PAGESJAUNES

CONSOLIDATED FINANCIAL STATEMENTS
For the periods ending June 30, 2004, June 30, 2003 and year end December 31, 2003

This English language translation of the consolidated financial statements prepared in French has been provided solely for the convenience of English speaking readers. Despite all the efforts devoted to this translation, certain errors, omissions or approximations may subsist. PagesJaunes, its representatives and employees decline all responsibility in this regard.

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CONSOLIDATED STATEMENTS OF INCOME

(Amounts are in thousands of Euros, except share information)

	Notes	*Periods ending June 30*		*Year ending Dec. 31*
		2004	***2003***	***2003***
Revenues	**4**	**424 443**	**399 862**	**882 739**
Cost of services and products sold		(92 747)	(97 630)	(216 552)
Commercial costs		(133 996)	(119 531)	(253 405)
Administrative costs		(26 937)	(20 133)	(42 655)
Research and Development costs		(815)	(618)	(1 737)
EBITDA (Earnings before interest, tax, depreciation and amortisation)	4	**169 948**	**161 950**	**368 390**
Depreciation and amortisation (excluding Goodwill)		(4 880)	(4 826)	(9 661)
Operating income		**165 068**	**157 124**	**358 729**
Financial income (expenses), net	6	7 114	13 892	25 763
Foreign exchange gain (loss), net		6	(85)	(200)
Current income of consolidated companies		**172 188**	**170 931**	**384 292**
Other non-operating income (expenses), net	7	(4 573)	479	(2 149)
Corporate income tax	8	(60 041)	(57 555)	(125 174)
Employee profit-sharing		(12 831)	(10 176)	(26 934)
Net income of consolidated companies		**94 743**	**103 679**	**230 035**
Share in net income of companies accounted for using the equity method	12	639	597	1 175
Goodwill amortisation	9	(1 407)	(300)	(599)
Net income of the consolidated whole		**93 975**	**103 976**	**230 611**
Minority interests		0	0	0
Consolidated net income of the Group		**93 975**	**103 976**	**230 611**

Earnings per share (in euros)			
Number of shares	274 050 000	182 700	182 700
Net income before goodwill amortization and minority interests			
- historical	0,35	570,75	1 265,52
- comparable basis	0,35	0,38	0,84
Net income of the Group			
- historical	0,34	569,11	1 262,24
- comparable basis	0,34	0,38	0,84

CONSOLIDATED BALANCE SHEET

(Amounts in thousands of Euros)

	Notes	*Periods ending June 30*		*Year ending Dec. 31*
		2004	***2003***	***2003***
ASSETS				
Goodwill, net	9	76 068	1 497	1 198
Other intangible assets	10	2 040	691	558
Net tangible assets (property, plant and equipment)	11	23 378	19 815	18 370
Investments accounted for using the equity method	12	2 748	2 326	2 504
Investment securities (net)	13	2 187	2 169	388
Other long-term assets, net	14	1 374	1 673	1 352
Deferred income taxes, net	8	9 100	6 691	6 508
Total long-term assets		**116 895**	**34 862**	**30 878**
Inventories		6 954	11 004	7 112
Trade accounts receivable, net of provisions	15	356 727	319 273	371 791
Deferred income taxes, net	8	16 408	13 073	18 034
Prepaid expenses and other current assets	16	95 062	98 657	102 745
Marketable securities	19	3 497	11 539	11 600
Cash and cash equivalents	19	484 076	493 246	581 935
Total current assets		**962 724**	**946 791**	**1 093 217**
TOTAL ASSETS		**1 079 619**	**981 653**	**1 124 095**
LIABILITIES				
Share capital		54 810	54 810	54 810
Additional paid-in capital		0	42 249	42 249
Reserves		41 590	4 687	4 688
Net income		93 975	103 976	230 611
Foreign currency translation adjustment		0	0	0
Treasury shares		0	0	0
Shareholders' Equity	21	**190 375**	**205 722**	**332 358**
Minority interests		**0**	**0**	**0**
Long- and medium-term financial debts	19	32	1	0
Other long-term liabilities	20	26 611	25 202	24 805
Total long-term liabilities		**26 643**	**25 203**	**24 805**
Current portion of long- and-medium-term debt (maturing in less than on	19	3 822	3 822	3 822
Bank overdrafts and other short-term borrowings	19	52 788	21 201	11 559
Trade accounts payable		102 307	106 755	107 312
Accrued expenses and other short-term provisions	20	152 550	136 087	177 247
Other current liabilities		3 328	1 435	1 654
Short term deferred taxes, net	8	0	0	0
Deferred income	17	547 806	481 430	465 338
Total current liabilities		**862 601**	**750 729**	**766 932**
LIABILITIES AND SHAREHOLDERS' EQUITY		**1 079 619**	**981 653**	**1 124 095**

CONSOLIDATED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

(Amounts in thousands of Euros, except figures related to shares)

	Number of shares issued	*Share capital*	*Issue Premium*	*Reserves*	*Total shareholders's equity*
Balance at January 1, 2003	*182 700*	54 810	42 249	252 793	349 851
Net income 2003				230 611	230 611
Dividends paid				(248 104)	(248 104)
Balance at December 31, 2003	*182 700*	54 810	42 249	235 300	332 358
Division of share value nominal	*273 867 300*				
Net income for the period				93 975	93 975
Dividends paid			(42 249)	(193 709)	(235 958)
Balance at June 30, 2004	*274 050 000*	54 810	0	135 566	190 375

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in thousands of Euros)

	Periods ending June 30 2004	2003	*Year ending Dec. 31* 2003
NET CASH FROM OPERATIONS			
Consolidated net income of the Group	93 975	103 976	230 611
Adjustments to reconcile net income to funds generated from operations			
Depreciation of fixed assets and amortization of goodwill	6 287	5 126	10 260
Net loss (gains) on sale of assets	383	11	942
Change in other provisions	(2 522)	2 678	9 576
Undistributed earnings of companies accounted for using the equity method	(244)	28	(151)
Deferred income taxes	(944)	(593)	(5 370)
Changes in working capital requirements			
Decrease (increase) in inventories	609	122	4 014
Decrease (increase) in trade accounts receivable	32 456	29 821	(23 644)
Decrease (increase) in other receivables	39 627	(457)	(4 378)
Increase (decrease) in trade accounts payable	(15 650)	7 671	7 977
Increase (decrease) in other payables	49 134	26 402	47 619
Net cash from operations	**203 111**	**174 785**	**277 456**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible fixed assets, net of changes in suppliers of fixed assets	(3 098)	(3 425)	(7 416)
Proceeds from sale of tangible and intangible assets	92	41	95
Acquisitions of investment securities and subsidiaries net of cash acquired	(21 905)	0	(32)
Other decreases (increases) in marketable securities and other long term assets	8 333	(70)	(430)
Net cash used in investing activities	**(16 578)**	**(3 454)**	**(7 783)**
CASH FLOW FROM FINANCING ACTIVITIES			
Increase (decrease) in long term debts (1)	(89 326)	(1)	(2)
Increase (decrease) in bank overdrafts and short term borrowings	40 891	(7 570)	(17 222)
Dividends paid	(235 958)	(248 106)	(248 106)
Net cash flow provided by (used in) financing activities	**(284 393)**	**(255 677)**	**(265 330)**
Net increase (decrease) in cash and cash equivalents	(97 860)	(84 347)	4 343
Effect of changes in exchange rates on cash and cash equivalents	0	(317)	(317)
Cash and cash equivalents at beginning of period	581 935	577 909	577 909
Cash and cash equivalents at end of period	**484 075**	**493 245**	**581 935**

(1) Refund to Wanadoo international by PagesJaunes of QDQ Media's equity loan

1 • DESCRIPTION OF BUSINESS

For over fifty years, the PagesJaunes Group has been offering a wide range of products and services geared toward the general public and to the professional trades. Its core work remains focused on the production of telephone directories in France and abroad.

In the context of the reporting figures presented herein, the terms "Company" and "PagesJaunes" refer to PagesJaunes SA and the terms "PagesJaunes", "the Group", "PagesJaunes Group" refer, unless indicated otherwise, to PagesJaunes SA and its consolidated subsidiaries.

2 • ACCOUNTING METHODS

PagesJaunes' consolidated financial statements have been prepared in accordance with accounting methods which are generally accepted within France, and in accordance with Regulation #99-02 of the Comité de la Réglementation Comptable (CRC) (Accounting Regulatory Committee).

2.1 Application of new accounting laws/regulations

Loi de Sécurité Financière (Law on Financial Security)

This law has been in effect since its publication on August 2, 2003 in the Journal Officiel (Official Journal). It includes an accounting provision which terminates the existing requirement that a company which controls another company hold shares in the latter as a precondition to consolidating it. This provision has been binding since January 1, 2004. To date, PagesJaunes does not fall into this category, and is therefore not directly affected by the law.

Regulation CRC 02-10 of December 12, 2002 relating to amortization, depreciation and impairment of assets.

This regulation redefines the concepts of amortization and depreciation and specifies the situations in which a test for depreciation of tangible and intangible assets must be carried out. This regulation will apply as of January 1, 2005, but may be made to have retroactive effect as of January 1, 2002. The PagesJaunes Group did not, however, opt, in its June 30, 2004 accounts, for retroactive application.

2.2 Presentation of financial statements

The consolidated financial statements have been prepared in Euros.

- Operating expenses before depreciation and amortization are broken down by destination as follows :
  - the cost of services and products sold represents the cost of services and products sold and/or published during the accounting period;
  - commercial costs reflect the expenses incurred from the actions undertaken to sell its products and services, including compensation of the sales force;
  - administrative costs reflect expenses incurred related to support functions (management, accounting, human resources, purchasing, strategy, etc.);
  - research and development costs include, with respect to research, original work organized and conducted to gain understanding and new scientific or technical knowledge and, with respect to development, the implementation, prior to the commencement of commercial production or internal use, of plans and designs for the production of products, processes, systems or new or highly improved services, in the application of research findings or knowledge acquired.
- Operating income corresponds to the difference between revenues and operating expenses. Earnings before interest, tax, depreciation and amortization and before employee profit sharing corresponds to earnings before amortizations and provisions.
- The costs resulting from the French legal employee profit-sharing plan is presented as a separate line item in the consolidated statement of income after operating income.
- "Other non-operating income (expense), net" includes mainly gains and losses on the disposal of consolidated subsidiaries and investment securities including the dilution impacts and the change in provisions against investment and marketable securities, dividends received, and movements in restructuring provisions. This heading also includes gains and losses on disposals where their relative size exceeds the scope of ordinary activity (real estate, commercial receivables, etc).
- The goodwill amortization charge concerns the goodwill relating to fully and proportionally consolidated companies as well as investments accounted for under the equity method.
- Assets and liabilities are classified on the balance sheet based on liquidity or maturity dates with short-term balances (due within one year) presented separately from long-term balances.

- In the statement of cash flows, changes in bank overdrafts and marketable securities with maturities in excess of three months at the time of purchase are not included as part of operating activities. Changes in these items are presented under financing and investing activities.

2.3 Consolidation Principales

A company, whether acquired or created, over which the Group exercises significant control or influence, is included in the scope of consolidation when at least two of the following three thresholds are attained: revenues of €5 million, total assets of €10 million and net assets of €2 million.

The main consolidation principles are as follows:

- Subsidiaries which PagesJaunes controls exclusively, either directly or indirectly, are fully consolidated;
- Companies over which PagesJaunes exercises significant influence are accounted for using the equity method;
- The non-consolidated entities mentioned in Note 14 "Other Investment Securities" are not significant with respect to the consolidated statements, on their own or as a whole;
- Material inter-company balances and transactions are eliminated.

Purchase accounting and goodwill

Upon acquisition of a business, the purchase price of the shares is allocated on a fair value basis to the identifiable assets and liabilities of the business acquired. The fair value of identifiable intangible assets such as trademarks, licenses and customer relationships is determined using generally accepted methods such as the income approach, the cost approach, or the market value approach.

The excess of the purchase price over the fair value of identifiable assets and liabilities of the business acquired is recorded in the consolidated balance sheet under the heading "Goodwill" for consolidated entities.

The amortization period for goodwill, usually ranging from 5 to 20 years, is determined by taking into consideration the specific nature of the business acquired and the strategic value of each acquisition.

The recoverable value of goodwill is subject to periodic review, at least annually, as well as whenever events or circumstances occur indicating that an impairment may exist. Such events or circumstances include significant, other than temporary, adverse changes in the business environment, or in assumptions or expectations considered at the time of the acquisition.

PagesJaunes assesses the recoverable value of goodwill for each company that is consolidated or accounted for using the equity method on an individual basis.

The assessment of whether or not an impairment loss is necessary is done by comparing the consolidated carrying value of the activity with its recoverable value. Recoverable value is the higher of the realizable value or the value in use.

The realizable value is determined as the best estimate of the selling price of an asset in an arm's length transaction, adjusted for costs directly attributable to the disposal of the asset. This estimate is valued on the basis of available market information taking into account specific circumstances.

PagesJaunes gives preference to the discounted cash flow method when assessing value in use. These are determined using assumptions regarding economic conditions and operating conditions forecasts used by the management of PagesJaunes, as follows:

- the cash flows used come from business plans resulting from the planning process, over an appropriate timeframe not exceeding 10 years;
- beyond this timeframe, cash flows are extrapolated by applying a perpetual rate of growth specific to each activity;
- the cash flows are discounted using rates appropriate to the nature of the activities concerned.

Where a disposal has been decided, the recoverable value is determined based on the realizable value.

2.4 Other accounting methods

Transactions in foreign currencies

Foreign currency denominated monetary balances are translated at the year-end rate.

Unrealized gains and losses on foreign currency denominated monetary balances are recognized in the statement of income for the period.

Revenue recognition

PagesJaunes' principal sources of revenue are recognized as follows:

- Revenues from advertisements in printed directories are recognized when the directories are published. As a result, the sales of advertisements invoiced in connection with directories yet to be published are presented on the balance sheet under the heading "Deferred income".
- Revenues from the sale of advertisements in on-line directories are distributed over the period during which the advertisement is displayed on-line, which is generally 12 months.
- Costs that are directly related to the directory publication campaigns of a fiscal year are allocated to the corresponding sales accounted for that year. These costs include commissions to the sales staff and telesales force, as well as editorial fees.

Advertising and related costs

Advertising, promotion, sponsoring, communication and brand marketing costs are expensed in the same year as they are incurred.

Research and development

Research and development costs are expensed in the same year as they are incurred.

Trade accounts receivable

Due to its different types of clients (individuals, large businesses, professionals), PagesJaunes does not consider itself to be exposed to a concentration of credit risk with respect to trade accounts receivable. Provisions are recorded on the basis of an evaluation of the risk of non-recovery. These provisions are based on an individual or statistical risk assessment.

Cash and cash equivalents

Cash and cash equivalents consist of immediately available cash and highly liquid short-term investments with maturities generally of three months or less at the time of purchase. They are stated at cost, which approximates their fair value.

Marketable securities

Marketable securities are valued at historical cost. When necessary, a provision is recorded on an investment-by-investment basis to adjust this value to the average market value over the month prior to period-end or their probable negotiable value for securities not publicly traded.

Inventories and work-in-progress

Work-in-progress is valued at the cost price and on the basis of direct costs. Inventories are determined using the weighted-average method. A provision for depreciation is made when the cost price is less than probable realizable value.

Other intangible assets

Other intangible assets include licenses and patents.

Trademarks and customer relationships are recorded at cost, which is usually determined at the time of the goodwill allocation using generally accepted methods such as those based on revenues, costs or market value.

Depreciation of intangible assets is calculated on the basis of the rhythm of consumption of the economic benefits expected from each element of the asset. On this basis, the straight-line method is generally used, with a useful life generally between 1 and 5 years.

Property, plant and equipment

Property, plant and equipment are recorded at historical cost of acquisition or at production cost.

Costs of repairs and maintenance costs, except to the extent that they increase productivity or extend the useful life of an asset, are expensed in the year in which they are incurred.

Assets financed under leases which transfer the risks and rewards of ownership to PagesJaunes are recorded under property, plant and equipment with a corresponding entry in the liabilities side of the balance sheet for the related debt.

Depreciation of property, plant and equipment is calculated on the basis of the rhythm of consumption of the economic benefits expected from each element of the asset. On this basis, the straight-line method is generally used, with the following useful lives: 25 to 30 years for buildings, 5 to 10 years for improvements and between 1 and 5 years for other property, plant and equipment.

Impairment of long-lived assets

An impairment charge is recorded for property, plant and equipment or intangible assets when, due to events and circumstances arising in the period (obsolescence, physical damage, significant changes in their usage, performance below forecast, decreasing revenues and other external indicators, etc.) their recoverable value appears durably lower than their carrying value. Recoverable value is the higher of realizable value or value in use.

Impairment tests are performed on groups of assets by comparing the recoverable value to the carrying value. When an impairment charge appears necessary, the amount recorded is equal to the difference between the carrying value and the recoverable value.

For assets to be held and used, the recoverable value is most often determined on the basis of the value in use, representing the value of expected future economic benefits from their use and disposal. Recoverable value is assessed notably by reference to discounted future cash flows determined using economic assumptions and forecasted operating conditions calculated by the management of PagesJaunes or by reference to the replacement cost for used equipment or to the cost of alternative technologies.

For assets to be disposed of, the recoverable value is determined on the basis of the realizable value, which in turn is assessed on the basis of market value.

Investment securities

Investment securities are stated at historical cost of acquisition to PagesJaunes, including any direct acquisition expenses. A provision for impairment is recorded when the value in use, based upon the analysis of PagesJaunes' management, appears to be less than the carrying value, on the basis of different criteria such as market value, the outlook for development and profitability, and the level of shareholders' equity, taking into account the specific nature of each investment.

Deferred income taxes

Deferred income taxes are recorded on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes, as well as those arising from loss carry forwards. A valuation allowance is recorded for deferred tax assets to the extent that the recovery of those assets is not considered probable. When the impact is material, deferred tax assets and liabilities are discounted when reversals can be reliably scheduled.

No deferred tax liability or asset is recorded as a result of the elimination of internal gains on disposal of shares of consolidated companies or the elimination of tax deductible provisions for impairment or provisions for risk and charges, related to these shares.

Provisions for risks and charges

Provisions are recorded when, at the period-end, PagesJaunes has an obligation with respect to a third party for which it is probable or certain that there will be an outflow of resources, without at least an equivalent return expected from that third party.

This obligation may be legal, regulatory or contractual in nature. It may also result from the practices of the Group or from public commitments having created a legitimate expectation on the part of such third parties that the Group will assume certain responsibilities.

The estimate of the amount of the provision corresponds to the expenditure that PagesJaunes will probably have to bear to settle its obligation. If no reliable estimate of the amount can be made, no provision is recorded; a disclosure is therefore provided in the notes to the financial statements.

Contingent liabilities, representing obligations which are neither probable nor certain at the period end, or probable obligations for which a cash outflow is not probable, are not recorded. Information about such contingent liabilities is presented in the notes to the financial statements.

Pension obligations and similar benefits

In France, legislation requires that lump sum retirement indemnities be paid to employees at certain periods based upon their years of service and salary level at retirement. The actuarial cost of this obligation is charged annually to income over the employees' service lives.

The effect of changes in actuarial assumptions is accounted for in the consolidated income statement over the average remaining service lives of employees.

The recorded provision corresponding to an actuarial measurement of the liability takes into account different parameters:

- TV92-94 has been retained as the mortality table;
- Total retained turnovers vary according to age or years with the company;
- Retirement age: 60;
- Tables of salary increases are defined according to age; and
- Discount rate: 5%.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires PagesJaunes' management to make estimates and assumptions that affect the amounts that appear in these financial statements and notes thereto, in particular with respect to provisions for risks, deferred tax assets, goodwill and investment securities. The actual amounts could prove to be different from the estimates made.

3 • CHANGES IN SCOPE OF CONSOLIDATION

- **2003**

No transaction affecting the scope of consolidation.

- **2004**

Entry on April 1, 2004 of QDQ Media for 17 million Euros and an equity loan for 89 million Euros. This acquisition added 69 million Euros in goodwill.
Entry on May 1, 2004 of Wanadoo Maps, for the purchase price of 10 million Euros. This led to 7 million Euros in goodwill.

3.1 • PRO FORMA INFORMATION RELATING TO INCOME STATEMENT

The pro forma consolidated statements of income for the 2003 and 2004 periods reveal the effect, on the PagesJaunes Group's consolidated accounts, of the acquisitions of QDQ Media and Mappy (previously Wanadoo Maps), subsidiaries of Wanadoo which were acquired during the first half of 2004.

These pro forma accounts have been prepared on the basis of the historic consolidated financial statements of PagesJaunes and those of its subsidiaries, adjusted as indicated in the paragraphs below.

The income statement includes:

- the consolidated operating income of PagesJaunes, combined with those of acquired subsidiaries;
- the amortization of goodwill of these subsidiaries, calculated as of December 31, 2003 and, which corresponds provisionally to the goodwill on such date; and
- the financial expenses related to the financing of these acquisitions.

The current tax reported in the pro forma consolidated financial statements corresponds to the tax declared by the companies of the Group. This value was adjusted to take into account the variation in income related to the adjustment of investment income.

The calculations for investment interests were revised to take into account the elements described above.

No adjustment related to fixed charges has been recorded, insofar as the entities account for these expenses individually.

CONSOLIDATED STATEMENTS OF INCOME

(Amounts are in thousands of Euros)

	Periods ending June 30						*Year ending Dec. 31*		
	2004		***2004***	***2003***		***2003***	***2003***		***2003***
	Historical	***Adjustments***	***Pro forma***	***Historical***	***Adjustments***	***Pro forma***	***Historical***	***Adjustments***	***Pro forma***
Revenues	424 443	10 966	435 409	399 862	18 162	418 024	882 739	34 602	917 341
Cost of services and products sold	(92 747)	(3 401)	(96 148)	(97 630)	(12 523)	(110 153)	(216 552)	(18 381)	(234 933)
Commercial costs	(133 996)	(6 807)	(140 803)	(119 531)	(17 336)	(136 867)	(253 405)	(38 980)	(292 385)
Administrative costs	(26 937)	(3 313)	(30 250)	(20 133)	(4 216)	(24 349)	(42 655)	(11 388)	(54 043)
Research and Development costs	(815)	0	(815)	(618)	0	(618)	(1 737)	0	(1 737)
EBITDA (Earnings before interest, tax, depreciation and amortisation)	**169 948**	**(2 555)**	**167 393**	**161 950**	**(15 913)**	**146 037**	**368 390**	**(34 147)**	**334 243**
Depreciation and amortisation (excluding Goodwill)	(4 880)	(238)	(5 118)	(4 826)	(1 578)	(6 404)	(9 661)	(2 914)	(12 575)
Operating income	**165 068**	**(2 793)**	**162 275**	**157 124**	**(17 491)**	**139 633**	**358 729**	**(37 061)**	**321 668**
Financial income (expenses), net	7 114	(1 466)	5 648	13 892	(3 311)	10 581	25 763	(6 465)	19 298
Foreign exchange gain (loss), net	6	0	6	(85)	6	(79)	(200)	7	(193)
Current income of consolidated companies	**172 188**	**(4 259)**	**167 929**	**170 931**	**(20 796)**	**150 135**	**384 292**	**(43 519)**	**340 773**
Other non-operating income (expenses), net	(4 573)	189	(4 384)	479	14	493	(2 149)	(995)	(3 144)
Corporate income tax	(60 041)	525	(59 516)	(57 555)	980	(56 575)	(125 174)	1 734	(123 440)
Employee profit-sharing	(12 831)	0	(12 831)	(10 176)	62	(10 114)	(26 934)	68	(26 866)
Net income of consolidated companies	**94 743**	**(3 545)**	**91 198**	**103 679**	**(19 740)**	**83 939**	**230 035**	**(42 712)**	**187 323**
Share in net income of companies accounted for using the equity method	639	0	639	597	0	597	1 175	0	1 175
Goodwill amortisation	(1 407)	(1 535)	(2 942)	(300)	(2 643)	(2 943)	(599)	(5 285)	(5 884)
Net income of the consolidated whole	**93 975**	**(5 080)**	**88 895**	**103 976**	**(22 383)**	**81 593**	**230 611**	**(47 997)**	**182 614**
Minority interests	0	0	0	0	0	0	0	0	0
Consolidated net income of the Group	**93 975**	**(5 080)**	**88 895**	**103 976**	**(22 383)**	**81 593**	**230 611**	**(47 997)**	**182 614**

4 • SEGMENT INFORMATION

PagesJaunes' business is organized into two main segments:

- **PagesJaunes in France** includes the activities of the Company itself, meaning the activities relating to the publication of directories, their distribution, sale of advertising space in the printed and online directories, design and hosting of Internet sites as well as the publication of the PagesPro directories, the sale of online access to databases, the reverse directory QuiDonc and the Europages *régie* (advertising representation).
- **International & Subsidiaries** includes the activities of the various subsidiaries of the Company, mainly consisting of the publication of directories for the general public outside France, the development of Kompass directories in Europe and the development of activities complementary to directory publication (such as the geographic services of Wanadoo Maps and direct marketing of Wanadoo Data).

(in thousands of Euros, except employees)	PagesJaunes in France	International & Subsidiaries	Group Total
As of June 30, 2004			
Revenues	398 737	25 706	424 443
EBITDA [1]	173 192	(3 244)	169 948
Depreciation and amortisation	(3 249)	(1 631)	(4 880)
Operating income	169 943	(4 875)	165 068
Purchases of tangible and intangible assets	1 983	540	2 523
Average number of employees [2-3]	3 109	1 062	4 171
As of June 30, 2003			
Revenues	382 595	17 267	399 862
EBITDA [1]	161 078	872	161 950
Depreciation and amortisation	(4 254)	(572)	(4 826)
Operating income	156 824	300	157 124
Purchases of tangible and intangible assets	3 346	212	3 558
Average number of employees [2]	3 022	296	3 318
As of December 31, 2003			
Revenues	847 506	35 233	882 739
EBITDA [1]	365 913	2 477	368 390
Depreciation and amortisation	(8 395)	(1 266)	(9 661)
Operating income	357 518	1 211	358 729
Purchases of tangible and intangible assets	7 278	522	7 800
Average number of employees [2]	3 011	303	3 314

[1] EBITDA: Earnings before interest, tax, depreciation and amortization

[2] Average number of employees in full-time equivalent, excluding civil servants made available, the costs of whom are billed to France Telecom.

[3] Taking into account employees in full-time equivalent of QDQ Media and Mappy (previously Wanadoo Maps) at June 30, 2004

Analysis by geographic area

(in thousands of Euros)	Period ending the June 30, 2004	June 30, 2003	December 31, 2003
Total Revenues			
France	416 401	399 862	882 739
Others	8 042	0	0
Fixed assets			
France	19 055	20 506	18 928
Others	6 363	0	0

5 • PERSONNEL EXPENSES

(in thousands of Euros, except for average headcount)	**June 30, 2004**	**Period ending the June 30, 2003**	**December 31, 2003**
Average headcount [1]	4 171	3 318	3 314
• Salaries and wages	85 046	75 172	155 189
• Social charges	33 414	30 791	63 085
Total personnel expenditure [2]	**118 460**	**105 963**	**218 274**
• Personnel costs included in costs of assets produced	0	0	(92)
• Change in provision for indemnity payments upon retirement	1 501	1 049	1 635
• Others [3]	3 239	2 438	5 669
Total of personnel expenses [2]	**123 201**	**109 450**	**225 486**

(1) Average number of employees in full-time equivalent.

(2) Not including employee profit-sharing and personnel expenses related to TOP plan restructuring (classified as non–operational expenses).

(3) In particular, taxes on salaries

6 • FINANCIAL INCOME (EXPENSES), NET

Interest income primarily consists of income generated by investments with France Telecom.

7 • OTHER NON-OPERATING INCOME (EXPENSES), NET

At June 30, 2004, the company’s results in this category were comprised of 4,6 million Euros in charges stemming from communication costs and fees related to the initial public offering of PagesJaunes (-7,1 million Euros), partially offset for by indemnities related to Turbo funds.

8 • CORPORATE INCOME TAX

8.1 PagesJaunes Group tax proof:

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

	Period ending		
(in thousands of Euros)	**June 30, 2004**	**June 30, 2003**	**December 31, 2003**
Consolidated income before tax	154 016	161 530	355 785
Statutory tax rate	35.43%	35.43%	35.43%
Theoretical tax	**(54 568)**	**(57 230)**	**(126 055)**
Goodwill amortization	(499)	(106)	(212)
Income from affiliates accounted for using the equity method	226	212	416
Subsidiaries' losses	(1 863)	(112)	(323)
Long-term capital gains (losses)	(4 610)	0	0
Other non-taxable revenues and expenses	1 273	(319)	998
Effective tax	**(60 041)**	**(57 555)**	**(125 174)**

8.2 Balance sheet tax position:

The net balance sheet tax position breaks down as follows:

	Period ending		
(in thousands of Euros)	**June 30, 2004**	**June 30, 2003**	**December 31, 2003**
Early retirement plan	6 429	5 475	5 668
Exceptional amortization	3 179	0	1 655
Temporarily non-deductible provisions	3 070	3 088	4 171
Tax loss carry forwards and depreciation deemed deferred	62 013	935	808
Provisions for employee profit-sharing	9 576	8 539	9 968
Other deferred tax assets	2 500	1 727	2 272
Allowance for depreciation of deferred tax assets (1)	(61 259)	0	0
Total	**25 508**	**19 764**	**24 542**

(1) Corresponding mainly to the depreciation of deferred tax on QDQ Media loss carry-forwards.

The Group's net situation is presented on the balance sheet as follows:

(in thousands of Euros)	Period ending		
	June 30, 2004	**June 30, 2003**	**December 31, 2003**
Long-term net deferred tax assets (more than one year)	9 100	6 691	6 508
Short-term net deferred tax assets	16 408	13 073	18 034
Long-term net deferred tax liabilities (more than one year)	0	0	0
Short-term net deferred tax liabilities	0	0	0
Total	**25 508**	**19 764**	**24 542**

The companies' deferred tax assets and liabilities have been valued by taking into account the exit in 2004, without compensation, of companies from Wanadoo S.A.'s consolidated tax group.

PagesJaunes SA foresees opting, no later than March 31, 2005, for the French tax consolidation regime provided in Article 223A and following of the French General Tax Code. This option aims to create a consolidated tax group, consisting of, other than PagesJaunes SA, all its French subsidiaries that satisfy the conditions required to become a member. This option will take effect from January 1, 2005 for a period of five fiscal years.

9 • GOODWILL RELATED TO CONSOLIDATED SUBSIDIARIES

The principal goodwill items arising from the fully consolidated subsidiaries are as follows:

(in thousands of Euros)		**Period ending**				
		June 30, 2004			**June 30, 2003**	**December 30, 2003**
	Period of amortiza tion	Gross value	Cumulated amortization	Net book value	Net book Value	Net book value
QDQ Media	20 years	68 882	(861)	68 021	0	0
Mappy (previously Wanadoo Maps)	5 years	7 395	(246)	7 149	0	0
Wanadoo Data (previously Médiatel)	5 years	2 995	(2 097)	898	1 497	1 198
Total		**79 272**	**(3 204)**	**76 068**	**1 497**	**1 198**

Movements in the net book value of goodwill are as follows:

(in thousands of Euros)	**Period ending**		
	June 30, 2004	**June 30, 2003**	**December 31, 2003**
Opening balance	**1 198**	**1 797**	**1 797**
• Acquisitions/divestitures	76 277		
• Amortization	(1 407)	(300)	(599)
Closing balance	**76 068**	**1 497**	**1 198**

The main transactions in 2004 were:

- The consolidation of QDQ Media which provided goodwill valued at about 69 million Euros, taking into account a share acquisition price of 17 million Euros (in addition to an equity loan of 89 million Euros). This goodwill amount was declared in April 2004 and will be amortized over a 20 year period.
- The acquisition of Mappy (previously Wanadoo Maps) which brought with it goodwill valued at 7.3 million Euros amortized over a period of 5 years, taking into account an acquisition price of 10 million Euros.

10 • OTHER INTANGIBLE ASSETS

(in thousands of Euros)	Period ending June 30, 2004			June 30, 2003	December 31, 2003
	Gross value	Cumulated depreciations	Net value	Net value	Net value
Other intangible fixed assets	3 844	(1 804)	2 040	691	558
Total	**3 844**	**(1 844)**	**2 040**	**691**	**558**

The following provides a picture of the evolution in the net book value of other intangible fixed assets:

(in thousands of Euros)	June 30, 2004	Period ending June 30, 2003	December 31, 2003
Opening balance	**558**	**823**	**823**
• Acquisitions	68	0	0
• Effect of changes in scope of consolidation (1)	1 624	0	0
• Divestitures	0	0	0
• Amortization	(210)	(132)	(265)
• Reclassifications	0	0	0
Closing balance	**2 040**	**691**	**558**

(1) For 2004, this primarily related to the acquisition of Mappy (previously Wanadoo Maps)

11 • TANGIBLE ASSETS

(in thousands of Euros)	Period ending June 30, 2004			June 30, 2003	December 31, 2003
	Gross value	Cumulated depreciations	Net value	Net value	Net value
Land and buildings	535	(134)	401	0	0
Computers and terminals	67 153	(51 752)	15 401	13 192	11 919
Other	21 409	(13 833)	7 576	6 623	6 451
Total	**89 097**	**(65 719)**	**23 378**	**19 815**	**18 370**

The following provides a picture of changes in the net book value of tangible fixed-assets:

(in thousands of Euros)	Period ending June 30, 2004	 June 30, 2003	 December 31, 2003
Opening balance	**18 370**	**21 003**	**21 003**
• Acquisitions of tangible fixed-assets	2 455	3 558	7 800
• Effect of changes in the scope of consolidation	7 698	0	0
• Disposals and discards	(475)	(52)	(1 037)
• Amortization	(4 670)	(4 694)	(9 396)
• Translation adjustments	0	0	0
Closing balance	**23 378**	**19 815**	**18 370**

12 • INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The item "Investments accounted for using the equity method" records the value of Eurodirectory at 50%. The book value of investments accounted for using the equity method is analyzed as follows:

(in thousands of Euros)	June 30, 2004	Period ending June 30, 2003	December 31, 2003
Eurodirectory			
Opening balance	**2 504**	**2 353**	**2 353**
Share in earnings	639	597	1 175
Dividends paid	(395)	(624)	(1 024)
Closing balance	**2 748**	**2 326**	**2 504**

13 • INVESTMENT SECURITIES

The following table details the main non-consolidated investments:

	Period ending							
	June 30, 2004						June 30, 2003	December 31, 2003
(in thousands of Euros)	% interest	Shareholder's equity	Net income	Gross value	Provision	Net book value	Net book value	Net book value
Directories and other activities								
Kompass Belgium (1)	100%	1 642	101	1 799	0	1 799	0	0
PagesJaunes Outre-Mer	100%	484	354	76	0	76	76	76
PagesJaunes Liban	100%	21	(123)	2 125	(1 813)	312	2 093	312
TOTAL				**4 000**	**(1 813)**	**2 187**	**2 169**	**388**
Advances subject to capitalization							0	0
TOTAL						**2 187**	**2 169**	**388**

(1) Company acquired in 2004

14 • OTHER LONG TERM ASSETS

(in thousands of Euros)	Period ending June 30, 2004	June 30, 2003	December 31, 2003
Other long term assets	1 374	1 673	1 352
Total	**1 374**	**1 673**	**1 352**

Other long-term assets consist mainly of the long-term portion of security deposits and guarantees, as well as other long-term investments.

15 •TRADE ACCOUNTS RECEIVABLE, NET OF PROVISIONS

Trade receivables have a maturity date that is generally less than a year.

The break-down of the gross value and depreciation of trade receivables is provided below:

(in thousands of Euros)	Period ending December 31 June 30, 2004	June 30, 2003	December 31, 2003
Gross trade accounts receivable	382 478	324 894	378 359
Depreciations (1)	(25 751)	(5 621)	(6 568)
Trade receivables, net	**356 727**	**319 273**	**371 791**

(1) see note 18 – provisions for asset depreciation

16 • PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets break down as follows:

(in thousands of Euros)	Period ending June 30, 2004	June 30, 2003	December 31, 2003
Corporate tax advance payment	441	25 264	27 225
VAT to be received	17 782	18 956	15 485
Non-consolidated subsidiaries' current accounts	62	84	857
Other receivables	4 539	8 022	5 234
Prepaid expenses (1)	49 738	46 331	53 944
Non-paid-up capital (2)	22 500	0	0
Total	**95 062**	**98 657**	**102 745**

(1) Prepaid expenses consist mainly of charges against the sale of advertisements billed on account of yet to appear printed directories and on-line directories generally staggered over a display period of 12 months.

(2) Non-paid-up capital corresponds to the balance of the 2003 capital increase of QDQ Media, which Wanadoo International commit to release upon request by the Company's Board of Directors.

17 • DEFERRED INCOME

(in thousands of Euros)	Period ending June 30, 2004	June 30, 2003	December 31, 2003
Deferred income	547 805	481 430	465 338
Total	**547 805**	**481 430**	**465 338**

Deferred income consists mainly of the sale of advertising billed on account of yet to appear printed directories and on-line directories distributed over a display period that is generally of 12 months.

18 • PROVISIONS FOR ASSET DEPRECIATION

(in thousands of Euros)	Opening balance	Net Allowances (recoveries)	Other movements (1)	Closing balance
At June 30, 2004				
Investment securities	1 813			1 813
Trade accounts receivable	6 568	393	18 790	25 751
Other assets	1 264	(544)		720
At June 30, 2003				
Investment securities				
Trade accounts receivable	4 559	1 022		5 621
Other assets	225	585		810
At December 31, 2003				
Investment securities		1 813		1 813
Trade accounts receivable	4 599	1 969		6 568
Other assets	225	1 039		1 264

(1) Includes the effects of exchange rates and changes in the scope of consolidation and refers primarily to QDQ Media in 2004.

At December 31, 2003, the net allowance on Investment securities referred to the shares of PagesJaunes Liban.

19 • GROSS BORROWINGS, CASH AND CASH EQUIVALENTS, AND MARKETABLE SECURITIES

(in thousands of Euros)	Period ending June 30, 2004	June 30, 2003	December 31, 2003
Marketable securities	3 497	11 539	11 600
Cash and cash equivalents (1)	484 076	493 246	581 935
Total marketable securities and cash and cash equivalents	**487 573**	**504 785**	**593 535**
Current accounts	3 312	3 312	3 312
Lease related debt	-	-	-
Other financial debt (2)	53 330	21 712	12 069
Gross financial debt	**56 642**	**25 024**	**15 381**
Maturing in less than one year	56 610	25 024	15 381
Maturing in more than one year	32	-	-
Net cash position (indebtedness)	**430 931**	**479 761**	**578 154**

(1) Including current accounts and investments with maturity of less than three months with France Telecom.

(2) Instead of using its funds invested at a reduced rate of interest at France Télécom, PagesJaunes has temporarily borrowed at France Télécom.

The following table provides a break down, by category, of other financial debts:

(in thousands of Euros)	Period ending June 30, 2004	June 30, 2003	December 31, 2003
Creditor banks, spots and credit lines	6 884	8 805	11 265
Other loans	46 446	12 907	804
Total	**53 330**	**21 712**	**12 069**

The following presents the evolution of PagesJaunes' financial debt:

(in thousands of Euros)	Period ending June 30, 2004	June 30, 2003	December 31, 2003
Opening balance	**15 381**	**32 596**	**32 596**
• Effects of changes in scope of consolidation	89 705		
• Nετ increase (decrease)	(48 444)	(7 572)	(17 214)
Closing balance	**56 642**	**25 024**	**15 381**

20 • PROVISIONS AND OTHER LIABILITIES

Provisions for long-term liabilities are as follows:

(in thousands of Euros)	Period ending June 30, 2004	June 30, 2003	December 31, 2003
Pension and other post-retirement benefit obligations	18 146	16 590	17 176
Other provisions for risks and charges	643	0	0
Provisions for employee and tax litigation (1)	7 822	8 672	7 629
Total	**26 611**	**25 262**	**24 805**

(1) see note 23 litigation and arbitration

Provisions for risks and charges and other short-term liabilities are analyzed as follows:

(in thousands of Euros)	Period ending June 30, 2004	June 30, 2004	December 31, 2003
Restructuring provisions	135	23	60
Provisions for employee and litigation	0	0	0
Other short-term provisions (2)	68	42	4 085
Short term provisions sub-total	203	65	4 145
Accrued expenses (1)	143 820	136 022	173 102
Short term deferred taxes	0	0	0
Total	**144 023**	**136 087**	**177 247**

(1) Consists mainly of employee profit-sharing, charges related to personnel and VAT to be paid.

(2) Includes purchase price supplement paid to Intelmatique in 2004 and accrued in 2003.

Movements in long and short-term provisions for risks and charges are as follows:

(in thousands of Euros)	**January 1, 2004**	**Allowance for the period (increases)**	**Reversals (released)**	**Reversals (utilizations)**	**Variations in the scope, re-classifications and others**	**June 30, 2004**
Pension and other post-retirement benefit	17 176	1 501	0	0	-531	18 146
Provisions for employee and tax litigation	7 629	213	(24)	0	4	7 822
Other provisions for risks and charges	4 145	83	(13)	(4 072)	703	846
Total of provisions for risks and charges	**28 950**	**1 797**	**(37)**	**(4 072)**	**176**	**26 814**
- long-term	24 805	1 714	(24)	0	116	26 611
- short-term	4 145	83	(13)	(4 072)	60	203

The net impact of increases and reversals of provisions on the income statement can be analyzed as follows:

(in thousands of Euros)	**Allowance for the period**	**Reversals of provisions (releases)**
Operating income	1 738	(27)
Non-operating income	59	(10)
- of which financial income	0	(10)

21 • SHAREHOLDERS' EQUITY

At June 30, 2004, PagesJaunes' share capital was divided into 274 050 000 shares with a nominal value of 0.20 Euro each. There are no other securities giving access to share capital of PagesJaunes.

22 • RELATED-PARTY TRANSACTIONS

Transactions and balances summaries below arose in the ordinary course of business between PagesJaunes and related parties:

Amounts receivable from related parties

(Amounts in thousands of Euros)	Periods ending		
Related party	**June 30, 2004**	**June 30, 2003**	**Dec. 31, 2003**
France Télécom SA	16 311	19 394	16 910
Wanadoo SA	211	22 636	13 466
Wanadoo International	22 500	0	0
Other companies in the France Telecom Group	2 269	2 605	3 786
Total	**41 291**	**44 635**	**34 162**

In addition to these receivables, there exist current accounts and investments with France Telecom amounting to €581.4 million at December 31, 2003, and €481.6 million at June 30, 2004

Accounts payable to related parties

(Amounts in thousands of Euros)	Periods ending		
Related party	**June 30, 2004**	**June 30, 2003**	**Dec. 31, 2003**
France Télécom SA	72 487	44 546	26 068
Wanadoo SA	15 831	4 388	11 385
Wanadoo International	0	0	0
Other companies in the France Telecom Group	2 287	3 982	9 113
Total	**90 605**	**52 916**	**46 566**

Material transactions with related parties

(Amounts in thousands of Euros)	Periods ending		
	June 30, 2004	**June 30, 2003**	**Dec. 31, 2003**
Télétel	3 189	4 327	7 595
Publishing costs	21 580	23 629	52 759
Audiotel	931	1 055	1 468
Access to directories	1 044	911	4 504
Employees made available	(4 010)	(4 638)	(9 043)
Alphabetical directory fees	(25 428)	(29 521)	(64 770)
Real Estate	(5 053)	(4 413)	(9 652)
Databases	(1 906)	(3 192)	(6 099)
Management fees	(4 620)	(1 884)	(6 980)
Trademark royalty fees	(1 200)	(745)	(1 490)
Telephone - hosting	(2 371)	(2 539)	(4 184)
Other operational services	(7 807)	(6 820)	(6 095)
Total	**(25 651)**	**(23 830)**	**(41 987)**

The main agreements between the France Telecom Group and Wanadoo are related to:

- providing access to directory data for the publication of directories;

- prospection and collection of advertising to include in *l'Annuaire* and PagesJaunes 3611 for alphabetic searches, as well as technical design, execution and page layout of advertising;
- performance on behalf of France Telecom of tasks required for the production, distribution and promotion of *l'Annuaire* and PagesJaunes 3611 for alphabetic searches; and
- trademark royalties and management fees.

22 • OFF-BALANCE SHEET COMMITMENTS AND RISKS

The following is a summary of the significant off-balance sheet commitments:

Contractual obligations	Total in thousands of Euros	Payments due by period		
		Less than a year	From one to five years	More than five years
Leases	78 892	13 583	51 541	13 768
Purchase obligations for goods and services	126 502	103 927	22 575	0
Total	**205 394**	**117 510**	**74 116**	**13 768**

Contingent commitments	Total in thousands of Euros	Payments due by period		
		Less than a year	From one to five years	More than five years
Guarantees	981	981	0	0

Leasing contracts

PagesJaunes leases land, buildings, vehicles and materials. These contracts will come to term at various dates over the next ten years.

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

The rent expense recorded in the income statement for the period ended June 30, 2004 for operating leases amounted to €8 million, compared with €8.7 million at June 30, 2003 and €14.4 million at December 31, 2003. Of this €8 million, €4.7 million was billed by France Telecom. France Telecom's share of future commitments amounts to €9.5 million for June 2005 and €39.3 million for June 2005 to 2009 and €13.8 million beyond such years.

Commitments to purchase goods and services

Production of directories

Within the framework of its business, PagesJaunes SA is committed to its paper suppliers on the basis of annual contracts with significant volume commitments. PagesJaunes SA also has commitments with printers on the basis of tri-annual or bi-annual contracts for the production and distribution of the PagesJaunes directory and *l'Annuaire*. These commitments are made only for provisional order volumes without any minimum contractual value. These commitments are valued at €115 million, of which €96 million is due in June 2005 and €19 million is due in June 2006. These amounts may vary depending on the actual volume each year.

QDQ Media is also committed to paper suppliers, with similar firm volume commitments. These commitments amount to €12 million, of which €8 million is due in June 2005 and €4 million in June 2006.

De-consolidating structures and ad hoc entities

The Group has not established any de-consolidating structures during the periods presented.

There are no contractual obligations vis-à-vis ad hoc entities.

Litigation and Arbitration

In the ordinary course of business, the companies of the Group may be involved in a number of legal, arbitration and administrative proceedings. Costs that may arise from these proceedings are provisioned only when they are probable and their amounts can be either quantified or estimated within a reasonable range. The provisional amount chosen is based on the appreciation of the risk on a case-by-case basis and largely depends on factors other than the particular stage of proceedings, although events occurring during the course of proceedings may call for a reassessment of this risk.

With the exception of the proceedings described below, neither PagesJaunes nor any of its subsidiaries is party to any trial or arbitration proceeding that PagesJaunes' management believes could reasonably have a material adverse effect on its results, its business or its consolidated financial condition.

(i) Prodis, a company that operates an Internet site at the address www.pagesjaunes.com and owns the domain names pagesjaunes.com and pagesjaunes.net, commenced legal proceedings against France Telecom and against PagesJaunes on September 26, 2000 and on April 20, 2001, respectively, primarily for nullification of the PagesJaunes trademark on various grounds, including lack of distinctiveness and dilution. In this context, Prodis intends to prove that the filing of the name Pages Jaunes as a trademark is fraudulent as it is the mere translation of the term "Yellow Pages," which has been used in the United States since 1886 for the concept of professional directory, and constitutes a generic term used without distinctiveness in various countries. In a judgment rendered May 14, 2003, the *Tribunal de Grande Instance* of Paris confirmed the validity of the Pages Jaunes trademark. Prodis has filed an appeal and cites the same claims of nullity of trademarks "Pages Blanches," "L'annuaire" and "L'annuaire des Pages Blanches". The appeal is currently pending before the *Cour d'Appel* of Paris and the schedule for the proceedings has not yet been set. No assurance can be given on the favorable outcome of this litigation for the Group. An unfavorable outcome could have a material adverse effect on the Group's business, financial condition, results of operations or objectives.

(ii) At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, notably, the modification of the employment contracts of 930 sales representatives. This modification aims to adapt these contracts to a new competitive context. Approximately 100 employees refused to sign the proposed new contract and were laid-off during the second quarter of 2002. To date, almost all these employees have commenced legal proceedings against PagesJaunes to contest the validity of the reason for the layoff. Although a certain number of decisions favorable to the Group have already been rendered at first instance, no assurance can be given on the favorable outcome of this litigation for the Group. The total amount of damages claimed is approximately €26 million and a provision of €7.3 million has been recorded for the risk arising from this litigation.
On June 29, 2004, the *Cour d'Appel* of Dijon rendered judgment in favor of PagesJaunes in regard to a claim by 37 former employees who refused to sign the proposed new contract. However, the matter can still be appealed and the outcome of other pending proceedings is uncertain as well. As a result, although the Dijon ruling is encouraging, and adds to the existing judgments in favor of PagesJaunes which have already been rendered in first instance, there remains an undeniable risk and uncertainty associated with these proceedings.

(iii) During the years 2001 and 2002, PagesJaunes was subject to a tax audit for fiscal years 1998 and 1999. The Company believes that it has strong arguments for countering the adjustments still contested. Proceedings will be initiated during which the Company intends to present its arguments.

(iv) On June 26, 2002, FAC, an advertising agency, commenced proceedings against PagesJaunes before the *Tribunal de commerce* of Nanterre. This advertising agency considers that PagesJaunes has committed acts of unfair competition, such as interference with client relationships, disparagement, and abusive sales methods. It is claiming €1 million in damages. To date, this matter is still in the procedural stage prior to pleadings. Even though PagesJaunes believes it has favorable elements in this litigation, it cannot exclude an unfavorable ruling.

(v) PagesJaunes commenced legal action on June 26, 2003 against an advertising agency (LSM) before the *Tribunal de commerce* of Cannes. Based on the testimony of many customers, PagesJaunes claims that this agency undertook acts of unfair competition with the aim of creating confusion between LSM and PagesJaunes in the mind of customers contacted by LSM for advertisement insertions in the PagesJaunes directory. In a judgment rendered February 19, 2004, the *Tribunal de commerce* of Cannes dismissed PagesJaunes' claims. PagesJaunes has appealed this decision, which, if confirmed on appeal, would likely foster the development of this type of competition from other advertising agencies and create difficulties for PagesJaunes in its client prospection. Even though it believes it has a strong case in these proceedings, PagesJaunes cannot exclude a confirmation of this decision on appeal.

24 • SUBSEQUENT EVENTS

At the date of drafting this report, there was no significant event to declare subsequent to the half-year closing. Nevertheless, it should be noted that following the admission of the Company to the listing market of the *Premier Marché* Euronext Paris S.A., a maximum of 9,591,750 shares could be newly issued within the context of an offering reserved for employees at end of July 2004.

25 • SCOPE OF CONSOLIDATION

2004 SCOPE

FULLY CONSOLIDATED COMPANIES

Company	Country	Date of entry to scope	Interest	Control
PagesJaunes	France	2001	100%	100%
Kompass France	France	2001	100%	100%
Wanadoo Data	France	2001	100%	100%
Mappy (previously Wanadoo Maps)	France	2004	100%	100%
QDQ Media	Spain	2004	100%	100%

COMPANIES CONSOLIDATED BY THE EQUITY METHOD

Company	Country	Date of entry into scope	Interest	Control
Eurodirectory	Luxemburg	2001	50%	50%

2003 SCOPE

FULLY CONSOLIDATED COMPANIES

Company	Country	Date of entry into scope	Interest	Control
PagesJaunes	France	2001	100%	100%
Kompass France	France	2001	100%	100%
Wanadoo Data	France	2001	100%	100%

COMPANIES CONSOLIDATED BY THE EQUITY METHOD

Company	Country	Date of entry into scope	Interest	Control
Eurodirectory	Luxemburg	2001	50%	50%