NetBooster

A French *société anonyme* with a share capital of €1,460,733.10

11 rue Dieu

75010 Paris

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2012

Data for the NetBooster Group at the financial reporting date of 31 December 2012 are as follows:

Total balance sheet	:	76,426 K€
Profit for the period (Group portion)	:	(3,966) K€

The reporting period is from 1 January 2012 to 31 December 2012.

The comparative items on the consolidated balance sheet are the figures at 31 December 2011. The comparative items on the consolidated income statement and the consolidated cash flow statement are the figures for the year ended 31 December 2011, a period of 12 months.

The consolidated financial statements are presented in thousands of euros (K€).

The consolidated accounts were drawn up by the board of directors in accordance with the accounting estimates and methods set out in the notes and tables below. These estimates and methods are the same as those used to draw up the various accounts presented for the purposes of comparison.

NOTE 1: BUSINESS PURPOSE

NetBooster is an Internet group specialising in Interactive Marketing. Its services include strategic and operational online marketing consultancy, search engine website listings, and generation and optimisation of qualified traffic for online marketing, data mining and data marketing, artistic creation of online marketing backup and an online media advisory service.

NOTE 2: HIGHLIGHTS DURING THE REPORTING PERIOD - OTHER MATERIAL INFORMATION

RENEGOTIATION OF THE TERMS OF CONVERTIBLE BONDS MATURING IN MARCH 2012

On 12 January 2012 NetBooster and a number of entities holding convertible bonds issued in March 2007 agreed to renegotiate the terms of the contract for convertible bonds maturing on 25 March 2012:

- Maturity extended on €14.5 million for four years, from 25 March 2012 to 25 March 2016.
- Payment of €2.55 million in non-conversion premiums on 25 March 2012.
- Amendment to conversion procedures (25,000 shares for 1 convertible bond, i.e. €2.5 per share).
- A new redemption premium for non-conversion at maturity on 25 March 2016 (see Note 5.14).
- Coupon maintained at 3% per annum.

The amendments were confirmed at the extraordinary general meeting on 20 February 2012 by shareholders and holders of convertible bonds.

SHARE CAPITAL INCREASES

NetBooster carried through a €5.36 million share capital increase in February 2012, representing 16.67% of equity.

Another share capital increase was carried out in the latter half of the year to the benefit of the METAPEOPLE Group assignors of the first tranche of price supplements payable in shares.

Convertible bonds were also converted into shares in the course of the year (see below) in the total amount of €2.06 million, representing 6.34% of equity at 31 December 2012.

GROUP WITHDRAWAL FROM OPERATIONS IN THE PHILIPPINES

The Group completed its withdrawal from the Philippines in the course of the year.
NetBooster sold its interests in the Philippines companies YELLOWASP and NetBooster Asia. Debt was also written off with these companies (see Note 5.4 - Long-term assets and Note 5.20 - Financial profit/loss).
The overall effect of the withdrawal on the 2012 consolidated financial statements is a capital loss of €0.1 million, recognised as extraordinary losses during the year.

MAJOR DISPUTE WITH THE TAX AUTHORITIES

Following a tax inspection at year-end 2009, the tax authorities questioned a total amount in the region of €0.85 million as NetBooster's transfer fees in connection with foreign companies' ownership rights.

The company subsequently challenged the grounds of the taxable event claimed by the tax authorities, and also the amount actually payable in fees (the company estimated this as a principal sum of 8 K€).

It submitted its case to the courts and, in accordance with the usual procedures in these cases, it also provisioned the sum of €0.7 million as a guarantee against litigation.

An administrative ruling in February 2013 found in favour of the company, confirming the 8 K€ in fees and dismissing the claim by the tax authorities. The tax authorities appealed the decision on 18 March 2013.

NOTE 3: CONSOLIDATION PRINCIPLES AND METHODS

The consolidated financial statements of the NetBooster Group were drawn up pursuant to generally accepted accounting principles in France and the CRC French Accounting Rules Committee's Regulation 99-02 as standardised by the Decree of 22 June 1999.

CONSOLIDATION PRINCIPLES

Companies in which NetBooster directly or indirectly holds a long-term stake representing more than 40% of voting rights and where the Group exercises exclusive control are accounted for using the full consolidation method, with recognition of the rights of non-controlling shareholders in the consolidated subsidiaries.

Companies in which NetBooster exercises considerable influence over financial and operational policies are accounted for using the equity method. With the exception of certain cases, the Group is considered to exercise considerable influence over a company when it directly or indirectly holds at least 20% of the company's voting rights.

Companies in relation to which shares or interests have only been held to be sold subsequently are not consolidated.

Companies are consolidated on the basis of accounting entries at 31 December 2012.

Companies purchased during the reporting period are consolidated from the date on which the Group took control.

Companies sold during the reporting period are deconsolidated from the date on which the Group relinquished control.

In the event of a major sale, for the sake of easier comparison over time, the Group portion of the net earnings of the company sold is entered on a separate line on the income statement. The annex then provides a breakdown of the main items in the income statement up to the date at which the Group relinquished control.

ACCOUNTING PRINCIPLES AND METHODS

The main accounting methods used by NetBooster Group companies are as follows:

Note 3.1 Intangible assets

- Development costs incurred by the NetBooster Group are recognised as fixed assets in the financial statements when the following conditions have been simultaneously met:
    - the technical feasibility required to finalise the intangible asset through usage or sale has been demonstrated.
    - the company intends to realise the asset, and either use it or sell it.
    - the company has the capacity to use or sell the intangible asset.
    - the intangible asset will generate future economic rewards (existence of a market or internal utility).
    - the company has the appropriate resources (technical, financial and other resources) to realise development and use or sell the asset.

- the company has the capacity to conduct a reliable appraisal of the development costs associated with the asset.

Development costs include the following:

- wages and salaries and other ancillary staff costs in connection with development.
- any expenditure on design and development projects outsourced to subcontractors.
- depreciation/amortisation of property, plant and equipment or intangibles, in connection with development only.

They are amortised on a straight-line basis for the intended period of use of the tools developed commencing in the year concerned, as of their deployment. When development projects do not come to fruition, development costs are amortised on an exceptional basis.

- Software purchased or created internally is recognised as assets on the balance sheet at the purchase price or development price, and is amortised for the intended period of use following its deployment.

- Registrations of trademarks are recognised on the balance sheet at acquisition cost, and are not amortised.

Note 3.2 **Property, plant and equipment**

Property, plant and equipment are recognised at their acquisition cost, less depreciation calculated on a straight-line basis (S/L) over the asset's economic service life. The depreciation periods applied are as follows:

- Fixtures and fittings	:	5 - 10 years (S/L)
- Office equipment	:	3 - 5 years (S/L)
- Office furnishings	:	5 - 10 years (S/L)

Note 3.3 **Long-term assets**

Long-term assets are equity interests or financial claims on non-consolidated companies and guarantee deposits or loans recognised on the balance sheet as the sum paid over.

Equity interests are recognised on the balance sheet at acquisition cost; when a long-term asset's inventory value is less than its acquisition cost or its carrying amount, impairment is booked as the difference between the two amounts.

Note 3.4 **Goodwill**

When a company is purchased, goodwill consists of the difference between the cost of acquisition of the shares of newly consolidated companies (including transaction costs) and the fair value of the assets and liabilities identified at the date of acquisition.

This is recognised on the balance sheet as "Goodwill". In the absence of any exceptional circumstances, it is amortised over a maximum period of 10 years (in exceptional circumstances, this may be extended beyond 10 years in cases of specific continuity of the economic benefits expected from the consolidated company).

Goodwill and intangible assets with an indefinite term are subjected to an impairment test at each reporting period, or when there are indications that their value may have been impaired.

Note 3.5 Trade receivables and related accounts

Receivables are recognised at nominal value, and provision for impairment is booked for receivables with a total or partial risk of non-collectability.

Provision for impairment is also booked for receivables when collection is uncertain.

Note 3.6 Currency transactions, receivables and payables

Currency receivables and payables are translated during the year concerned at the exchange rate on the day of the transaction (or, in the case of multiple transactions, in a single currency over a certain period at the average monthly exchange rate), and at the exchange rate prevailing at the reporting date. If latent currency gains or losses are recognised at the reporting date, the translation adjustments booked in individual accounts are taken to the consolidated results.

Note 3.7 Marketable securities - Cash equivalents

If marketable securities are not eligible as cash equivalents, they are measured at their purchase price. They depreciate when their inventory value becomes less than their carrying amount.

The inventory value of listed securities is estimated as the average market listing during the last month of the reporting period.

Short-term investments that are highly liquid and readily convertible to a known amount of cash with no risk of any major changes to their value are considered as cash equivalents, and are measured at their fair value at the reporting date.

Note 3.8 Deferred tax

Certain tax time lags can lead to timing differences between the tax value and the carrying amount of assets and liabilities.
These differences lead to recognition of deferred taxes using the liability method, i.e. they are booked at the last known rate at the reporting date.

The rate for French companies is 33 1/3%, irrespective of timing difference periods.

The rates used for foreign companies are as follows:

- UK: 21.00%
- Spain: 30.00%
- Italy: 27.50%
- Finland: 24.50%
- Sweden: 26.30%

Deferred tax assets arising from timing differences or tax loss carryforwards are limited to deferred tax liabilities for the same period, except when it is highly likely they will be applied to future tax income within an envisaged timeline, generally between one and three years, and provided, with no exceptions, that the company has not incurred tax losses over the last two consecutive years.

Note 3.9 <u>Recognition of turnover</u>

The Group's resources are generated by service contracts:

- recurring contracts, usually drawn up for an initial term of one year and tacitly renewable.

- contracts drawn up on a more sporadic basis to provide human resources - calculated in man-days - (creation, consultancy, e-mailing).

There are two main types of recurring service contracts: "Listing" services, and traffic-generating services known as P.P.C. (Pay Per Click) and P.L. (Paid Listing) or Sponsored Links.

Listing contracts are composed of three phases:

- a preliminary audit phase to set out the specific nature of the customer's listing requirements.

- an operational phase during which the service is deployed.

- a follow-up phase during which the company checks and validates the ongoing relevance of the initial listing.

The following procedure is employed to recognise turnover:

- the audit and operational phase, billed on signature of the contract, is spread over the period during which the service is provided.

- the follow-up phase, billed in advance, is also spread over the period during which the service is provided, with application of the rules for consecutive continuous services.

P.P.C. and P.L. contracts are composed of two phases:

- a phase for preparation of information, keywords and other items.

- a monitoring and optimisation phase during which the company ensures that the traffic generated meets the original target set.

Bills are drawn up on a monthly basis for the volumes delivered during the month. Turnover is recognised in the accounts against the delivery period for the Internet traffic billed.

Note 3.10 <u>Provision for risks and charges</u>

<u>Provision for risks</u>

- **Provision for litigation**

Provision is made for risks in the event of legal disputes with third parties on the basis of a case-by-case analysis.

Provision for charges

Provision for charges is made by Group companies on the assumption that they are likely to be faced with outgoings with no opposing entry that is at least equivalent. It must, however, be possible to make a sufficiently reliable estimate of these outgoings at the reporting date.

Note 3.11 Recognition of transactions as extraordinary profit/loss

Extraordinary profit or loss includes, where applicable, extraordinary items arising from major non-recurring events or transactions.

Note 3.12 Earnings per share

Earnings per share are calculated and presented in accordance with the principles set out by Opinion Nº 27 of the *Ordre des Experts-Comptables* (French Institute of Chartered Accountants).

The calculations are based on:

- net earnings - Group portion for the reporting period.
- the average number of shares in circulation during the period.

Note 3.13 Retirement severance benefits - individual training entitlements

The Group does not make any provision for retirement severance benefits. It treats these items as off-balance sheet commitments, and they totalled approximately 11 K€ at 31 December 2012.

Pursuant to prevailing legislation, employees at the Group's French companies have been entitled to individual training rights since 2004. These rights cumulatively represented 5,040 hours at 31 December 2012, and constitute a potential charge the possible nature of which does not meet the present criteria for recognition of liabilities. Consequently the Group does not make any provision in this regard.

Note 3.14 Financial instruments

The Group does not avail itself of any financial instruments (currency hedges or interest rate hedges).

Note 3.15 Translation of the financial statements of foreign companies

The balance sheets of foreign companies are translated into euros at the exchange rate prevailing at year-end or at the reporting date.
The income statements and cash flow statements of these companies are translated at the average rate for the year or period.
Any conversion differences arising from the translation of foreign companies' statements to euros are recognised in shareholders' equity under "Translation adjustments".

NOTE 4: SCOPE OF CONSOLIDATION

- **CHANGES TO THE SCOPE OF CONSOLIDATION**

<u>COMPANIES NO LONGER CONSOLIDATED</u>

The Group sold its 50% holding in YELLOWASP at the end of June 2012.

This company had previously been accounted for using the proportionate consolidation method.

Undergoing voluntary liquidation with no business carried on since September 2011, YELLOWASP made no contribution to the Group's profits during the reporting period.

The Group posted a capital loss of 62 K€ on withdrawal.
It also wrote off all financial claims on this subsidiary (see Notes 5.4 and 5.20).

<u>INTERNAL RESTRUCTURING OPERATIONS CARRIED OUT DURING THE PERIOD</u>

EVOLNET, a company purchased by the Group in 2008, was absorbed by NetBooster Spain as of 1 January 2012. This internal restructuring operation had no impact on the consolidated financial statements.

- **SUMMARY OF THE SCOPE OF CONSOLIDATION**

<u>Parent</u>:
NetBooster SA (NBSA)
11, rue Dieu
75010 PARIS
Share capital: 1,460,733.10 euros
SIREN business code: 418 267 704

<u>Italian subsidiary</u>:
NetBooster Agency Italy srl
Via Sicilia, 43
43 00187 ROME - ITALY
Share capital: 10,000 euros
Reg. N° : 06972551003
Stake: 100%
Accounting method: Full consolidation

<u>French subsidiary</u>:
PIXIDIS SARL
11, rue Dieu
75010 PARIS
Share capital: 8,000 euros
SIREN business code: 493 019 731
Stake: 100%
Accounting method: Full consolidation

<u>German subsidiary:</u>
NetBooster GmbH
Eschenheimer Anlage 31a
60318 Frankfurt
Germany
Share capital: 75,000 euros
Reg. N° : HRB74664 Frankfurt
Stake: 100%
Accounting method: Full consolidation

<u>Spanish subsidiary</u>:
NetBooster Spain SL
Plaza de Manuel Becerra, 15
28028 MADRID
Spain
Share capital: 3,010 euros
Reg. N° : B84421320
Stake: 100%
Accounting method: Full consolidation

UK subsidiary:
NetBooster UK Limited
21st Floor, Portland House, Bressenden Place
London SW1E 5BH
Share capital: 75,158 GBP
Reg. N° : 5401134
Stake: 100%
Accounting method: Full consolidation since 21 December 2011

German subsidiary:
Metapeople Gmbh
21 Philosophenweg
47 051 Duisburg
Share capital: 50,000 euros
Reg. N° : HRB 13954 (Duisburg)
Stake: 100%
Accounting method: Full consolidation
Consolidated as of 1 June 2011

Subsidiaries held by NetBooster Holding A/S

NetBooster Agency
Pilestræde 52A, 3. sal
1112 Copenhagen K
Share capital: 501,000 DKK
Stake: 90.49%
Accounting method: Full consolidation

NetBooster Affiliate
Nordhavnsgade 1-3
8000 Aarhus C
Share capital: 500,000 DKK
Stake: 90.49%
Accounting method: Full consolidation

UK subsidiaries:

GUAVA Ltd
Pool Innovation Centre
Trevenson Road, Pool, Redruth
Cornwall TR15 3PL
Share capital: 9,000 GBP
Stake: 90.49%
Accounting method: Full consolidation

Swedish subsidiary:

NetBooster Sweden AB
Sankt Eriksgatan 63
112 34 Stockholm
Sweden
Share capital: 100,000 SEK
Stake: 90.49%
Accounting method: Full consolidation

Finnish subsidiary:
NetBooster Finland
Bulevardi 2-4 A
00120 Helsinki
Finland
Share capital: 4,000 euros
Reg. N° : 1473785-5
Stake: 100%
Accounting method: Full consolidation

Danish subsidiary:
NetBooster Holding A/S
Pilestræde 52A, 3. sal
1112 Copenhagen K
Share capital: 49,705,000 DKK
Stake: 90.49%
Accounting method: Full consolidation

Subsidiaries held by Metapeople Gmbh

German subsidiary:

Metaapes Gmbh
21 Philosophenweg
47 051 Duisburg
Share capital: 60,000 euros
Reg. N° : HRB 17025
Stake: 100%
Accounting method: Full consolidation
Consolidated as of 1 June 2011

Swiss subsidiary:

Metapeople Gmbh Zürich
26 Siewerdtstr.
8050 Zürich
Share capital: 20,000 CHF
Reg. N° : CH-020.1.039.622-4
Stake: 100%
Accounting method: Full consolidation
Consolidated as of 1 June 2011

COMPANIES EXCLUDED FROM CONSOLIDATION

BUZZ LEMON holding

This company went into judicial liquidation in April 2008. It had previously not been consolidated since it was largely non-material, and is recognised as a zero asset in the Group's consolidated financial statements.

NetBooster Asia holding

On 5 November 2007 NetBooster SA took up a stake in NetBooster Asia, a joint venture specialising in Asian search marketing. The management of NetBooster Asia had held more than 80% of its shares since the company's inception, and thus the Group decided not to consolidate the company.

NetBooster sold its interest in the company during the year, and agreed to partially waive a financial claim of 59 K€.

NetBooster Brazil holding

In 2009 Netbooster took up a 20% stake in the equity of NetBooster Brazil. As the original management of NetBooster Brazil held more than 80% of equity, the Group decided not to consolidate the company.

At 31 December 2011 shareholders' equity stood at approximately (415) K€, with a loss of 70 K€ posted in 2012. A share capital increase was carried out in the latter half of 2012.
The stake is recognised at acquisition cost in the Group's consolidated financial statements (€56,533). Impairment of 168 K€ was also booked against the Group's financial claims on the company (290 K€ at 31 December 2012).
We are still awaiting the financial statements for 2012, although the impact of company business is not material to the Group.

Bed and Breakfast holding

NetBooster had held a 19.40% stake in Bed and Breakfast since 2010, with an initial investment in the region of 200 K€. The Group decided not to consolidate the company in view of this percentage of equity.

The stake was sold off in the latter half of 2012 for 64 K€. The Group posted a capital loss of 129 K€ on this operation.

NetBooster Hong Kong holding

NetBooster Hong Kong was deconsolidated on 30 June 2011, when the Group lost a considerable amount of corporate influence.

At 31 December 2012 the Group held 19% of the shares of NetBooster Hong Kong. At the reporting date shareholders' equity stood at 292 K€, with a loss of 11 K€ in 2012. The Group also holds 300 K€ in financial claims on the company.

NOTE 5: ADDITIONAL INFORMATION

Note 5.1 <u>Intangible assets</u>

Changes in the gross figures were as follows:

Thousands of €	31/12/2011	Increase	Decrease	31/12/2012
Software	605	17	4	619
Other rights	382	2	112	272
TOTAL	***987***	***19***	***116***	***891***

Changes in amortisations were as follows:

Thousands of €	31/12/2011	Increase	Decrease	31/12/2012
Software	549	24	4	569
Other rights	306	24	112	218
TOTAL	***855***	***48***	***116***	***788***

Note 5.2 <u>Goodwill</u>

The table below show the main items determining the goodwill booked for new consolidations.

Company	Inception date	Acquisition price	incl. acquisition costs	% acquired	Portion of shareholders' equity acquired	Goodwill	Amortis. period	Amortis. method
Time To Buy	15/11/2006	5,736	133	100%	855	4,881	10 years	S/line
Profil One	15/11/2006	1,477	38	100%	366	1,111	7 years	S/line
NetBooster Italy	30/04/2007	2,550	94	100%	(8)	2,558	8 years	S/line
NetBooster Finland	01/07/2007	9,547	274	100%	1,640	7,907	15 years	S/line
Evolnet	01/07/2008	9,055	135	100%	321	8,734	10 years	S/line
Guava	15/05/2009	2,938	227	29.89%	(76)	3,014	8 years	S/line
	25/02/2010	4,081	165	38.37%	1,135	2,946	8 years	S/line
	31/12/2010	414	61	5.01%	(106)	520	8 years	S/line
	01/01/2011	1,072	49	13.85%	(294)	1,366	8 years	S/line
	01/05/2011	2,615	-	3.37%	2,284	332	8 years	S/line
Metapeople	01/06/2011	15,545	545	100%	1,157	14,388	10 years	S/line
IMW (1)	21/12/2011	140	140	100%	179	(39)	Immediate	NA

(1) IMW's badwill was recognised in full in 2012.

Changes in the gross figures for this item were as follows:

Thousands of €	31/12/2011	Increase	Decrease	31/12/2012
Time To Buy	4,881	-	-	4,881
Profil One	1,111	-	-	1,111
NetBooster Italy	2,558	-	-	2,558
NetBooster Finland	7,907	-	-	7,907
Evolnet Média	8,734	-	-	8,734
Yellowasp	297	-	297	-
Guava	8,179	-	-	8,179
Metapeople	11,175	3,213	-	14,388
TOTAL	***44,842***	***3,213***	***297***	***47,756***

Changes in amortisations were as follows:

Thousands of €		31/12/2011	Increase	Decrease	31/12/2012
Time to Buy	15/11/2006 - 10 years	2,501	488	-	2,989
Profil One	15/11/2006 - 7 years	814	159	-	973
NetBooster Italy	30/04/2007 - 8 years	1,702	256	-	1,958
NetBooster Finl.	01/07/2007- 15 years	6,619	123	-	6,741
Evolnet	01/07/2008 - 10 years	3,655	782	-	4,437
Yellowasp	01/01/2009 - 5 years	297	-	297	-
Guava	15/05/2009 - 8 years	1,786	228	-	2,014
	25/02/2010 - 8 years	675	368	-	1,043
	31/12/2010 - 8 years	65	66	-	131
	01/01/2011 - 8 years	171	170	-	341
	01/05/2011 - 8 years	42	42	-	84
Metapeople	01/06/2011 - 10 years	652	1,459	-	2,111
	TOTAL	***18,979***	***4,141***	***297***	***22,822***

Note 5.3 <u>Property, plant and equipment</u>

Changes in the gross figures were as follows:

Thousands of €	31/12/2011	Increase	Decrease	31/12/2012
Constructions and facilities	347	221	141	427
Fixtures, office equipment and furnishings	2,341	283	82	2,542
TOTAL	***2,688***	***504***	***223***	***2,969***

Changes in depreciation were as follows:

Thousands of €	31/12/2011	Increase	Decrease	31/12/2012
Constructions and facilities	281	56	76	262
Fixtures, office equipment and furnishings	1,611	351	81	1,881
TOTAL	***1,892***	***407***	***157***	***2,143***

Note 5.4 Long-term assets

Changes in the gross figures were as follows:

Thousands of €	31/12/2011	Increase	Decrease	31/12/2012
Investments (1)	240	79	216	103
Other long-term assets	2,087	83	542	1,628 (2)
TOTAL	***2,327***	***162***	***758*** (3)	***1,731***

(1) See Note 4 on non-consolidated companies.

(2) Most of these assets mature at more than one year.

- including assets pledged as a guarantee against a favourable tax ruling: 700 K€ (see Note 2 - Highlights during the reporting period and Note 5.26 - Off-balance sheet commitments).

- including financial claims on non-consolidated entities:

- NetBooster Brazil: 290 K€
- NetBooster Hong Kong: 300 K€

- including funds capitalised in the liquidity contract: 82 K€

(3) These decreases were chiefly due to the sale of shares in non-consolidated companies and write-offs approved by NetBooster SA:

- Philippines : 403 K€
- Bed and Breakfast : 193 K€

(see also Note 5.20 - Financial profit/loss)

Impairment of long-term assets was as follows:

Thousands of €	31/12/2011	Increase	Decrease	31/12/2012
Investments	4	-	-	4
Other long-term assets	653	168	503	318
TOTAL	***657***	***168*** (1)	***503*** (2)	***323***

(1) Impairment of financial claims on NetBooster Brazil: 168 K€

(2) Add-backs used: 330 K€; add-backs unused: 173 K€ (see also Note 5.20 - Financial profit/loss)

Note 5.5 Trade receivables and related accounts

Trade receivables and related accounts are due at less than one year, and break down as follows at 31 December 2012:

Trade receivables and related accounts (Thousands of €)	31 December 2012	31 December 2011
Trade receivables and related accounts	35,274	36,356
Prov. for doubtful receivables	(1,649)	(1,718)
TOTAL	***33,625***	***34,638***

Trade receivables are composed of sums payable by the Group's customers for purchase of search engine space. Pursuant to French law concerning agency contracts, these flows are not posted as either turnover or external charges.

NetBooster drew up a factoring contract in 2012. Debts that had been assigned to the factor entity at 31 December 2012 totalled 1,219 K€, although at the reporting date the company had not drawn any of the lines of credit created in this regard (1,396 K€) on other receivables.

The changes to impairment of receivables break down as follows:

Trade receivables and related accounts (Thousands of €)	31 December 2011	Increase over the period	Decrease over the period	31 December 2012
Prov. for doubtful receivables	1,718	171	240	1,649
TOTAL	***1,718***	***171***	***240***	***1,649***

Note 5.6 Other receivables

Other receivables are due at less than one year (with the exception of deferred tax assets - see Note 5.7), and break down as follows at 31 December 2012:

Thousands of €	31 December 2012	31 December 2011
Tax on profits	255	55
Deferred tax assets	1,690	1,814
Other operational receivables	4,211 (1)	1,088
TOTAL	***6,156***	***2,957***

(1) Includes receivables from the factoring contract drawn up by NetBooster: 1,396 K€ of outstanding debt and 300 K€ in a guarantee fund. Receivable vis-à-vis Bidbuddy following the acquisition of Trade Doubler in 2011. This was recognised under trade receivables in December 2011.

Note 5.7 Deferred tax assets

Thousands of €	31 December 2012	31 December 2011
NetBooster SA	1,255	1,381
NetBooster Italy	79	78
NetBooster Spain	114	161
GUAVA LTD	-	30
TD Search Ltd (subsequently NetBooster UK Ltd)	168	164
NetBooster Finland	74	-
TOTAL	***1,690***	***1,814***

At the reporting date on 31 December 2012, deferred tax asset schedules were as follows (K€):

Thousands of €	Less than 1 year	2 - 3 years	4 - 5 years	Total
NetBooster SA	254	1,001	-	1,255
NetBooster Italy	18	61	-	79
NetBooster Spain	59	55	-	114
NetBooster UK Ltd (formerly TD Search Ltd)	-	168	-	168
NetBooster Finland	24	50	-	74
TOTAL	***355***	***1,335***	-	***1,690***

Most deferred tax assets are accounted for by expected tax savings from loss carryforwards held by Group companies.

Table of Group companies' tax loss carryforwards

Thousands of €	Deferred tax rate (%) (liability method)	Loss carryforwards at 31/12/2012 (1)	Deployment rate of tax losses (%) 31/12/2012	Deployment rate of tax losses (%) 31/12/2011
NetBooster SA	33.33%	9,132	41%	50%
NetBooster Italy	27.50%	287	100%	100%
NetBooster Spain	30.00%	380	100%	100%
NetBooster Finland	24.50%	313	100%	0%
Guava A/S	25.00%	Unknown	0%	0%
TD Search Ltd	21.00%	6,842	11%	11%

(1) corrected for taxation time lags and consolidation restatements.

- With the exception of results in 2011 and 2012, featuring large non-recurring extraordinary losses, NetBooster SA has posted positive tax results since 2004.
  At the consolidated reporting date, the Group limited the probability of attribution of tax losses to three years.
- The GUAVA Group elected to deploy fiscal integration for all the Danish companies within its scope of consolidation.
- NetBooster Italy has undergone considerable restructuring since 2009 to rectify its operational profitability. The company's projected earnings will probably lead to the deployment of tax loss carryforwards over two or three years.
- In the first half of 2012 NetBooster Spain underwent a merger with Evolnet, a company that has made substantial gains since it joined the Group in 2008. This operation enabled it to use a portion of its tax loss carryforwards as of 2012.
- NetBooster Finland has undergone considerable restructuring since 2010. The company booked balanced results for 2012. Its projected earnings will probably lead to the deployment of tax loss carryforwards over two or three years.
- NetBooster UK Ltd (formerly TD Search Ltd) held major tax loss carryforwards when it first consolidated in December 2011. The Group believes it is likely that 137 K GBP will be deployed over three years.

Note 5.8 Marketable securities - Cash

Thousands of €	31 December 2012	31 December 2011
Marketable securities (1)	20	332
Cash	8,437	9,040
TOTAL	***8,457***	***9,372***

(1) These securities are classic cash UCITS.

Note 5.9 Prepaid expenses

Prepaid expenses totalled 915 K€ at 31 December 2012, as against 560 K€ at 31 December 2011.

Note 5.10 Cost of bond issues (not applicable)

NetBooster had paid €618,366 as the cost of a €20,000,000 issue of share-convertible bonds, repayable in a single annuity on 23 March 2012 in the event of non-conversion to shares. This outlay was recognised as assets and amortised on a straight-line basis for the duration of borrowing (5 years).
The direct amortisation expense recognised for the period was 21 K€.

Note 5.11 Shareholders' equity

Operations on the parent company's equity during the reporting period

NetBooster's equity was €1,071,998.80 at 31 December 2011, represented by 10,719,988 shares of par value €0.10. Movements in equity were as follows:

€	Number of shares	Par value	Amount
Beginning of year	**10,719,988**	**0.10**	**1,071,998.80**
Share capital increase in cash (23/02/2012)	2,143,997	0.10	214,399.70
Conv. convertible bonds (24/04/2012)	425,000	0.10	42,500.00
Conv. convertible bonds (10/05/2012)	75,000	0.10	7,500.00
Share capital increase (free shares) (10/05/2012)	40,850	0.10	4,085.00
Conv. convertible bonds (16/10/2012)	100,000	0.10	10,000.00
Conv. convertible bonds (5/12/2012)	225,000	0.10	22,500.00
Share capital increase (free shares) (5/12/2012)	1,571	0.10	157.10
Share capital increase in cash (5/12/2012)	875,925	0.10	87,592.50
End of year	**14,607,331**	**0.10**	**1,460,733.10**

At 31 December 2012 NetBooster held 28,197 of its own shares. These were bought up on the market on a share buyback programme commencing in June 2012 pursuant to the provisions of Articles L. 225-209 and following of the Commercial Code. The main conditions of the buyback programme are as follows:

- Maximum per-share purchase price: ten euros (excluding acquisition costs).
- Maximum overall amount allocated to the programme: five million euros.

- Maximum number of shares that may be purchased by the company: 10% of the number of shares making up the equity at the date of purchase.

The company issued certain equity entitlements. The table below provides a summary of the entitlements in circulation at 31 December 2012:

	Number of securities or entitlements	Initial year/date of options	Term of validity	Maximum exercise parity (n° shares for 1 bond)	Subscription or conversion price	Maximum share in equity (financial rights) (1)
Free shares	340,583	2013	-	NA	€0	1.70%
Free shares	7,500	2014	-	NA	€0	0.04%
Share-convertible bonds	199	23 March 2012	4 years	25,000 for 1	€2.50	24.90%
2009 share warrants	78,170	2009 - 2011	5 years	1 for 1	€2.26	0.39%

(1) The percentages in the table are determined on the assumption that all rights will actually be exercised.

Changes to shareholders' equity were as follows:

Thousands of €	Capital	Premiums	Consolidated reserves	Profit/loss for the year	Translation adjustments	Shareholders' equity
Position at 31/12/2010	**994**	**15,755**	**(3,138)**	**(4,581)**	**(54)**	**8,976**
Changes to capital (parent company)						
Share capital increases	70	3,230	-	-	-	3,300
Costs of capital increases	-	(108)	-	-	-	(108)
Transfers and levies on premiums	8	(8)	-	-	-	-
Reclassification of profit/loss during the previous year	-	-	(4,581)	4,581	-	-
Consolidated profit/loss for the period	-	-	-	(6,962)	-	(6,962)
Changes to translation adjustments	-	-	-	-	(36)	(36)
Changes to treasury shares	-	44	-	-	-	44
Other movements	-	-	610	-	-	610
Position at 31/12/2011	**1,072**	**18,913**	**(7,109)**	**(6,962)**	**(90)**	**5,824**
Changes to capital (parent company)						
Share capital increases	385	9,280	-	-	-	9,665
Costs of capital increases	-	(438)	-	-	-	(438)
Transfers and levies on premiums	4	(4)	-	-	-	-
Reclassification of profit/loss during the previous year	-	-	(6,962)	6,962	-	-
Consolidated profit/loss for the period	-	-	-	(3,966)	-	(3,966)
Changes to translation adjustments	-	-	-	-	33	33
Changes to treasury shares	-	(75)	-	-	-	(75)
Other movements	-	-	(13)	-	-	(13)
Position at 31/12/2012	**1,461**	**27,676**	**(14,083)**	**(3,966)**	**(57)**	**11,031**

Note 5.12 Financial information in terms of a single share

	31 December 2012	31 December 2011
Weighted average number of shares	12,984,391	10,439,288
Net earnings per share - Group portion	**€(0.3)**	**€(0.67)**

	31 December 2012	31 December 2011
Weighted average number of shares (/dilution)	17,993,842	10,913,074
Diluted earnings per share - Group portion (1)	**€(0.30)**	**€(0.67)**

(1) When the basic net earnings per share are negative, the diluted earnings per share equal the basic earnings per share (Ruling 27 §3 - French Chartered Accountants' Organisation (OEC)).

	31 December 2012	31 December 2011
Number of shares in circulation at end of period (excluding treasury shares)	14,607,331	10,719,988
Shareholders' equity per share (1)	**€(0.76)**	**€(0.54)**

(1) Including net earnings - Group portion for the period.

Note 5.13 Provisions

Thousands of €	31/12/2011	Increase	Add-backs /Decreases	31/12/2012
<u>Provision for risks</u>	-	-	-	-
Other risks	-	-	-	-
<u>Provision for charges</u>	***8***	***3***	-	***11***
Other	8	3 (2)	-	11
<u>Badwill (1)</u>	55	-	55	-
IMW				
TOTAL	***64***	***3***	***55***	***11***

(1) See Note 5.2 on goodwill.
(2) This provision concerns a legal dispute with the French tax authorities (see Note 2 - Highlights during the reporting period and Note 6 - Events subsequent to the reporting date).

To the Group's knowledge, at the reporting date of the intermediate consolidated financial statements, there are no exceptional events or legal disputes, other than those stipulated herein, likely to have a material impact on its financial position, its assets, its business and its earnings.

Note 5.14 Borrowing and financial debt

"Borrowing and financial debt" were as follows:

Thousands of €	31 December 2012	Less than 1 year	1 - 5 years	More than 5 years
Convertible bond issue (1)	12,532	94	12,438	-
Other financial debt	2,333	426	1,907	-
TOTAL	***14,865*** *(2)*	***520***	***14,345***	-

(1) See also the additional information below.

(2) Including debt with collateral: 2,318 K€

Characteristics of convertible bonds in circulation at 31 December 2012

NetBooster renegotiated the main terms of the contract for convertible bonds maturing on 25 March 2012:

Number of bonds: 232 (admitted for trading and listed on the Alternext market since 28 March 2007)

Par value of one bond: €62,500

Issue price of one bond: €62,500

Term of borrowing: 4 years

Annual interest rate: 3%

Gross actuarial yield rate in the event of non-conversion: 6.12%

Redemption in the event of non-conversion to shares:

on 23 March 2016 at the issue price of €62,500, plus a redemption premium of €8,543 per security, i.e. a total of €71,043 per security.

Conversion parity: 1 bond entitles the holder to 25,000 shares (i.e. €2.50 per share).

Beyond the volume average weighted price (VAWP) exceeding €4.75 per share, one bond entitles the holder to a number of shares equal to 25,000 x 4.75 / VAWP.

33 convertible bonds were converted to shares in 2012. The number of bonds was 199 at 31 December 2012, for total redemption premiums due on maturity of the securities in the amount of €1,700,057.

At 31 December 2012, in due consideration of share conversions in 2012 and at the beginning of 2013, NetBooster feels it is highly likely the bonds will be converted into shares, and has processed the redemption premiums as off-balance sheet commitments.

Note 5.15 Trade payables and related accounts

Trade payables and related accounts are due at less than one year. They were as follows at 31 December 2012:

Thousands of €	31 December 2012	31 December 2011
Trade payables and similar	31,161	29,577
TOTAL	***31,161***	***29,577***

Trade payables are composed of sums payable by the Group for purchase of search engine space for its customers. Pursuant to French law concerning agency contracts, these flows are not posted as either turnover or external charges.

Note 5.16 Tax and welfare payables - Other debt

Other debt is chiefly due at less than one year. This breaks down as follows at 31 December 2012:

Thousands of €	31 December 2012	31 December 2011
Welfare charges	**1,689**	**1,742**
Tax payables	**4,267**	**5,519**
Tax payables, excluding profit tax	3,956	5,406
Tax on profit	286	113
Deferred tax liabilities	25	-
Other debt	**9,991**	**10,833**
Debt on Metapeople acquisition	3,093	6,500
Advances incoming on trade receivables	2,132	1,057
Other operating debt	4,766	3,276
TOTAL	***15,947***	***18,095***

Note 5.17 Deferred income (3,411 K€)

Deferred income is composed of turnover spread over the audit, inscription and maintenance phases, consultancy services billed but still pending, media revenue and affiliation.

NOTE CONCERNING THE INCOME STATEMENT

Note 5.18 Analysis of turnover

Group turnover in 2012 was 137,384 K€.
It breaks down as follows (in K€):

Period: 2012 (thousands of €)	Total group 2012	%	France	GUAVA-G	NB GMBH	NB SPAIN	NB ITALY	NB FINLAND	Metapeople - G(2)	IMW / NB UK (3)	Adjust. group 2011	Adjust. % 2011
Listing/traffic	93,340	68%	5,106	9,055	1,437	1,488	548	2,145	44,522	29,040	*45,821*	54%
SEO services and consultancy	7,087	5%	1,249	4,847	78	147	130	144	320	172	*7,624*	9%
Affiliation services	1, 823	10%	2 059	4,394	-	34	1,033	19	6,065	220	*11,369*	13%
Media services	9,740	7%	337	49	9	2,689	246	-	6,410	-	*10,596*	13%
Ad exchanges	4,741	3%	3,762	145	-	270	100	306	-	159	*-*	0%
CRM / E-mailing	3,953	3%	3,051	875	-	-	27	-	-	-	*5,016*	6%
Creation services	, 627	2%	2,222	251	-	5	-	149	-	-	*1,548*	2%
Social Media	1,401	1%	183	632	-	13	28	249	280	16	*1,605*	2%
Analytics	318	0%	104	214	-	-	-	-	-	-	*-*	0%
Other *(1)*	355	0%	-	355	-	-	-	-	-	-	*951*	1%
Turnover 2012	137,384	100%	**18,073**	**20,815**	**1,524**	**4,646**	**2,112**	**3,012**	**57,597**	**29,606**		
Turnover 2011			*15,918*	*18,076*	*3,416*	*5,722*	*1,912*	*2,425*	*35,801*	*1,260*	*84,530*	*100%*

(1) Chiefly consists of IT development activity.

(2) The Metapeople Group has been fully consolidated since 1 June 2011.

(3) IMW and its subsidiary TD Search Ltd, which became NetBooster UK Ltd in 2012, have been fully consolidated since 21 December 2011.

The Group's gross margin in 2012 was 34,263 K€.
It breaks down as follows:

Period: 2012 (thousands of €)	Total group 2012	%	France	GUAVA-G	NB GMBH	NB SPAIN	NB ITALY	NB FINLAND	Metapeople - G	IMW / NB UK	Adjust. group 2011	Adjust. % 2011
Listing/traffic	14,510	42%	3,939	1,347	436	665	336	830	5,099	1,858	*10,022*	37%
SEO services and consultancy	6,201	18%	1,930	3,401	54	127	107	144	297	142	*6,655*	24%
Affiliation services	4,014	12%	478	1,414	-	5	135	19	1,869	94	*2,440*	9%
Media services	1,954	6%	355	15	6	759	57	-	762	-	*1,865*	7%
Ad exchanges	1,205	4%	707	167	-	56	14	233	-	28	*-*	0%
CRM / E-mailing	2,931	9%	2,150	771	-	-	10	-	-	-	*3,355*	12%
Creation services	2,299	7%	1,961	185	-	4	-	149	-	-	*1,537*	6%
Social Media	655	2%	142	183	-	7	19	66	238	-	*567*	2%
Analytics	179	1%	8	171	-	-	-	-	-	-	*-*	0%
Other	315	1%	-	315	-	-	-	-	-	-	*799*	3%
Gross margin 2012	34 263	100%	**11,670**	**7,969**	**496**	**1,623**	**678**	**1,441**	**8,265**	**2,122**		
Gross margin 2011			*10,829*	*8 132*	*316*	*1,763*	*591*	*953*	*4,556*	*99*	*27,240*	*100%*

Note 5.19 Other operating income

Periods (Thousands of €)	2012 (12 months)	2011 (12 months)
Add-backs on impairment of receivables	242	301
Add-backs on provisions	-	12
Operating expenditure transfers	99	35
Other management income	260	113
TOTAL	*601*	*461*

Note 5.20 Financial profit/loss

Periods (Thousands of €)	2012 (12 months)	2011 (12 months)
Finance income	**548**	**201**
Income from cash investments	19	46
Other finance income	9	87
Currency gains	17	68
Add-backs on financial impairment	503 (1)	-
Finance expenses	**(1,504)**	**(1,888)**
Provision /provision add-backs for risk of non-conversion of bonds	-	(1,876)
Finance expenses on non-conversion premiums	136	2,416
Interest on medium/long term borrowing	623	708
Other finance expenses	333 (1)	144
Currency losses	244	83
Impairment of financial receivables and securities	168 (2)	413
Financial profit/loss	***(956)***	***(1,688)***

(1) These impairment add-backs are composed of receivables from NetBooster Asia (80 K€), Yellowasp (273 K€) and NetBooster Hong Kong (150 K€). The Yellowasp and NetBooster Asia receivables were written off (271 K€ in the case of Yellowasp, and 59 K€ in the case of NetBooster Asia) in the total amount of 330 K€.
(2) Impairment of financial receivables from NetBooster Brazil.

Note 5.21 Extraordinary profit/loss

Period	2012 (12 months)	2011 (12 months)
Extraordinary income	**243**	**114**
Income from sales of assets	167	-
Extraordinary income from management operations and previous years	76	114
Extraordinary expenditure	**(1,296)**	**(1,199)**
Net carrying amount of assets sold	343 (1)	13
Prov. for exceptional risks	-	-
Damages, interest and restructuring costs	756 (2)	704
Extraordinary expenditure from management operations and previous years	147	382
Write-offs	50	100
Extraordinary profit/loss	***(1,053)***	***(1,085)***

(1) These items chiefly concern the following:

- capital loss by the Group following the deconsolidation of Yellowasp: 62 K€.
- capital losses on sale of NetBooster Asia shares: 23 K€.
- net capital loss on non-consolidated equity interests: 89 K€.

(2) Restructuring costs at Guava Sweden (closure of an office and a business branch, at a total cost of 480 K€) and Guava UK (26 K€). Damages and interest were mainly accounted for by GUAVA A/S (170 K€) and NetBooster SA (59 K€).

Note 5.22 Profit tax expense (1,033 K€)

Profit tax expense breaks down as follows:

Total tax payable on profits	**(798) K€**
Total variation in taxes calculated (deferred tax)	**(235) K€**
Tax on profits for the year	***(1,033) K€***

Tax for 2012 breaks down as follows:

Theoretical tax burden (1,169 x 33.33%)	:	(390) K€
Impact of tax rate differences	:	(115) K€
Final tax base differences	:	(69) K€
Deployment or non-deployment of loss carryforwards (NetBooster SA, NB Finland, GUAVA, NB Gmbh, Metaswitz)	:	(488) K€
Other differences	:	28 K€
Actual tax burden	**:**	***(1,033) K€***

OTHER INFORMATION

Note 5.23 Headcount at the reporting date and average headcount

- The headcount of the NetBooster Group at 31 December 2012 was 434 (vs. 406.5 at 31 December 2011).
- The Group's average headcount in 2012 was 439 (vs. 380 in 2011).

Note 5.24 Members of administrative and management bodies

Remuneration paid out for their functions at the parent company: 95 K€

Remuneration paid out for their functions at consolidated companies: 300 K€

Pension commitments and other compensation: none.

Advances and loans granted: none.

Note 5.25 Auditors' fees

Statutory audit fees : 169 K€

Fees for directly related diligence : none.

Note 5.26 Off-balance sheet commitments

COMMITMENTS GIVEN

- **Redemption premiums to be paid out for non-conversion of bonds to shares**

At the beginning of 2012, NetBooster SA renegotiated a share-convertible bond issue originally arranged in 2007 (see Note 2 - Highlights during the reporting period and Note 5.14).

In the event these bonds are not converted to shares before due date on 23 March 2016, the company undertook to pay a redemption premium of €8,543 per share in addition to the par value.

At 31 December 2012 the maximum redemption premiums to be paid out pursuant to this conditional commitment totalled €1,700,057.

At the reporting date for the consolidated financial statements, this sum was processed in full as an off-balance sheet commitment.

- **Performance commitment on the dispute between NetBooster and the tax authorities** (see Note 2 - Highlights during the reporting period / other material information)

In 2010 the company accepted a pledge on marketable securities and 2009 research tax credit receivables in the total amount of 700 K€. This collateral stands against a bank guarantee for the company in connection with the tax dispute.

This item was recognised as long-term assets on the balance sheet.

<u>COMMITMENTS RECEIVED</u>

Clawback clause

On 11 August 2005 NetBooster SA wrote off receivables of €41,500 from one of its customers, with a clawback repayment clause.

The clawback criterion is understood as achievement of the customer's annual turnover target by 31 December 2015 at the latest.

NetBooster SA did not benefit from clawback in the course of 2012.

Note 5.27 <u>Information concerning related parties</u>

- **<u>Employment contract drawn up in February 2010 between NetBooster Ltd and Mr Raphael ZIER</u>**

Mr Raphaël ZIER, NetBooster's major shareholder since February 2010, has also been a company director since June 2010, and its chairman since 15 November 2011.

In February 2010 NetBooster Ltd, a subsidiary of NetBooster SA, drew up a permanent employment contract with Mr Raphaël ZIER to take up a post in the United Kingdom as International Group Development Director.

The terms of this contract were suspended at the beginning of April 2011 when Mr Raphaël ZIER was appointed NetBooster's Chief Executive Officer.

Remuneration and expenses payable to Mr ZIER between February 2010 and December 2012: €294,360.

NOTE 6: EVENTS SUBSEQUENT TO THE REPORTING DATE

<u>CONVERSION OF BONDS TO SHARES</u>

At the beginning of 2013 a number of convertible bondholders converted their bonds to NetBooster shares (see Note 5.14).

At the date on which these notes were drawn up, 18 bonds had been converted to new shares, with consequent share capital increases in the amount of €1,125,000.

<u>FAVOURABLE FIRST-INSTANCE RULING IN THE DISPUTE BETWEEN SOCIETE NETBOOSTER SA AND THE TAX AUTHORITIES</u> (see also Note 2)

The administrative court ruling on the dispute between NetBooster and the tax authorities (see Note 2) confirmed the company's rights claims (8 K€) and dismissed the initial claims by the tax authorities. An appeal by the tax authorities was ongoing at the date on which these notes were drawn up.