



FIRST HALF OF 2005-2006

A period of growth

Good profitability

Paris, 28 March 2006

Index Multimedia has published its results as at 31 December 2005, the 1st half of the 2005/2006 financial year. It is to be noted that the date of closure of the financial year is now 30 June. The period covered therefore corresponds to the months of July to December. For the sake of transparency, and without the accounts for the same period in 2004, Index Multimedia will compare its main indicators recalculated in respect of the 12 months in 2005 with those published in respect of the 12 months in 2004.

In € million	1/7/05 to 31/12/05 (6 months, IFRS)	1/1/05 to 30/6/05 (6 months, IFRS)	1/1/05 to 31/12/05 (12 months, recalculated)
Sales	77.4	74.8	152.2
Gross margin <i>in % of sales</i>	37.0 47.8 %	34.0 45.5 %	71.1 46.7 %
Operating income before tax and extraordinary items <i>in % of sales</i>	5.8 7.5 %	5.8 7.8 %	11.5 7.6 %
Net cost of borrowing	0.78	0.83	1.61
Net income - Group share <i>in % of sales</i>	3.60 4.7 %	3.43 4.6 %	7.0 4.6 %

Growth and significant investment to secure development

In the first half of the 2005-2006 financial year, Index Multimedia has published sales of € 77.4 million, 7 % up on the same period the previous financial year (€ 72.2 million, from 1 July to 31 December 2004). This growth was achieved entirely organically.

Over the 12 months of 2005, the 5 % growth target was exceeded, with sales of € 152.2 million, up 6.3 % compared to the 12 months of 2004.

This growth has mainly been achieved in France (€ 59.9 million, or 77 % of sales over the period), and by BtoC activities, 78 % of total sales, up 9 % over the period. Index Multimedia, one of the leaders in Europe, intends to strengthen its position in the market of value-added mobile services and contents, benefiting from the expansion of 3G, increasing its penetration of BtoB and BtoO (business to operators) markets and focusing its international development on markets with strong potential.

This strategy is being implemented by large-scale rationalization of products and services offered, intensification of the commercial presence and development of technological resources.

Good profitability

As anticipated, the high level of activity is therefore linked to major investments required to secure market share and anticipate future growth.

This has resulted in a level of operating costs representing 92.6 % of sales. Operating income was 7.5 % of sales. Net Income (Group Share) was € 3.60 million over the period, or 4.7 % of sales. The gross margin for self-financing was € 5.4 million compared to € 5.5 million in the previous half-year.

Over the whole year (12 months of 2005), operating income came to € 11.5 million, slightly below the target of € 12 million announced. It needs to be analysed in respect of:

- the increase in marketing expenses which enabled the Group's market share in France to be maintained;
- numerous recruitments carried out in anticipation of growth (staff costs up to 24.5 % over 12 months), now under control.

A healthy financial structure

Index Multimedia has a very healthy financial structure with, on 31 December 2005, a balance sheet total of € 150.2 million, € 86.3 million of which is equity capital. At the end of the period, the Group had € 77.4 million in cash, and full borrowing capacity, with negative gearing (no financial borrowing).

Returning to previous performance levels: action taken to optimize the structure, take up the challenges in the international market and take new opportunities in the market. Acquisition of Wonderphone.

Action has already been taken to return to previous performance levels. Controlling costs, re-energizing teams and structuring processes should enable optimization of resources according to the new challenges in the market.

From the point of view of the products and services offered, this optimization has resulted in a focus on four product families:

- mobile customization: ring tones, logos, pictures, music, video, ring back tones...
- communities: chat, meetings, blogs...
- Internet: Meexup®, Tchatche®...
- Interactive TV: Tchatche TV, 123 SAT

with direct distribution by BtoC campaigns and a strategy of accelerating indirect distribution through BtoB / BtoO channels. These efforts should soon bear fruit both in terms of activity and of sales profitability.

Internationally, rationalization is continuing, with different problems being experienced in each geographical area. The appointment of a dedicated International Director, along with an International Marketing Manager should accelerate this process: slowdown in growth on the American continent, acceleration in Asia, and consolidation of the Group's positions in the European markets where it already has a presence.

This strategy is now being implemented through the acquisition of WonderPhone TV, a French company specialist in video for mobiles and distributed through close collaboration with operators (BtoO).

Created by Philippe Plaisance in 2004, Wonderphone TV is the European leader for mobile TV Programs and the 4th biggest mobile games editor. Wonderphone owns a catalogue of over 3 million videos, including prestigious licences. The company works with over 70 mobile operators in around 40 countries and operates 35 video on demand channels broadcasted daily on the mobile operators portals. In France, Wonderphone TV runs, amongst other things, the SFR (SFR TV & Video) and Orange (Orange World Video) video offers. At the end of its first financial-year closed 31st of december 2005, WonderPhone TV sales amounted € 13.5 millions.

In addition to its accretive aspects, this operation is characterized by a high level of strategic and operational complementarity with Index Multimedia: BtoC v. BtoO, mature market v. segments of emerging markets, Paris v. Provinces... WonderPhone TV will be integrated into Index Multimedia accounts as from 1st of April, 2006.

Prospects for 2005-2006, 3-year targets

In terms of activity, this plan of action is not likely to bear fruit to any great extent before the 2006-2007 financial year. Now, the integration of Wonderphone should have a positive effect on the accounts of Index Multimedia for the whole year 2006; Index Multimedia anticipates a 10% minimum rate of growth.

After this financial year, Index Multimedia reaffirms its confidence in the growth of the Group, reinforced by its position in France, the rationalization of products and services offered, the potential for growth in international markets and the expected acceleration in the B to O market.

About Index Multimedia :

A subsidiary of Index Corporation (one of the largest suppliers of mobile telephony services and content in Japan), Index Multimedia is one of the main designers of added-value mobile products and services aimed at the general public and the world of business in Europe. Index Multimedia is quoted in Section B of Eurolist, ISIN: FR0004061513.

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