Financial report
as at 30 June 2016

Board of Directors of 1st August 2016

Unofficial translation of the French-language "Rapport financier *au 30 juin 2016*" of SoLocal Group, for information purposes only.

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SoLocal Group
Public limited company with a Board of Directors with capital of 233,259,384 euros
Registered office: 204, rond-point du Pont de Sèvres - 92100 Boulogne Billancourt
Commercial and Companies Register Nanterre 552 028 425

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1. ACTIVITY REPORT AS AT 30 JUNE 2016

Information

The Group's consolidated and company financial statements for the financial year ending 31 December 2015 were not approved by the General Meeting due to the postponing of the latter until the second half of 2016. Because of this, the results for 2015 are on hold for appropriation.

1.1. Overview

As Europe's top local digital communication provider, SoLocal Group fulfils a general-interest mission with strong potential which consists in "revealing local know-how, everywhere and stimulating the local activity of companies".

Within the scope of continued activities, Solocal Group generated revenues of 405 million euros in H1 2016, of which revenues from its Internet activities represented 79% and revenues from its Print & Voice activities represented 21%. Internet business is driven by two primary business lines: Local Search and Digital marketing.

Internet
In H1 2016, SoLocal Group recorded 322 million euros Internet revenues, representing 79% of Group revenues.

The Internet activities of SoLocal Group are now structured around two business lines:

o First, we offer digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. In H1 2016, this Local Search activity posted revenues of 243 million euros thanks to a sustainable and highly qualitative audience generated through our own brands (PagesJaunes, Mappy, Ooreka) and our privileged partners (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).

o Second, we create and provide Internet users with the best local and customised content about professionals. In H1 2016, this Digital Marketing activity represented revenues of 78 million euros. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+9% in H1 2016 compared to H1 2015). They comprise sites & contents, local programmatic and transactional services. In 2015, we innovated on these product ranges, with an upmarket move of our Internet sites and product & store locator offerings, and the successful launch of the ADhesive targeting offer, which benefits from our data on local purchasing intents expressed by Internet users. In addition, our transactional services have been rebranded PagesJaunes Resto and PagesJaunes Doc, leveraging on and strengthening the traffic generated on PagesJaunes.

Print & Voice
The Print & Voice activities generated 83 million euros, i.e. -31% of the Group's consolidated revenues in H1 2016. This business line includes the Group's activities in the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches), as well as the Group's other activity called 'Voice', including telephone directory enquiry and reverse directory services.

1.2. Commentary on the results as at 30 June 2016

During the 2015 financial year, the Group disposed of four non-profitable and no-growth activities ("disposed activities"):

- Horyzon Media web agency display;
- ZoomOn social local media;
- Lookingo "daily deals";
- Sotravo online home improvement quotes

The accounts published by the Group as at 30 June 2016 are made up as follows:

Consolidated, Continued activities, Divested activities.

in million euros	As at 30 June 2016				As at 30 June 2015				2rd Quarter 2016		2rd Quarter 2015	
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities		Continued activities		Continued activities	
			Recurring	Non recurring			Recurring	Non recurring	Recurring	Non recurring	Recurring	Non recurring
Revenues	404.7	-	**404.7**	**-**	450.2	4.0	**446.2**	**-**	**214.8**	**-**	**239.3**	**-**
Recurring EBITDA	111.6	-	**111.6**	**-**	133.8	(5.0)	**138.8**	**-**	**60.0**	**-**	**82.0**	**-**
EBITDA	109.5	-	**111.6**	**(2.0)**	125.2	(11.3)	**138.8**	**(2.3)**	**60.0**	**(1.7)**	**82.0**	**(1.8)**
Operating income	80.7	-	**82.8**	**(2.0)**	102.0	(12.7)	**116.9**	**(2.3)**	**45.3**	**(1.7)**	**71.6**	**(1.8)**
Income before tax	43.9	-	**45.9**	**(2.0)**	59.1	(12.7)	**74.1**	**(2.3)**	**26.7**	**(1.7)**	**50.7**	**(1.8)**
Income for the period	25.2	-	**26.5**	**(1.3)**	34.0	(7.6)	**43.0**	**(1.4)**	**14.9**	**(1.1)**	**28.4**	**(1.8)**

Starting in 2015, SoLocal Group is isolating the momentum of continued activities from that of the activities that it has divested from. The comments on the financial performance indicators concern the scope of continued activities. Recurring EBITDA excludes non recurring items, such as restructuring costs.

Consolidated income statement for continues activities, as at 30 June2016 and as at 30 June2015

SoLocal Group	Continued activities						
in million euros	As at 30 June 2016			As at 30 June 2015			Change recurring 2016/2015
	Total	Recurring	Non recurring	Total	Recurring	Non recurring	
Revenues	**404.7**	**404.7**	**-**	**446.2**	**446.2**	**-**	**-9.3%**
Net external expenses	(105.5)	(105.5)	-	(98.2)	(98.2)	-	7.4%
Personnel expenses	(187.6)	(187.6)	-	(209.2)	(209.2)	-	-10.3%
Recurring EBITDA	**111.6**	**111.6**	**-**	**138.8**	**138.8**	**-**	**-19.6%**
As % of revenues	*27.6%*	*27.6%*	-	*31.1%*	*31.1%*	-	
Non recurring items	(2.0)	-	(2.0)	(2.3)	-	(2.3)	-
EBITDA	**109.5**	**111.6**	**(2.0)**	**136.5**	**138.8**	**(2.3)**	**-19.6%**
As % of revenues	*27.1%*	*27.6%*	-	*30.6%*	*31.1%*	-	
Depreciation and amortisation	(28.8)	(28.8)	-	(21.8)	(21.8)	-	32.1%
Operating income	**80.7**	**82.8**	**(2.0)**	**114.7**	**116.9**	**(2.3)**	**-29.2%**
As % of revenues	*19.9%*	*20.5%*	-	*25.7%*	*26.2%*	-	
Financial income	0.7	0.7	-	1.0	1.0	-	-30.0%
Financial expenses	(37.6)	(37.6)	-	(44.0)	(44.0)	-	-14.5%
Net financial expense	**(36.9)**	**(36.9)**	**-**	**(42.9)**	**(42.9)**	**-**	**-14.0%**
Share of profit or loss of an associate	-	-	-	0.1	0.1	-	-100.0%
Income before tax	**43.9**	**45.9**	**(2.0)**	**71.9**	**74.1**	**(2.3)**	**-38.1%**
Corporate income tax	(18.7)	(19.4)	0.7	(30.2)	(31.1)	0.9	-37.6%
Income for the period	**25.2**	**26.5**	**(1.3)**	**41.6**	**43.0**	**(1.4)**	**-38.4%**

Details on the revenues and recurring EBITDA of continued activities, as at 30 June2016 and as at 30 June2015:

SoLocal Group	Continued activities		
in million euros	As at 30 June 2016	As at 30 June 2015	Change 2016/2015
Internet	321.7	325.2	-1.1%
Print & Voice	83.0	120.9	-31.3%
Revenues	**404.7**	**446.2**	**-9.3%**
Internet revenues as % of total revenues	*79.5%*	*72.9%*	
Internet	89.5	99.0	-9.6%
Print & Voice	22.1	39.8	-44.5%
Recurring EBITDA	**111.6**	**138.8**	**-19.6%**
As % of revenues			
Internet	*27.8%*	*30.4%*	
Print & Voice	*26.6%*	*32.9%*	

1.2.1. Analysis of the revenues and recurring EBITDA of continued activities

In H1 2016, revenues stood at €405 million, down -9% compared to H1 2015:

- Internet revenues at €322M in H1 2016 (representing 79% of total revenues) were down -1% versus H1 2015, as positive dynamic of Digital Marketing did not fully offset client base decline of Local Search due to constraints of bank covenants:

    - Audience growth: Internet visits recorded a growth +9% in H1 2016 versus H1 2015 of which +27% mobile (representing 42% of total audience).

    - Local Search ARPA: +3% in H1 2016 versus H1 2015, back to historical trends.

    - Client base: -6% in H1 2016 versus H1 2015, still limited by reduced investments in telesales client acquisition. The client base contraction is expected to continue at a similar pace given the ongoing constraints on investments in client acquisition.

    - Digital Marketing revenues: +8% in H1 2016 versus H1 2015, thanks to an acceleration of local programmatic. This positive trend was not reflected in Q2 2016 (-5% Digital Marketing revenue decrease) due to quarterly one-off impact in Q2 2015 driven by website product revamping.

- Print & Voice revenues were down by -31% over the period, mainly due to the stronger decline of PagesBlanches

H1 2016 new order dynamic is strong: Internet new orders recorded a growth of +10% in H1 2016 compared to H1 2015 and total new orders were back to growth.

Recurring EBITDA was €112 million in H1 2016, down -20% versus H1 2015, mainly driven by the drop in Print & Voice EBITDA.

The EBITDA to revenue margin was 28% in H1 2016, down 3 points versus H1 2015, as the drop in revenues (-9%) was only partially offset by disciplined cost management resulting in significant staff cost reduction (-10%) and constrained investment in branding.

1.2.2. Analysis of consolidated operating income for continued activities

The table below shows the Group's consolidated operating income for continued activities as at 30 June 2015 and as at 30 June 2016:

SoLocal Group	**Continued activities**						
in million euros	**As at 30 June 2016**			**As at 30 June 2015**			**Change recurring 2016/2015**
	Total	**Recurring**	**Non recurring**	**Total**	**Recurring**	**Non recurring**	
Recurring EBITDA	**111.6**	**111.6**	**-**	**138.8**	**138.8**	**-**	**-19.6%**
Non recurring items	(2.0)	-	(2.0)	(2.3)	-	(2.3)	-
EBITDA	**109.5**	**111.6**	**(2.0)**	**136.5**	**138.8**	**(2.3)**	**-19.6%**
Depreciation and amortisation	(28.8)	(28.8)	-	(21.8)	(21.8)	-	32.1%
Operating income	**80.7**	**82.8**	**(2.0)**	**114.7**	**116.9**	**(2.3)**	**-29.2%**
As % of revenues	*19.9%*	*20.5%*	*-0.5%*	*25.7%*	*26.2%*	*-0.5%*	

Depreciation and amortisation for the Group stands at -28.8 million euros as at 30 June 2016 compared to -21.8 million euros as at 30 June 2015, an increase of +7.0 million euros (+32.1%) due to the investment linked to revamping the IT tools.

The Group's recurring operating income at 82.8 million euros decreased by -29.2% compared to 30 June 2015. This decrease of -34.2 million euros stems from the -27.2 million euro drop in recurring EBITDA and from the increase in depreciation and amortisation of 7.0 million euros.

1.2.3. Analysis of the results for continued activities

The table below shows the Group's results for continued activities as at 30 June 2015 and as at 30 June 2016:

SoLocal Group	**Continued activities**						
in million euros	**As at 30 June 2016**			**As at 30 June 2015**			**Change recurring 2016/2015**
	Total	**Recurring**	**Non recurring**	**Total**	**Recurring**	**Non recurring**	
Operating income	**80.7**	**82.8**	**(2.0)**	**114.7**	**116.9**	**(2.3)**	**-29.2%**
Financial income	0.7	0.7	-	1.0	1.0	-	-30.0%
Financial expenses	(37.6)	(37.6)	-	(44.0)	(44.0)	-	-14.5%
Net financial expense	**(36.9)**	**(36.9)**	**-**	**(42.9)**	**(42.9)**	**-**	**-14.0%**
Share of profit or loss of an associate	-	-	-	0.1	0.1	-	-100.0%
Income before tax	**43.9**	**45.9**	**(2.0)**	**71.9**	**74.1**	**(2.3)**	**-38.1%**
Corporate income tax	(18.7)	(19.4)	0.7	(30.2)	(31.1)	0.9	-37.6%
Income for the period	**25.2**	**26.5**	**(1.3)**	**41.6**	**43.0**	**(1.4)**	**-38.4%**

1.2.3.1. Net financial income

Net financial expenses of Group amounted -36.9 million euros as at 30 June 2016, in reduction of -14.0%, mainly due to the maturing of hedging instruments in September 2015.

1.2.3.2. Recurring results for the period

Corporate income tax was a charge of -19.4 million euros as at 30 June 2016, in reduction of -37.6% compared to 30 June 2015, in accordance with the result before tax.

Recurring income amounted to +26.5 million euros as at 30 June 2016 in reduction of -38.4% compared to recurring income from continued activities as at 30 June 2015.

1.2.3.3. Results for the period for continued activities

Net income from divested activities is nil from the first half of 2016 as the divestment of non-growing and unprofitable Internet businesses has been fully achieved in 2015.

The Group's net income was 25.2 million euros in the first half of 2016, down -39.4% compared to the first half of 2015.

1.2.3.4. Presentation of the results and the consolidated cash flows with the detail for "Continued activities" and "Disposed activities"

in million euros	As at 30 June 2016				As at 30 June 2015				2rd Quarter 2016		2rd Quarter 2015	
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities		Continued activities		Continued activities	
			Recurring	Non recurring			Recurring	Non recurring	Recurring	Non recurring	Recurring	Non recurring
Revenues	404,723	-	404,723	-	450,197	4,040	446,157	-	214,771	-	239,298	-
Net external expenses	(105,494)	-	(105,494)	-	(103,667)	(5,448)	(98,220)	-	(55,008)	-	(50,648)	-
Personnel expenses	(187,641)	-	(187,641)	-	(212,755)	(3,591)	(209,163)	-	(99,719)	-	(106,665)	-
Recurring EBITDA	**111,588**	**-**	**111,588**	**-**	**133,775**	**(4,999)**	**138,774**	**-**	**60,043**	**-**	**81,985**	**-**
Non recurring items	(2,048)	-	-	(2,048)	(8,571)	(6,306)	-	(2,265)	-	(1,735)	-	(1,845)
EBITDA	**109,540**	**-**	**111,588**	**(2,048)**	**125,204**	**(11,305)**	**138,774**	**(2,265)**	**60,043**	**(1,735)**	**81,985**	**(1,845)**
Depreciation and amortization	(28,823)	-	(28,823)	-	(23,248)	(1,407)	(21,841)	-	(14,695)	-	(10,397)	-
Operating income	**80,717**	**-**	**82,765**	**(2,048)**	**101,957**	**(12,712)**	**116,934**	**(2,265)**	**45,348**	**(1,735)**	**71,588**	**(1,845)**
Financial income	734	-	734	-	1,032	-	1,032	-	201	-	566	-
Financial expenses	(37,585)	-	(37,585)	-	(43,953)	(2)	(43,951)	-	(18,842)	-	(21,417)	-
Net financial expense	**(36,851)**	**-**	**(36,851)**	**-**	**(42,921)**	**(2)**	**(42,919)**	**-**	**(18,641)**	**-**	**(20,851)**	**-**
Share of profit or loss of an associate	-	-	-	-	107	-	107	-	-	-	-	-
Income before tax	**43,866**	**-**	**45,914**	**(2,048)**	**59,142**	**(12,714)**	**74,121**	**(2,265)**	**26,707**	**(1,735)**	**50,737**	**(1,845)**
Corporate income tax	(18,684)	-	(19,389)	705	(25,146)	5,094	(31,101)	861	(11,830)	597	(22,381)	-
Effective tax rate	*-42.6%*		*-42.2%*	*-34.4%*	*-42.6%*	*-40.1%*	*-42.0%*	*-38.0%*	*-44.3%*	*-34.4%*	*-44.1%*	*0.0%*
Income for the period	**25,182**	**-**	**26,525**	**(1,343)**	**33,996**	**(7,620)**	**43,021**	**(1,404)**	**14,877**	**(1,138)**	**28,356**	**(1,845)**

In million of euros	As at 30 June 2016	As at 30 June 2015	Change
Recurring EBITDA	**111.6**	**138.8**	**-19.6%**
Non monetary items included in EBITDA and other	0.5	5.0	
Net change in working capital	(18.6)	(7.2)	-158.3%
Acquisition of tangible and intangible fixed assets	(35.6)	(34.2)	-4.1%
Cash financial income	(18.5)	(42.5)	56.5%
Non recurring items	(15.1)	(12.8)	-18.0%
Acquisition costs of shares	-	-	-
Corporate income tax paid	10.5	(0.6)	1850.0%
Net Cash flow from continued activities	**34.8**	**46.4**	**-25.0%**
Net Cash flow from divested activities	-	(3.8)	
Net cash flow	**34.8**	**42.5**	**-18.1%**
Increase (decrease) in borrowings and bank overdrafts	15.0	(19.9)	175.4%
Capital increase	-	2.6	
Other	4.6	3.6	27.8%
Net cash variation	**54.3**	**28.8**	**88.5%**
Net cash and cash equivalents at beginning of period	53.3	43.6	22.2%
Net cash and cash equivalents at end of period	**107.7**	**72.3**	**49.0%**

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the cash flows for **continued activities** of the Group as at 30 June 2015 and as at 30 June 2016:

SoLocal Group in million euros	**Continued activities**		
	As at 30 June 2016	**As at 30 June 2015**	**Change 2016/2015**
Net cash from operations	70.4	80.6	(10.2)
Net cash used in investing activities	(30.9)	(28.0)	(2.9)
Net cash provided by (used in) financing activities	14.9	(20.0)	34.9
Impact of changes in exchange rates on cash	(0.1)	0.0	(0.1)
Net increase (decrease) in cash position	**54.3**	**32.6**	**21.7**

The net cash from operations amounted to 70.4 million euros as at 30 June 2016 compared to 80.6 million euros as at 30 June 2015, representing a decrease of -10.2 million euros due mainly to:

- recurring EBITDA for continued activities of 111.6 million euros as at 30 June 2016, down -27.2 million euros compared to 30 June 2015,
- an increase of 2.3 million euros in non-recurring disbursements (including restructuring costs),
- an increase in the working capital requirement of 18.6 million euros as at 30 June 2016 compared to an increase of 7.2 million euros as at 30 June 2015, representing an unfavourable change of 11.3 million euros between the two periods,
- a net disbursement of 19.2 million euros in respect of financial interest as at 30 June 2016 compared to 42.7 million euros as at 30 June 2015, which is a favourable change of 23.5 million euros between the two periods linked to a shift in the payment of interests in the third quarter of 2016, et the maturing at the end of 2015 of the hedging instruments,
- receipts of 10.5 million euros which can be explained by the reimbursement of the tax receivable recorded as at 31 December 2015 less payments made compared to a disbursement of 0.6 million euros as at 30 June 2015.

The net cash used in investing activities represents a disbursement of 30.9 million euros as at 30 June 2016, an increase compared to a disbursement of 28.0 million euros recorded as at 30 June 2015, mainly comprising:

- 35.6 million euros in respect of acquisitions of tangible and intangible fixed assets as at 30 June 2016 compared to 34.2 million euros as at 30 June 2016,
- 4.1 million euros paid as a security deposit for the CityLights premises in Boulogne,
- 9.0 million euros in terms of the restitution of the cash collateral paid in 2014 as a guarantee

for two commercial lease contracts for future completion.

The net cash used in financing activities represents a collection of 14.9 million euros as at 30 June 2016 compared to a disbursement 20.0 million euros as at 30 June 2015 representing a change of 34.9 million euros due mainly to:

- the drawing on the revolving credit line for 43.8 million euros as at 30 June 2016 compared to a repayment for this same line for 20.0 million euros as at 30 June 2015,
- the contractual repayment of the excess cash flow of the tranche A7 of the bank loan for an amount of 15.2 million euros,
- the repayment of a loan for an amount of 1.7 million euros,
- the treating as a decrease in debt (no longer as a cash equivalent) the partial repurchase of a bond loan for an amount of 12.2 million euros in 2015.

The table below shows the changes in the **Group's consolidated cash position** as at 30 June 2016, as at 31 December 2015, and as at 30 June 2015:

SoLocal Group	**As at 30 June**	**As at 31 December**	**As at 30 June**
in million euros	**2016**	**2015**	**2015**
Accrued interest not yet due	0.0	0.1	0.0
Cash and cash equivalents	111.5	53.6	75.1
Cash	**111.5**	**53.7**	**75.2**
Bank overdrafts	(3.8)	(0.4)	(2.8)
Net cash	**107.7**	**53.3**	**72.3**
Bank borrowing	783.6	800.5	811.1
Bond loan	337.8	350.0	350.0
Revolving credit facility	43.8	-	-
Loan issue expenses	(14.5)	(18.4)	(22.2)
Capital leases	0.7	0.7	0.9
Fair value of hedging instruments	-	-	3.1
Earn-outs	1.9	2.8	1.0
Accrued interest not yet due	17.6	4.1	4.8
Other financial liabilities	5.0	4.2	4.8
Gross financial debt	**1,176.0**	**1,143.9**	**1,153.5**
of which current	*1,173.4*	*25.6*	*25.0*
of wich non current	*2.6*	*1,118.3*	*1,128.5*
Net debt	**1,068.4**	**1,090.5**	**1,081.1**
Net debt excl. fair value of hedging instruments and loan issue expenses	**1,082.9**	**1,108.9**	**1,100.2**

The Group net debt is down 12.7 million euros compared to 30 June 2015 and down 22.1 million euros compared to 31 December 2015. It stood at 1,068.4 million euros at 30 June 2016 compared to 1,090.5 million euros at 31 December 2015 and 1,081.1 million euros at 30 June 2015.

As at 30 June 2016, it is mainly comprised:

- of a tranche A7 bank loan, for a total amount of 783.6 million euros, the final maturity is March 2018 (or March 2020 on option),
- of a revolving credit line fully drawn as at 30 June 2016,
- of a bond loan amounting to a total of 337.8 million euros at a fixed rate of 8.875% repayable in June 2018.

Excluding loan issue expenses of 14.5 million euros, the net debt amounted to 1,082.9 million euros as at 30 June 2016.

1.4. Risks and uncertainties relating to the second half 2016

SoLocal Group has reviewed the risks that could have a significantly unfavourable effect on its business, financial position or results (or its ability to achieve its goals):

- The operational activities and the strategy of the Group: the adapting of the Group to digital technologies and to the changes in the market, the difficulty in coping with the competition, the sensitivity to the economic climate, the increase in the price of paper or the cost of other production factors, the risk of a reduction in the content, the damage to information systems, the fluctuation in the Group's quarterly results, the effect of investments or divestments, the inability to comply with its bank covenants and effects of a possible debt refinancing, could have a significant negative impact on the Group’s business, financial position or results.

  The company indicated that it was preparing a plan to drastically reduce its debt. The absence of carrying out this plan could hamper the company's ability to return to solid fundamentals, implement its strategy and come back to growth.

- The legal aspects: the occurrence of arbitration procedures or major lawsuits, uncertainty or stiffening of applicable regulations, especially the application of restrictions to the Group’s right to collect personal data, could have a significant unfavourable effect on the Group’s business, results, financial position or its ability to achieve its goals.

- Market risks: in view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk. The company indicated that it was preparing a plan to drastically reduce its debt. The absence of carrying out this plan could hamper the company's ability to return to solid fundamentals, implement its strategy and come back to growth.

  Going concern

  The risk on going concern is detailed in note 2 to the consolidated financial statements.

  Now that a preliminary agreement has been reached with more than 50% of the bank creditors in order to drastically reduce the Group's debt, the breach of the leverage covenant should not result in the acceleration of the Group's debt.
  On this basis, the Group has prepared its consolidated financial statements on the basis of going concern accounting principles.
  Although the Management is confident as to the outcome of this process, there is still uncertainty inherent in any negotiation and the implementation of the agreement. In the event that the

contemplated restructuring measures are not implemented, SoLocal Group may no longer be in a position to realise its assets and to settle its debts in the normal framework of its activity.

1.5. Quarterly financial data

Revenues by Quarter

In million of euros	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Internet revenues	**157.9**	**167.3**	**151.8**	**163.2**	**157.1**	**164.6**
Local search	**126.3**	**126.4**	**118.7**	**124.9**	**117.6**	**125.8**
Number of visits (in million)	*555*	*553*	*568*	*560*	*595*	*611*
ARPA[1] (in €)	*234*	*237*	*226*	*243*	*232*	*253*
Number of clients (in thousand)	*539*	*534*	*525*	*515*	*506*	*496*
Digital marketing	**31.6**	**40.9**	**33.1**	**38.3**	**39.6**	**38.7**
Penetration rate (in number of clients)[2]	*22%*	*22%*	*22%*	*22%*	*23%*	*23%*
Print & Voice revenues	**49.0**	**72.0**	**60.5**	**51.0**	**32.8**	**50.2**
Revenues from continued activities	**206.9**	**239.3**	**212.3**	**214.2**	**190.0**	**214.8**
Revenues from divested activties	2.4	1.7	0.9	0.3	-	-
Consolidated revenues	**209.2**	**241.0**	**213.2**	**214.6**	**190.0**	**214.8**

[1] Average Revenue Per Advertiser

[2] % of Internet clients benefiting from a Digital marketing product

Recurring EBITDA by Quarter [1]

In million of euros	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Internet recurring EBITDA	42.8	56.2	56.3	43.8	43.0	46.5
EBITDA / revenue margin	27%	34%	37%	27%	27%	28%
Print & Voice recurring EBITDA	14.0	25.8	22.0	9.5	8.5	13.6
EBITDA / revenue margin	29%	36%	36%	19%	26%	27%
Recurring EBITDA from continued activities	**56.8**	**82.0**	**78.3**	**53.3**	**51.5**	**60.0**
EBITDA / revenue margin	27%	34%	37%	25%	27%	28%
Recurring EBITDA from divested activities	(2.6)	(2.4)	(2.8)	(1.7)	-	-
Consolidated recurring EBITDA	**54.2**	**79.6**	**75.5**	**51.6**	**51.5**	**60.0**
EBITDA / revenue margin	26%	33%	35%	24%	27%	28%

[1] The split betw een Internet and Print & Voice EBITDA w as slightly revised for 2015 quarterly data compared to consolidated financial information as at 31 December 2015 so that indicators should be established according consistent principles

Income Statement by Quarter

In million of euros	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Group revenues	**206.9**	**239.3**	**212.2**	**214.2**	**190.0**	**214.8**
Net external expenses	(47.6)	(50.6)	(51.0)	(59.0)	(50.5)	(55.0)
Personnel expenses	(102.5)	(106.7)	(83.0)	(101.9)	(87.9)	(99.7)
Recurring EBITDA	**56.8**	**82.0**	**78.3**	**53.3**	**51.5**	**60.0**
Non recurring items	(0.4)	(1.8)	(1.8)	(45.0)	(0.3)	(1.7)
EBITDA from Continued activities operations	**56.4**	**80.1**	**76.5**	**8.3**	**51.2**	**58.3**
Depreciation and amortisation	(11.4)	(10.4)	(13.0)	(17.3)	(14.1)	(14.7)
Operating income	**44.9**	**69.7**	**63.4**	**(9.0)**	**37.1**	**43.6**
Net financial expense	(22.1)	(20.9)	(21.2)	(19.5)	(18.2)	(18.6)
Share of the result from associated companies	0.1	-	-	-	-	-
Income before tax	**23.0**	**48.9**	**42.3**	**(28.6)**	**18.9**	**25.0**
Corporate income tax	(7.9)	(22.4)	(19.9)	7.1	(7.5)	(11.2)
Corporate income tax rate	*34.2%*	*45.8%*	*47.0%*	*24.7%*	*39.4%*	*45.0%*
Net income from continued activities	**15.1**	**26.5**	**22.4**	**(21.5)**	**11.4**	**13.7**
Net income from divested activities	(2.7)	(4.9)	(5.5)	(2.8)	-	-
Net income	**12.4**	**21.6**	**16.9**	**(24.2)**	**11.4**	**13.7**

Cash flow Statement by Quarter

In million of euros	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Recurring EBITDA	**56.8**	**82.0**	**78.3**	**53.3**	**51.5**	**60.0**
Non monetary items included in EBITDA and other	2.9	1.9	4.5	0.5	(0.9)	0.8
Net change in working capital	(4.5)	(2.8)	(24.4)	21.1	(9.0)	(9.6)
Acquisition of tangible and intangible fixed assets	(15.9)	(18.3)	(18.6)	(22.8)	(18.9)	(16.7)
Cash financial income	(12.4)	(30.1)	(12.8)	(24.2)	(2.6)	(15.9)
Non recurring items	(5.1)	(7.8)	(7.2)	(7.8)	(3.1)	(11.6)
Acquisition costs of shares	-	-	-	-	-	-
Corporate income tax paid	0.1	(0.7)	(7.9)	(11.3)	0.3	10.2
Net Cash flow from continued activities	**21.9**	**24.2**	**11.8**	**8.8**	**17.5**	**17.2**
Net Cash flow from divested activities	(1.2)	(1.7)	(2.5)	(3.1)	-	-
Net cash flow	**20.7**	**22.5**	**9.3**	**5.7**	**17.5**	**17.2**
Increase (decrease) in borrowings and bank	(18.6)	(1.3)	(10.4)	(3.5)	12.0	3.0
Capital increase	-	2.6	-	(0.1)	-	-
Other	(3.7)	6.6	(2.1)	(17.9)	(1.2)	5.9
Net cash variation	**(1.6)**	**30.3**	**(3.2)**	**(15.8)**	**28.3**	**26.1**
Net cash and cash equivalents at beginning of period	43.6	42.0	72.3	69.2	53.3	81.6
Net cash and cash equivalents at end of period	**42.0**	**72.3**	**69.2**	**53.3**	**81.6**	**107.7**

Glossary

Internet revenues: The sum of revenues from the Local search and Digital marketing businesses

Local search revenues: Revenues generated from the Local search business, consisting of local communication services that the Group offers on its own websites, such as PagesJaunes, Mappy, Ooreka (the new name of ComprendreChoisir) and A Vendre A Louer, or with its partners, in particular Google, Bing, Apple and Facebook

Digital marketing revenues: Revenues generated from the Digital marketing business center around 3 product lines:

Websites and contents: this product line is currently the Group's flagship Digital marketing activity. The Group has a significant international presence through its partners and subsidiaries (QDQ, Leadformance, SoLocal UK) and will continue to develop these activities in order to offer its customers the most effective possible promotion of their local know-how.

Local programmatic: SoLocal Group is disposing of an over the counter display business and will focus solely on local programmatic, which offers the most promising growth opportunities. The Group is increasing its investments in this technology and taking advantage of its local database and the success of its ADhesive offer, which was launched at the beginning of the year.

Transactional services: in particular, making appointments with doctors (PagesJaunes Doc), making reservations or ordering meals from restaurants (PagesJaunes Resto), and offering deals provided by clients. SoLocal Group is abandoning 'daily deals', which generated little customer loyalty, and will focus on deals provided by PagesJaunes, which are more highly valued by its clients.

Print & Voice revenues: The sum of revenues generated by, firstly, the "printed directories" business, consisting of the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches) and, secondly, activities in connection with telephone and SMS directory enquiry services (118 008), the QuiDonc reverse directory, and traditional direct marketing (telemarketing, logistics, posting mailings)

Number of Local search clients: Average number of clients for the reporting period (average of number of clients present at the beginning and the end of the concerned period) owning a product of the "Local search" range

Local search ARPA: Local search revenues of the reporting period divided by the average number of clients of that same period

Digital marketing penetration rate: Average number of clients for the reporting period owning a product of the "Digital marketing" range, divided by average number of clients for the same reporting period owning a product of the "Local search" range

Reach (audience indicator created and published by Nielsen Médiamétrie)

Number of unique website visitors: the number of fixed, mobile phone and tablet Internet users who have visited a website during a given month

Reach: the traffic of a website or group of websites during a given month, expressed in terms of unique visitors. It may be expressed in terms of volume (the number of unique visitors) or as a percentage of unique visitors within a reference population of Internet users during the month. The SoLocal Group's Reach indicator applies only to the group's services and excludes all external syndicated partner mediasAudiences (visit indicator measured by SoLocal Group)

Audiences (visit indicator measured by SoLocal Group)

Syndication: indirect audiences on PagesJaunes contents excluding PagesJaunes digital media (such as Bing, Yahoo!, Ooreka, etc.)

SEO & affiliates: audiences on PagesJaunes digital media originating from affiliate partners (MSN, Nosibay, Free & Alice, Planet, L'internaute) and SEO (Search Engine Optimisation)

PagesJaunes: audiences that are the result of users' expressed intent to access PagesJaunes digital media (direct access and brand search on a search engine)

2. Consolidated condensed accounts

2.1 – Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	**As at 30 June 2016**	**As at 30 June 2015**
Revenues		404,723	450,197
Net external expenses		(105,494)	(103,667)
Personnel expenses		(187,641)	(212,755)
Recurring EBITDA		**111,588**	**133,775**
Non recurring items		(2,048)	(8,571)
EBITDA		**109,540**	**125,204**
Depreciation and amortization (*)		(28,823)	(23,248)
Operating income		**80,717**	**101,957**
Financial income		734	1,032
Financial expenses		(37,585)	(43,953)
Net financial expense	5	**(36,851)**	**(42,921)**
Share of profit or loss of an associate		-	107
Corporate income tax	6	(18,684)	(25,146)
Income for the period		**25,182**	**33,996**
Income for the period attributable to:			
- Shareholders of SoLocal Group		25,186	33,992
- Non-controlling interests		(4)	4
Net earnings per share (in euros)			
Net earnings per share of the consolidated group based on a weighted average number of shares			
- basic		0.65	0.88
- diluted		0.62	0.83
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 30 June)			
- basic		0.65	0.87
- diluted		0.62	0.83

(*) including impairment on goodwill & earn out variations (inc. personnel costs)

2.2 – Statement of comprehensive income

(Amounts in thousands of euros)	**As at 30 June 2016**	**As at 30 June 2015**
Income for the period report	**25,182**	**33,996**
Net (loss) /gain on cash flow hedges		
- Gross	-	5,959
- Deferred tax	-	(397)
- Net of tax	**-**	**5,562**
ABO reserves :		
- Gross	(10,802)	-
- Deferred tax	3,720	-
- Net of tax	**(7,082)**	**-**
Exchange differences on translation of foreign operations	(281)	(21)
Other comprehensive income	**(7,363)**	**5,541**
Total comprehensive income for the period, net of tax	**17,820**	**39,538**
Total comprehensive income for the period attributable to:		
- Shareholders of SoLocal Group	17,824	39,534
- Non-controlling interests	(4)	4

2.3 – Statement of financial position

(Amounts in thousands of euros)	Notes	As at 30 June 2016	As at 31 December 2015	As at 30 June 2015
Assets				
Net goodwill		95,458	95,107	82,467
Other net intangible fixed assets		126,333	123,384	120,335
Net tangible fixed assets		33,067	28,381	22,156
Available-for-sale assets		178	179	183
Other non-current financial assets		8,221	4,097	4,847
Net deferred tax assets	6	-	-	5,433
Total non-current assets		**263,257**	**251,148**	**235,421**
Net inventories		615	653	742
Net trade accounts receivable		293,218	352,623	335,103
Acquisition costs of contracts		31,720	37,714	36,720
Other current assets		33,748	24,096	38,499
Current tax receivable		295	16,815	96
Prepaid expenses		11,549	9,374	14,058
Other current financial assets		6,429	12,866	9,730
Cash and cash equivalents	8	111,493	53,695	75,153
Total current assets		**489,066**	**507,836**	**510,102**
Total assets		**752,324**	**758,983**	**745,522**
Liabilities				
Share capital		233,259	233,259	233,259
Issue premium		364,544	364,544	364,544
Reserves		(1,911,807)	(1,938,165)	(1,939,011)
Income for the period attribuable to shareholders of SoLocal Group		25,186	26,639	33,992
Other comprehensive income		(16,163)	(9,081)	(16,815)
Own shares		(5,192)	(5,209)	(4,744)
Equity attributable to equity holders of the SoLocal Group		**(1,310,173)**	**(1,328,014)**	**(1,328,775)**
Non-controlling interests		75	79	73
Total equity		**(1,310,098)**	**(1,327,935)**	**(1,328,702)**
Non-current financial liabilities and derivat	8	2,579	1,118,265	1,128,493
Employee benefits - non-current		99,501	84,986	90,954
Provisions - non-current		17,374	33,654	12,989
Other non-current liabilities		2	2	-
Deferred tax liabilities	6	2,260	7,248	-
Total non-current liabilities		**121,716**	**1,244,155**	**1,232,436**
Bank overdrafts and other short-term bor	8	1,159,664	21,907	23,002
Accrued interest	8	17,610	4,061	4,784
Provisions - current		34,434	32,968	24,792
Trade accounts payable		101,650	95,391	99,403
Employee benefits - current		99,889	120,904	100,210
Other current liabilities		77,042	84,163	90,490
Corporation tax		15,841	59	5,629
Deferred income		434,576	483,309	493,479
Total current liabilities		**1,940,706**	**842,764**	**841,788**
Total liabilities		**752,324**	**758,983**	**745,522**

2.4 – Statement of changes in equity

(Amounts in thousands of euros)	**Number of shares in circulation**	**Share capital**	**Issue premium**	**Own shares**	**Income and reserves**	**Cash flow hedges & actuarial differences**	**Translation reserve**	**Group equity**	Non-controlling interests	**Total equity**
Balance as at 1 January 2015	**1,159,469,983**	**232,345**	**362,899**	**(7,151)**	**(1,934,200)**	**(22,377)**	**12**	**(1,368,472)**	**69**	**(1,368,403)**
Total comprehensive income for the period, net of tax					33,992			**33,992**	4	**33,996**
Other comprehensive income, net of tax						5,562	(21)	**5,541**		**5,541**
Comprehensive income for the period, net of tax					**33,992**	**5,562**	**(21)**	**39,534**	**4**	**39,538**
Capital increase, net of related costs after tax	4,569,773	914	1,645		-			**2,559**		**2,559**
Share-based payment					(4,803)			**(4,803)**	-	**(4,803)**
Shares of the consolidating company net of tax effect	1,436,123			2,407				**2,407**	-	**2,407**
Balance as at 31 March 2015	**1,165,475,879**	**233,259**	**364,544**	**(4,744)**	**(1,905,010)**	**(16,815)**	**(9)**	**(1,328,775)**	**73**	**(1,328,702)**
Total comprehensive income for the period, net of tax					(7,354)			**(7,354)**	6	**(7,348)**
Other comprehensive income, net of tax						7,734	27	**7,760**		**7,760**
Comprehensive income for the period, net of tax					**(7,354)**	**7,734**	**27**	**406**	**6**	**412**
Regrouping shares impact of 26 October 2015	(1,120,820,984)							**-**		**-**
Capital increase as part of the employee offering	152,326				(92)			**(92)**		**(92)**
Share-based payment					912			**912**	-	**912**
Shares of the consolidating company net of tax effect	(11,550)			(465)				**(465)**	-	**(465)**
Balance as at 31 December 2015	**38,789,776**	**233,259**	**364,544**	**(5,209)**	**(1,911,544)**	**(9,081)**	**17**	**(1,328,014)**	**79**	**(1,327,935)**
Total comprehensive income for the period, net of tax					25,186			**25,186**	(4)	**25,182**
Other comprehensive income, net of tax						(7,082)	(281)	**(7,363)**		**(7,363)**
Comprehensive income for the period, net of tax					**25,186**	**(7,082)**	**(281)**	**17,824**	**(4)**	**17,820**
Shares of the consolidating company net of tax effect	(53,642)			17				**17**	-	**17**
Balance as at 30 June 2016	**38,736,134**	**233,259**	**364,544**	**(5,192)**	**(1,886,358)**	**(16,163)**	**(263)**	**(1,310,173)**	**75**	**(1,310,098)**

2.5 – Cash flow statement

(Amounts in thousands of euros)	Notes	As at 30 June 2016	As at 30 June 2015
Income for the period attributable to shareholders of SoLocal Group		**25,186**	**33,992**
Depreciation and amortisation of fixed assets		28,754	24,993
Change in provisions		(12,618)	(1,440)
Share-based payment		-	1,954
Capital gains or losses on asset disposals		69	(1,487)
Interest income and expenses	5	36,851	35,050
Hedging instruments	5	-	7,871
Tax charge for the period	6	18,684	25,146
Share of profit or loss of an associate		-	(107)
Non-controlling interests		(4)	4
Decrease (increase) in inventories		38	511
Decrease (increase) in trade accounts receivable		59,386	106,935
Decrease (increase) in other receivables		(5,786)	(4,463)
Increase (decrease) in trade accounts payable		3,171	1,705
Increase (decrease) in other payables		(75,373)	(110,288)
Net change in working capital		**(18,564)**	**(5,600)**
Dividends and interest received		757	212
Interest paid and rate effect of net derivatives		(19,242)	(42,700)
Corporation tax paid		10,523	(597)
Net cash from operations		**70,397**	**77,291**
Acquisition of tangible and intangible fixed assets		(35,605)	(34,696)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets		4,735	6,171
Net cash used in investing activities		**(30,871)**	**(28,525)**
Increase (decrease) in borrowings		14,971	(19,918)
Capital increase net of costs		-	2,559
Other cash from financing activities o/w own shares		(90)	(2,653)
Net cash provided by (used in) financing activities		**14,881**	**(20,012)**
Impact of changes in exchange rates on cash		(73)	4
Net increase (decrease) in cash position		**54,334**	**28,758**
Net cash and cash equivalents at beginning of period		53,330	43,578
Net cash and cash equivalents at end of period	8	**107,664**	**72,335**

2.6 – Notes to the consolidated financial statements

Note 1 – Description of the business

The Group's main activities are described in note 4.

The accounting year for the companies in the SoLocal Group extends from 1 January to 31 December. The currency used in presenting the consolidated financial statements and the accompanying notes is the euro.

SoLocal Group is a public limited company listed on Euronext Paris (LOCAL).

This information was approved by the Board of Directors of SoLocal Group on 1st August 2016.

Note that the Group's consolidated and company financial statements for the financial year ending 31 December 2015 were not approved by the General Meeting due to the postponing of the latter until the second half of 2016. Because of this, the results for 2015 are on hold for appropriation.

Note 2 – Context of publication and basis for preparation of the consolidated condensed financial statements

The consolidated financial statements of Solocal Group, drawn up for the period of six months ending on 30 June 2016, were prepared in accordance with the provisions of IAS 34 – Interim Financial Reporting. As these are summary statements, they do not include all of the information required by IFRS standards and must be read in relation with the Group's annual consolidated financial statements for the year ended 31 December 2015 available on (http://www.solocalgroup.com/en/finances), subject to the particularities inherent with drawing up interim financial statements described hereinafter.

The accounting policies used are consistent with those used in the preparation of the annual consolidated financial statements for the year ending 31 December 2015, with the exception of new standards, amendments and interpretations which are mandatory with effect from 1 January 2016, but which have no significant impact:

- IFRS 14 Regulatory Deferral Accounts
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- IAS 16 et IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 27 Equity Method in Separate Financial Statements
- Improvements to IFRSs 2012-2014 Cycle
- IAS 1 Disclosure Initiative
- IFRS 10, IFRS12 and IAS 28 Investment Entities: Applying the Consolidation Exception

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 30 June 2016.

Furthermore, these principles do not differ from the IFRS standards as published by the IASB insofar as there would be no significant impact from the implementation of the amendments and interpretations which are mandatory for financial years commencing from 1 January 2016, as set out in the reference framework published by the IASB, but which are not yet mandatory in the reference framework endorsed by the European Union.

The Group is not applying the following instruments, which were not adopted by the European Union as at 30 June 2016:

- IFRS 15 Revenue from Contracts with Customers (applicable on 1 January 2018)

- IFRS 9 Financial Instruments (applicable on 1 January 2018)
- IFRS 9 Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 (application date unfixed)
- IFRS 16 Leases (applicable on 1 january 2019)
- IAS 12 Recognition of deferred tax asset for unrealised losses (applicable on 1 january 2017)
- IAS 7 Disclosure iniative (applicable on 1 january 2017)
- Clarifications to IFRS 15 (applicable on 1 january 2018)
- IFRS 2 Classification and measurement of share-based payment transactions (applicable on 1 january 2018)

Nonetheless, the Group is currently reviewing the practical consequences of these new instruments and the effects of their implementation on its future financial statements. At this stage of the review, the impacts on its consolidated financial statements are not significant.

All of the standards and interpretations adopted by the European Union as at 30 June 2016 are available on the website of the European Commission at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

In order to prepare the financial statements, the Management of the Group is required to make estimates and assumptions which have an effect on the amounts presented as assets and liabilities, the contingent liabilities at the date of preparation of the financial statements and the amounts presented as income and expenses for the financial year. The Management continuously evaluates these estimates and assessments on the basis of its past experience, as well as various other factors deemed reasonable, which combine to form the basis of its assessment of the book value of the assets and liabilities. This includes in particular goodwill, acquisition costs of contracts, share-based payments, restructuring costs and the valuation of pension liabilities. The actual results could differ appreciably from these estimates, if the actual outcome differs. Finally, where a specific transaction is not covered by any standards or interpretations, the Management of the Group applies judgement to define and apply accounting methods which will provide relevant and reliable disclosures, ensuring that the financial statements:

- present a true and fair view of the financial position, the financial performance and the cash flow of the Group,
- reflect the economic substance of transactions,
- are neutral,
- are prudent,
- and are complete in all material respects.

Seasonal variations

Although the activities of the Group are not subject to seasonal effects per se, in order to optimise costs, the dates of publication of the printed directories (which determine the recognition of income and related expenses) may vary from one quarter to the next, as each printed directory appears only once a year.

Impairment test as at 30 June 2016

In the absence of an indication of impairment, it was not necessary to carry out, as at 30 June 2016, impairment tests on goodwill and intangible fixed assets.

Note on going concern

The company initiated, under the auspices of a *mandataire ad hoc*, negotiations with its creditors aimed at restructuring its financial debt. This debt is comprised of syndicated credit facilities that include in particular a tranche (C1 Tranche) made available by PagesJaunes Finance & Co SCA (an entity that is not an affiliate of SoLocal Group but is included in its scope of consolidation), which financed this tranche through the issuance of bonds (the "Bonds")

The loans under these credit facilities, maturing in March and June 2018 respectively, each contain provisions purporting to make it possible to accelerate repayment in particular in the event of (i) breach of the financial covenants and (ii) appointment of a *mandataire ad hoc* (although under French law, such provision in the latter case is, pursuant to article L.611-16 of the Commercial Code, deemed not to be written and therefore is unenforceable against SoLocal Group).

The appointment of a *mandataire ad hoc* is an event of default under the terms of the Bonds and automatically results in their acceleration except if waived by bondholders representing a majority in principal amount of Bonds. Upon the appointment of the *mandataire ad hoc* on 23 June 2016, the full principal amount of Bonds became due and payable. However, on 29 June 2016, the issuer, PagesJaunes Finance & Co S.C.A., received from holders of Bonds purporting to represent 59.4% of the total principal amount of the Bonds, a notice suspending the acceleration until the earliest to occur of: (i) 30 September 2016, (ii) the date on which the Trustee has received approval from holders representing a majority in principal amount of the Bonds to lift this suspension and (iii) the date of acceleration of the Bonds due to any other event of default under the Bonds.

On 19 July 2016, holders representing a majority in aggregate principal amount of Bonds consented to the transfer of the C1 Tranche, thereby enabling them to directly hold a claim against SoLocal Group and no longer against PagesJaunes Finance & Co S.C.A. This transfer would take effect as soon as the suspension of the acceleration of the Bonds resulting from the appointment of the *mandataire ad hoc* is lifted by holders representing a majority in principal amount of Bonds. Accordingly, if and when the Bonds are accelerated i.e. when the suspension of the acceleration is lifted, the bondholders will become creditors of SoLocal Group for a principal amount equal to the principal amount of the Bonds that they held immediately before the transfer and will be in a position to continue to participate directly in the discussions that SoLocal Group initiated with all of its creditors.

(ii) As at 30 June 2016, the leverage covenant in SoLocal Group’s syndicated credit facilities has been breached. As a result, all of the debt (Tranche A7, RCF line and Bond debt) has been reclassified as current debt.
The creditors could vote, as a result of this covenant breach, in accordance with the terms of the credit agreement, for the acceleration of the debt after a period of 15 business days following receipt by the facility agent of the "compliance certificate", which will be forwarded to the bank creditors at the same time as the 2016 half-year financial statements.

Now that a preliminary agreement has been reached with more than 50% of the bank creditors in order to drastically reduce the Group's debt, the breach of the leverage covenant should not result in the acceleration of the Group's debt.
On this basis, the Group has prepared its consolidated financial statements on the basis of going concern accounting principles.
Although the Management is confident as to the outcome of this process, there is still uncertainty inherent in any negotiation and the implementation of the agreement. In the event that the contemplated restructuring measures are not implemented, SoLocal Group may no longer be in a position to realise its assets and to settle its debts in the normal framework of its activity.

Note that as at 30 June 2016, the Group has a net cash flow of 107.7 million euros, which allows it to conduct its current operations.

Note 3 – Presentation of Financial Statements

As permitted under IAS 1 “Presentation of Financial Statements”, the Group presents the income statement by type.

Operating income corresponds to net income before:
- financial income;
- financial expenses;
- current and deferred income taxes.

EBITDA corresponds to operating income before taking depreciation and amortisation into account. Recurring EBITDA corresponds to EBITDA before taking non recurring events such as restructuring costs into account.

The activity report presents the Group's continued activities. Segment information (note 4), presents the details of the revenues and recurring EBITDA of "Continued activities" and of "Disposed activities".

Note 4 –Segment Information

As Europe's top local digital communication provider, SoLocal Group fulfils a general-interest mission with strong potential which consists in "revealing local know-how, everywhere and stimulating the local activity of companies".

Within the scope of continued activities, Solocal Group generated revenues of 405 million euros in H1 2016, of which revenues from its Internet activities represented 79% and revenues from its Print & Voice activities represented 21%. Internet business is driven by two primary business lines: Local Search and Digital marketing.

Internet
In H1 2016, SoLocal Group recorded 322 million euros Internet revenues, representing 79% of Group revenues.

The Internet activities of SoLocal Group are now structured around two business lines:

o First, we offer digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. In H1 2016, this Local Search activity posted revenues of 243 million euros thanks to a sustainable and highly qualitative audience generated through our own brands (PagesJaunes, Mappy, Ooreka) and our privileged partners (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).

o Second, we create and provide Internet users with the best local and customised content about professionals. In H1 2016, this Digital Marketing activity represented revenues of 78 million euros. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+9% in H1 2016 compared to H1 2015). They comprise sites & contents, local programmatic and transactional services. In 2015, we innovated on these product ranges, with an upmarket move of our Internet sites and product & store locator offerings, and the successful launch of the ADhesive targeting offer, which benefits from our data on local purchasing intents expressed by Internet users. In addition, our transactional services have been rebranded PagesJaunes Resto and PagesJaunes Doc, leveraging on and strengthening the traffic generated on PagesJaunes.

Print & Voice
The Print & Voice activities generated 83 million euros, i.e. -31% of the Group's consolidated revenues in H1 2016. This business line includes the Group's activities in the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches), as well as the Group's other activity called 'Voice', including telephone directory enquiry and reverse directory services.

The table below presents a breakdown of the main aggregates by business sector:

Amounts in thousands of euros	As at 30 June 2016			As at 30 june 2015		
	Consolidé	**Activités désengagées**	**Activités poursuivies**	**Consolidé**	**Activités désengagées**	**Activités poursuivies**
Revenues	**404 723**	**-**	**404 723**	**450 197**	**4 040**	**446 157**
- Internet	321 714	-	321 714	329 254	4 040	325 214
- Print & Voice	83 009	-	83 009	120 943	-	120 943
Recurring EBITDA	**111 588**	**-**	**111 588**	**133 775**	**(4 999)**	**138 774**
- Internet	89 514	-	89 514	93 990	(4 999)	98 989
- Print & Voice	22 074	-	22 074	39 785	-	39 785

Note 5 – Net financial income

The net financial income is made up as follows:

(Amounts in thousands of euros)	**As at 30 June 2016**	**As at 30 June 2015**
Interest and similar items on financial assets	613	145
Result of financial asset disposals	(4)	(13)
Change in fair value of hedging instruments	-	900
Financial income	**734**	**1,032**
Interest on financial liabilities	(32,146)	(32,613)
Income / (expenses) on hedging instruments	-	(7,871)
Amortisation of loan issue expenses	(3,841)	(3,599)
Change in fair value of financial assets and liabilities	-	2,739
Other financial expenses & fees	(645)	(1,940)
Accretion cost (1)	(953)	(669)
Financial expenses	**(37,585)**	**(43,953)**
Net financial expense	**(36,851)**	**(42,921)**

(1) The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments

Note 6 – Corporation tax

6.1 – Group tax analysis

The corporation tax results from the application of the effective tax rate at the end of the financial year to the pre-tax income.

The reconciliation of the theoretical tax, calculated on the basis of the statutory tax rate in France, and the effective tax is as follows:

Amounts in thousands of euros	**As at 30 June 2016**	**As at 30 June 2015**
Pretax net income from businesses	43,866	59,142
Share of profit or loss of an associate	-	107
Pretax net income from businesses and before Share of profit or loss of an associate	**43,866**	**59,035**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**(15,105)**	**(20,328)**
Loss-making companies not integrated for tax purposes, net of the tax impact of divested activities	(365)	(918)
Share-based payment	-	2,814
Foreign subsidiaries	601	598
Recognition of previously unrecognised tax losses	(287)	-
Non-deductible amortisation	-	(43)
Corporate value added contribution (after tax)	(3,036)	(3,562)
Ceiling of interest expense deductibility	(2,741)	(3,460)
Adjustment corporation tax of prior years	362	-
Additional tax 10,7%	-	(2,043)
Other non-taxable / non-deductible items	1,887	1,795
Effective tax	**(18,684)**	**(25,146)**
of which current tax	*(22,363)*	*(25,743)*
of which deferred tax	*3,679*	*597*
Effective tax rate	**42.6%**	**42.6%**

6.2 – Taxes in the balance sheet

The net balance sheet position is detailed as follows:

Amounts in thousands of euros	**As at 30 June 2016**	**As at 31 December 2015**	**As at 30 June 2015**
Retirement benefits	29,630	24,793	28,832
Legal employee profit-sharing	2,080	2,204	2,927
Non-deductible provisions	1,939	2,344	1,216
Hedging instruments	-	-	1,097
Other differences	-	1,285	2,041
Subtotal deferred tax assets	**33,649**	**30,626**	**36,113**
Loan issue costs	(6,815)	(7,186)	(8,299)
Other differences	(1,229)	-	-
Depreciations accounted for tax purposes	(27,865)	(30,688)	(22,381)
Subtotal deferred tax liabilities	**(35,909)**	**(37,874)**	**(30,680)**
Total net deferred tax assets / (liabilities)	**(2,260)**	**(7,248)**	**5,433**
Deferred tax assets	-	-	*5,433*
Deferred tax liabilities	*(2,260)*	*(7,248)*	-

No deferred tax asset relating to loss carryforwards of QDQ Media was recognised in the balance sheet. The amount of deferred tax not recognised as at 30 June 2016 is estimated at 65.1 million euros.

The deferred tax liabilities in the balance sheet decreased from 7.2 million euros as at 31 December 2015 to 2.3 million euros as at 30 June 2016.

In the balance sheet as at 30 June 2016, corporation tax represents a receivable of 0.3 million euros and a liability of 15.9 million euros. In the balance sheet as at 30 June 2015, corporation tax represented a receivable of 0.1 million euros and a liability of 5.6 million euros.

Amounts in thousands of euros	**As at 30 June 2016**	**As at 31 December 2015**	**As at 30 June 2015**
Opening balance	**(7,248)**	**6,928**	**6,928**
Changes recognized in equity	1,309	(6,106)	(2,092)
Changes recognized in income	3,679	(8,070)	597
Closing balance	**(2,260)**	**(7,248)**	**5,433**

Note 7 – Derivative financial instruments

The value of these derivative financial instruments is made up as follows:

(in thousands of euros)	**As at 30 June 2016**	**As at 31 December 2015**	**As at 30 June 2015**
Interest rate swaps – cash flow hedge	-	-	(2,642)
Collars – fair value hedge	-	-	(442)
Assets / (liability)	**-**	**-**	**(3,084)**
Of which non-current	-	-	-
Of which current	-	-	*(3,084)*

All of the financial instruments have matured.

Note 8 – Cash and cash equivalents, net financial debt

Net financial debt corresponds to the total gross financial debt less or plus derivative asset and liability cash flow hedging instruments and less cash and cash equivalents.

(in thousands of euros)	**As at 30 June 2016**	**As at 31 December 2015**	**As at 30 June 2015**
Accrued interest not yet due	3	122	15
Cash equivalents	33,654	36,602	60,002
Cash	77,836	16,971	15,136
Gross cash	**111,493**	**53,695**	**75,153**
Bank overdrafts	(3,829)	(365)	(2,818)
Net cash	**107,664**	**53,330**	**72,335**
Bank loan	783,638	800,483	811,068
Bond loan	337,846	350,000	350,000
Revolving credit facility drawn	43,784	-	-
Loans issue expenses	(14,544)	(18,385)	(22,154)
Lease liability	735	708	884
Fair value of hedging instruments	-	-	3,084
Price supplements on acquisition of securities	1,939	2,759	1,009
Accrued interest not yet due	17,610	4,061	4,784
Other financial liabilities	5,016	4,242	4,786
Gross financial debt	**1,176,024**	**1,143,868**	**1,153,461**
of which current	*1,173,445*	*25,603*	*24,968*
of which non-current	*2,579*	*1,118,265*	*1,128,493*
Net debt	**1,068,360**	**1,090,538**	**1,081,126**

Cash and cash equivalents

As at 30 June 2016, cash equivalents amounted to 33.7 million euros and are primarily comprised of UCITS, non-blocked, remunerated, fixed-deposit accounts.

These are managed and valued on the basis of their fair value.

Bank overdraft

The Group has authorised overdrafts totalling 10 million euros granted by a number of its banks.

Bank loan (syndicated credit agreement)

The syndicated credit agreement was amended in September 2014 and contains the following financial covenants:

- the ratio of consolidated net debt over consolidated EBITDA (the "**Leverage Ratio**") must be less than or equal to 4.00 at the end of each calendar quarter over the residual term of the agreement (EBITDA and consolidated net debt as defined in the agreement with the financial institutions, note that the definition of EBITDA when calculating covenants is different from that of EBITDA reported in these financial statements);
- the ratio of consolidated EBITDA over consolidated net interest expense must be greater than

or equal to 3.0 at the end of each calendar quarter over the residual term of the agreement (EBITDA and consolidated net expense such as defined in the agreement with the financial institutions);
- if the Leverage Ratio is higher than 3.50, a maximum amount of investments of 70 million euros during the following financial year.

The Company's syndicated credit agreement also includes compulsory early repayment clauses including in particular:
- a compulsory early repayment clause that applies in the event of a change of control of the Company resulting from the acquisition of the shares of the Company; and
- an early partial repayment clause for each calendar year for a percentage of the cash flows of the consolidated Group less the debt service, with this percentage varying according to the level of the Leverage Ratio (67% if the Ratio is higher than 3.00, 50% if it is between 2.50 and 3.00 and 25% if it is less than 2.50).

The Company's syndicated credit agreement also includes certain commitments (subject to certain exceptions) to apply or not to apply to the Company and/or to its subsidiaries, including the following commitments in particular:
- obligation to maintain certain authorisations;
- restrictions concerning the granting of sureties;
- restrictions concerning the carrying out of mergers, spin-offs or other restructuring;
- commitment to not change the general nature of the activities of the Company and of the Group with regards to their activity on the conclusion date of the syndicated credit agreement;
- restrictions concerning the financial debt that can be incurred by the Company's subsidiaries; and
- the Company is not allowed to engage in distributing dividends, amortising and reducing its capital and other cash distributions concerning its capital as long as the Leverage Ratio is higher than 3.00.

The Company's syndicated credit agreement finally includes the usual default clauses (in particular in cases of payment default, non-compliance with financial covenants of the Company's commitments (including the commitments mentioned hereinabove), cross-default and opening proceedings for the prevention of and handling of company difficulties) allowing lenders to accelerate the term of the loans that they have granted to the Company and to cancel their commitments with regards to the Company's syndicated credit agreement.

The bond loan amounting to 350 million euros mentioned hereinabove was issued by the entity PagesJaunes Finance & Co SCA (which is not an entity affiliated with the Company) and its income was used by the latter to finance the making available to the Company of a Tranche C1 with regards to the Company's syndicated credit agreement.

The compulsory early repayment clause of the Company's syndicated credit agreement in the event of a change in control does not apply to the Tranche C1. In the event of a change in the control of the Company, the Company will have to pay PagesJaunes Finance & Co SCA (who is the sole lender with regards to the Tranche C1) an amount with regards to the Tranche C1 such that it will allow PagesJaunes Finance & Co SCA to buy back bonds from bond holders who so desire with regards to the aforementioned bond loan.

Moreover, PagesJaunes Finance & Co SCA and the Company have signed a separate agreement that provides for certain commitments in particular (subject to certain exceptions) to apply or not to apply to the Company and/or to its subsidiaries, including in particular commitments concerning the same subjects as those provided for in the Company's aforementioned syndicated credit agreement and the following commitments:
- restrictions concerning the financial debt that can be incurred by the Company and it's subsidiaries; and
- prohibition to carry out certain payments in particular with regards to distributing dividends, acquisitions and granting loans.

The reference rate is Euribor or Libor plus a margin.

As at 30 June 2016, bank debt can be broken down as follows:

- Tranche A7 at a nominal of 783.6 million euros: maturity March 2018 with a faculty to extend it to March 2020 (with the condition of refinancing the bond loan of 350 million euros before March 2018), repayable *in fine* less the partial repayments described hereinabove, margin of 400 bps if the Leverage Ratio is higher than 3.00 (325 bps if the Ratio is between 2.50 and 3.00 and, 250 bps if it is less than 2.50);

- RCF 3 revolving credit line: at a nominal of 43.8 million euros as at 30 June 2016, depreciable by 2.7 million euros every quarter a final maturity in March 2018 with a faculty to extend it to March 2020, same margin as the tranche A7.

Bond borrowings

Moreover, SoLocal Group has, via PagesJaunes Finance & Co SCA, a non-affiliated and consolidated entity, a 350 million euro bond loan. This loan has a fixed rate of 8.875% and is repayable on 1 June 2018. As at 30 June 2016, the amount is 337.8 million euros following the partial repurchase of 12.2 million euros by the group.

The company initiated, under the auspices of a *mandataire ad hoc*, negotiations with its creditors aimed at restructuring its financial debt. This debt is comprised of syndicated credit facilities that include in particular a tranche (C1 Tranche) made available by PagesJaunes Finance & Co SCA (an entity that is not an affiliate of SoLocal Group but is included in its scope of consolidation), which financed this tranche through the issuance of bonds (the "Bonds")
The loans under these credit facilities, maturing in March and June 2018 respectively, each contain provisions purporting to make it possible to accelerate repayment in particular in the event of (i) breach of the financial covenants and (ii) appointment of a *mandataire ad hoc* (although under French law, such provision in the latter case is, pursuant to article L.611-16 of the Commercial Code, deemed not to be written and therefore is unenforceable against SoLocal Group).
The appointment of a *mandataire ad hoc* is an event of default under the terms of the Bonds and automatically results in their acceleration except if waived by bondholders representing a majority in principal amount of Bonds. Upon the appointment of the *mandataire ad hoc* on 23 June 2016, the full principal amount of Bonds became due and payable. However, on 29 June 2016, the issuer, PagesJaunes Finance & Co S.C.A., received from holders of Bonds purporting to represent 59.4% of the total principal amount of the Bonds, a notice suspending the acceleration until the earliest to occur of: (i) 30 September 2016, (ii) the date on which the Trustee has received approval from holders representing a majority in principal amount of the Bonds to lift this suspension and (iii) the date of acceleration of the Bonds due to any other event of default under the Bonds.

On 19 July 2016, holders representing a majority in aggregate principal amount of Bonds consented to the transfer of the C1 Tranche, thereby enabling them to directly hold a claim against SoLocal Group and no longer against PagesJaunes Finance & Co S.C.A. This transfer would take effect as soon as the suspension of the acceleration of the Bonds resulting from the appointment of the *mandataire ad hoc* is lifted by holders representing a majority in principal amount of Bonds. Accordingly, if and when the Bonds are accelerated i.e. when the suspension of the acceleration is lifted, the bondholders will become creditors of SoLocal Group for a principal amount equal to the principal amount of the Bonds that they held immediately before the transfer and will be in a position to continue to participate directly in the discussions that SoLocal Group initiated with all of its creditors.

(ii) As at 30 June 2016, the leverage covenant in SoLocal Group's syndicated credit facilities has been breached. As a result, all of the debt (Tranche A7, RCF line and Bond debt) has been reclassified as current debt.
The creditors could vote, as a result of this covenant breach, in accordance with the terms of the credit agreement, for the acceleration of the debt after a period of 15 business days following

receipt by the facility agent of the "compliance certificate", which will be forwarded to the bank creditors at the same time as the 2016 half-year financial statements.

Now that a preliminary agreement has been reached with more than 50% of the bank creditors in order to drastically reduce the Group's debt, the breach of the leverage covenant should not result in the acceleration of the Group's debt.
On this basis, the Group has prepared its consolidated financial statements on the basis of going concern accounting principles.
Although the Management is confident as to the outcome of this process, there is still uncertainty inherent in any negotiation and the implementation of the agreement. In the event that the contemplated restructuring measures are not implemented, SoLocal Group may no longer be in a position to realise its assets and to settle its debts in the normal framework of its activity.

Note that as at 30 June 2016, the Group has a net cash flow of 107.7 million euros, which allows it to conduct its current operations.

Price supplements on acquisition of securities

As part of the acquisitions completed in 2014 and 2015, price supplements may be paid in 2016, 2017 and 2018 if certain operating performance conditions are fulfilled. As at 30 June 2016, these were estimated to be 1.9 million euros.

Other financial liabilities

The other financial liabilities primarily comprise a debit current account with PagesJaunes Outre-mer, a wholly owned non-consolidated subsidiary of SoLocal Group and the pre-financing of the CICE (Tax Credit for Competition and Employment).

Note 9 – Deferred income

Deferred income decreased from 493 million euros as at 30 June 2015 to 435 million euros as at 30 June 2016. This drop must be examined with the significant drop in the level of the "Print & Voice" business, a deformation in the product mix towards products with a shorter lifespan and, to a lesser degree, a prospecting rate that continues to change slightly following the transformation phase of the Group's commercial activity.

Note 10 – Share-holders’ equity

As at 30 June 2016, SoLocal Group held a total of 140,431 of its own shares stated as a deduction from equity including:

- 136,492 shares under the liquidity contract,
- 3,939 shares directly, outside the liquidity contract.

The social capital of SoLocal Group is comprised of 38,876,565 shares each with a par value of 6.00 euros, which is a total amount of 233,259,384 euros (before deduction of treasury shares).

Note 11 – Changes in the scope of consolidation

		As at 30 June 2016		As at 31 décember 2015	
Entities	**Country**	**Interest**	**Voting right**	**Interest**	**Voting right**
Fully consolidated companies (Exclusive control)					
SoLocal Group (consolidating)	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
QDQ Media	Spain	100%	100%	100%	100%
Optimizaclick	Spain	100%	100%	100%	100%
Trazada	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
PJMS	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Retail Explorer	France	100%	100%	100%	100%
Leadformance	France	100%	100%	100%	100%
Net Vendeur	France	100%	100%	100%	100%
Digital To Store	United Kingdom	100%	100%	100%	100%
Horyzon Worldwide	Spain	100%	100%	100%	100%
Yelster Digital	Austria	100%	100%	100%	100%
ClicRDV	France	100%	100%	100%	100%
Fine Media	France	100%	100%	100%	100%
Chronoresto (CD&Co)	France	100%	100%	100%	100%
Orbit Interactive	Morocco	100%	100%	100%	100%
PagesJaunes Finance & Co	Luxembourg	-	-	- (*)	- (*)
Effilab	France	100%	100%	100%	100%

(*) Material misstatement in the consolidate financial statements as at 31 December 2015, consolidation based on sole control as indicated in "Note 26 - Cash and cash equivalents, net financial debt" and "Note 31 - Contractual obligations and off-balance-sheet commitments" in the consolidate financial statements for 2015.

Note 12 – Information on related parties

There were no new significant transactions or changes with related parties during the first half of 2016.

Note 13 – Off-balance-sheet commitments

There were no new significant commitments during the first half of 2016.

Note 14 – Disputes – significant changes for the period

During the year 2013, PagesJaunes had to be reorganised again in order to guarantee its sustainability faced with a constantly changing and highly competitive professional environment. A project on changes in the model and the organisation of PagesJaunes was presented to the staff representation bodies concerned in September 2013. In parallel, Management negotiated with the representative trade unions, a majority agreement concerning the measures for the social support. This agreement was signed on 20 November 2013. At the end of this work with the staff representatives, this plan called for reorganisation along with modifications in the employment contracts of the sales force, a project without direct lay-offs for which the net global balance, however, is the creation of 48 additional jobs within the company. This agreement received validation via a ruling of the DIRECCTE on 2 January 2014.

As 311 employees refused the amendment to their employment contract linked to this reorganisation, 280 of them were made redundant. One employee of the company decided to dispute the validation of the collective agreement relating to the job safeguarding plan before the administrative courts. Initially, his recourse was rejected by the Tribunal administratif of Cergy-Pontoise in a ruling of 22 May 2014.
Then, in a judgement of 22 October 2014, the Cour Administrative d'Appel of Versailles overturned the aforementioned ruling, as well as the decision of the administrative authority concerning the validation of the agreement signed on 20 November 2013.
PagesJaunes and the Minister of Labour appealed this judgement before the Conseil d'Etat.
On 22 July 2015, the High Authority rejected this appeal, and confirmed the decision of the Cour Administrative of Versailles, as such definitively cancelling the initial administrative validation decision. The motivation retained by the Cour d'Appel of Versailles, confirmed by the Conseil d'Etat, concerns the majority nature of the agreement of 20 November 2013, as these judges retained that the signatory of this agreement in the name of the FORCE OUVRIERE union did not have, on that date, a central union delegate mandate, in the absence of designation in writing by his union after the latest professional elections.

To date, 3 proceedings before the tribunal administratif of Cergy-Pontoise for cancellation of the decisions for redundancy authorisations are underway.
PagesJaunes has filed for legal recourse before this same tribunal against a decision to refuse authorisation on hierarchical recourse filed by another employee.
This dossier is ongoing.

Moreover, more than 200 legal proceedings have been brought before industrial tribunals by employees in regard to the consequences of the setting aside of the administrative decision to validate the collective agreement relating to the job safeguarding plan by the Versailles Administrative Court of Appeal, which permits them, according to the law, to claim a fixed compensation based on Articles L.1235-10, -11 and -16 of the French Labour Code.

In the framework of these legal proceedings PagesJaunes has raised a priority question of constitutionality (QPC) concerning Article L.1235-16 of the French Labour Code, for infringement to undertake activities, infringement concerning the principle of equality and revelation that the constitutional objective of accessibility and eligibility of the law is not achieved. PagesJaunes in this framework formed a request for a stay on the proceedings while waiting for a decision on the transmission of this priority question to the Cour de cassation in a first step and, where applicable before the Conseil Constitutionnel in a second step.
The results of these proceedings were indeed able to affect all of the disputes initiated by the employees in the framework of the PSE (Job Safeguard Procedure). The Cour de cassation, in a judgement of 24 March 2016, refused to refer to the Conseil constitutionnel the priority question of constitutionality (QPC) concerning the provisions of dispositions article L. 1235-16 of the French Labour Code.
Moreover, the Cour d'Appel of Rennes which did not wish to stay the proceedings while waiting for a decision from the Cour de cassation, in a judgement of 9 March 2016, sentenced PagesJaunes to pay a provision to the 20 claimants on this compensation corresponding to 6 months' remuneration.

Finally, there are a still a certain number of disputes for which the claimants are requesting the nullity of their redundancy in application de of Article L1235-10 and L1235-11 of the French Labour Code, without mentioning, even alternatively, application of Article L1235-16 of the French Labour Code.

The Company recognised in the consolidated financial statements 2015 the exceptional impact linked to the court decisions that cancelled the validation by the DIRECCTE of the job safeguarding plan. This additional provision is 35 million euros and recognised in the consolidated financial statements as at 31 December 2015. It corresponds to a prudent hypothesis in a context of high legal uncertainty, recently reinforced by contradictory decisions of the employee claims courts. Many actions of legal recourse have been initiated by SoLocal Group to dispute these decisions. As at 30 June 2016, the remaining provision on the statements was 34.4 million euros.

The company continued with the deployment of its reorganisation and therefore relaunched a PSE procedure (Job Safeguard Procedure) for the employees that were not able to be made redundant due to this invalidation; Among the employees concerned by this plan, 4 employees still at work, formed application for annulment of the approval decision of the DIRECCTE (in the absence of an agreement, a unilateral document was drawn up by the company and approved by the DIRECCTE on 22 April 2016).
The hearing for the ruling before the tribunal administratif of Cergy-Pontoise will take place on 1 September and the ruling should handed down by the end of September 2016.

These 4 employees furthermore filed claims for compensation in the framework of legal proceedings for the judicial cancellation of their employment contracts brought before the CPH of Boulogne Billancourt and Nantes.

Note 15 – Information on continued and disposed activities, as at 30 June 2016

Consolidated income statement

in million euros	As at 30 June 2016				As at 30 June 2015			
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
			Recurring	Non recurring			Recurring	Non recurring
Revenues	404,723	-	404,723	-	450,197	4,040	446,157	-
Net external expenses	(105,494)	-	(105,494)	-	(103,667)	(5,448)	(98,220)	-
Personnel expenses	(187,641)	-	(187,641)	-	(212,755)	(3,591)	(209,163)	-
Recurring EBITDA	**111,588**	**-**	**111,588**	**-**	**133,775**	**(4,999)**	**138,774**	**-**
Non recurring items	(2,048)	-	-	(2,048)	(8,571)	(6,306)	-	(2,265)
EBITDA	**109,540**	**-**	**111,588**	**(2,048)**	**125,204**	**(11,305)**	**138,774**	**(2,265)**
Depreciation and amortization	(28,823)	-	(28,823)	-	(23,248)	(1,407)	(21,841)	-
Operating income	**80,717**	**-**	**82,765**	**(2,048)**	**101,957**	**(12,712)**	**116,934**	**(2,265)**
Financial income	734	-	734	-	1,032	-	1,032	-
Financial expenses	(37,585)	-	(37,585)	-	(43,953)	(2)	(43,951)	-
Net financial expense	**(36,851)**	**-**	**(36,851)**	**-**	**(42,921)**	**(2)**	**(42,919)**	**-**
Share of profit or loss of an associate	-	-	-	-	107	-	107	-
Income before tax	**43,866**	**-**	**45,914**	**(2,048)**	**59,142**	**(12,714)**	**74,121**	**(2,265)**
Corporate income tax	(18,684)	-	(19,389)	705	(25,146)	5,094	(31,101)	861
Effective tax rate	*-42.6%*		*-42.2%*	*-34.4%*	*-42.6%*	*-40.1%*	*-42.0%*	*-38.0%*
Income for the period	**25,182**	**-**	**26,525**	**(1,343)**	**33,996**	**(7,620)**	**43,021**	**(1,404)**

Consolidated cash flow statement

(Amounts in thousands of euros)	As at 30 June 2016			As at 30 June 2015		
	Consolidated	**Divested**	**Continued**	**Consolidated**	**Divested**	**Continued**
Recurring EBITDA	**111,588**	**-**	**111,588**	**133,775**	**(4,999)**	**138,774**
Non monetary items included in EBITDA	489	-	489	5,220	251	4,969
Net change in working capital	(18,564)	-	(18,564)	(5,600)	1,641	(7,241)
Acquisition of tangible and intangible fixed assets	(35,605)	-	(35,605)	(34,696)	(507)	(34,189)
Recurring operational cash flow	**57,909**	**-**	**57,909**	**98,700**	**(3,614)**	**102,314**
Cash financial income	(18,485)	-	(18,485)	(42,489)	-	(42,489)
Cash non recurring items	(15,143)	-	(15,143)	(13,067)	(256)	(12,811)
Corporation tax paid	10,523	-	10,523	(597)	52	(649)
Free cash flow	**34,804**	**-**	**34,804**	**42,547**	**(3,818)**	**46,365**
Increase (decrease) in borrowings and bank overdrafts	14,971			(19,918)		
Capital increase net of costs	-			2,559		
Others	4,559			3,569		
Net cash variation	**54,334**			**28,758**		
Net cash and cash equivalents at beginning of period	53,330			43,578		
Net cash and cash equivalents at end of period	**107,664**			**72,335**		

Note 16 – Events subsequent to the closing date of 30 June 2016

The company initiated, under the auspices of a *mandataire ad hoc*, negotiations with its creditors aimed at restructuring its financial debt. This debt is comprised of syndicated credit facilities that include in particular a tranche (C1 Tranche) made available by PagesJaunes Finance & Co SCA (an entity that is not an affiliate of SoLocal Group but is included in its scope of consolidation), which financed this tranche through the issuance of bonds (the "Bonds")
The loans under these credit facilities, maturing in March and June 2018 respectively, each contain provisions purporting to make it possible to accelerate repayment in particular in the event of (i) breach of the financial covenants and (ii) appointment of a *mandataire ad hoc* (although under French law, such provision in the latter case is, pursuant to article L.611-16 of the Commercial Code, deemed not to be written and therefore is unenforceable against SoLocal Group).
The appointment of a *mandataire ad hoc* is an event of default under the terms of the Bonds and automatically results in their acceleration except if waived by bondholders representing a majority in principal amount of Bonds. Upon the appointment of the *mandataire ad hoc* on 23 June 2016, the full principal amount of Bonds became due and payable. However, on 29 June 2016, the issuer, PagesJaunes Finance & Co S.C.A., received from holders of Bonds purporting to represent 59.4% of the total principal amount of the Bonds, a notice suspending the acceleration until the earliest to occur of: (i) 30 September 2016, (ii) the date on which the Trustee has received approval from holders representing a majority in principal amount of the Bonds to lift this suspension and (iii) the date of acceleration of the Bonds due to any other event of default under the Bonds.

On 19 July 2016, holders representing a majority in aggregate principal amount of Bonds consented to the transfer of the C1 Tranche, thereby enabling them to directly hold a claim against SoLocal Group and no longer against PagesJaunes Finance & Co S.C.A. This transfer would take effect as soon as the suspension of the acceleration of the Bonds resulting from the appointment of the *mandataire ad hoc* is lifted by holders representing a majority in principal amount of Bonds. Accordingly, if and when the Bonds are accelerated i.e. when the suspension of the acceleration is lifted, the bondholders will become creditors of SoLocal Group for a principal amount equal to the principal amount of the Bonds that they held immediately before the transfer and will be in a position to continue to participate directly in the discussions that SoLocal Group initiated with all of its creditors.

(ii) As at 30 June 2016, the leverage covenant in SoLocal Group's syndicated credit facilities has been breached. As a result, all of the debt (Tranche A7, RCF line and Bond debt) has been reclassified as current debt.
The creditors could vote, as a result of this covenant breach, in accordance with the terms of the credit agreement, for the acceleration of the debt after a period of 15 business days following receipt by the facility agent of the "compliance certificate", which will be forwarded to the bank creditors at the same time as the 2016 half-year financial statements.

Now that a preliminary agreement has been reached with more than 50% of the bank creditors in order to drastically reduce the Group's debt, the breach of the leverage covenant should not result in the acceleration of the Group's debt.
On this basis, the Group has prepared its consolidated financial statements on the basis of going concern accounting principles.
Although the Management is confident as to the outcome of this process, there is still uncertainty inherent in any negotiation and the implementation of the agreement. In the event that the contemplated restructuring measures are not implemented, SoLocal Group may no longer be in a position to realise its assets and to settle its debts in the normal framework of its activity.

Note that as at 30 June 2016, the Group has a net cash flow of 107.7 million euros, which allows it to conduct its current operations.

The association "Regroupement PP Local" has formed application with the Tribunal de Commerce for annulment of the *mandataire ad hoc* appointed on 22 June. A hearing was held on 22 July and the order of the tribunal rendered on 28 July 2016. SoLocal Group takes note of the decision of the Commercial Court of Nanterre to appoint a new *mandataire ad hoc*.

3. DECLARATION OF THE PERSON RESPONSIBLE

I certify that to the best of my knowledge, the condensed consolidated financial statements for the first half of 2016 have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of the Company and all of the companies included within the consolidation, and that the half year management report is a true reflection of the major events that have occurred during the first six months of the period, of their impact on the half year accounts and of the main transactions between related parties, as well as a description of the main risks and main uncertainties for the last six months of the period.

Boulogne-Billancourt, 1st August 2016
Chief Executive Officer
Jean-Pierre Remy

4. STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION 2016

To the Shareholders,

In accordance with the terms of our appointment at your General Meeting and in application of article L.451-1-2 III of the French Monetary and Financial Code, we have performed:

- a limited examination of the condensed consolidated half-year financial statements for Solocal Group, concerning the period from 1 January to 30 June 2016, as provided with this report;
- verification of the information provided in the half-year management report.

The half-year condensed consolidated financial statements were drawn up under the responsibility of your Board of Directors. Our responsibility is to express our conclusion on these financial statements based on our limited review.

I- Conclusion on the financial statements

We have performed our limited review pursuant to the professional standards applicable in France. A limited review consists primarily in meeting with members of the management in charge of the finance and accounting aspects and in implementing analytical procedures. This work is not as extensive as that required for an audit pursuant to the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, do not contain any significant anomalies obtained in the framework of a limited review is a moderate assurance, and is not as high as that obtained in the framework of an audit.

Based on our limited review, we have not detected any material misstatement of a nature to call into question the compliance of the half-year condensed consolidated financial statements with IAS 34 –IFRS standards adopted in the European Union concerning interim financial reporting.

Without calling into question the conclusion expressed hereinabove, we draw your attention:

- to the paragraph "Note on continued operation" of note 2 – "Context of publication and basis for preparation of the consolidated condensed financial statements" which exposes the context for restructuring the debt and the uncertainties as to the group's capacity to realise its assets and to settle its debts in the normal framework of its activity if the latter were not to unfold in the end

- to the introductory paragraph of note 1 that indicates that the consolidated and company financial statements for the financial year ending 31 December 2015 were not approved by the General Meeting due to the postponing of the latter until the second half of 2016.

II- Specific verification

We have also performed a verification of the information provided in the half-year management report commenting the half-year condensed consolidated financial statements on which our limited review was based. We have no matters to report regarding its fairness and consistency with the half-year condensed consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, 1st August 2016
The Statutory Auditors,

Ernst & Young Audit
Denis THIBON

Deloitte & Associés
Ariane BUCAILLE