first half of 2007 amounting to €2.1 million, the recognition of a deferred tax liability in respect of the valuation of hedging instruments amounting to €12.2 million with an effect in shareholders' equity (cf. note 8) and the impacts associated with the disposal of the Kompass businesses amounting to €2.2 million (cf. note 4).

Note 8 - Derivative financial instruments – non-current assets

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

Description of derivative financial instruments

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

- an interest rate swap contract of a nominal amount of €380 million, commencing on December 13, 2006 and ending on December 13, 2011. In the context of this operation, PagesJaunes Groupe receives interest at a variable rate, i.e. Euribor, and pays a fixed rate of 3.7830%,

- a collar, comprising the synthetic combination of the purchase of a cap and the sale of a floor with a nominal amount of €1,140 million, commencing on December 13, 2006 and ending on December 13, 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.

These operations cover the cash flow relating to the variable-rate debt drawn by PagesJaunes Groupe in November 2006 (cf. note 9). The prospective effectiveness tests carried out by PagesJaunes Groupe when initiating these operations and the retrospective tests carried out on June 30, 2007 demonstrated that these financial instruments offered fully effective hedging of the cash flows relating to this debt.

Recognition of assets and liabilities relating to these derivative financial instruments

The initial fair value of the collar was recognised in the consolidated assets when it was concluded, in an amount of €8.3 million, with the opposite entry being "Liabilities in respect of hedging instruments" (cf. note 9) in an amount of €8.3 million, corresponding to the discounted premium which the Company will be required to pay in five annual instalments. The discounted value of this debt as at June 30, 2007 was €8.0 million.

The value of these derivative financial instruments is established as follows:

in thousands of euros	June 30, 2007	December 31, 2006	June 30, 2006
Interest rate swap – cash flow hedge	12,449	3,715	-
Collar – cash flow hedge	30,892	13,765	-
of which intrinsic value	*27,803*	*1,233*	-
of which time value	*3,089*	*12,532*	-
Total	**43,341**	**17,479**	**-**

The positive change in the fair value of these derivative financial instruments between December 31, 2006 and June 30, 2007, i.e. €8.7 million for the interest rate swap and €26.6 million for the intrinsic value of the collar, was recognised in recyclable shareholders' equity, and gave rise to the recognition of a deferred tax liability of €12.2 million. The change in the time value of the collar was recorded in financial expenses (cf. note 6), in an amount of €9.4 million, in parallel with the recording of a deferred tax asset of €3.3 million.

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

The maximum exposure to credit risk on the closing date corresponds to the fair value of each of the derivative instruments entered in the assets of the balance sheet, net of the liabilities recorded in respect of hedging instruments with regard to the collar.

Note 9 - Gross financial debt, cash

Net financial debt corresponds to the total gross financial debt plus or minus derivative asset and liability cash flow hedging instruments and minus cash and cash equivalents including mutual fund units.

(in thousands of euros)	June 30, 2007	December 31, 2006	June 30, 2006
Hedging instruments (cf. note 8)	43,340	17,479,	-
ST investments >3 months and <1 year	4	285	17,575
Cash and cash equivalents	10,806	55,076	474,509
Cash position	**54,150**	**72,840**	**492,084**
Bank loan	(1,950,000)	(1,950,000)	-
Revolving credit line	(18,000)	-	-
Loan issue costs	44,315	47,336	-
Liability in respect of hedging instruments (cf. note 8)	(8,048)	(8,326)	-
Accrued interest not yet due	(5,486)	(5,645)	-
Bank overdrafts	(13,398)	(7,510)	(9,034)
Other financial liabilities	(5,276)	(15,303)	(4,917)
Gross financial debt	**(1,955,893)**	**(1,939,447)**	**(13,951)**
of which current	*(42,133)*	*(28,458)*	*(13,950)*
of which non-current	*(1,913,760)*	*(1,910,990)*	*(1)*
Net cash (debt)	**(1,901,743)**	**(1,866,607)**	**478,133**

Cash and cash equivalents

As at December 31, 2006 and June 30, 2007, the cash and cash equivalents mainly comprised mutual fund units and debit bank accounts. As at June 30, 2006, they essentially comprised current accounts and sums deposited for less than three months with France Télécom, the majority shareholder of the Company at that date. These current accounts and deposits were repaid in full when France Télécom divested its holding in PagesJaunes Groupe, on October 11, 2006.

Bank loan

On October 24, 2006 PagesJaunes Groupe concluded a financing arrangement with a syndicate comprising seven international banks for a maximum total of €2.35 billion, comprising a medium-term loan of €1,950 million and a revolving credit line of €400 million. The sole purpose of the debt was to finance the exceptional dividend of €9 per share paid on November 24, 2006 and it was drawn in full on November 24, 2006. The revolving credit line is intended to finance the Group's treasury requirements (working capital, investment or refinancing requirements) in the context of its operating activities and is available in particular in the form of drawings, letters of credit or bilateral lines.

The medium-term loan has a maturity of seven years, with interest at a variable rate based on the Euribor reference rate and a maximum margin of 185 basis points, reduced to 175 basis points in February 2007 (subject to additional downward adjustments as a function of the ratio of total net debt to an aggregate close to the consolidated gross operating margin), and is repayable in full at maturity. The revolving credit line has a maturity of seven years, with interest at a variable rate based on the Euribor reference rate or Libor (in the event of the use of a currency other than the euro) with a maximum margin of 185 basis points, reduced to 175 basis points in February 2007 (subject to additional downward adjustments as a function of the ratio of total net debt to an aggregate close to the consolidated gross operating margin) and the repayment of each drawing takes place at the end of each drawing period. PagesJaunes Groupe is required to pay a non-utilisation commission calculated at a rate of 0.625% per year on the undrawn part of its revolving credit line.

This financing contract contains in particular compulsory early repayment clauses and default clauses as well as evolving financial covenants providing for (i) a ratio of consolidated gross operating margin to total net interest expense and a lower limit rising over the term of the credit from 3.25x to 4.00x and (ii) a ratio of total consolidated net debt to an aggregate close to the consolidated gross operating margin and an upper limit reducing over the term of the credit from 5.25x to 3.75x. These two ratios are calculated on the basis of consolidated data. It also includes a compulsory early repayment clause in the event of a change of control of the Company resulting from the acquisition of the shares of the Company.

PagesJaunes Groupe incurred expenses totalling €48.0 million for the arrangement of this finance, mainly comprising commissions paid to the arrangers on the basis of a rate of 2% on the amount of the medium-term loan, i.e. €39.0 million, and 2.125% on the amount of the revolving credit line, i.e. €8.5 million. The loan of €1,950 million has been recognised at fair value, on the basis of its nominal value less these issue costs of €39.0 million, the latter being the subject of actuarial amortisation over the life of the loan in accordance with the effective interest method. As at June 30, 2007, the fair value of the loan was €1,913.5 million. The issue expenses on the revolving credit line were also recorded as a deduction from the debt and are being amortised on a straight-line basis over the life of this credit line, which was not drawn as at December 31, 2006 and was drawn to the extent of

€18.0 million as at June 30, 2007. The amortisation charge for all of these expenses is recorded in financial expenses (cf. note 6).

Movements in the financial debt of PagesJaunes were as follows:

(in thousands of euros)	
Balance as at December 31, 2006	**1,939,447**
Changes in scope of consolidation	-
Net increase	16,446
of which drawn under revolving credit line	*18,000*
of which amortisation of loan issue expenses	*3,022*
of which other changes	*(4,576)*
Balance as at June 30, 2007	**1,955,893**

Note 10 – Share-based payment – expense for the period

Expense relating to stock option and free share plans:

(in thousands of euros)	June 30, 2007	December 31, 2006	June 30, 2006
Orange stock option plans	-	17	18
Wanadoo stock option plans	-	1,265	672
PagesJaunes Groupe stock option plans	1,205	3,294	988
PagesJaunes Groupe free share plans	2,033	2,495	438
Social charges on early exercise of stock options	468	2,142	-
Management equity plan	2,920	-	-
Sub-total	**6,626**	**9,213**	**2,116**
Divested businesses (1)	(98)	(623)	(124)
Total	**6,528**	**8,590**	**1,992**

(1) divestment of securities of the Kompass companies (cf. note 2)

The expense representing the cost of the free share plans, which takes into account an estimated annual departure rate of 5%, is amortised over the vesting period, i.e. two years. It is adjusted as a function of the trend in the probability of achieving the performance conditions or the actual departure rate during this period, and is finally set on the basis of the number of shares actually distributed at the end of this period. Having regard to the Group's results in 2006, it will not be possible to allocate two-thirds of the shares granted in May

2006 due to the non-achievement of the performance criteria specified in the plan. The expense relating to this first plan has been adjusted accordingly.

Note 11 - Shareholders' equity

In accordance with the decision of the shareholders meeting in the Combined General Meeting of April 26, 2007, PagesJaunes Groupe paid on May 4, 2007 the dividend relating to the 2006 financial year, amounting to €303.1 million, i.e. €1.08 per ordinary share.

The Company carried out a capital increase of €75,534 by the creation of 377,670 new shares following the early exercise of PagesJaunes Groupe options in 2007.

PagesJaunes Groupe is a subsidiary of Médiannuaire, which controls 54.8% of the capital and voting rights.

Note 12 – Transactions with related parties

The change of control of the Company took place on October 11, 2006, when France Télécom sold its majority holding in PagesJaunes Groupe to the company Médiannuaire, itself 100% owned by Médiannuaire Holding.

Service contracts were established in 2006 and 2007 with Médiannuaire, the new majority shareholder of PagesJaunes Groupe, and with Capstone, a subsidiary of KKR. These contracts resulted in an expense of €2.2 million in respect of the first half of 2007 (€0.3 million in respect of the 2006 financial year).

Note 13 – Contractual obligations and off-balance-sheet liabilities

At the beginning of 2007, PagesJaunes signed multi-year contracts for paper and distribution, in addition to those already in place for printing, enabling it to limit the sensitivity of printed directory publishing costs to price rises.

On March 14, 2007, PagesJaunes Groupe sold all of the shares making up the capital of the companies Kompass France and Kompass Belgium to Coface Services. In this context, PagesJaunes Groupe issued a number of general warranties to Coface Services, with an upper limit of €2.7 million, as well as specific warranties relating in particular to the social and fiscal risks, with a total limit of €7.7 million.

During the first half of 2007, PagesJaunes renegotiated the contracts relating to the premises in Sèvres in order to hold a direct lease from the owner. These premises, which are for office use, were previously sub-let to France Télécom, the former majority shareholder of PagesJaunes Groupe. These leases were granted and accepted for a firm term of nine full and consecutive years from April 1, 2007. As at June 30, 2007, the maximum commitment over these nine years was €67 million, of which €7.4 million was due in less than one year.

On October 24, 2006, PagesJaunes Groupe concluded a revolving credit line of €400 million with a bank syndicate comprising seven international banks. Drawings under this revolving credit line amounted to €18.0 million as at June 30, 2007.

Note 14 – Disputes and litigation

At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, notably, the modification of the employment contracts of 930 sales representatives. The aim of this modification was to adapt these contracts to a new competitive environment. Approximately 100 employees refused to sign the proposed new contract and were laid off during the second quarter of 2002. Almost all these employees commenced legal proceedings against PagesJaunes to contest the validity of the reason for the redundancies. The *Cour de Cassation*, in two judgments handed down on January 11, 2006, approved the commercial development plan. The *Cour de Cassation* ruled that economic redundancy following a reorganisation implemented to prevent future economic difficulties associated with technological developments was justified. In a new judgement on February 14, 2007, the *Cour de Cassation* confirmed the validity of the plan implemented by PagesJaunes. However, applications based on grounds not resolved in the above judgments and applications before the administrative jurisdictions are still pending. An amount of €1.0 million of the provision formed at the end of 2002 in respect of this risk, amounting to €7.3 million, was released during the first half of 2006, followed by an amount of €1.7 million during the first half of 2007 having regard to the favourable progress of this case.

On July 27, 2006 the company *Le Numéro* brought an action against PagesJaunes before the *Tribunal de Commerce* of Nanterre on the grounds that some of the advertising sold by PagesJaunes in its directories did not benefit from any protection in respect of any property right and could therefore be used by *Le Numéro*. A compromise agreement between PagesJaunes and *Le Numéro* was approved on March 8, 2007 by the *Tribunal de Commerce* of Nanterre, thereby putting a final end to this dispute. Under this agreement, *Le Numéro* recognises PagesJaunes' ownership right in respect of the advertisements in question and PagesJaunes provides *Le Numéro* with this information in the context of a commercial contract for exclusive use in the context of a directory enquiry service.

The DGCCRF (*Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes* – Directorate General for Competition, Consumer Affairs and the Suppression of Fraud) is currently conducting an investigation into the relations between PagesJaunes and advertising agencies. Although at this stage PagesJaunes has no information on the precise purpose of this investigation and the possible consequences, PagesJaunes cannot exclude the possibility that this inquiry will have prejudicial consequences for it.

In 2006, PagesJaunes Groupe and its subsidiary PagesJaunes were subjected to a tax inspection in respect of the years 2002, 2003 and 2004. On December 11, 2006, the companies received rectification demands from the taxation authorities concerning two points: (i) In respect of the first point, relating to the non-deductibility of debt cancellations, PagesJaunes Groupe recorded an additional tax charge of €0.7 million from 2006. (ii) By contrast, PagesJaunes Groupe and PagesJaunes contested the second point, concerning a claim for the two companies of around €4.8 million, including interest. They sent their observations to this effect to the taxation authorities in two letters dated January 10, 2007. The tax authorities simply abandoned their rectification demands on this second point on March 7, 2007. No provision had been entered in the 2006 financial statements in respect of this second point.

In addition, in common with the other companies in the sector, the Group is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Group. The number of such proceedings declined constantly from 2001 and remained stable in 2006. As at June 30, 2007, it amounted to 29, for a total amount of damages claims of €1.9 million. In these proceedings, the Group endeavours to negotiate out-of-court compensation, which significantly reduces the final total cost of these proceedings. However, no guarantee can be given that these proceedings will not have a negative impact on the financial situation of the Group.

To the Company's knowledge, no other government, judicial or arbitration procedure, whether pending or threatened, is liable to have, or has had in the last 6 months, a significant impact on the financial position or profitability of the Company and/or of the Group.

Note 15 – Subsequent events

PagesJaunes Groupe and the M6 Group have entered into a strategic partnership in small ads on the Internet. The M6 Group will acquire a 34% holding in the capital of PagesJaunes Petites Annonces, currently a 100% subsidiary of PagesJaunes Groupe, for €16 million by way of an increase in capital. This partnership will make it possible to accelerate the development of annoncesjaunes.fr in the dynamic and competitive online small ads market in France, thanks in particular to the prominence given to annoncesjaunes.fr on the M6 media.

Note 16 – Scope of consolidation

		As at June 30, 2007		As at December 31, 2006	
Entity	**Country**	**Interest**	**Control**	**Interest**	**Control**
Fully consolidated companies					
PagesJaunes in France segment					
PagesJaunes Groupe	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
International & Subsidiaries segment					
QDQ Media	Spain	100%	100%	100%	100%
Eurodirectory	Luxembourg	100%	100%	100%	100%
Edicom	Morocco	100%	100%	100%	100%
Kompass France	France	-	-	100%	100%
Kompass Belgium	Belgium	-	-	100%	100%
PagesJaunes Marketing Services	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
PagesJaunes Petites Annonces	France	100%	100%	100%	100%
Proportionally consolidated company					
International & Subsidiaries segment					
Editus	Luxembourg	49%	49%	49%	49%

4. REPORT OF THE AUDITORS ON THE HALF-YEAR FINANCIAL INFORMATION 2007

(Articles L. 232-7 of the Commercial Code and 297-1 of the Decree of March 23, 1967)

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

DELOITTE & ASSOCIES

185 avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
Limited company with a capital of €1,723,040

Auditors
Member of the Regional
Company of Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche
11 allée de l'Arche
92037 Paris-La Défense Cedex
Simplified joint stock company
with variable capital

Auditors
Member of the Regional
Company of Versailles

PagesJaunes Groupe, S.A.
Period from January 1 to June 30, 2007

Report of the Statutory Auditors to the shareholders on the 2007 half-year financial information

In our capacity as Statutory Auditors and in accordance with article L. 232-7 of the Commercial Code, we have:

- conducted a limited review of the condensed consolidated half-year financial statements of PagesJaunes Groupe, for the period from January 1 to June 30, 2007, as appended to this report;
- verified the information disclosed in the half-year report.

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

We conducted our limited review in accordance with the professional standards applicable in France. A limited review of interim financial statements involves obtaining the information deemed necessary, principally from the persons responsible for accounting and financial matters, and implementing analytical and any other appropriate procedures. A review of this type does not include all the procedures specific to an audit performed in accordance with the professional standards applicable in France. It does not therefore provide assurance that all significant items which could have been identified during an audit have been identified. Consequently we do not express an audit opinion.

On the basis of our limited review, no significant misstatements have come to our attention which would cause us to question the compliance, in all significant respects, of the condensed consolidated half-year financial statements with IAS 34, the standard relating to interim financial reporting and forming part of the IFRS standards adopted in the European Union.
We have also verified, in accordance with the professional standards applicable in France, the information disclosed in the half-year report commenting on the condensed consolidated half-year financial statements which were the subject of our limited review.

We have no observations to make with regard to the fairness of this information and its consistency with the condensed consolidated half-year financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 26, 2007

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG Audit
Eric Gins	Jean-Paul Picard	Jeremy Thurbin