#2015 UPDATE TO THE REFERENCE DOCUMENT

This update to the Reference Document (*Document de référence*) was filed with the French financial markets authority (*Autorité des marchés financiers — AMF*) on 17 October 2016 pursuant to Article 212-13 of the AMF's General Regulations. It updates the reference document filed with the AMF on 29 April 2016 under no. D.16-0438. It may be used in connection with an offering of securities if accompanied with a securities note (*note d'opération*) approved by the AMF.

Copies of this update to the Reference Document are available free of charge from SoLocal Group at its registered office at 204, Rond-Point du Pont de Sèvres, 92649 Boulogne-Billancourt Cedex, France; on SoLocal Group's website at www.solocalgroup.com; and on the AMF's website at www.amf-france.org.

SOLOCAL GROUP

A public limited company with share capital of 233,259,384 euros
Registered office: 204, Rond-Point du Pont de Sèvres, 92649 Boulogne-Billancourt Cedex
Nanterre Trade and Companies Register No. 552 028 425

Unofficial translation of the* "actualisation du document de référence 2015" *filed with the AMF on 17 October 2016, under number D. 16-0438-A01, for information purpose only.

1 PERSONS RESPONSIBLE FOR THE UPDATE TO THE REFERENCE DOCUMENT

In this update to the Reference Document, the terms “SoLocal Group” or “the Company” refer to the SoLocal Group SA holding company, and the terms “PagesJaunes SA” or “PagesJaunes” refer to the PagesJaunes SA company. The term “Group” refers to the group of companies formed by the Company and all its subsidiaries, and the term “Consolidated Group” refers to the group of companies formed by the Company and all its subsidiaries, apart from PagesJaunes Outre-Mer, which is not consolidated. A glossary defining the main terms used herein is provided at end of this document.

1.1 Responsibility for the update of the Reference Document

Mr Robert de Metz, Chairman of the Board of Directors, and Mr Jean-Pierre Remy, Chief Executive Officer of SoLocal Group, are responsible for this document.

1.2 Attestation of the persons responsible for this document

We hereby attest that the information in this update to the reference document is accurate and contains no omissions which could limit the scope of its relevance, to the best of our knowledge and after having taken all reasonable measures to ensure the validity of this information.

We hereby attest that to the best of our knowledge, the consolidated condensed interim financial statements were prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial position and net income of the Company and of all of the consolidated companies, and that the financial report provided in chapter 9 of this update to the Reference Document is an accurate reflection of the significant events which occurred during the first six months of the financial year, as well as a description of the main risks and main uncertainties for the remaining six months of the financial year.

We have obtained a letter from the Statutory Auditors stating that they have completed their work and verified the information on the financial position and accounts provided in this document and read through the entire update to the reference document.

The Statutory Auditors have provided a limited audit report on the interim financial information presented in this document, in chapter 20 of this document, contains the following observations:

“Without questioning the conclusion expressed above, we would like to draw your attention to the following:

- The paragraph “Note on business continuity” in note 2 – Context of the publication and basis of preparation of the consolidated condensed accounts” which sets out the context of the debt restructuring and the uncertainties over the group’s capacity to realise its assets and to pay off its debts within the normal scope of its business if it were not finally completed;

- The introductory paragraph to note 1 which states that the annual and consolidated accounts for the financial year ended 31 December 2015 have not been approved by the shareholders’ meeting as the meeting was postponed to the second half of 2016.”

The projected financial information presented in this update to the reference document has formed the subject of a report drawn up by the statutory auditors, in chapter 13 of this document, which contains the following observation:

“Without calling into question the conclusion expressed above, we would draw your attention to the introductory paragraph to part 13 of the update to the 2015 reference document, which indicates the context in which the company SoLocal Group is situated to prepare these profit forecasts”.

Boulogne-Billancourt, 17 October 2016

Mr Robert de Metz

Chairman of the SoLocal Group Board of Directors

Mr Jean-Pierre Remy

Chief Executive Officer of SoLocal Group

3 SELECTED FINANCIAL INFORMATION

The information on this chapter is described in the reference document. At the date of this update to the reference document, this information remains correct and is updated by the information provided below.

CONSOLIDATED INCOME STATEMENT (in million euros)	Period ended 30 June 2016				Period ended 30 June 2015			
	Consolidated	Divested activities	Continued activities[1]		Consolidated	Divested activities	Continued activities[1]	
			Recurring	Non-recurring			Recurring	Non-recurring
Revenues	**404.7**	-	**404.7**	**-**	**450.2**	**4**	**446.2**	**-**
Internet	321.7	-	321.7	-	329.3	4	325.2	-
Print & Voice	83	-	83	-	120.9	-	120.9	-
Recurring EBITDA	**111.6**	-	**111.6**	**-**	**133.8**	**(5)**	**138.8**	**-**
Internet	89.5	-	89.5	-	94	(5)	99	-
Print & Voice	22.1	-	22.1	-	39.8	-	39.8	-
EBITDA	**109.5**	-	**111.6**	**(2)**	**125.2**	**(11.3)**	**138.8**	**(2.3)**
Operating Income	**80.7**	-	**82.8**	**(2)**	**102**	**(12.7)**	**116.9**	**(2.3)**
Net financial expense	**(36.9)**	-	**(36.9)**	**-**	**(42.9)**	**(0)**	**(42.9)**	**-**
INCOME FOR THE PERIOD (GROUP SHARE)	**25.2**	-	**26.5**	**(1.3)**	**34**	**(7.6)**	**43**	**(1.4)**

BALANCE SHEET (in million euros)	Period ended 30 June 2016	Period ended 31 December 2015	Period ended 30 June 2015
Assets			
Non-current assets	**263.3**	**251.1**	**235.4**
Of which net goodwill	95.5	95.1	82.5
Current assets	**489.1**	**507.8**	**510.1**
Of which net trade debtors	293.2	352.6	335.1
Of which cash and cash equivalents	111.5	53.7	75.2
Total Assets	**752.3**	**759.0**	**745.5**
Shareholders' Equity (Group share)	**(1,310.2)**	**(1,328.0)**	**(1,328.8)**
Non-current liabilities	**121.7**	**1,244.2**	**1,232.4**
Of which non-current financial liabilities and derivatives	2.6	1,118.3	1 128.5
Current liabilities	**1,940.7**	**842.8**	**841.8**
Of which trade creditors	101.7	95.4	99.4
Of which deferred income	434.6	483.3	493.5
Total Liabilities	**752.3**	**759.0**	**745.5**
Net Cash Flow	**34.8**	**58.3**	**42.5**
Consolidated Net Debt For The Group(2)	**1,068.4**	**1,090.5**	**1,081.1**
Cash generated by the activity of the consolidated Group	**70.4**	**134.4**	**77.3**

(1) Consolidated income statement is composed of continued activities as above and of divested activities detailed in Consolidated Financial Statements.
Continued activities are divided in recurring items and non-recurring items so that the momentum of the continued activities shall be isolated.

(2) Net debt corresponds to total gross borrowings less and/or plus the fair value of cash flow hedge derivatives (assets and/or liabilities), and less cash and cash equivalents (please see chapter 10 of the Reference Document as updated by this Update to the Reference Document).

4 RISK FACTORS

Section 4.1 “Risks concerning the Group’s activities and strategy” is supplemented by the following:

Risks associated with the implementation of the Group’s strategy

The implementation of the Group’s strategy, as set out in particular within the scope of the “*Conquérir 2018*” plan, presents a certain number of risks that could considerably reduce the Average Annual Net Cash Flow before debt service. In fact, bearing in mind its digital profile in a constantly evolving competitive environment, the SoLocal Group needs a financial structure that will give it the necessary agility to deal with the market risks and job risks such as pressure from competition, particularly in its vertical segments such as Commerce and Services, an acceleration in the fall or rise of production costs in Print & Voice activities, the growing pressure on prices accentuated in the field of Digital Marketing (in particular, a convergence of these prices towards American prices), an unanticipated development in the economic Local Search model in the event of marked penetration of products charged based on performance, or even a major decline in the working capital requirement.

Each of these risks could have a negative effect on the Group’s net cash flow before cumulative debt service over the lifetime of the plan, in an amount corresponding to six to twelve months of average net cash flow, which could have a significant negative impact on the Group’s activities, financial situation, results or its capacity to achieve its objectives.

Inability to comply with its bank covenants and effects of a possible debt refinancing

With net debt(1) established at €1,068 million as at 30 June 2016, the Group’s financial leverage covenant (see note 8 to the consolidated condensed accounts for the 1st half of 2016 in paragraph 20.1 “Consolidated condensed accounts for the period ended 30 June 2016” of this update to the reference document) comes out at more than 4.00 times the consolidated EBITDA as defined in the contract concluded with the financial institutions. Consequently, the Group is not observing its bank covenant on financial leverage. It is observing all the other bank covenants, however.

As announced on 1 August 2016, the Company failed to observe the financial leverage covenant as at 30 June 2016. This confers on the creditors voting by a two-thirds’ majority (excluding Debt Tranche C1) the right to pronounce at any time (subject to the essential provisions of the French Commercial Code) the immediate payability of SoLocal Group’s entire financial debt, i.e. €1.164M (as at 30 June 2016, excluding own debt).

The Company has not observed the bank covenant on financial leverage as at 30 September 2016. This has the same consequences as non-observance of the bank covenant on financial leverage as at 30 June 2016.

Within the scope of the restructuring plan, the creditors voting in favour of the plan are expected to waive their claims against the Company owing to non-observance of the covenants. Consequently, the financial restructuring plan being adopted by the creditors on 12 October 2016, the adoption by shareholders and the Nanterre Commercial Court would render this non-observance of the covenant inapplicable.

If the restructuring measures envisaged are not successfully completed, the SoLocal Group may no longer be able to realise its assets and pay off its debts within the normal scope of its activities.

Furthermore, the following financial ratings were attributed to SoLocal Group at the date of publication of the Reference Document:

- Ca attributed in August 2016 by Moody’s with a negative outlook;
- C attributed in August 2016 by Fitch Ratings.

Changes in ratings are presented below:

		30/09/2016		31/12/2015		31/12/2014		31/12/2013	
		Fitch Ratings	**Moody’s**	**Fitch Ratings**	**Moody’s**	**Fitch Ratings**	**Moody’s**	**Fitch Ratings**	**Moody’s**
SoLocal Group	**Rating**	C	Ca	B-	B3	B-	B3	B-	Caa1
	Outlook	-	Negative	Negative	Negative	Stable	Negative	Negative	Negative
PagesJaunes Finance (2)	**Rating**	C	Ca	B	B3	B+	B3	B+	Caa1
	Outlook	-	Negative	-	Negative	-	Negative	-	Negative

(1) Net debt is the total gross financial debt plus or minus the fair value of derivative instruments used for hedging purposes and minus cash and cash equivalents.
(2) Relating to the bond issue for 350 million euros maturing in 2018.

Section 4.2 “Legal risks” is supplemented as follows:

Litigation and arbitration

During the normal course of business, the Group’s entities may be involved in a certain number of legal, arbitration and administrative proceedings. The charges resulting from these proceedings are only provided for when they are likely to arise and the amount thereof can either be quantified or estimated within a reasonable bracket. The amount of the provisions retained is based on an assessment of the risk in each individual case and mostly depends on factors other than the state of progress of the proceedings, it being stipulated that the occurrence of events during the course of the proceedings may give rise to a reassessment of this risk, however.

Except for the proceedings described below, the Group’s entities are not parties to any legal or arbitration proceedings in which the Management considers that the result could reasonably have a significant negative effect on its results, its activities or its consolidated financial situation.

During the year 2013, PagesJaunes had to carry out a further reorganisation, in order to ensure long-term business sustainability in the face of a constantly changing professional environment presenting strong threats from competition. From September 2013, a proposed development of the PagesJaunes model and organisation has been presented to the company’s Representative Staff Bodies. At the same time, Management negotiated with the representative unions a majority agreement on welfare support measures. This agreement was signed on 20 November 2013. Following completion of these works with the employee representatives, this plan provided for restructuring combined with changes in the employment contracts of the entire sales force, a project with no compulsory redundancies but which ultimately created 48 additional jobs within the company. This agreement was the subject of a validation decision by DIRECCTE (the State’s body in charge of businesses competition, consumption and labour) on 2 January 2014.

Since 311 employees refused the changes in their employment contracts associated with this restructuring, 280 of them were laid off. One company employee decided to dispute the decision to ratify the collective agreement which included the measures provided for in the employment protection plan before the administrative courts. Initially, his appeal was rejected by the Administrative Court of Cergy-Pontoise in a judgment pronounced on 22 May 2014.

Then, by a decision dated 22 October 2014, the Administrative Court of Appeal of Versailles annulled the aforesaid judgment, as well as the decision of the administrative authority ratifying the agreement concluded on 20 November 2013.

PagesJaunes and the Minister of Labour filed an appeal against that decision before the Council of State.

On 22 July 2015, the Supreme Authority rejected that appeal and confirmed the decision of the Administrative Court of Versailles, thus definitively annulling the initial administrative decision on ratification. The reasoning adopted by the Court of Appeal of Versailles, confirmed by the Council of State, relates to the majority aspect of the agreement of 20 November 2013, the judges considering that the signatory of that agreement on behalf of the FORCE OUVRIERE union did not hold a mandate of central union representative at the time, as he did not hold a written delegation from his union following the latest union elections.

To date, three proceedings before the administrative court of Cergy-Pontoise for the annulment of the decisions on authorisation of redundancy are in progress.

PagesJaunes filed an appeal before that same court against a decision refusing authorisation on an appeal to a higher administrative authority filed by another employee.
These proceedings are still pending.

More than 200 legal proceedings were filed before the industrial tribunals by employees taking advantage of the consequences of the annulment of the administrative decision ratifying the collective agreement relating to the employment protection plan by the Administrative Court of Appeal of Versailles, which allows them, as the legal wordings currently stand, to claim compensation on the basis of Articles L.1235-10, 1235-11 and 1235-16 of the Labour Code.

Moreover, the Court of Appeal of Rennes, in a decision of 9 March 2016, ordered PagesJaunes to pay a provision to the 20 claimants against these indemnities corresponding to 6 months' pay. Decisions on the merits have not as yet been pronounced.

At the date of this document, 19 decisions have been pronounced on the merits, ordering the Company to make payments equal to the level of the statutory minimum compensation on the basis of Article L.1235-16 of the Labour Code and rejecting most of the claims attached. Moreover, one decision pronounced on the merits rejected one employee's claims for compensation.

The decisions on the other proceedings lodged before the courts should be pronounced between mid-November 2016 and the first half of 2017.

Finally, several disputes are still in progress for which the claimants are seeking the nullity of their redundancy pursuant to Articles L1235-10 and L1235-11 of the Labour Code, without evoking, even subsidiarily, the application of Article L1235-16 of the Labour Code.

In the consolidated financial statements for 2015, the Company recognised the exceptional impact of the legal decisions annulling DIRECCTE's ratification of the Employment Protection Plan. This additional provision amounts to €35 million and is posted in the consolidated financial statements as of 31 December 2015. It is based on a prudent assumption in a context of great legal uncertainty, increased recently by the contradictory decisions of the industrial tribunals. Many appeals were filed by the SoLocal Group to contest these decisions. As at 30 June 2016, the provision remaining in the accounts amounted to €34.4 million.

The Company has continued its reorganisation process and has therefore relaunched in 2016 a new Employment Protection Plan for employees whom it had not been possible to lay off during these proceedings on account of their invalidation. Among the employees affected by this plan, 4 still in work filed an application before the Administrative Tribunal of Cergy Pontoise for annulment of the decision of approval taken by the DIRECCTE (failing an agreement, a unilateral document was drawn up by the Company and approved by the DIRECCTE on 22 April 2016). These 4 employees also filed applications for compensation within the scope of an action for judicial cancellation of their employment contracts filed before the industrial tribunals of Boulogne-Billancourt and Nantes. The proceedings brought before the Administrative Tribunal of Cergy Pontoise and the industrial tribunals of Boulogne-Billancourt and Nantes were concluded and the employees withdrew their applications.

If one or more of the proceedings described above were to have an unfavourable outcome for the Group, that could negatively affect its financial situation and its reputation.

5 INFORMATION ON THE ISSUER

Section 5.2 “Investments” of the Reference Document is updated as follows:

5.2 Investments

5.2.1 Main investments during the past half-year period

The Group’s Internet activities focus on two product lines: Local Search and Digital Marketing.

The Local Search products are mainly connected with the creation and marketing of advertising content and space, listing, targeted advertising and availability of advertising space for local and national advertisers (an activity often known as “display”), as well as a whole range of services and products allowing local information to be made available and circulated. The related products very broadly focus on the Group’s main media “pagesjaunes.fr”, “Mappy” and “Ooreka” (former “ComprendreChoisir”) and on the Group’s privileged partnerships, mainly with Google, Bing (Microsoft), Yahoo!, Apple and Facebook.

The Digital Marketing products and services enable the relevance of the presence of the Group’s clients on the Web to be strengthened and are divided into three areas: websites and content, local programming and transactional services including PagesJaunes Doc and PagesJaunes Resto in particular.

In the first half of 2016, the Group’s investments concentrated on:

- for Local Search, notably on the portal pagesjaunes.fr with heightened user-friendliness, relevance and quality of content and on the mobile use of PagesJaunes services;
- for Digital Marketing, the development of the Website production platform, the acquisition of the tools and processes required to carry out our local programming activities and AdWords and the investments in PagesJaunes Doc and PagesJaunes Resto in particular;
- the common technological base to improve the Group’s various processes, particularly the processes associated with offers and content;
- the development of its new Citylights registered office in Boulogne-Billancourt for a move to that site

	Period ended 30 June 2016		Period ended 30 June 2015	
(in million euros)	Consolidated	Continued activities	Consolidated	Continued activities
Revenues	404.7	404.7	450.2	446.2
Acquisitions of tangible and intangible fixed assets	**35.6**	**35.6**	**34.7**	**34.2**
As a percentage of revenues	8.8%	8.8%	7.7%	7.7%

5.2.2 Main current and future investments

In 2016, the Group continues to invest in the three aforesaid business areas, increasing its investment in Digital Marketing in particular. The Citylights project for the new registered office was finalised in the summer of 2016.

All the investments made by the Group are financed from resources available and are regularly reviewed by the Management Committee.

For the financial years 2016 to 2018, the Group has set itself an annual investment expenses target of €70 to €75 million (continued activities), i.e. an average of around €73 million per annum, within the scope of the “Conquérir 2018” plan, in order to maintain the development of products and continue the revamping of the back-office IT platforms. This target could develop or change based in particular on the trend of the economic environment or on the materialization of certain risks described in section 4.1 “Risks associated with the Group’s activities and strategy” of the reference document and in section 4 “Risk factors” of this update.

The current syndicated credit agreement (that will be repaid following the financial restructuring) includes a covenant clause which, in 2016, and for the whole of the following year if the consolidated net financial leverage ratio exceeds 3.5 times, limits the Group's investment expenses (including external growth transactions) to €70 million per annum.

The terms and conditions of the bonds that would be issued within the scope of the financial restructuring stipulate that, in 2017, and for the whole of the following year if the consolidated net financial leverage ratio exceeds 1.5 times, the investment expenses for the year must not exceed 10% of SoLocal Group's consolidated revenues for the previous year, with the possibility of retaining any unused amount under certain conditions. This clause does not limit the external growth transactions.

During the financial years 2013, 2014 and 2015 at consolidated level, the Group assigned to its investment expenses €55.3 million (i.e. 5.5% of consolidated revenues for the financial year), €69.6 million (i.e. 7.4% of consolidated revenues for the financial year) and €76.1 million (i.e. 8.7% of consolidated revenues for the financial year), respectively. In the light of the investment requirements identified for the financial years 2016 to 2018 within the scope of the "*Conquérir 2018*" plan (i.e. a consolidated annual amount of investment expenses between €70 and €75 million per annum), the Group considers that the clause stipulated in the terms and conditions of the bonds described in the foregoing paragraph should not form a constraint on the investment requirements identified within the scope of the "*Conquérir 2018*" plan.

6 OVERVIEW OF BUSINESSES

The information contained in Chapter 6 of the reference document remains correct at the date of this update to the reference document and is supplemented by the information provided below.

The financial data in this Chapter covers the scope of activities continued, excluding activities discontinued in 2015.
As a reminder, in 2015 the Group totally abandoned its non-growing and unprofitable Internet activities, namely: State-owned Internet Display Horyzon Media, ZoomOn social media, Lookingo "daily deals" and Sotravo online work estimates.

6.1 Business lines
6.2 Business organisation: Overview of the five vertical business units

As the European leader in local online communication, SoLocal Group embraces a meaningful and scalable mission which is to "reveal local know-how, everywhere, and boost local revenues of businesses".

Over the past five years, the Group significantly expanded its activities on the digital front, while retaining its historical activity of print distribution as a key component of its ability to reach all consumers and offer to its advertisers a full range of communication tools.

Thanks to powerful media (PagesJaunes, Mappy, Ooreka — formerly ComprendreChoisir - and A Vendre A Louer) and partnerships with leading Internet players such as Google, Bing (Microsoft), Yahoo! and Apple, SoLocal Group ranked among the top 10 most visited sites in France in the first half of 2016, with a monthly average of 26 million unique visitors (monthly average between January and May 2016) on fixed and mobile Internet, thus representing more than 1 out of 2 Internet users in France.

In the first half of 2016, the Group generated more than 1.2 billion visits. Mobile equipment, which plays an increasingly important role in SoLocal's strategy, represented 42% of the Group's Internet audience in the first half of 2016, a 27% increase on the first half of 2015.

With more than 4,400 full-time equivalent contributors and a sales force team of 1,900 consultants specialising in the five vertical segments (Home, Services, Commerce, Health & Public, BtoB) and internationally, the Group offers communication solutions suited to its customers' requirements.

The SoLocal Group generated revenues of €405 million* in the first half of 2016, its Internet and Print & Voice activities representing 79% and 21%, respectively. Internet activities, down -1% in the first half of 2016, include the two main digital activities, namely Search Local and Digital Marketing.

6.1 Business lines

6.1.1 Internet

In the first half of 2016, SoLocal Group recorded €322 million Internet revenues, representing 79% of Group revenues, down -1% versus the first half of 2015.

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

- First, we offer digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. In the first half of 2016, this Local Search activity posted revenues of €243 million 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).

** on the scope of continued activities excluding the divested businesses in 2015 (Horyzon Media, Sotravo, Lookingo and ZoomOn)*

- Second, we create and provide Internet users with the best local and customised content about professionals. In the first half of 2016, this Digital Marketing activity represented revenues of €78 million. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+8% in the first half of 2016). They include sites & content, local programming and transactional services. We made innovations to these product ranges in 2015, with an upgrading of the range of our offer of websites and product & store locators and the successful launch of the Adhesive targeting offer, which makes use of our data on Internet users' local buying intentions. And our transactional services have been renamed PagesJaunes Resto and PagesJaunes Doc, taking advantage and increasing the power of the traffic generated on PagesJaunes.

6.1.1.1 Local Search

Overall in the first half of 2016, the Local Search business generated revenues of €243 million (approximately 75% of total Internet revenues), declining by -4% compared to the first half of 2015. This activity encompasses local communication services, mainly the online listing offered by the Group via its own media, such as PagesJaunes, Mappy, Ooreka (formerly ComprendreChoisir) and A Vendre A Louer, granting access to additional visibility beyond its media, via its partnerships, in particular with Google, Bing (Microsoft), Apple Yahoo! and Facebook.

This business is both sizeable, i.e. delivering high profitability and benefitting from strong barriers to entry ensured by a unique platform and a business model, extremely hard to replicate.

Audiences and partnerships

The Local Search activity relies on very large audiences combined with a continued and steady growth over time, powered by strong own media (PagesJaunes, Mappy, Ooreka) and privileged partnerships with key global Internet players which recognise the quality and freshness of the Group's local content. In 2016, over the 4 million of local businesses listed in our database in France, 501,000 are Internet clients of SoLocal Group, thanks to our unique coverage of the French market.

In the first half of 2016, we had over 1.2 billion visits on the fixed and mobile Internet, an increase of 9% compared to the first half of 2015. The mobile Internet represents a growing share of visits, which accounts for 42% in the first half of 2016. SoLocal Group's mobile applications (mainly PagesJaunes and Mappy) have been downloaded nearly 45 million times on smartphones and tablets in France, an increase of 11% compared to the end of June 2015.

In 2015, audiences specifically directed towards clients exceeded 700 million visits in the first half of 2016, growing by 15% versus the first half of 2015.

Bolstered by the performance of our brands (PagesJaunes, Mappy and Ooreka are ranked by Médiamétrie Nielsen in the Top 120 most visited sites; NB: the adjustment to Ooreka ranking following rebranding of its site in second half of 2015), SoLocal Group reached one out of two French Internet users in the first half of 2016. Our Group's media continue to generate sizeable audiences with 26 million unique visitors to fixed and mobile websites (SoLocal is ranked 7th among the most visited fixed and mobile sites in France over the 5 months between January and May 2016, according to Médiamétrie Nielsen).

Audiences (in million visits)	H1 2016	H1 2015	Change
PagesJaunes	**886**	**800**	**11%**
of which mobile & tablet	365	274	33%
Mappy	**187**	**175**	**7%**
of which mobile & tablet	81	73	11%
Ooreka	**78**	**80**	**-3%**
of which mobile & tablet	36	33	9%
Others	**56**	**54**	**+4%**
of which mobile & tablet	24	17	42%
Total	**1,206**	**1,108**	**9%**
of which mobile & tablet	506	397	27%
of which fixed	700	711	-2%

Since 2011, SoLocal Group has been building partnerships with global Internet players in order to develop its offering on all search engines and local platforms, also providing it with unique access to the

local mobile web.

The Group has established global partnerships with major online platforms in order to mutually benefit from the fast-growing mobile market and technical developments. They allow its partners to easily access SoLocal's content database and to provide the Group in return with accurate audience data for its clients. In particular, SoLocal Group signed differentiating and complementary partnerships with Google, Bing (Microsoft), Yahoo!, Apple and Facebook, leveraging on the relevance and accuracy of its database.

In the first half of 2016, audiences from syndication accounted for 322 million of Internet visits, corresponding to 44% of PagesJaunes' audience in terms of number of visits towards businesses.

Those partnerships do not result in any revenue sharing.

Key partnerships	
Google	• "Adwords Premier SMB Partner" • Joint BtoB offer: increased visibility and optimised advertising campaigns for SoLocal clients • Technical management of SEM campaigns in France
Bing	• Brand and PagesJaunes' data highlighted in Local Search in France exclusively • Access granted to SoLocal's databases in return for information provided by Bing on Internet traffic generated for SoLocal's clients • Strong cooperation on Local Search algorithms • Partnership as advertising service provider for Bing
Yahoo!	• Incorporation of PagesJaunes' results into Yahoo's result list, for Local Search in France exclusively • Direct access to detailed PagesJaunes' website and content
Apple	• Brand and PagesJaunes' data highlighted in Local Search on Apple Maps • Access granted to SoLocal's databases in return for information provided by Apple on traffic generated from all Apple services using Apple Maps (iPhone, Siri, Spotlight, Watch, iMac, iPad etc.)
Facebook	• Creation of fan pages for SMBs • Management of Facebook ads campaigns incorporated into SoLocal's platform

Since 2015, SoLocal Group has become a major provider of information for professional listings to Apple for Local Search in France.

In March 2015, the Group signed an agreement with Apple Inc. for an initial term of five years pursuant to which PagesJaunes grants Apple the right to use PagesJaunes' content and technology in Apple's operating systems for its computers, iPhones, iPads and any other devices marketed under the Apple brand.

As of today, the information from PagesJaunes' database is available to users of the Apple "Maps" mobile application, Siri and Spotlight. It is also available through recent and developing Apple technologies such as the Apple Watch.

Local Search products and services

The main offerings of Local Search are the creation and marketing of content, as well as advertising space, listings and the supply of advertising spaces for local advertisers (often referred as "Display").

This segment comprises the activity of "pagesjaunes.fr", "pagespro.com", Mappy and Ooreka.

PagesJaunes

SoLocal Group leverages on the power of its main media, PagesJaunes, to deliver high-performing Local Search's products to its customers.

Such products cover a wide range of solutions that enable advertisers to be localised, analysed, and eventually chosen and contacted by consumers, whatever the device is (computer or mobile/tablet):

- visibility in the listing results in response of users' queries, depending on the criteria mentioned in such queries;
- ranking within these listings;

- up-to-date and rich content to highlight the advertiser's specifics, e.g. opening hours, ongoing deals, specialties, areas of expertise, etc.;

- transactional solutions enabling the consumer to engage one step further, e.g. food online order, restaurant reservation, online appointment with a doctor, etc.

Thanks to its Local Search's solutions, the Group allows its clients to be highly visible on its main media and on its partners' media. These solutions are increasingly customised by client's vertical in order to best match users' expectations and clients' requirements.

SoLocal Group also markets advertising spaces through its own media, such as advertising banners, boxes and strips (Display).

Finally, SoLocal Group focuses strongly on the return on investment (ROI) generated for its clients, the Group provides to its clients and potential clients with a "Business Centre". This extranet tool enables them to track the audiences generated on their contents (clicks and contacts), by user media (fixed or mobile) and by origin (own media and partners' media).

Ooreka (formerly ComprendreChoisir)

The Ooreka website is produced by Fine Media (which was formed in 2007 and acquired by SoLocal Group in 2011). Ooreka provides expert answers to day-to-day questions of concern for French people on over different 400 topics listed into five main thematics: home/household improvements, finance/law, consumer/useful information, health/beauty and business.
Ooreka is ranked 115th among the websites most visited in France over the period from January to May 2016 (according to Médiamétrie/Nielsen), with more than five million different visitors.
It should be noted that the brand change that took place in the second half of 2015 had an unfavourable impact on Ooreka's ranking in the early months of 2016, which has been reversed over several months.

Ooreka leverages on the variety and uniqueness of the contents that it creates to ensure visibility for its clients in the most relevant way.

Mappy

Mappy, acquired by SoLocal Group in 2004, provides geographic services (maps, trip planners, geographical representations, local searches and GPS navigation) on fixed and mobile Internet in France and Belgium. Its website, "mappy.com", had over 11 million unique visitors over the period January-May 2016 (according to Médiamétrie/Net Ratings) and ranked as the 37th most visited website in France. Mappy acquires the raw geographical data from third parties, restructures, aggregates and enriches it, and then incorporates it in its own technical platform. Mappy offers convenient services related to travelling, such as map displays enriched with information, and also offers trip itinerary calculation services by car, on foot or by public transportation, as well as hotel and restaurant reservations.

The MappyGPS Free is a navigation system that can be downloaded free of charge. It also offers business search using the Mappy "Business Card", which incorporates all of the PagesJaunes' and PagesBlanches' databases. This application offers an interface that facilitates the search for a nearby merchant or parking facility and suggests an itinerary to get there. The application can also be set to "walk" mode for pedestrians. It was downloaded nearly 7 million times at the end of June 2016.

6.1.1.2 Digital Marketing

Digital Marketing generated a revenue of €78 million (approximately 25% of total Internet revenues) in the first half of 2016, an increase of 8% compared to the first half of 2015. The SoLocal Group's Digital Marketing solutions offer to all clients, from micro and small enterprises to largest corporations, the ability to expand their presence on the Internet through the Group's own media and its partners' media. This scalable and fast-growing activity continues its development around three product lines:

i) Websites and contents,
ii) Local Programmatic,
iii) Transactional services

Websites & contents

The Group holds the number one market position in France and is one of the leaders in Europe in website creation, hosting, management and listing (with PagesJaunes, affiliated partners and search engines). At the end of June 2016, we managed approximately 380,000 sites in France and abroad. The sites developed by SoLocal Group are designed to adapt to fixed and mobile media, meaning that their designs are compatible with both computer and mobile/tablet.

The Group offers to its clients a complete turnkey website creation, hosting and listing services that enable them to promote their activities on a website. This offer range extends the relationship it has with its clients and thus contributes to reinforcing their customer's loyalty.

Over the last five years, SoLocal Group has expanded its range of site offerings with the "Internet Visibility Pack" and an entry-level product marketed as a 12- or 24-month subscription, called "Site Présence". Since mid-2014, the Internet Visibility Pack has been gradually replaced by a new type of verticalised site, the "Internet Visibility Sites", which are more user friendly and offer a new design adapted to each client's business sectors. In 2015, the Group launched a premium website offering, called "Site Privilège", that offers a high-end product and service (dedicated webmaster, customisation of design etc.).

The range "Sites" offers to advertisers which subscribed to this service an increased visibility on the search engines, fixed and mobile partner sites. These sites are optimised so that they can be easily accessed from PagesJaunes, but also through the various search engines.

Furthermore, Leadformance, a wholly-owned SoLocal Group's subsidiary since June 2014, offers to its clients fully customised mini-sites for each of their shops. This company, which is the leader in France in locating the Internet physical retail outlets and clearance products available, has developed a SaaS platform for this purpose, called "BRIDGE". This system enables Internet users to easily access all information they need to visit outlets (opening hours, services, products, etc.), download coupons and contact merchants directly.

In addition to PagesJaunes and Leadformance, our website creation offering has been extended to other Group brands in France and abroad, some of which are specialised and offer value-added services:

- creation of specialised sites: real estate sector (A Vendre A Louer), major accounts and networks, creation of sites with guaranteed visits offers (PJMS' "Site Connect"), dedicated offers (restaurants and health professionals);
- creation of sites abroad: "Solucion Web" sites, paid and natural listing and creation of videos in Spain (QDQ Media); and
- creation of Facebook Fan Pages: offered to clients in order to expand their audience on social networks.

QDQ Media

QDQ Media, a wholly-owned subsidiary of the SoLocal Group, is one of the leading web agencies in Spain with over 20,000 clients at the end of June 2016. The company provides its advertisers with a broad range of online advertising products and numerous digital services that enhance their visibility on the Internet and enable them to manage their presence on social networks (Facebook, blogs, etc.).

QDQ Media portfolio mainly includes website creation and management, creation and management of AdWords campaigns, and increasingly leverages on SoLocal solutions related to local programmatic. QDQ Media is able to serve small, medium and large companies.

Marketing SoLocal Group's solutions for local advertisers

SoLocal Group has set up partnerships with online directories and agencies throughout the world, with the aim of marketing its technological solutions and know-how (creation of websites and fan pages, Digital Marketing and sales consulting) for local advertisers. The first partnership was initiated in 2012 by its subsidiary PJMS with local.ch for the purpose of offering a website creation and business sectors of SMEs and micro-enterprises in Switzerland.

Local programmatic

SoLocal has developed over years both a unique and powerful local database thanks to exclusive data on qualified and geolocated purchase intentions of Internet users visiting its media.

Retargeting offer

SoLocal develops offerings based on data originated from own media (PagesJaunes, Mappy, etc.). In particular, since subsidiary since June 2014, offers to its clients October 2014, SoLocal markets “ADhesive”, a new offer that has been successfully launched. This product relies on the searches of Internet users on the expose these same users to relevant advertisers on third party media. This offer has significant commercial potential for the various client verticals in France, whatever the size of the advertisers. The programmatic market is a strong opportunity for SoLocal’s growth.

AdWords campaign

Thanks to its partnerships with Google and Bing, SoLocal has been strongly reinforcing since 2013 its capabilities to create and manage paid search campaigns on main search engines. Its product “Booster Site” is currently the flagship of AdWords products, and enables all advertisers to drive traffic towards their websites, be it managed by SoLocal or not.

In addition, SoLocal keeps reinforcing its position with the acquisition of Effilab at year-end 2015. It helps to consolidate SoLocal Group’s expertise in managing online advertising campaigns. Certified and considered as a major agency specialised in Google AdWords™ and Facebook Ads™, Effilab already serves around 200 large clients in France and abroad.

Transactional services

SoLocal Group also offers transactional services that allow highly committed relationships between users and the advertisers benefiting from its services.

Most of these services can be accessed on PagesJaunes’ website using the “action buttons” (book, order, etc.), as well as from websites created by PagesJaunes. These services enable users to:

- schedule an appointment online with a professional (using technology developed by ClicRDV) or a doctor (PagesJaunesDoc);
- book a table at a restaurant: as a result of a partnership agreement concluded in 2014 with LaFourchette, a very large number of restaurants can now be booked directly from pagesjaunes.fr and take advantage of any promotions offered;
- order meals online and arrange for home delivery, as a result of the recent acquisition of Chronoresto, which is now fully incorporated into pagesjaunes.fr;
- book a hotel: SoLocal Group signed a partnership with Expedia in 2014 to develop this service.

Furthermore, the new Web-to-Store solutions using Mappy’s mapping assets and Leadformance’s *store locator* technology have led to new offerings marketed to professionals, including:

- Mappy Shopping, which enables merchants to put their stock of products online;
- Vitrine Digitale, which enables merchants to post photos of their shop online.

Recently, SoLocal has focused on its investments and development in transactional services around two main areas:

- Medical appointment with PagesJaunes Doc: The combination of SoLocal’s very strong audience with health-care & public sector (more than 400 million searches per year), its large salesforce, and its technological know-how in online appointment positions SoLocal as the French leader to tap into the market potential of 250,000 doctors in France
- Meals online ordering with PagesJaunes Resto: in 2015, SoLocal Group rebranded Chronoresto into PagesJaunes Resto to better leverage on the strength of the PagesJaunes brand and audience in the restaurant sector.

Lastly, SoLocal Group offers a vast selection of real estate advertisements through A Vendre A Louer. Created in 1986 (and merged into PagesJaunes in 2013), A Vendre A Louer specialises in communication solutions for real estate agencies and real estate professionals. “Avendrealouer.fr”, whose new website was launched in June

2014, is one of the leading websites for real estate classified advertisements in France. The Group offers A Vendre A Louer solutions to its clients along with AnnoncesJaunes products and services.

6.1.2 Print & Voice

In the first half of 2016, the Print & Voice activities generated revenues of €83 million, i.e. 21% of the Group's consolidated revenues. This business line includes the publication, distribution and sale of advertising space in website, and users can also printed directories (PagesJaunes, PagesBlanches), as well as the telephone directory enquiry and reverse directory services.

Print

The 2015 edition consisted of 239 different directories (129 PagesJaunes directories, 93 PagesBlanches directories and 17 Annuaire Directories). Publication of these directories is staggered throughout the year.

Following the sale of its 39% stake in Editus in September mapping assets and 2012 and the shutdown of the printed directories business in Spain at the end of December 2012, the printed directories activity has been conducted exclusively in France since 2013.

Voice

The Voice and other related activities includes activities specific to SoLocal Group, such as telephone and SMS directory enquiries services (118 008) and the QuiDonc reverse directory. This product also includes some PJMS activities (formerly known as PagesJaunes Marketing Services): telemarketing, data mining (database processing), file creation, management of potential clients and traditional direct marketing activities (inputting entries and posting mailings).

6.2 Business organisation: Overview of the five business units

In accordance with its strategy which aims at reviving growth and offering to clients the best possible services, SoLocal products, designed by "business lines", are marketed through six business units of which five verticals on the French market (Retail, Services, Home, BtoB and Health & Public). This enables us to offer to our customers communication solutions that more closely match their marketing needs.

In connection with these changes, we have revamped our business model and organisation to match the best practices of the digital sector, as well as develop a successful customer experience and increase our focus on winning new markets:

- our local communication advisors are now specialised by vertical and each one has an optimised sales area for prospection;
- employees' concept of a guaranteed customer portfolio have been terminated and replaced with an organisation combining secure contracts for employees (management status) with time management focusing on service and return on investment for clients;
- each vertical sets its objectives (in coordination with business lines) for acquiring and developing a client base and maximising customer loyalty, and can adjust these objectives as matters evolve. This decentralised management system enables a governance that closely matches the specific features of each relevant market.

Below is a table setting out the Internet revenues in the first half of 2016 for each of the six vertical business units.

Internet revenues (in million euros)	H1 2015	H1 2016	Change
Home	93	93	0%
Retail	66	62	-6%
Health & Public	36	37	+3%
Services	62	62	-1%
BtoB	57	55	-3%
International*	11	13	+10%
INTERNET REVENUES	**325**	**322**	**-1%**
Scope includes only continued operations			

*International refers to QDQ Media activities in Spain.

Each business unit has its own governance model, which is as follows:

i) a managing director;
ii) a sales department including the regional sales directors, sales managers, regional marketing managers and sales representatives on the ground, as well as client and prospect telemarketers;
iii) a marketing department that includes expert managers covering each market of the vertical business unit; and
iv) an operations department with steering and project managers.

Financial information and performance indicators of each vertical business unit relate to the scope of continued activities:

SoLocal Home

SoLocal Home	H1 2015	H1 2016	Change
Internet revenues (in million euros)(1)	93	93	0%
Audience (in million searches)	63	64	+2%
Number of Internet clients (in thousands)	119	110	-7%
ARPA(2) - Local Search	€636	€666	+5%
Penetration rate - Digital Marketing(3)	24%	25%	1 pt

(1) France.
(2) Average Revenue per Advertiser.
(3) Percentage of “Local Search” Internet clients subscribing to a “Digital Marketing” service.

Market of the Home business unit

The market of the Home business unit includes all professionals of construction, renovation, maintenance and emergency fixing services. These segments include craftsmen, medium-sized construction enterprises, emergency repairmen and sellers/installers of home equipment (kitchens, verandas, swimming pools, etc.). In the current economy, this sector is experiencing difficulties and has been declining for over two years, with the new construction market being the most severely impacted. However, the sale of renovated old housing has seen slight growth due to energy efficiency subsidies. Another feature of the Home market is that advertising is a major concern for the craftsmen in this sector, for whom over half of their revenues is generated by new customers. This is also a market in which print retains a significant share, although, the various players are gradually shifting online.

Positioning of the Home business unit

SoLocal Group’s vision is to assist professionals of the Home sector in expanding their businesses through advertising. Therefore, the Home business unit focuses on:

i) increasing market share by offering, for example, new services in the form of key packages in order to enhance clients’ visibility, and promoting Digital Marketing to its clients;
ii) shifting its media towards new models that require contributions, thereby capitalising on the role of users’ recommendations.

The Group has key advantages in the Home market, such as:

i) significant market penetration;

ii) expertise in fixed and mobile Internet advertising that is recognized by craftsmen;
iii) powerful media, such as pagesjaunes.fr, Ooreka.fr (the leading site in the home sector) and printed directories, which provide its clients with a large number of contacts;
iv) a global and complete offer that is the result of our websites' and subsidiaries' offers (PJMS, etc.).

Competition
In the Home market, SoLocal Group's position is challenged by active players in various segments of activities:

- specialised companies in the works sector that have positioned themselves as intermediary between craftsmen and individuals: 123devis.com, choisirunartisan.fr, sefaireaider.com, etc.;

- general players that emphasize Digital Marketing offers: Google, LeBonCoin (Schibsted group), Linkeo, Mediapost.

SoLocal Retail

SoLocal Retail	H1 2015	H1 2016	Change
Internet revenues (in million euros)[1]	66	62	-6%
Audience (in million searches)	290	316	+9%
Number of Internet clients (in thousands)	148	136	-8%
ARPA[2] - Local Search	€350	€353	+1%
Penetration rate - Digital Marketing[3]	16%	17%	1 pt

(1) France.
(2) Average Revenue per Advertiser.
(3) Percentage of “Local Search” Internet clients subscribing to a “Digital Marketing” service.

Market of the Retail business unit
The market of the Retail business unit includes local businesses offering services in the following various segments:

i) merchants presenting transactional potential (restaurants, beauty institutes, accommodation professionals),
ii) local merchants, including small town-centre businesses, such as florists, wine merchants, dry cleaners or grocers, sports clubs and cultural establishments,
iii) chains (supermarkets, clothes stores and DIY stores).

Positioning of the Retail business unit
The various segments within the Retail business unit pursue diverse communication strategies. Most advertisers invest primarily online to promote their image and in direct offline marketing (advertising mail), though certain businesses (mainly restaurants and accommodations) have developed transactional solutions (online appointment scheduling, deals and websites), which already account for a significant share of total advertising in this market.

To meet the diversity of its clients' expectations and needs, the Retail business unit has developed an overall digital offering, but retains a strong presence in printed directories and other paper media.

The Retail business unit focuses on:

i) gaining new customers and territories;
ii) increasing the share of its clients' advertising that it publishes by developing mobile media and optimising existing media; and
iii) further enhancing the customisation of services offered in order to more closely match expectations.

The Retail business unit has the following significant advantages in this market:

i) a dense local network;
ii) PagesJaunes, which is a particularly strong brand (one merchant out of four advertises on PagesJaunes);
iii) extensive coverage of its clients' communication needs through a broad range of online and offline media; and
iv) highly diversified offering, adapted to this market and its various sectors: transactional solutions, print, searches, Web-to-Store, etc.

Competition

The Retail business unit faces a variety of competitors in its market, including Internet pure players with disruptive models (e.g., Yelp, JustEat and TripAdvisor). In the hotel reservation field, SoLocal Group is both developing its own solutions and has signed cooperation agreements with Expedia and Booking.

SoLocal Health & Public

SoLocal Health & Public	H1 2015	H1 2016	Change
Internet revenues (in million euros)[(1)]	36	37	+4%
Audience (in million searches)	264	288	+9%
Number of Internet clients (in thousands)	82	82	+1%
ARPA[(2)] - Local Search	€373	€382	+2%
Penetration rate - Digital Marketing[(3)]	10%	12%	2 pts

(1) France.

(2) Average Revenue per Advertiser.

(3) Percentage of “Local Search” Internet clients subscribing to a “Digital Marketing” service.

Market of the Health & Public business unit

The market of the Health & Public business unit covers public institutions, the liberal professions and professionals in the health sector.

This market breaks down primarily into four segments:

- Public sector: the state and social care, local governments (cities and towns, metropolitan areas, departmental councils (*conseils départementaux*)), chambers of commerce (*organismes consulaires*), professional associations, etc.;

- Education: driving schools, professional training institutions, primary, secondary and higher education, individual tutoring services, etc.;

- Liberal professions: lawyers, chartered accountants, architects, auditors, surveyors, veterinarians, etc.;

- Health sector professionals: health professionals, whether or not regulated by a professional association, pharmacies, health institutions and services, etc.

Positioning of the Health & Public business unit

The Health & Public business unit covers sectors that advertise little, in particular due in some cases to regulatory restrictions. As this market gradually opens to advertising, SoLocal Group intends to gain market share and to become a leader in this sector by selling sites and providing online appointment scheduling solutions.

Despite this regulatory and budgetary context, the health market is buoyed by strong demand due to an ageing population, a high birth rate and a greater focus on prevention and screening. The public market must now take into account the fact that users have become "consumers" of public services who have high expectations for easy online access to such services.

The Health & Public business unit focuses on:

i) optimising listings and increasing visibility on online media in order to improve users' experience and maximise audience loyalty (navigation/user friendliness and content);
ii) facilitating business management for customers: online appointment scheduling, secretary services, etc.;
iii) handling patient oversight, in particular for health professionals: ensuring personalised continuity of care, conducting information campaigns, etc.;
iv) expanding the personalisation of services offered to clients by developing tailor-made solutions for websites;
v) improving services with increasingly diversified and sophisticated measurement tools.

The Group has the following significant advantages in the Health & Public market:

i) a large sales force with solid knowledge of the local market;

ii) a powerful general media that generates strong audiences in this specific sector; and

iii) an offering adapted to this market (including hotlines, online appointment scheduling and relationship marketing campaigns). A most noteworthy example is the launch of PagesJaunesDoc, a specialised online appointment scheduling solution.

Competition
The Health & Public vertical business unit faces a fragmented competition with numerous players offering very different communication solutions (direct marketing, specialised press, advertising leaflets, etc.).

SoLocal Services

SoLocal Services	H1 2015	H2 2016	Change
Internet revenues (in million euros)(1)	62	62	-1%
Audience (in million searches)	128	140	+10%
Number of Internet clients (in thousands)	78	73	-7%
ARPA(2) - Local Search	€616	€638	+4%
Penetration rate - Digital Marketing(3)	24%	24%	0 pt

(1) France.
(2) Average Revenue per Advertiser.
(3) Percentage of "Local Search" Internet clients subscribing to a "Digital Marketing" service.

Market of the Services business unit
The market of the Services business unit breaks down into various segments, including:

i) automobile/motorcycle commerce and maintenance (car dealers, mechanics, technical control, body shops, auto centres and specialists);
ii) services for individuals (taxis, undertakers, personal services, clairvoyance);
iii) real estate (real estate agents, notaries, inspectors);
iv) banking and insurance (banks, supplemental health plans, insurance companies, brokers).

Positioning of the Services business unit
In this market, digital maturity varies significantly by segment, the Services business unit aims to provide greater assistance to our clients as they transition to online advertising by offering communication plans that give return on investment (ROI) in order to better meet their needs.

The Services business unit seeks to offer services that are increasingly adapted to its various segments and focuses on the following key issues:

i) offering diversified media solutions;
ii) pursuing the development of Display advertising, a process that has already been initiated with the launch of a CPM ("Coût Pour Mille") offer;
iii) extending the customisation of services offered to clients by developing tailor-made solutions for websites;
iv) improving services with increasingly diversified and sophisticated measurement tools.

More specifically, in the real estate advertising market, in spring 2011, SoLocal Group acquired one of the four leaders in the real estate classified advertising field (according to Médiamétrie Nielsen), the "A Vendre A Louer" website. This acquisition enabled us to enhance our offer to our advertisers in the real estate sector and to improve our competitive position.

The Group has the following significant market advantages:

i) a large sales force with solid knowledge of the local market;
ii) two powerful and dynamic media: PagesJaunes, a general media, and A Vendre A Louer, a dedicated media that is one of the leaders in the real estate classified advertising field (according to Médiamétrie Nielsen);
iii) offers adapted to this market, such as the "Pack Vitrine", which offers real estate classified ads on Annonces Jaunes, and A Vendre A Louer, the vertical Internet visibility card, a new offer of sites that are more user-friendly and effective in terms SEO, direct marketing offers through its PJMS entity, etc.

Competition
The vertical Services business unit faces well-established competitors:

- specialised players in the real estate sector: SeLoger. com (Axel Springer group), Le Figaro (FigaroClassifieds), Logic Immo (Spir Communication), Refleximmo (S3G), De Particulier à Particulier, EntreParticuliers.com;

- specialised players in the automobile, banking and insurance sectors: La Centrale, loan and insurance comparison sites;

- general players: leboncoin.fr (Schibsted group), ParuVendu, TopAnnonces (Spir Communication), regional and national daily press publishers, Vivastreet, etc.

SoLocal BtoB

SoLocal BtoB	H1 2015	H1 2016	Change
Internet revenues (in million euros)[(1)]	57	55	-3%
Audience (in million searches)	110	114	+3%
Number of Internet clients (in thousands)	89	80	-10%
ARPA[(2)] - Local Search	€527	€554	+5%
Penetration rate - Digital Marketing[(3)]	18%	19%	1 pt

(1) France.
(2) Average Revenue per Advertiser.
(3) Percentage of "Local Search" Internet clients subscribing to a "Digital Marketing" service.

Market of the BtoB Business Unit
The BtoB market includes major national advertisers, as well as 500,000 small and medium-sized enterprises, that are active in various business segments, including:

- business services: photocopying services, logistics, medical secretary services, messengers, call centres, survey institutes, etc.;
- wholesale commerce: construction materials, office furniture, packaging, wholesalers, etc.;
- industry: printing, signs, forklift rent, butchers and abattoirs, dental prosthetists, etc.;
- construction and public works: public works, lift repairs, plumbing materials, earth-moving works, car park equipment, etc.;
- agriculture: farmers, cattle farms, grain producers, organic produce farmers, animal breeders, etc.;
- craftsmen: furniture manufacturers, upholsterers and decorators, fashion designers, costume designers, carpenters, tailors, etc.

These businesses all face similar communication issues because of their clientele. Nevertheless, the variety of the business sectors represented requires SoLocal Group's teams to have in-depth knowledge of these markets in order to design communication and marketing campaigns whose purposes may differ.

Positioning of the BtoB business unit
SoLocal Group positions itself as an expert in its clients' digital communication needs.

The BtoB business unit focuses on:

i) finely segmenting the various businesses in this market in order to offer services that closely match our clients' needs;
ii) assisting clients in shifting online and diversifying their online communication means;
iii) providing clients with the best local communication tools and demonstrating the added value and return on investment generated.

The Group has the following significant advantages in this key accounts market:

i) powerful and effective media and listings;
ii) direct marketing solutions;
iii) effective website solutions that take advantage of the power of PagesJaunes;
iv) a dedicated local leading sales force.

Competition
In this market, SoLocal Group faces competition from specialised companies, all of a similar size. These competitors include:

- search: Google, etc.;
- specialised directory publishers: Companeo, Kompass, hellopro.fr, societe.com, etc.;
- specialised media: Infopro, Le Moniteur, Facilities, etc.;
- tradeshows and public relations: Reed Expositions, Comeposium, etc.;
- web agencies: Linkeo, etc.;
- direct marketing and CRM: Mediapost, etc.

International Business Unit

The International Business Unit refers to the QDQ Media activities in Spain.

9 ANNUAL ACTIVITY REPORT AS OF 30 JUNE 2016

The information shown in Chapter 9 of the reference document is, on the date of this update to the reference document, accurate and is supplemented by the information shown below.

Information

The consolidated company financial statements of SoLocal Group as at 31 December 2015 have not been approved by the general shareholders' meeting because the meeting was postponed to the second half of 2016.

On 19 October, the general shareholders' meeting will vote on the statutory and consolidated financial statements for the financial year 2015 and on the appropriation of net income for the financial year. It is proposed that the general shareholders' meeting (i) note that the loss for the financial year amounts to –€1,785,324,772.73 and (ii) note the absence of any distributable profit for the financial year ended 31 December 2015 bearing in mind the positive retained earnings of €1,233,024,413.40, and resolve to allocate the entire loss for the financial year ended 31 December 2015 to the item "retained earnings", which, following the appropriation, would show a debit balance of €552,300,359.33.

The draft resolutions put to the vote of the General Shareholders' Meeting are included in the notice of the meeting published in the *Bulletin des Annonces Légales Obligatoires*.

9.1 Overview

As the European leader in local online communication, SoLocal Group embraces a meaningful and scalable mission which is to "reveal local know-how, everywhere, and boost local revenues of businesses".

SoLocal Group generated revenues of €405 million in the first half of 2016 (scope of continued activities excluding companies assigned in 2015), of which revenues from its Internet and Print & Voice activities represented respectively 79% and 21%. Internet business is driven by two primary business lines: Local Search and Digital Marketing.

Internet
In the first half of 2016, SoLocal Group recorded €322 million Internet revenues, representing 79% of Group revenues.

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

First, we offer digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. In the first half of 2016, this Local Search activity posted revenues of €243 million 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).

Second, we create and provide Internet users with the best local and customised content about professionals. In the first half of 2016, this Digital Marketing activity represented revenues of €78 million. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+9% in the first half of 2016 compared to the first half of 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, i.e. -31% of the Group's consolidated revenues in the first half of 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.

9.2 Commentary on the results as of 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.

	Period ended 30 June 2016				A Period ended 30 June 2015			
Amounts in million euros	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
			Recurring	Non-recurring			Recurring	Non-recurring
Revenues	**404.7**	**-**	**404.7**	**-**	**450.2**	**4.0**	**446.2**	**-**
Recurring EBITDA	**111.6**	**-**	**111.6**	**-**	**133.8**	**(5.0)**	**138.8**	**-**
EBITDA	**109.5**	**-**	**111.6**	**(2.0)**	**125.2**	**(11.3)**	**138.8**	**(2.3)**
Operating income	**80.7**	**-**	**82.8**	**(2.0)**	**102.0**	**(12.7)**	**116.9**	**(2.3)**
Income before tax	**43.9**	**-**	**45.9**	**(2.0)**	**59.1**	**(12.7)**	**74.1**	**(2.3)**
Income for the period	**25.2**	**-**	**26.5**	**(1.3)**	**34.0**	**(7.6)**	**43.0**	**(1.4)**

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 nonrecurring items, such as restructuring costs.

Consolidated income statement for continued activities, as at 30 June 2016 and 30 June 2015

SoLocal Group	Continued activities						
In million euros	Period ended 30 June 2016			Period ended 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 June 2016 and as at 30 June 2015:

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%*	

9.2.1 Analysis of the revenues and recurring EBITDA of continued activities

In the first half of 2016, revenues stood at €405 million, down -9% compared to the first half of 2015:

- Internet revenues of €322 million in the first half of 2016 (representing 79% of total revenues) were down -1% versus the first half of 2015, a 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 of +9% in the first half of 2016 versus the first half of 2015 of which +27% mobile (representing 42% of total audience.
- Local Search ARPA: +3% in the first half of 2016 versus the first half of 2015,back to historical trends.
- Client base: -6% in the first half of 2016 versus the first half of 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 the first half of 2016 versus the first half of 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 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.

In the first half of 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 the first half of 2016, down 20% versus the first half of 2015, mainly driven by the drop in Print & Voice EBITDA.

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

9.2.2 Analysis of 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 as at 30 June 2016 compared to -€21.8 million 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 decreased by -29.2% compared to 30 June 2015. This decrease of -€34.2 million stems from the -€27.2 million drop in recurring EBITDA and from the increase in depreciation and amortisation of €7.0 million.

9.2.3 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%**

9.2.3.1. Net financial income

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

9.2.3.2. Recurring results for the period

Corporate income tax was a charge of -€19.4 million 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 as at 30 June 2016, in reduction of -38.4% compared to recurring income from continued activities as at 30 June 2015.

9.2.3.3 Result for the period for continued activities

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

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

9.2.3.4 Presentation of the results and the consolidated cash flows with the detail for “Continued activities” and “Disposed activities”

in thousands of 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 expenses	**(36,851)**	**-**	**(36,851)**	**-**	**(42,921)**	**(2)**	**(42,919)**	**-**
Share of profit or loss of associated companies	-	-	-	-	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)**

In million 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)	1,850.0%
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	
Others	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%**

9.3 Quarterly financial data

Revenues by Quarter

In million 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 activities	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 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 between Internet and Print & Voice EBITDA was 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 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 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 & assets	-	-	-	-	-	-
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 overdrafts	(18.6)	(1.3)	(10.4)	(3.5)	12.0	3.0
Capital increase net of costs	-	2.6	-	(0.1)	-	-
Others	(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**

10 CASH

The information contained in Chapter 10 of the reference document remains correct at the date of this update to the reference document and is supplemented by the information provided below.

10.1 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 30 June 2016:

SoLocal Group	**Continued activities**		
in million euros	**As at 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 flow from operations amounted to €70.4 million as at 30 June 2016 compared to €80.6 million as at 30 June 2015, representing a decrease of -€10.2 million due mainly to:

- recurring EBITDA for continued activities of €111.6 million as at 30 June 2016, down -€27.2 million compared to 30 June 2015,
- an increase of €2.3 million in non-recurring items (including restructuring costs),
- an increase in the working capital requirement of €18.6 million as at 30 June 2016 compared to an increase of €7.2 million as at 30 June 2015, representing an unfavourable change of €11.3 million between the two periods, mainly associated with the change in the rules on payment of social security contributions and the downturn in the global level of business;
- a net disbursement of €19.2 million by way of financial interest as at 30 June 2016 compared to €42.7 million as at 30 June 2015, i.e. a favourable change of €23.5 million between the two periods partly associated with a time difference in the payment of interest for the 3rd quarter 2016 and the maturity of the hedging instruments at the end of 2015;
- a net receipt of €10.5 million which is explained by the repayment of the tax claim registered as at 31 December 2015 following deduction of the instalments paid compared to a net disbursement of €0.6 million as at 30 June 2015.

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

- €35.6 million in respect of acquisitions of tangible and intangible fixed assets as at 30 June 2016 compared to €34.2 million as at 30 June 2015,
- €4.1 million paid as a guarantee deposit on the CityLights premises in Boulogne;

- €9.0 million by way of reinstatement of the cash collateral paid in 2014 to guarantee two commercial lease agreements on buildings before completion.

Net cash flows allotted to financing transactions comprise receipts of €14.9 million as at 30 June 2016 compared to disbursements of €20.0 million as at 30 June 2015, i.e. a change of €34.9 million mainly including the following:

- The drawdown on the revolving credit facilities for €43.8 million as at 30 June 2016 compared to a repayment of those same facilities of €20.0 million as at 30 June 2015;

- The contractual repayment of the excess cash flow of tranche A7 of the bank borrowing for an amount of €15.2 million;

- The repayment of further borrowing for an amount of €1.7 million;

- The reduction in the debt (no longer as a cash equivalent) resulting from the buyback of a portion of the bond borrowing for an amount of €12.2 million applied in 2015.

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

SoLocal Group (Consolidated)	**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 which 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 compared to 30 June 2015 and down €22.1 million compared to 31 December 2015. It stood at €1,068.4 million as at 30 June 2016 compared to €1,090.5 million as at 31 December 2015 and €1,081.1 million as at 30 June 2015.

As at 30 June 2016, it mainly comprised:

- a tranche A7 bank loan, for a total amount of €783.6 million, the final maturity being March 2018 (or March 2020, on option);
- a revolving credit line drawn in full as at 30 June 2016 for €43.8 million;
- a bond loan amounting to a total of €337.8 million at a fixed rate of 8.875% repayable in June 2018.

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

10.2 Risks and uncertainties relating to the second half of 2016

The Group has reviewed the risks that might have a significant unfavourable effect on its business, its financial situation or its results (or its capacity to achieve its objectives):

- Operating activities and Group strategy: the Group's adaptation to digital technologies and to market developments, the difficulty in dealing with competition, sensitivity to the economic climate, the increase in the price of paper or cost of other production factors, the risk of impoverishment of content, damage sustained by the information systems, the fluctuation in the Group's quarterly results, the effect of investments or disinvestments, the incapacity to observe its bank covenants and effects of a possible debt refinancing could have a significant negative impact on the Group's activities, financial situation or results.

The Company has declared that it is preparing a drastic debt reduction plan. Failure to implement this plan could compromise the Company's capacity to regain sound fundamentals, implement its strategy and resume growth.

- 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: bearing in mind its financial structure, the Group is exposed to the interest rate risk, the liquidity risk and the credit risk. The Company has declared that it is preparing a drastic debt reduction plan. Failure to implement this plan could compromise the Company's capacity to regain sound fundamentals, implement its strategy and resume growth.

- **Business continuity**

The business continuity risk is detailed in note 2 to the consolidated accounts.

As announced on 1 August 2016, the Company failed to observe the financial leverage covenant as at 30 June 2016. This confers on the creditors voting by a two-thirds' majority (excluding Debt Tranche C1) the right to pronounce at any time (subject to the essential provisions of the French Commercial Code) the immediate payability of SoLocal Group's entire financial debt, i.e. €1.164M (as at 30 June 2016, excluding treasury shares).

The Company has not observed the bank covenant on financial leverage as at 30 September 2016. This has the same consequences as non-observance of the bank covenant on financial leverage as at 30 June 2016.

Within the scope of the restructuring plan, the creditors voting in favour of the plan are expected to waive their claims against the Company owing to non-observance of the covenants. Consequently, the financial restructuring plan being adopted by the creditors on 12 October 2016, the adoption by shareholders and the Nanterre Commercial Court renders this non-observance of the covenant inapplicable.

If the restructuring measures envisaged are not successfully completed, the SoLocal Group may no longer be able to realise its assets and pay off its debts within the normal scope of its activities.

10.3 Events after the 30 June 2016 statement

Please refer to note 16 to the consolidated condensed interim accounts contained in paragraph 20.1 of this update to the reference document as well as paragraph 10.2 "Business continuity" and in chapters 12

“Information on trends”, 14 “Administrative and management bodies” and 18 “Main shareholders”.

12 INFORMATION ON TRENDS

Since 2013, SoLocal Group has sped up its digital transformation in order to develop new Internet business and to make particularly decisive progress on the digital communication market for local businesses. The Group is now the 5th Internet Group in France in terms of audiences with almost 6 out of 10 users visiting its leading media every month: PagesJaunes, Mappy, Ooreka and A Vendre A Louer. SoLocal Group is also the leader in Europe in the creation of business websites and local Big Data.

This transformation has led the company to totally reorganize its commercial approach with the establishment of specialist business units serving local digital communications for more than 500,000 French SMEs. The Group has also established major partnerships with the main Internet players, such as Google, Apple or Bing (Microsoft), which strengthen the progress made among Internet users of SoLocal Group's content and particularly that of its clients.

Following radical reform, the Internet business now represents almost 80% of the Group's revenues and forms a sound basis for launching a new strategic plan that will enable SoLocal to enter a new stage in its history marked by sustained and ongoing Internet growth. This plan, "*Conquérir 2018*" (Conquer 2018), aims to achieve an annual growth in Internet revenues of almost 10% and an EBITDA/revenue margin of between 28% and 30% in the long term by 2018.

In a highly competitive market that requires a permanent capacity to invest and adapt, however, SoLocal Group stands out for its persistent residual debt of €1.164 Bn, resulting from the LBO in 2006, which considerably reduces its choices and its operating and strategic investments.

This level of debt, and the operating constraints accompanying it through the bank covenants to which the business is subject, place the Group in a situation of permanent under-investment, a situation that is untenable in view of the marked fall in the Group's printed directory activities and the rapid development of its new digital activities.

From this point of view, after exploring all the scenarios and after holding discussions over several months with the various parties involved under the aegis of an ad hoc representative, the Group has proposed a financial restructuring plan that would enable it to reduce its debt by €764M (i.e. a two-thirds' reduction in its current debt) to a residual level of €400 M. This reduction would enable the Group to achieve a level of debt in line with comparable companies and to invest in its Internet growth.

Following the discussions held under the aegis of Maître Abitbol and then Maître Bourbouloux, the SoLocal Group presented a financial restructuring plan seeking to reduce its debt by two-thirds. The terms of the plan were submitted to its creditors at the creditors' committee meeting held on 12 October 2016 and to all its shareholders at the Company's shareholders' general meeting to be held on 19 October 2016 on the first call.

Completion of the transactions included in this plan would enable the SoLocal Group to increase its equity and to regain a level of debt compatible with its digital profile. With a reduced level of debt, the plan would allow the implementation of the "*Conquérir 2018*" plan.

The financial restructuring plan was put to the creditors' vote on 12 October 2016 who voted for the restructuring and will be put to the shareholders' vote on 19 October 2016, and then submitted for the approval of the Nanterre Commercial Court.

It is reiterated that the negotiations with those creditors who had signed an agreement in principle on 1 August 2016 had not been fully concluded, particularly with regard to the terms of the debt and governance.

Discussions took place between the various parties involved to improve the shareholders' position in relation to the plan presented on 1 August 2016. Consequently, instead of and in the place of an allotment of share subscription bonds (SSBs) to shareholders at an exercise price of €1.5, the Board of Directors has proposed an allotment of free shares to shareholders, at a rate of one free share per share held. These provisions would enable the minimum rate of holding of capital by shareholders to be increased to 11.9% compared to 6.3% in the initial plan.

Increase in equity

The financial restructuring would include a portion of the increase in equity under the following terms:

- an share capital increase with shareholders' preferential subscription right for a maximum amount of around €400 million[1] (including the issuance premium), with the possibility of raising it to a maximum amount of around €460 million in the event of full exercise of the extension clause, at a price of one euro (€1) per share, i.e. the issue of 400 million shares (the "**Rights Shares**") which may be extended to a maximum of approximately 460 million shares in the event of the full exercise of the extension clause, guaranteed by all the lenders, which should be launched on 21 November 2016, and which settlement should take place on 14 December 2016, according to the indicative schedule (the "**Rights Issue**"). The

[1] *For an outstanding debt under the credit agreement dated 24 October 2006, as amended by amendments, of a total amount by way of principal of €1,164,000,000 at the date of implementation of the restructuring transactions.*

Rights Issue will form the subject of a prospectus previously submitted for the approval of the AMF;

- a free allotment of shares, on 16 December 2016 according to the indicative schedule, to all Company shareholders registered in the accounts on the date indicated in the short-form prospectus relating to the PSR Issue, at a rate of one (1) share per existing share (the "**Free Shares**");
- A share capital increase without shareholders' preferential subscription rights in favour of the lenders under the Existing Credit Facility Agreement (as defined below), via the issuance of new shares (the "**Lenders Shares**") with warrants, each granting the right to subscribe for one new Company share at a unit price of two euros (€2) (the "**Lenders Warrants**" and, together with the Lenders Shares, the "**Lenders ABSAs**"). The Lenders Share issue will be subscribed for by way of set off against certain, liquid and payable receivables. The nominal amount of the Lenders Shares issue, the number of Lenders Shares, their subscription price (between €2.14 and €4.73 per share[2]) and the equal allotment of the Lenders ABSAs are mainly based on the subscription rate for the Rights Issue in cash. Settlement of the Lenders ABSAs issue should take place on 16 December 2016, according to the indicative schedule; the Lenders Warrants shall be admitted to trading on the regulated market of Euronext Paris; and
- the issuance of bonds with a conversion option and repayable in shares (or in cash at the Company's option) at a rate of one share per bond, issued without preferential subscription right for the benefit of the lenders under the Existing Credit Facility Agreement (as defined below), at a nominal value of two euros (€2) per unit (the "**MCBs**"). Subscriptions to the MCB issue will be made by way of set off against certain, liquid and payable receivables. The number of MCBs to be issued will be based on the subscription rate for the Rights Issue in cash, without being able to exceed 101,000,000. In the event of subscription for the Rights Issue in cash at least equal to 75% of the initial amount of the Rights Issue, no MCB will be issued. Settlement of the MCB issue should take place on 16 December 2016 according to the indicative schedule. The MCBs shall be admitted to trading on the regulated market of Euronext Paris.

The Company will inform its shareholders of the exact dates of detachment of the Free Shares and the Rights Issue in a subsequent press release and in the prospectus on the Rights Issue that will be submitted to the AMF for its approval.

Reduction in the long-term financial debt by two-thirds

The restructuring plan seeking a drastic reduction in the Group's financial debt and the implementation of the "*Conquérir 2018*" strategic plan would present the following characteristics, based on the rate of cash participation in the capital increase with shareholders' preferential subscription rights.

In all cases, the Group's financial debt would be reduced from €1.164 million to €400 million[3], thus reducing the Group's financial leverage from 4.2x to around 1.5x. The plan to be put to the vote will incorporate the compromise proposed by the *ad hoc* representative on the return on the residual financial debt and certain covenants. The main terms of the residual debt are as follows:

- Residual debt: approximately €400 million of bonds to be issued with a 5-year maturity.
- These bonds will accrue interest at a variable rate (calculated on the 3-month EURIBOR with a minimum of 1%) plus a margin between 3% and 9% reviewed half-yearly based on the level of the Company's leverage recorded during the course of the previous half-year (and, for the initial margin, on a *pro forma* basis in respect of the restructuring transactions). The Company undertakes to make every effort to list the issue of bonds within three months and to maintain this listing on the Official List of the Luxembourg Stock Exchange and to trade in the bonds on the Euro MTF market throughout the period of validity of the bonds.
- The Company would be able to redeem these bonds at any time, at 101% of their par value.
- For the record, the "*Conquérir 2018*" plan presented in August assumed a financing rate equal to the average rate of the current debt (5.5%). The terms proposed therefore indicate additional interest between €10 and €20 million per annum.
- The terms of the residual debt (as proposed) are summarised below:

[2] *The minimum subscription price would be €2.12 taking into account the Company's maximum financial debt of €1,172,000,000 at the date of implementation of the restructuring transactions.*

[3] *This amount of €400 million is based on a gross debt at the date of performance of the transaction of €1.164 million. If it were higher (a maximum of €1.172 million), this amount would be adjusted accordingly.*

Amount	€400 million[4]	
Maturity	5 years	
Interest	Interest: marge plus 3-month EURIBOR with a minimum of 1%	
	Margin: based on the level of the consolidated net financial leverage ratio:	
	Consolidated net financial leverage ratio (L)	**Margin**
	L > 2.0x	9.0%
	L ≤ 2.0x but L >1.5x	7.0%
	L ≤ 1.5x but L >1.0x	6.0%
	L ≤ 1.0x but L >0.5x	5.0%
	L ≤ 0.5x	3.0%
Early repayment	101% at any time	
Cash surplus	Compulsory early repayment in an amount equal to a percentage of the Cash Surplus beyond €90M calculated based on a certain level of its consolidated net financial leverage ratio:	
	Consolidated net financial leverage ratio (L)	**Margin**
	L > 3.0x	100%
	L ≤ 3.0x but L >2.0x	85%
	L ≤ 2.0x but L >1.0x	50%
	L ≤ 1.0x	25%
Financial commitments	Consolidated net financial leverage ratio (consolidated debt/consolidated EBITDA) < 3.5x	
	Interest coverage ratio (consolidated EBITDA/consolidated net interest expense) >3.0x	
	Commitment on investment expenses: in 2017, and for any subsequent year, if the consolidated net financial leverage ratio exceeds 1.5x, the investment expenses should not exceed 10% of SoLocal's revenues in the previous year with the possibility of retaining any unused amount under certain conditions	
Limitation of dividends, distributions to shareholders and investments	Limitation of dividends, distributions to shareholders and investments provided, in particular, that (i) the consolidated net financial leverage ratio does not exceed 1.0x for dividends and distributions and (ii) the *pro forma* consolidated net financial leverage ratio does not exceed 1.25x for growth transactions with a majority holding for a maximum amount of €100M for all these investments.	
Guarantee	Pledge on PagesJaunes SA securities	

Report of the independent expert

It is stated that an independent expert, cabinet Finexsi, was appointed to give an opinion on the equitable nature of the subscription price proposed for the issues of securities reserved for the creditors of SoLocal Group in the context of the envisaged financial restructuring. Its report was made available to shareholders on 4 October 2016. The conclusions of this report are included in the transaction note which has obtained the AMF's approval today.

Conditions for the performance of the financial restructuring transactions

[4] *This amount of €400 million is based on a gross debt at the date of performance of the transaction of €1.164 million. If it were higher (a maximum of €1.172 million), this amount would be adjusted accordingly.*

The performance of the aforesaid transactions remains subject to the following:

- The approval of the Company's general shareholders' meeting to be held on 19 October 2016 on the first call, and in particular the vote on the fifteenth resolution on the reduction in share capital by reducing the nominal unit value of the Company's shares to ten (10) euro cents;
- The ratification of the accelerated financial safeguard plan as amended by the creditors' committee by judgment of the Commercial court in Nanterre to be pronounced on 9 November 2016; and
- The implementation of the Rights Issue that will form the subject of a prospectus previously filed with the AMF for its approval.

The creditors' committee was called to a meeting and met on 12 October 2016 to vote on the entire financial restructuring plan. The creditors' committee decided to approve the proposed plan.

Having been approved by the creditors, the plan will be submitted for approval by the general shareholders' meeting on 19 October 2016. In the event of a favourable vote cast by the general shareholders' meeting, it will be submitted for approval by the Nanterre Commercial Court.

Implementation of the "Conquérir 2018" strategic plan

This drastic reduction in the Group's debt would allow implementation of the "*Conquérir 2018*" strategic plan which aims to speed up Internet growth between now and 2018:

- Growth in Internet revenues close to 10% in 2018
- EBITDA / revenue margin between 28% and 30% in the long term

The "*Conquérir 2018*" plan aims to speed up Internet growth between now and 2018. It is an integral part of the financial restructuring presented above and forms the basis of the proposals approved by creditors and which will be submitted for approval by shareholders. It is structured around the following objectives:

- **Internet revenues representing 90% of total revenues, with a growth in Internet revenues close to 10% in 2018**:
  - **Stabilisation of the number of customers**: AAGR[1] -1% over the period 2015-2018 benefiting from optimised customer loyalty and the accelerated acquisition of new customers
  - **Sustainable growth in the Search Local ARPA**: AAGR[1] +4% over the period 2015-2018, thanks to the sustainable monetisation of the growing audience and the accelerated acquisition of new customers with strong ARPA
  - **Acceleration of Digital Marketing penetration**: +8pts over the period 2015-2018 thanks to innovating ranges of offers with marked development potential
- **EBITDA / revenue margins between 28% and 30% in the long term** thanks to a controlled decrease in Print & Voice business and the stabilisation of the cost base; and
- **Average Annual Net Cash Flow before debt service of €90 million.**

Bearing in mind its digital profile in a constantly developing competitive environment, the SoLocal Group needs a financial structure that gives it the necessary agility to deal with the market risks and job risks such as pressure from competition, the accelerated decline of the Print & Voice business, the increasing pressure on prices accentuated in the Digital Marketing field, a sharp penetration of Search Local products charged on performance, or even a major decline in the requirement for working capital.

Each of these risks could have a negative effect on the Group's net cash flow before cumulative debt service over the lifetime of the plan, of an amount corresponding to six months to twelve months (see paragraph "Risks concerning the Group's activities and strategy" in Chapter 4, "Risk Factors", of this update to the reference document.

[1] *Annual Average Growth Rate*

13 PROFIT FORECASTS OR ESTIMATES

Projected information

This projected information is provided for the year 2016.

It falls into a context where the Group's management remains significantly constrained by the weight of its debt, and where the latter is preparing a plan for the drastic reduction of that debt, approved by the creditors at a meeting of the creditors' committee on 12 October 2016 and which, if also approved by the shareholders and ratified by the Commercial court in Nanterre, will take effect at the end of the year.

The SoLocal Group disclosed its outlook for the year 2016 on 19 May 2016 and confirmed them on publication of the half-year results on 1 August 2016.

In this context, the outlook expected for 2016, concerning the scope of continued activities, is as follows:

- Growth in Internet revenues of 0 to 2%
- Recurring EBITDA/revenue margin at 28% or higher

Macroeconomic assumptions

The SoLocal Group is developing in a stable addressable market estimated at €34 billion between 2014 and 2015 (source: independent consultancy company).

This market consists of three segments. Firstly, traditional advertising is valued at €27.1 billion, down by around 2%. Secondly, digital advertising is valued at €2.5 billion, up by around 4%. Finally, the portion relating to digital marketing is valued at around €4 billion, up 5% to 10%.

For the year 2016, the SoLocal Group does not anticipate any significant growth in these different market segments.

Within these different segments, however, the Group is finding a constant intensification of pressure from competition, with an increase in the power of new hyper-specialist players among other things, and the growing need to pursue product innovation.

Assumptions within the Company

The group has significantly limited its commercial investments since the spring of 2015 to meet the financial constraints, thus affecting the slightest acquisition of new customers. The Company consequently estimates that the unfavourable trend in the number of customers should continue, in line with the trends observed since the year 2015.

Since the spring of 2015, the group has placed a particular stake in developing customers with significant ARPA as a priority. The resulting commercial initiatives, added to the impact of a lower acquisition of new telesales customers and increased monetisation of audiences, are leading the Company to consider that the Local Search ARPA could develop within a bracket surrounding its historical progression.

With regard to Digital Marketing, since 2015, the group has allowed significant marketing, technological and commercial investments to be made to favour the increase in power of new products with marked value: high-end websites, local programming, management of AdWords campaigns and transactional services.
The benefits of these measures should make it possible to envisage, in 2016, in terms of Digital Marketing revenues, developments which improve on the historic trend.

The result of these three factors (number of customers, Local Search ARPA and Digital Marketing) leads the Company to maintain its outlook of a growth in Internet revenues of 0 to 2% in 2016.

The recurring EBITDA/revenue margin, estimated at 28% or higher for the year 2016, takes several factors into account:

- Growth in Internet revenues of 0 to 2%
- Continued decrease in Print & Voice revenues at a rate similar to that seen in the first half of 2016
- Control over and continued optimization of the various cost items (costs of revenues, sales costs and other

costs), which also benefit automatically from the operational contingency plan announced in April 2015 and fully implemented in 2015.

The outlook for Internet revenues and recurring EBITDA/revenue margins for 2016 is based on data, assumptions and estimates considered reasonable by the SoLocal Group. They may develop or be amended, owing to uncertainties associated in particular with the economic environment.

Moreover, the projected information presented above is based in particular on the assumption that the plan will be approved by the shareholders and the Commercial court in Nanterre.

Statutory auditors' report on the projected results

ERNST & YOUNG Audit 1/2, place des Saisons 92400 Courbevoie – Paris-La Défense 1 A simplified joint-stock company (*S.A.S.*) with a variable capital	DELOITTE & ASSOCIES 185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex A public limited company (*S.A.*) with a capital of €1,723,040
Statutory Auditor Member of the Compagnie Régionale de Versailles	Statutory Auditor Member of the Compagnie Régionale de Versailles

SoLocal Group

A public limited company (*Société Anonyme*)

204, Rond-Point du Pont de Sèvres
92100 Boulogne-Billancourt

Statutory Auditors' report

on the forecast profit for the financial year ending 31 December 2016

Chairman of the Board of Directors and CEO,

In our capacity as statutory auditors and applying Regulation (EC) No 809/2004, we have prepared this report on the forecast "recurring EBITDA / revenues" margin of SoLocal Group for the financial year ending 31 December 2016, included in part 13 of the update to the 2015 reference document.

These forecasts and the significant assumptions that underlie them have been prepared under your responsibility, applying the provisions of Regulation (EC) No 809/2004 and the ESMA recommendations on the forecasts.

Based on our work, we are responsible for expressing our conclusion, under the terms required by Annex I, point 13.2, of Regulation (EC) No 809/2004, on the appropriate nature of the preparation of these forecasts.

We have carried out the measures we considered necessary from the point of view of the professional standards of the French Statutory Auditors' Association on this task. These measures involved an assessment of the procedures introduced by the management for the preparation of forecasts, as well as the implementation of measures to ensure that the accounting methods used comply with those adopted for the preparation of SoLocal Group's historical financial information. They also consisted in collecting the information and explanations we considered necessary, giving us reasonable assurance that the forecasts are suitably prepared based on the assumptions indicated.

We would like to remind you that, since forecasts are uncertain by nature, actual results will sometimes differ significantly from the forecasts presented and we are not expressing any conclusion on the possibility of achievement of these forecasts.

In our opinion:

- The forecasts have been suitably prepared on the basis indicated;
- The accounting basis used for the purposes of these forecasts complies with the accounting methods applied by SoLocal Group.

Without calling into question the conclusion expressed above, we would draw your attention to the introductory paragraph to part 13 of the update to the 2015 reference document, which indicates the context in which SoLocal Group is situated for the preparation of these profit forecasts.

This report is issued solely for the following purposes:

- filing the update to the 2015 reference document at the AMF;
- and the admission to trading on a regulated market, and/or a public offering, of shares or debt securities with a unit par value of less than €100,000 in SoLocal Group in France and in the other EU countries in which the prospectus approved by the AMF will be notified ,

and may not be used in any other context.

Paris la Défense and Neuilly-sur-Seine, 17 October 2016

Statutory Auditors

Ernst & Young Audit	Deloitte & Associés
Denis Thibon	Ariane Bucaille

14 ADMINISTRATIVE AND MANAGEMENT BODIES

Current composition of the Board of Directors

It is recalled that the Board of Directors is currently composed of eight members (including six independent directors).

Consequently, in July 2016, Mrs Joelle Obadia, director and employee representative, was appointed member of the Remuneration and Appointments Committee for her term of office of director, i.e. for four (4) years. Proposed changes to the Board of Directors

SoLocal Group's Board of Directors, which met on 28 September 2016, resolved, after hearing the conclusions of the Appointments and Remuneration Committee, to support, at the Company's general shareholders' meeting to be held on 19 October 2016 on the first call, the appointment, subject to the approval of the financial restructuring plan by this general meeting, of four new directors:

- Two representatives of the individual shareholders: Mrs Anne-Marie Cravero and Mr Alexandre Loussert and
- Two candidates proposed by the group of creditors: Mr John Slater, a partner at Paulson, SoLocal Group's largest creditor, and Mr Dominique d'Hinnin.

For the record, these four candidates supported by the Board of Directors are added to the application of Mrs Monica Menghini whose appointment as director, for a term of four (4) years expiring at the end of the ordinary general shareholders' meeting called to vote on the financial statements for the financial year ending 31 December 2019, would also be submitted to the general meeting on 19 October.

The Board of Directors considers that this expansion would allow a greater representation of the various parties involved.

The Board of Directors also considers that the appointments of Mrs Monica Menghini, Mrs Anne-Marie Cravero and Mrs Alexandre Loussert observe the AFEP-MEDEF rules on independence. This would bring the number of directors to thirteen, including nine independent directors.

This provision on governance was stipulated at the time of the agreement reached with 4 creditors representing around 43% of the Company's debt, announced on 5 October 2016.

Under that agreement, the number of representatives of the main creditors would thus increase from two members out of thirteen in the event of a cash subscription for the Rights Issue for an amount exceeding €300M (i.e. 75% of the amount), to five members out of thirteen in the event of a cash subscription for the Rights Issue for an amount of less than €100M (i.e. 25% of the amount, the creditors then holding a total of between 68% and 86% of the capital post financial restructuring (after taking into account the allotment of Free Shares but before dilution by the MCBs and possible exercise of the Lenders Warrants). Any changes required would be made by co-opting, some of the current directors having already agreed to terminate their office in such a case.

If these proposals are approved by the Company's general shareholders' meeting to be held on 19 October 2016 on the first call, SoLocal Group's Board of Directors will be composed of thirteen members, including one director elected by the employees, six women and eight independent directors (including the two new representatives of the individual shareholders).

A presentation of each of the five candidates has been put on line on SoLocal Group's website.

These appointments could be followed by other governance developments as soon as the new distribution of the capital post financial restructuring is known.

Proposed resolutions by shareholders

The Company has also received from two groups of individual shareholders declaring that each one holds around 0.8% of the Company capital (without taking proxies into account), draft resolutions proposing the dismissal of five directors (the Chairman, CEO (in his capacity of director) and the other members of the Appointments and Remuneration Committee) and the appointment of seven new directors (including six members of the association RegroupementPPLocal including its chairman Alexandre Loussert, and Mr Arnaud Marion).

Requests for the inclusion of draft resolutions filed by these two groups of shareholders were put online on 28 September 2016 on SoLocal Group's website www.solocalgroup.com.

These draft resolutions, taken overall, are not supported by the Board of Directors which considers that the adoption thereof would disrupt the Company's governance well beyond the actual representation of the shareholders who filed them and that it could call into question the "*Conquérir 2018*" plan, which is not in the interests of either the Company or of its shareholders. On the other hand, the Board of Directors has proposed to the group of creditors and to RegroupementPPLocal that they have a limited number of representatives within the Board of Directors without waiting for the second general shareholders' meeting to be held following the restructuring (see below).

A general post restructuring shareholders' meeting

A second general shareholders' meeting would be held within three months of implementation of the financial restructuring in order to examine any changes to be made to the composition of the Board of Directors. In accordance with the principles of the AFEP-MEDEF Corporate Governance Code, in the absence of controlling shareholders, the Board of Directors will remain composed of at least 50% of independent directors (including any representatives of individual shareholders). Depending on the distribution of the capital post restructuring, the Board of Directors may also include representatives of the largest shareholders wishing to be represented.

Details of the 2015 remuneration of SoLocal Group's executive corporate officers

In preparation for the general shareholders' meeting on 19 October 2016, SoLocal Group has provided details of the 2015 remuneration of its executive corporate officers, which will be presented to the general meeting.

At its meeting on 10 February 2016, on the proposal of the Remuneration and Appointments Committee, SoLocal Group's Board of Directors fixed all items of remuneration of the Group's executive corporate officers.

a) Remuneration due or allocated for 2015:

- 2015 fixed remuneration:

The Board of Directors recalled that the amounts of fixed remuneration allocated to the CEO, Jean-Pierre Remy (€520,000) and to the DCEO, Christophe Pingard (€370,000) remained unchanged in 2015.

- - Annual variable remuneration for 2015:
    - With regard to Jean-Pierre Remy:

The variable portion of the 2015 remuneration of Jean-Pierre Remy, CEO, was established at €468,000, i.e. 90% of the target.

It is recalled that the target for this variable portion has corresponded to 100% of Jean-Pierre Remy's fixed remuneration based on targets achieved varying from 0 to 200% since 2009, based on the following:

- For 50% on targets shared with the Group's Executive Committee and main directors varying from 0 to 200%;
- For 50% on particular qualitative targets varying from 0 to 200%.

The Board of Directors had considered the following criteria:

- 2015 targets shared with the Group's Executive Committee and main directors – (50%):

2015 orders (25%)

EBITDA (25%)

Transformation of the information systems (25%)

o Resolution of 40 operating difficulties

o Use of the new Vision sales tool among 95% of field sales representatives

Transformation of human resources (25%)

o "Digital" training for Group staff before the end of 2015

o Progress on the opinion survey commitment criterion achieved each year

Based on the results achieved, the bonus for this common target is 119%. It breaks down as follows:

- 2015 orders: 0% bonus
- EBITDA: 200% bonus
- Transformation of information systems: 148% bonus
- Transformation of human resources: 127% bonus

- Particular qualitative targets: transformation of SoLocal Group (50%):

Free cash flow: assessed in relation to budget, transformation of HR (values, management of digital talents, working conditions travail, CityLights, etc.), external and internal communication.

Based on the results achieved, the bonus for these particular qualitative targets was valued by the Remuneration Committee at 120%.

Taking these aspects into account, Jean-Pierre Remy's bonus for the year 2015 could be equal to 120% of the target (60% on the quantitative 60% on the qualitative portion), i.e. 120% of his fixed annual remuneration.

The Board of Directors noted that Mr Jean-Pierre Remy's annual performance in respect of his quantitative and qualitative targets amounted to 120%.

In the light of the trend of the share price recorded over the financial year, however, the Board of Directors resolved, on the joint proposal of the Remuneration Committee and of Jean-Pierre Remy, to limit the amount of his variable portion paid for the year 2015 to 90% (45% on the quantitative portion and 45% on the qualitative portion) and consequently to fix Jean-Pierre Remy's bonus for the year 2015 at €468,000, i.e. 90% of his fixed annual remuneration.

  - With regard to Christophe Pingard:

The variable portion of the 2015 remuneration of Christophe Pingard, DCEO, was established at €200,000, i.e. 90% of the target.

It is recalled that the target for this variable portion corresponds to 60% of Mr Christophe Pingard's fixed remuneration if targets are fully achieved, and that it may vary from 0 to 120%.

The target for this variable portion was 50% of fixed remuneration in 2014. Owing to additional difficulties connected with carrying out the Group's operating transformation at the same time as its financial restructuring, in February 2015 the Board of Directors resolved to fix this amount at 60%.

The Board of Directors had considered the following criteria:

- 2015 targets shared with the Group's Executive Committee and main directors – (50%):

2015 orders (25%)

EBITDA (25%)

Transformation of the information systems (25%)

  o Resolution of 40 operating difficulties

  o Use of the new Vision sales tool among 95% of field sales representatives

Transformation of human resources (25%)

  o "Digital" training for Group staff before the end of 2015

  o Progress on the opinion survey commitment criterion achieved each year

Based on the results achieved, the bonus for this common target is 119%. It breaks down as follows:

- 2015 orders: 0% bonus
- EBITDA: 200% bonus
- Transformation of information systems: 148% bonus
- Transformation of human resources: 127% bonus

- Particular qualitative targets: transformation of SoLocal Group (50%):

Operational excellence: commercial productivity and customer service.

Customer focus: grow the NPS, develop the Return on Investment and the quality of service.

Ongoing online growth: promotion of new offer (new PJ, new search), simplification of offer, acquisition of new customers, HR: role of the management (management by targets), communication to the teams (sense/direction), working conditions.

Based on the results achieved, the bonus for these particular qualitative targets was valued by the Remuneration Committee at 120%.

Taking these aspects into account, Christophe Pingard's bonus for the year 2015 could be equal to 120% of the target (60% on the quantitative 60% on the qualitative portion), i.e. 120% of his fixed annual remuneration.

The Board of Directors noted that Christophe Pingard's annual performance in respect of his quantitative and qualitative targets amounted to 120%.

Taking these aspects into account, Christophe Pingard's bonus for the year 2015 could be equal to 120% of the target (60% on the quantitative 60% on the qualitative portion), i.e. 120% of his fixed annual remuneration.

The Board of Directors noted that Christophe Pingard's annual performance in respect of his quantitative and qualitative targets amounted to 120%.

In the light of the trend of the share price recorded over the financial year, however, the Board of Directors resolved, on the joint proposal of the Remuneration Committee and of Christophe Pingard, to limit the amount of his variable portion paid for the year 2015 to 90% (45% on the quantitative portion and 45% on the qualitative portion) and consequently to fix Christophe Pingard's bonus for the year 2015 at €200,000, i.e. 54% of his fixed annual remuneration.

b) Annual variable remuneration for 2016, payable in 2017

With regard to Jean-Pierre Remy:

The Board of Directors fixed the 2016 target of the variable portion of Jean-Pierre Remy's remuneration at 100% of his fixed remuneration if targets were achieved, varying between 0% and 200% of his fixed remuneration, based on the following:

- For 80% on a target common to the Group's Executive Committee and Directors varying between 0 and 200%, based on criteria mainly connected with the growth in Internet revenues, the EBITDA, the simplification of operating activities and customer satisfaction;
- For 20% on a target varying between 0 and 200%, based on criteria connected with the debt refinancing and the Group's communications.

With regard to Christophe Pingard:

The Board of Directors fixed the 2016 target of the variable portion of Christophe Pingard's remuneration at 60% of his fixed remuneration if targets were achieved, varying between 0% and 120% of his remuneration, based on the following:

- For 80% on a target common to the Group's Executive Committee and Directors varying between 0 and 200%, based on criteria mainly connected with the growth in Internet revenues, the EBITDA, the simplification of operating activities and customer satisfaction;
- For 20% on a target varying between 0 and 200%, based on criteria connected with the development of new activities and the enrichment of the content held by the Group.

c) Allotment of performance shares or share subscription or purchase options

The Board of Directors recalled that no performance shares or share subscription or purchase options had been allotted in 2015.

The performance share allotment plan drawn up by the Board of Directors on 11 December 2012 had given rise to the allotment of 300,000 shares to Jean-Pierre Remy and 150,000 shares to Christophe Pingard.

This number of shares was adjusted in order to take into account the effect of the share capital increase with preferential subscription rights that took place on 6 June 2014.

Taking into account the fact that the conditions of performance connected with the development of revenues and MBO over 2013 and 2014 had been partially fulfilled, 70.7% of those shares were finally acquired by the beneficiaries. This rate corresponds to fulfilment of 74.6% of the conditions of performance over the development of revenues (weighted at 2/3) and 63.0% of the conditions of performance over the development of the MBO (weighted at 1/3).

Consequently, on 31 March 2015, Jean-Pierre Remy acquired 25,270 shares (758,100 shares prior to the reverse stock split that took place on 26 October 2015) and Christophe Pingard acquired 12,635 shares (379,050 shares prior to the reverse stock split that took place on 26 October 2015) within the scope of this plan which is now closed.

17 EMPLOYEES

As at the date of this update, and as far as the Company is aware, the number of SoLocal Group shares held by each of the members of the Board of Directors is as follows:

Director	***Number of shares***
Nathalie Balla	*1*
Sandrine Dufour	*119*
Robert de Metz	*50,000*
Cécile Moulard	*475*
Joëlle Obadia	*1*
Jean-Pierre Remy and associated persons	*34,931*
Rémy Sautter	*225*
Jean-Marc Tassetto	*667*

18 MAIN SHAREHOLDERS

Section 18.1 of the reference document is amended as follows:

18.1 Company shareholders

On 8 August 2016, and based on the information brought to the attention of the Company, the change in SoLocal Group shareholders emerged as follows:

	08/08/2016*				31/12/2015				31/12/2014				31/12/2013			
	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights
Edmond de Rothschild AM	2,347,974	6.0%	2,347,974	6.0%	2,350,354	6.0%	2,350,354	6.1%	58,399,288	5.0%	58,399,288	5.0%	14,368,891	5.1%	14,368,891	4.6%
DNCA	1,960,333	5.0%	1,960,333	5.0%	1,960,333	5.0%	1,960,333	5.1%	-	-	-	-	-	-	-	-
Public	34,282,304	88.2%	34,298,679	88.3 %	34,253,125	88.1%	34,259,374	88.3%	949,564,833	81.7%	950,206,281	81.9%	207,240,242	73.8%	207,854,080	66.0%
SoLocal Group employees [1]	221,668	0.6%	221,668	0.6%	225,964	0.6%	225,964	0.6%	2,510,672	0.2%	2,510,672	0.2%	1,225,937	0.4%	1,225,937	0.4%
Treasury shares held [2]	64,285	0.2%	0	0.0%	86,788	0.2%	0	0.0%	2,165,208	0.2%	0	0.0%	3,932,749	1.4%	0	0.0%
Amber Capital	0	0.0%	0	0.0%	0	0.0%	0	0.0%	76,636,383	6.6%	76,636,383	6.6%	-	-	-	-
Paulson	0	0.0%	0	0.0%	0	0.0%	0	0.0%	68,000,000	5.9%	68,000,000	5.9%	2,256,308	0.8%	2,256,308	0.7%
Médiannuaire Holding	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4,450,786	0.4%	4,450,786	0.4%	51,960,627	18.5%	89,021,254	28.3%
Total [3]	**38,876,564**	**100%**	**38,828,654**	**100%**	**38,876,564**	**100.0%**	**38,796,025**	**100.0%**	**1,161,727,170**	**100.0%**	**1,160,203,410**	**100.0%**	**280,984,754**	**100.0%**	**314,726,470**	**100.0%**

Number of shares on the settlement dates of 08/08/2016, 31/12/2015, 31/12/2014 and 31/12/2013, respectively.
* Study of shareholdings carried out on 08/08/2016.
(1) Under the SoLocal Group's Group Savings Plan (PEG).
(2) 60,347 treasury shares are held under a liquidity agreement as of 2 December 2012.
(3) The capital increase completed on 6 June 2004 resulted in the creation of 880,742,416 new shares and the reverse stock split completed on 26 October 2015 increased the number of Company shares to 38,876,564 as of this date.

Information on the execution of the share buyback programme during the year is provided in section 20.3 (the Board of Directors Report to the general shareholders' meeting).

To date, the Company has noted the following shareholding developments since 8 August 2016:

Shareholding disclosure thresholds*

- on 28 April 2015, Edmond de Rothschild Asset Management reported that it held 70,553,905 shares in the Company, representing 6.06% of its share capital and voting rights as of 23 April 2015;

- on 4 May 2015, Paulson Credit Opportunities Master Ltd. reported that it held 57,643,576 shares in the Company, representing 4.96% of its share capital and voting rights as of 30 April 2015; the Company also reported that it is acting in conjunction with PP Opportunities Ltd. which held 848,026 shares at the same date representing 848,026 voting rights;

- on 7 May 2015, Paulson Credit Opportunities Master Ltd. reported that it held 56,591,602 shares in the Company, representing 4.87% of its share capital and voting rights as of 4 May 2015;

- on 11 May 2015, Sycomore Asset Management reported that it held 11,456,124 shares in the Company, representing 0.99% of its share capital and voting rights as of 4 May 2015;

- on 29 June 2015, Amundi Asset Management reported that it held 11,619,982 shares in the Company, representing 0.99% of its share capital and voting rights;

- on 23 July 2015, Natixis Asset Management reported that it held 10,137,996 shares in the Company, representing 0.869% of its share capital as of 22 July 2015;

- on 28 July 2015, Paulson Credit Opportunities Master Ltd. reported that it held 45,031,643 shares in the Company, representing 3.86% of its share capital and 3.83% of the voting rights as of 23 July 2015;

- on 3 August 2015, Paulson Credit Opportunities Master Ltd. reported that it held 34,649,965 shares in the Company, representing 2.97% of its share capital and 2.95% of the voting rights as of 31 July 2015;

- on 13 August 2015, Credit Suisse Group AG reported that it held 26,896,768 shares in the Company, representing 2.31% of its share capital.

- on 19 August 2015, Paulson Credit Opportunities Master Ltd. reported that it held 22,192,601 shares in the Company, representing 1.90% of its share capital and 1.89% of the voting rights as of 14 August 2015;

- on 13 October 2015, Norges Bank reported that it held 34,558,471 shares in the Company, representing 2.96% of its share capital as of 6 October 2015;

- on 16 October 2015, Amber Capital UK LLP reported that it held 53,311,606 shares in the Company, representing 4.57% of its share capital and 4.55% of the voting rights as of 12 October 2015;

- on 22 October 2015, Paulson Credit Opportunities Master Ltd. reported that it held 10,444,155 shares in the Company, representing 0.9% of its share capital and voting rights as of 20 October 2015;

- on 3 November 2015, Credit Suisse Group AG reported that it held 1,335,062 shares in the Company, representing 3.43% of its share capital;

- on 9 November 2015 Credit Suisse Group AG reported that it held 1,071,099 shares in the Company, representing 2.75% of its share capital;

- on 19 November 2015, Credit Suisse Group AG reported that it held 1,224,255 shares in the Company, representing 3.15% of its share capital;

- on 12 February 2016, BJ Invest reported that it held 777,570 shares in the Company, representing 2.0001% of its share capital and 1.9998% of its voting rights;

- on 22 February 2016, BJ Invest reported that it held 777,696 shares in the Company, representing 2.0004% of its share capital and 2.0001% of its voting rights;

- on 22 March 2016, Credit Suisse Group AG reported that it held 1,130,896 shares in the Company, representing 2.90% of its share capital;

- on 28 June 2016, Norges Bank declared that it held 370,786 company shares representing 0.95% of the share capital;

- on 21 July 2016, Credit Suisse Group AG declared that it held 729,677 company shares representing 1.88% of the share capital;

- on 29 July 2016, Credit Suisse Group AG declared that it held 814,587 company shares representing 2.09% of the share capital;

- on 7 September 2016, Aleph Holding Limited II Sarl informed the company that it had fallen below the threshold stipulated in the articles of 2.0% of the SoLocal Group capital as at 1 September 2016.

- on 19 September 2016, Aleph Holding Limited II Sarl declared that it had fallen below the statutory threshold of 1.0% of the capital of SoLocal Group as at 14 September 2016;

- on 23 September 2016, Benjamin Jayet, on agreement with BJ Invest, declared that he held 1,764,476 company shares representing 4.54% of the share capital;

- on 27 September 2016, Credit Suisse Group AG declared that it held 776,521 shares representing 1.99% of the share capital;

- On 4 October 2016, DNCA Investments declared that it held 1,960,333 shares and had fallen below the threshold of 5% of the company's voting rights;

- On 5 October 2016, Benjamin Jayet, the company BJ Invest, Philippe Besnard and the company Pentagram Media declared that they held 2,755,513 shares representing 7.0879% of the share capital and 6.9785% of the company's voting rights. This crossing of threshold results from an acquistion of shares on the market, the conclusion of a share loan agreement over 1,336,767 shares and the conclusion of a shareholder agreement constituting concerted action (*action de concert*) between Benjamin Jayet and Philippe Besnard;

- On 7 October 2016, the association RegroupementPPLocal declared, under the proxies obtained, that it held 2,047,763 shares representing 5.27% of the share capital and 5.19% of the company's voting rights;

- On 7 October 2016, Family office Amar informed the Company that it held 917,975 shares in the Company, representing 2.36% of its share capital;

- On 14 October 2016, the association RegroupementPPLocal declared to the Company having crossed, following receipt of proxies, the thresholds of 6% and 7% of the share capital and voting rights of the Company.

  To date and as far as the Company is aware, the interests held by the largest shareholders are as follows: Benjamin Jayet, the company BJ Invest, Philippe Besnard and the company Pentagram Media (7.1%), Edmond de Rothschild Asset Management (6%), DNCA Investments (5%), Société Générale Suisse Private Banking (2.4%) and Family office Amar (2.4%).

* *Before and after the reverse stock split completed on 26 October 2015, which brings the number of shares to 38,876,564 on that date.*

20 FINANCIAL INFORMATION CONCERNING THE ASSETS, THE FINANCIAL SITUATION AND THE REVENUES OF THE ISSUER

20.1 Consolidated condensed accounts for the period ended 30 June 2016

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)

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

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 attributable 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**

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)**

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**

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*.

20.2 Verification of the historical financial information

Statutory auditors' report on the half-year financial information 2016

This is a free translation into English of the statutory auditors' review report on the condensed consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed consolidated financial statements of SoLocal Group (the "Condensed Consolidated Financial Statements") for the period from January 1 to June 30, 2016;
- the verification of the information presented in the half-year management report.

The Condensed Consolidated Financial Statements were prepared under the responsibility of your Board of Directors. Our role is to express a conclusion on these Condensed Consolidated Financial Statements based on our review.

I- Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France and the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes)* relating to this engagement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Financial Statements are not prepared, in all material respects, in accordance with IAS 34 – the IFRS guidelines as adopted in the European Union on interim financial reporting

Without qualifying the conclusion expressed above, we draw your attention to the following:

- the paragraph "Note on going concern" of note 2 "Context of the publication and basis of preparation" to the Condensed Consolidated Financial Statements which sets out the debt restructuring context and the uncertainties over the Group's capacity to realize its assets and to pay off its debts within the normal scope of its activities if that were not successfully completed
- The introductory paragraph to note 1 which states that the consolidated financial statements for the financial year ended 31 December 2015 have not been approved by the Shareholders' Meeting as the meeting has been deferred to the second half of 2016.

II- Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's half-year management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, August 1, 2016
The Statutory Auditors,
French original signed by

Ernst & Young Audit	Deloitte & Associés
Denis Thibon	Ariane Bucaille

20.3 Litigation and arbitration

In the normal course of its business activities, the Company may be involved in a certain number of legal, arbitration and administrative proceedings.

Provisions are only constituted for expenses contingent on such proceedings when such expenses are considered to be likely and their amount can be either quantified or estimated within a reasonable range. If this is the case, the amount provisioned represents the lowest estimate in the range. The amount of the provisions is based on a case-by-case assessment of the risk level, and does not depend primarily on the progress of the proceedings. However, it should be noted that events during proceedings may result in a reassessment of this risk.

With the exception of the proceedings described in Note 14 ("Disputes") of the schedule to the half-year consolidated condensed accounts and in Chapter 4, "Risk Factors", of this update to the reference document, neither the Company nor any of its subsidiaries are parties in any court or arbitration proceedings (and the Company is aware of no such proceedings that may be envisaged by any government authority or third party), which the Company's Management estimates that the probable outcome could reasonably have a material negative impact on its earnings, business or consolidated financial position.

There are no other government, court or arbitration proceedings, including any proceedings of which the Company is aware, pending or threatened, that could have or has had a significant effect on the financial position or the profitability of the Company and/or of the Group during the last twelve months.

20.4 Significant change in financial or business position

The significant events occurring between the balance sheet date and 25 July 2016, when the consolidated condensed accounts for the period ended 30 June 2016 were approved by the Board of Directors, are described in Note 16 to the consolidated condensed accounts for the period ended 30 June 2016, and also in Chapter 12, "Information on trends", of this update to the reference document.

21 ADDITIONAL INFORMATION

The information provided in Chapter 21 of the reference document remains correct at the date of this update to the reference document and is supplemented by the information provided below.

AUTHORIZED UNISSUED SHARE CAPITAL

The Company's combined general shareholders' meeting to be held on 19 October 2016 on the first call will be called to delegate the following authorizations to the Board of Directors, under the conditions detailed in the table below:

Securities concerned	Period of authorization and expiry	Maximum amount of the debt securities	Maximum nominal amount of the share capital increase
Issue with preferential subscription rights (increase in capital by issue of ordinary shares)	12 months 18 October 2017	N/A	€40.5 M[5]
Free allotment of ordinary shares to all the shareholders	12 months 18 October 2017	N/A	€3.9 M
Issue of bonds with a conversion option repayable in shares without preferential subscription rights in favour of a category of persons having specific characteristics	12 months 18 October 2017	€202 M	€10.1 M
Issue of ordinary shares with warrants attached, without preferential subscription rights in favour of a category of persons having specific characteristics	12 months 18 October 2017	N/A:	€8.2 M and €15.6M on exercise of the warrants
Share capital increase to the benefit of persons participating in the company savings plan or plans and/or employees	26 months 18 December 2018	—	€50,000
Purchase or transfer of shares	18 months 18 April 2018	€50 M	N/A

The foregoing nominal amounts assume a reduction in the Company's share capital by reducing the nominal value of the shares, forming the subject of the fifteenth resolution put to the vote of the Company's combined general shareholders' meeting to be held on 19 October 2016 on the first call.

Section 21.1.4 "History of the capital and voting rights" is updated as follows:

Month	Lowest price *(in euros)*	Highest price *(in euros)*	Last price *(in euros)*	Volume of securities exchanged	Capitals *(in euros)*
January 2015	17.400	23.100	22.410	9,040,754	182,813,063
February 2015	18.300	23.580	20.040	6,885,300	144,044,604
March 2015	17.160	20.310	18.540	5,048,618	93,837,089
April 2015	14.790	19.890	15.000	6,429,985	113,505,446
May 2015	13.530	15.450	13.650	4,396,737	63,827,259
June 2015	10.530	14.070	13.350	8,451,149	104,877,278
July 2015	12.000	14.310	12.300	4,166,526	54,190,638
August 2015	9.000	12.390	9.870	4,489,159	48,223,326
September 2015	6.420	10.500	6.840	9,697,330	76,719,777

[5] Up to €46.575M in the event of full exercise of the extension clause provided for by the seventeenth resolution.

October 2015	6.780	9.210	7.411	7,702,467	65,057,319
November 2015	6.922	9.490	7.557	8,849,677	71,721,495
December 2015	6.402	7.550	6.900	5,199,479	35,975,218
January 2016	5.651	6.995	6.220	4,047,929	25,125,445
February 2016	3.435	6.483	3.730	8,581,980	36,539,304
March 2016	3.765	5.740	4.502	8,352,221	40,723,308
April 2016	4.082	5.630	5.200	4,959,603	24,046,273
May 2016	2.862	5.380	3.253	8,300,959	31,120,290
June 2016	2.001	3.350	2.159	5,286,215	14,497,454
July 2016	2.073	3.500	3.399	7,035,628	19,461,225
August 2016	2.350	3.585	2.610	6,868,733	19,324,950
September 2016	2.100	4.248	3.813	12,579,251	36,653,549

Source: Euronext.

24 DOCUMENTS MADE AVAILABLE TO THE PUBLIC

The statute, minutes of General shareholders' meetings, Statutory auditors' reports and other corporate documents may be consulted at the Company's registered office. Moreover, all regulatory information provided for under Article 221-1 of the General Regulations of the AMF (the French financial markets authority), certain information on the Group's organisation and business activities, and an up-to-date version of its Articles of Association are available on the Group's website at www.solocalgroup.com.

25 INFORMATION ON HOLDINGS

The Company holds no equity interest in companies other than those indicated in section 7.2 “List of main subsidiaries and equity interests” of the reference document that could have a material impact on the assessment of its assets, financial position or earnings.

A APPENDICES

Glossary

Average Annual Net Cash Flow before debt service: total cash flow generated by the operating activities. It is determined based on the EBITDA, the change in the working capital requirement, investments, corporation tax before the deduction of financial interest (including CVAE), non-monetary items and non-recurring items. It excludes financial interest on the debt.

Internet revenues: sum of the revenues of the Local Search and Digital Marketing activities.

Local Search revenues: these revenues relate to the Local Search activities composed of the local communication services offered by the Group on its websites, particularly PagesJaunes, Mappy, Ooreka (new name for ComprendreChoisir) and A Vendre A Louer or through its partners, particularly Google, Bing, Apple and Facebook.

Digital Marketing revenues: these revenues relate to Digital Marketing structured around 3 product lines:

- Transactional services: particularly making appointments with doctors (PagesJaunes Doc) and reservations and ordering meals at restaurants (PagesJaunes Resto) and good professional plans. The SoLocal Group is abandoning the “daily deals”, which have not increased loyalty, and is concentrating on the good PagesJaunes plans more valued by its customers.

Local programming: the SoLocal Group is solely focusing on local programming which presents the strongest growth opportunities. The Group is speeding up its investments in this technology by relying on the wealth of its local data and the success of its ADhesive offer launched at the beginning of the year.

Websites and content: this product line is now the Group’s leading Digital Marketing activity. Widely present internationally through partnerships or its subsidiaries (QDQ, Leadformance and SoLocal UK), the Group is continuing to develop these activities to ensure the best promotion of the local know-how of its customers.

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 traditional direct marketing (telemarketing, logistics, posting mailings), telephone and SMS directory enquiry services (118 008), the QuiDonc reverse directory.

Number of Local Search customers: average number of customers over the period (average number of customers present at the beginning and end of the period in question) owning a product in the Local Search range.

Local ARPA: revenues for the period in question in relation to the number of average customers over the period.

Digital Marketing penetration rate: average number of customers over the period in question owning a product in the Digital Marketing range, in relation to the average number of customers owning a product in the Local Search range over the same period.

Reach (audience indicator created and published by Nielsen Médiamétrie):

- Number of unique visitors of a website: number of Internet users / mobile users / tablet users over a given month
- *Reach:* represents the number of unique visitors of a website or group over a given month. It may be expressed as a volume (number of unique visitors) or as a ratio (in relation to a reference population during a given month).

The SoLocal Group’s Reach indicator applies only to the Group’s services and excludes all external syndicated partner media.

Audiences (visits indicator measures by SoLocal Group):

- **Syndicated**: indirect audiences on PagesJaunes brand content outside the PagesJaunes digital media (particularly Bing, Yahoo!, Ooreka, etc.).

- **Direct & SEO:**

  - SEO & affiliates: audiences on the PagesJaunes digital media originating from affiliated partners (MSN, Nosibay, Free et Alice, Planet, L'internaute) and search engines (SEO, "Search Engine Optimisation").

  - PagesJaunes: audiences following a user's expressed desire to access the PagesJaunes digital media (direct access and brand search on a search engine).

Concordance table

Annex I to Commission Regulation (EC) No 809/2004:

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