Financial report
as at 30 June 2014

Board of Directors of 29 July 2014

Unofficial translation of the French-language "*Rapport financier au 30 juin 2014*" of Solocal Group, for information purposes only.

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1. ACTIVITY REPORT AS AT 30 JUNE 2014

1.1. Overview

Solocal Group offers online content, advertising solutions and transactional services that connect consumers and clients locally. Through its subsidiaries, Solocal Group conducts three complementary businesses: publisher of content and services, media and ad sales network. Its offering comprises a diversified range of products and services associated with these activities aimed at consumers and businesses.

The Group's business model is based on that of the media: i.e. offering quality content which generates an audience and then knowing how to monetise this audience, either as a whole or in segments, to professionals. The Group's brands benefit from a strong awareness and are trusted by users. The credibility of our services, built year after year, is the base for the strength of our audiences.

Since the beginning of 2014, the Group has reorganised itself around 5 vertical "markets" (Retail, B2B, Home, Services, Health & Public) which should allow it to improve customer experience, and to best meet customer expectations, in particular with the development and the marketing of targeted products and services.

The Group's activities are broken down in three segments:

- Internet:

  These are the activities carried out online. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet activity is mainly carried out in France, but also in Spain (QDQ Media). Through Yelster Digital, specialised in metasearch activities (including 123people until March 2014, e-reputation and 123pages), the group also markets its products and services in many other countries.

  This segment comprises the online directory activity of "pagesjaunes.fr" and "pagespro.com", the creation and marketing of content and advertising space of "search" and "display" , particularly through Horyzon Média's Internet ad sales network, as well as through online classifieds from "annoncesjaunes.fr" and "avendrealouer.fr".

  The Group is one of the key European players in the creation and hosting of websites. It offers customers web optimisation and visibility solutions through Search Engine Optimisation (''SEO'')) or Search Engine Marketing (''SEM'', paid listing).

  This segment includes routes, geolocation and booking services of Mappy, and couponing from 123deal and digital promotion.

  Also included in this segment are online people and profile search with 123people (until March 2014), online quotes services for SME's in the home improvement sector with Sotravo, online thematic guides with ComprendreChoisir.com published by Fine Media, online meal ordering on Chronoresto.fr from locally-listed restaurants (in 2013) and Direct Marketing (emailing type) services.

* Printed Directories:

  This is the Group's historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, *l'Annuaire*).

* Other businesses:

This comprises directory enquiry services by telephone and SMS (118 008), and the QuiDonc reverse directory. This segment also includes some activities of PJMS (formerly PagesJaunes Marketing Services): telemarketing, data mining, database generation, prospect processing and traditional direct marketing activities (data entry and postage).

1.2. Commentary on the results as at 30 June 2014

Solocal Group	**As at 30 June**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Revenues	**470.8**	**500.3**	**-5.9%**
Net external expenses	(106.5)	(102.9)	-3.5%
Salaries and charges	(182.0)	(182.0)	0.0%
Gross Operating Margin	**182.2**	**215.5**	**-15.5%**
As % of revenues	*38.7%*	*43.1%*	
Legal employee profit-sharing	(6.0)	(7.0)	14.3%
Share-based payment	(6.0)	(1.3)	-361.5%
Depreciation and amortisation	(23.2)	(20.0)	-16.0%
Other income and expenses	(14.1)	(2.2)	na
Operating income	**133.0**	**184.9**	**-28.1%**
As % of revenues	*28.2%*	*37.0%*	
Financial income	0.6	2.2	-72.7%
Financial expenses	(58.4)	(69.0)	15.4%
Net financial income	**(57.8)**	**(66.8)**	**13.5%**
Share of profit or loss of an associate	(0.2)	(0.1)	-100.0%
Income before tax	**75.0**	**118.0**	**-36.4%**
Corporate income tax	(34.1)	(47.4)	28.1%
Income for the period	**40.9**	**70.6**	**-42.1%**
of which attributable to:			
- Shareholders of Solocal Group	40.9	70.6	-42.1%
- Non-controlling interests	(0.0)	(0.0)	

The number of visits to the Group's websites as a whole totalled 988.6 million as at 30 June 2014, up 8.3% compared to 30 June 2013 on a like-for-like basis, with a number of visits on mobile up 37%. Mobile represents 32% of the Group's internet audience. The useful audience directed towards

PagesJaunes.fr professionals is up sharply by 20.7%, with 539.3 million visits as at 30 June 2014.

In an economic context that is still sluggish, consolidated revenues for Solocal Group stand at 470.8 million euros as at 30 June 2014, down 5.9% compared to 30 June 2013 based on reported figures. Internet revenues represent 67% of the Group's revenue as at 30 June 2014 compared to 63% as at 30 June 2013. The revenues of the Printed directories segment decreased by 15.6% compared to 30 June 2013. Internet revenues are down 0.2% as at 30 June 2014 – but up 0.4% over the quarter – in a context of profound commercial transformation including the rolling out of new salesforce contracts, which resulted in the departure of nearly 300 sales staff, which is about 20% of the workforce concerned. At the end of June 2014, the deployment of the new commercial organisation by vertical is being finalised.

The Group's normalised gross operating margin stands at 186.8 million euros as at 30 June 2014, down 13.3% compared to 30 June 2013 (for the definition of normalised GOM, cf. below, "Change in the employment contracts of the sales force"). The Group's reported gross operating margin stands at 182.2 million euros as at 30 June 2014, down 15.5% compared to 30 June 2013. The 25% reduction in production costs of printed directories along with the control of personnel costs have partially offset the investments required to support the digital transformation, and the decline in revenue, that affected profitability in the first half of the year. The normalised gross operating margin rate stood at 39.7% as at 30 June 2014 compared to 43.1% as at 30 June 2013. The reported gross operating margin rate is 38.7% as at 30 June 2014. The Group's operating income decreased by 28.1% compared to 133.0 million euros as at 30 June 2013. The 51.9 million euro decrease in operating income stems for 36.5 million euros from the decline in gross operating margin and an increase in depreciation, and for 15.6 million euros, from primarily exceptional items, mainly an additional provision for 9.8 million euros in restructuring costs for the PagesJaunes salesforce reorganization. Excluding exceptional items, operating income is down 19.7%.

The Group's financial income represents net expense of 57.8 million euros which decreased 13.5% between 30 June 2013 and 30 June 2014, primarily under the effect of a lower cost of debt. The average cost of debt decreased 84 basis points, moving from 6.91% as at 30 June 2013 to 6.07% as at 30 June 2014; this reduction is due to the more favourable effect of hedging instruments.

The effective tax rate stands at 45.4% as at 30 June 2014, up 5.3 points compared to 30 June 2013 under the combined effect of the increase in the CIT rate in December 2013 (increasing from 36.1% to 38.0% introduced by the Finance Law of 2013) and the reduced deductibility of financial interest.

Income for the period amounted to 40.9 million euros, down 42.1% compared to 30 June 2013. Excluding exceptional items, income for the period is down 28.5%.

Change in the employment contracts of the sales force

The year 2014 is marked by the extension, to almost all of the sales force, of the "specialist" status, resulting in a modification of the employment contract with in particular the switching from an independent sales representative status to an employee status. This modification comes with the introduction of a fixed compensation and reimbursement for T&E costs, with the direct consequence of reducing the variable component of the sales force compensation. As a reminder, this status had already been partially set up in 2012 with a population of about 230 sales staff.

As a reminder, according to IFRS rules, only the variable compensation with an incremental nature was capitalised as "acquisition costs of contracts" and was recognised as expense alongside with associated revenues, i.e. at once upon publication for printed directories and, spread over the publication or service period for online.

The 2014 financial statements, as of the 2nd quarter, will support a dual accounting effect: the recognition as expense of the commercial costs for the revenue prospected in 2013 and recognized in 2014 (capitalised on the balance sheet at 31 December 2013) as well as the fixed compensation paid in 2014 for the revenue prospected in 2014.

As the sales representatives do not receive double compensation in 2014, this is a double accounting effect with no cash impact.

The purpose of normalised GOM is to neutralise this double effect linked to the acceleration in the recognition of commercial costs (reduced variable component in the overall sales force compensation) in order to obtain a relevant and like-for-like aggregate, representative of business economics. The calculated impact is based on projected assumptions.

The following table summarises the revenues and gross operating margin for each of the Group’s three segments: Internet, Printed directories and Other businesses.

Solocal Group	**As at 30 June**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Internet	315.3	316.0	-0.2%
Printed directories	146.4	173.5	-15.6%
Other businesses	9.1	10.7	-15.0%
Revenues	**470.8**	**500.3**	**-5.9%**
Internet revenues as % of total revenues	*67.0%*	*63.2%*	
Internet	116.8	132.7	-12.0%
Printed directories	63.3	79.8	-20.7%
Other businesses	2.1	3.1	-32.3%
Gross Operating Margin	**182.2**	**215.5**	**-15.5%**
As % of revenues	*38.7%*	*43.1%*	

1.2.1. Analysis of the revenues and gross operating margin of the Internet segment

The following table shows the revenues and gross operating margin of the Internet segment as at 30 June 2013 and as at 30 June 2014:

Internet	As at 30 June		
in million euros	**2014**	**2013**	**Change 2014/2013**
Revenues	**315.3**	**316.0**	**-0.2%**
Gross Operating Margin	**116.8**	**132.7**	**-12.0%**
As % of revenues	*37.0%*	*42.0%*	

Internet revenues decreased by 0.2% as at 30 June 2014 to 315.3 million euros. Internet revenues were affected by the commercial reorganisation and the slowdown in “Search” growth.

The Internet gross operating margin stands at 116.8 million euros as at 30 June 2014 (120.0 million euros as normalised), down 12.0% compared to 30 June 2013 (down 9.6% as normalised). The Internet gross operating margin is affected by the commercial reorganisation, investments in the digital transformation and higher advertising spend to promote websites services and support the launch of the new release for A Vendre A Louer brand. This also results in a 5.0 point decline in the reported gross operating margin rate which decreased from 42.0% as at 30 June 2013 to 37.0% as at 30 June 2014. The normalised gross operating margin rate decreased by 3.9 points, from 42.0% as at 30 June 2013 to 38.1% as at 30 June 2014.

1.2.2. Analysis of the revenues and gross operating margin of the Printed Directories segment

The following table shows the revenues and gross operating margin of the Printed directories segment as at 30 June 2013 and as at 30 June 2014:

Printed directories	As at 30 June		
in million euros	**2014**	**2013**	**Change 2014/2013**
Revenues	**146.4**	**173.5**	**-15.6%**
Gross Operating Margin	**63.3**	**79.8**	**-20.7%**
As % of revenues	*43.2%*	*46.0%*	

The revenues of Printed directories decreased by 15.6% as at 30 June 2014 to 146.4 million euros. The decline in printed directories remains contained. There was no discontinuation of Pages Blanches directories in the first half of 2014.

The gross operating margin of Printed Directories stands at 63.3 million euros as at 30 June 2014 (64.7 million euros as normalised), down 20.7% compared to 30 June 2013 (down 18.9% as normalised). The gross operating margin rate is down 2.8 points, to 43.2% as at 30 June 2014 (a moderate drop of 1.8 point, to 44.2% as normalised). The limited erosion in the margin rate reflects the steady efforts to lower the production, printing and distribution costs of Printed directories, which were sharply down by 25% over the 1st first half of the year.

1.2.3. Analysis of the revenues and gross operating margin of the Other businesses segment

The following table shows the revenues and gross operating margin of the Other businesses segment as at 30 June 2013 and as at 30 June 2014:

Other businesses	**As at 30 June**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Revenues	**9.1**	**10.7**	**-15.0%**
Gross Operating Margin	**2.1**	**3.1**	**-32.3%**
As % of revenues	*23.1%*	*29.0%*	

The revenues of Other businesses decreased by 15.0% as at 30 June 2014 to 9.1 million euros. This was primarily due to the marked decrease in revenues from phone directory services, stemming from lower ad revenues and lower traffic.

The gross operating margin of Other businesses stands at 2.1 million euros as at 30 June 2014, down 32.3% compared to 30 June 2013. The gross operating margin rate decreased from 29.0% as at 30 June 2013 to 23.1% as at 30 June 2014. The decline in the margin rate stems from the lower revenue. As all advertising support behind phone directory services (118 008) was discontinued in 2012, initiatives to preserve margin are focused primarily on controlling production and call center costs

1.2.4. Analysis of consolidated operating income

The table below shows the Group's consolidated operating income as at 30 June 2013 and as at 30 June 2014:

Solocal Group	**As at 30 June**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Gross Operating Margin	**182.2**	**215.5**	**-15.5%**
Legal employee profit-sharing	(6.0)	(7.0)	14.3%
Share-based payment	(6.0)	(1.3)	-361.5%
Depreciation and amortisation	(23.2)	(20.0)	-16.0%
Other income and expenses	(14.1)	(2.2)	na
Operating income	**133.0**	**184.9**	**-28.1%**
As % of revenues	*28.2%*	*37.0%*	

1.2.4.1. Employee profit-sharing and share-based payment

The employee profit-sharing in the Group amounted to 6.0 million euros as at 30 June 2014, down 14.3% compared to 30 June 2013.

The expense for share-based payments amounted to 6.0 million euros as at 30 June 2014 compared to 1.3 million euros as at 30 June 2013. This expense stems from stock option plans and share grants. This increase mainly stems from a grant in June 2014 of 45.2 million performance shares.

1.2.4.2. Depreciation and amortisation

The Group's depreciation and amortisation charges amounted to 23.2 million euros as at 30 June 2014 compared to 20.0 million euros as at 30 June 2013, an increase of 16.0%. This increase reflects the ongoing investments carried out by the Group in order to support its digital transformation, with in particular a revamping of the sales tools, and enhancements to the functionalities of the Group's fixed and mobile websites.

1.2.4.3. Other income and expenses

Other operating expenses and income include in particular the result from disposals of non-financial assets, impairment on goodwill and on fixed assets, changes in the fair value of earn-outs related to acquisitions, transaction costs for acquisitions, and restructuring costs.

Impairment on goodwill amounted to 3.6 million euros as at 30 June 2014.

The restructuring costs stemming from the commercial and marketing reorganisation of PagesJaunes amount to 9.8 million euros as at 30 June 2014.

1.2.4.4. Operating income

The Group's operating income as at 30 June 2014 amounted to 133.0 million euros, down 28.1% compared to 30 June 2013. The 51.9 million euro decrease in operating income stems for

36.5 million euros from the decline in gross operating margin and an increase in depreciation, and for 15.6 million euros, from primarily exceptional items, mainly an additional provision for 9.8 million euros in restructuring costs for the PagesJaunes salesforce reorganization. Excluding exceptional items, operating income is down 19.7%. The rate of the Group's operating margin decreased from 37.0% as at 30 June 2013 to 28.2% as at 30 June 2014.

1.2.5. Analysis of income for the period

The table below shows the Group's income for the period as at 30 June 2013 and as at 30 June 2014:

Solocal Group	**As at 30 June**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Operating income	**133.0**	**184.9**	**-28.1%**
Financial income	0.6	2.2	-72.7%
Financial expenses	(58.4)	(69.0)	15.4%
Net financial income	**(57.8)**	**(66.8)**	**13.5%**
Share of profit or loss of an associate	(0.2)	(0.1)	-100.0%
Income before tax	**75.0**	**118.0**	**-36.4%**
Corporate income tax	(34.1)	(47.4)	28.1%
Income for the period	**40.9**	**70.6**	**-42.1%**
of which attributable to:			
- Shareholders of Solocal Group	40.9	70.6	-42.1%
- Non-controlling interests	(0.0)	(0.0)	

1.2.5.1. Financial income

The Group financial income represents net expense of 57.8 million euros as at 30 June 2014 compared to 66.8 million euros as at 30 June 2013. The financial income is primarily composed of interest expense relating to the bank debt, amounting to 813.8 million euros as at 30 June 2014 (1,368.0 million euros as at 30 June 2013), and relating to the bond loan issued in 2011 for an amount of 350.0 million euros. As at 30 June 2014, the revolving credit facility was undrawn.

As at 30 June 2014, the bank debt is hedged 98.3% by forward swaps and a collar.

The total interest expense amounted to 48.3 million euros as at 30 June 2014 compared to 61.4 million euros as at 30 June 2013. The average cost of debt decreased from 6.91% as at 30 June 2013 to 6.07% as at 30 June 2014, which is a reduction of 84 basis points due to the more favourable effect of hedging instruments.

The financial income also includes the amortisation of loan issuance costs amounting to 9.5 million euros as at 30 June 2014 compared to 6.0 million euros as at 30 June 2013. The debt refinancing in June resulted in the extinguishment of part of the bank debt and thus an accelerated amortisation of part of these capitalised costs for an amount of 3.8 million euros.

Investment income amounted to 0.3 million euros as at 30 June 2014 compared to 0.6 million euros as at 30 June 2013. The change in the fair value of hedging instruments (portion recognised in profit or loss) represented an income of 0.3 million euros as at 30 June 2014 compared to 1.5 million euros as at 30 June 2013.

1.2.5.2. Corporation tax

As at 30 June 2014, the Group recorded a corporation tax charge of 34.1 million euros, down 28.0% compared to 30 June 2013. The effective tax rate is 45.4% as at 30 June 2014 compared to 40.1% as at 30 June 2013. This change in the effective tax rate can be explained by the 1.9 point increase in the CIT rate (increasing from 36.1% to 38.0%, introduced by the Finance Law of 2013) and a greater negative impact in 2014 than in 2013 of the partial deductibility of financial interest which was reduced from 85% in 2013 to 75% in 2014. These effects are partially offset by more substantial tax credits (CICE (Tax Credit for Competition and Employment) in particular) and by the granting of an approval to transfer previous tax losses in 2014.

1.2.5.3. Income for the period

The Group's income for the period amounted to 40.9 million euros as at 30 June 2014 compared to 70.6 million euros as at 30 June 2013, a decrease of 42.1% between the two periods. Excluding exceptional items, income for the period is down 28.5%.

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the changes in the Group's cash position as at 30 June 2014, as at 31 December 2013, and as at 30 June 2013:

Solocal Group	**As at 30 June**	**As at 31 December**	**As at 30 June**
in million euros	**2014**	**2013**	**2013**
Accrued interest not yet due	0.0	0.0	0.0
Cash and cash equivalents	54.6	75.5	107.9
Cash	**54.6**	**75.6**	**107.9**
Bank overdrafts	(1.9)	(2.5)	(2.0)
Net cash	**52.7**	**73.1**	**105.9**
Bank borrowing	813.9	1,297.5	1,368.2
Bond loan	350.0	350.0	350.0
Revolving credit facility	-	-	-
Loan issue expenses	(29.3)	(25.4)	(31.6)
Capital leases	1.0	0.0	0.1
Fair value of hedging instruments	16.2	20.2	34.4
Accrued interest not yet due	16.9	6.3	7.0
Earn-outs	1.4	3.3	5.2
Other financial liabilities	1.4	0.8	1.0
Gross financial debt	**1,171.5**	**1,652.7**	**1,734.3**
of which current	*18.5*	*136.4*	*138.8*
of wich non current	*1,153.0*	*1,516.2*	*1,595.6*
Net debt	**1,118.9**	**1,579.6**	**1,628.5**
Net debt excl. fair value of hedging instruments and loan issue expenses	**1,131.9**	**1,584.8**	**1,625.6**

The Group net debt is down 509.6 million euros compared to 30 June 2013 and down 460.7 million euros compared to 31 December 2013. It stood at 1,118.9 million euros at 30 June 2014 compared to 1,579.6 million euros at 31 December 2013 and 1,628.5 million euros at 30 June 2013.

As at 30 June 2014, it mainly comprised of:

- a A7 loan tranche, for a total amount of 813.8 million euros, maturing in March 2018 (or March 2020 on option). The loan documentation was amended during the first half of 2014 (cf. details in note 7 of the consolidated financial statements).

- the fair value of hedging instruments which represents a debt of 16.2 million euros as at 30 June 2014. As at 30 June 2014, the bank debt is hedged 98.3% by forward swaps.

- a revolving credit facility of a total of 65.3 million euros. It was undrawn as at 30 June 2014.

- A bond loan amounting to a total of 350.0 million euros at a fixed rate of 8.875% maturing in mid-2018.

* a net cash flow of 52.7 million euros.

As at 30 June 2014, the revolving credit facility was undrawn, the amount available is 65.3 million euros. Including the cash flow as at 30 June 2014, available cash thus amounts to 118.0 million euros.

Excluding the fair value of interest rate hedging instruments, representing a liability of 16.2 million euros as at 30 June 2014, compared to a liability of 34.4 million euros as at 30 June 2013, and excluding loan issuance costs of 29.3 million euros as at 30 June 2014, compared to 31.6 million euros as at 30 June 2013, the net debt amounted to 1,131.9 million euros as at 30 June 2014, compared to 1,625.6 million euros as at 30 June 2013.

The table below shows the cash flows of the consolidated Group as at 30 June 2013 and as at 30 June 2014:

Solocal Group	**As at 30 June**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Net cash from operations	95.9	116.4	(20.6)
Net cash used in investing activities	(49.6)	(23.4)	(26.2)
Net cash provided by (used in) financing activities	(66.7)	(79.0)	12.4
Impact of changes in exchange rates on cash	0.0	(0.0)	0.0
Net increase (decrease) in cash position	**(20.4)**	**14.0**	**(34.4)**
Net cash and cash equivalents at beginning of period	73.1	91.9	(18.8)
Net cash and cash equivalents at end of period	**52.7**	**105.9**	**(53.2)**

Net cash and cash equivalents for the Group amounted to 52.7 million euros as at 30 June 2014, compared to 105.9 million euros as at 30 June 2013.

The net cash from operations amounted to 95.9 million euros as at 30 June 2014 compared to 116.4 million euros as at 30 June 2013, representing a decrease of 20.6 million euros due mainly to:

* a gross operating margin of 182.2 million euros as at 30 June 2014, down 33.3 million euros compared to 30 June 2013,

* a decrease in the working capital requirement of 12.9 million euros as at 30 June 2014 compared to a decrease of 25.4 million euros as at 30 June 2013, representing a lesser resource of 12.5 million euros between the two periods,

* a net disbursement of 9.5 million euros for restructuring costs as at 30 June 2014,

* a net disbursement of 37.8 million euros in respect of net financial interest as at 30 June 2014 compared to 71.4 million euros as at 30 June 2013. The disbursement for the first half of 2014 benefits from postponed interest payment of 12 million euros (to be disbursed in the third quarter of 2014) while the first half of 2013 includes a 10 million euros payment in relation to 2012 interest,

- a disbursement of 44.8 million euros in respect of corporation tax as at 30 June 2014 compared to 48.3 million euros as at 30 June 2013.

The net cash used in investing activities represents a disbursement of 49.6 million euros as at 30 June 2014, up 26.2 million euros, compared to a disbursement of 23.4 million euros recorded as at 30 June 2013, mainly comprising:

- 35.5 million euros in respect of acquisitions of tangible and intangible fixed assets as at 30 June 2014 compared to 21.6 million euros as at 30 June 2013, reflecting in particular the renewal of the sales tools as well as the investments carried out to launch new products and services, and the enhancements to the functionalities of the Group's fixed and mobile Internet sites,

- 8.2 million euros in terms of the acquisition of equity interests (including earn-outs) as at 30 June 2014 (100% stake in LeadFormance and Retail Explorer) compared to 1.3 million euros as at 30 June 2013 (Wozaïk),

- 6.0 million euros in terms of cash collateral paid as a guarantee for two commercial leases upon future completion signed in May 2014 (cf. note 12 of the consolidated condensed accounts).

The net cash used in financing activities amounted to 66.7 million euros as at 30 June 2014 compared to 79.1 million euros as at 30 June 2013, representing a decrease of 12.4 million euros due mainly to:

- a decrease of 83.6 million euros corresponding to scheduled repayments of the bank loan of which 41.7 million euros in respect of the excess cash flow clause,

- the absence of drawing on the revolving credit facility as at 30 June 2014, compared to a decrease of 75.8 million euros corresponding to the repaying of the balance of the revolving credit facilities as at 30 June 2013,

- the 3.1 million euro disbursement in the 1st half of 2013, of the balance of the refinancing expenses initiated at the end of 2012,

- a 400.0 million euro decrease related to the repayment of a portion of the bank loan following its renegotiation (cf. details in note 7 of the consolidated condensed accounts), disbursed costs amount to 6.2 million euros as at 30 June 2014,

- a capital increase net of subscription costs of 422.9 million euros (cf. details in note 8 of the consolidated condensed accounts).

1.4. Risks and uncertainties relating to the second half of 2014

The main risks and uncertainties identified by the Group concern:

- The operational activities and the strategy of the Group: the decrease in the use of the Printed directories combined with increasing competition in the online advertising market, a deterioration in the economic conditions, uncertainty concerning the economic model for online advertising and the reduction in the content of its services are risk factors that could have a significant negative impact on the Group's business, financial position or results.

- The financial aspects: in view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk.

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

2. Consolidated condensed accounts

2.1 - Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	**As at 30 June 2014**	**As at 30 June 2013**	**2nd Quarter 2014**	**2nd Quarter 2013**
Revenues		470,775	500,333	255,076	272,340
Net external expenses		(106,508)	(102,872)	(59,767)	(56,935)
Personnel expenses : - Salaries and charges		(182,046)	(181,970)	(99,079)	(95,932)
Gross Operating Margin		**182,222**	**215,491**	**96,230**	**119,473**
- Legal employee profit-sharing		(6,012)	(7,021)	(3,415)	(4,105)
- Share-based payment		(6,023)	(1,289)	(5,747)	(655)
Depreciation and amortisation		(23,185)	(20,031)	(12,903)	(10,113)
Other income and expenses		(14,051)	(2,226)	(4,700)	(2,228)
Operating income		**132,951**	**184,924**	**69,465**	**102,372**
Financial income		584	2,170	56	1,213
Financial expenses		(58,383)	(68,979)	(30,074)	(33,980)
Net financial income	4	**(57,799)**	**(66,809)**	**(30,018)**	**(32,767)**
Share of profit or loss of an associate		(191)	(114)	(224)	21
Corporate income tax	5	(34,107)	(47,391)	(17,915)	(28,006)
Income for the period		**40,854**	**70,610**	**21,308**	**41,620**
Income for the period attributable to:					
- Shareholders of Solocal Group		40,856	70,606	21,306	41,606
- Non-controlling interests		(2)	4	2	14
Net earnings per share (in euros)					
Net earnings per share of the consolidated group					
- basic	10	0.14	0.25		
- diluted		0.13	0.24		

2.2 - Statement of comprehensive income

(Amounts in thousands of euros)	**As at 30 June 2014**	**As at 30 June 2013**	**2nd Quarter 2014**	**2nd Quarter 2013**
Income for the period report	**40,854**	**70,610**	**21,308**	**41,620**
Net (loss) /gain on cash flow hedges				
- Gross	3,677	18,596	1,891	8,970
- Deferred tax	(1,397)	(6,741)	(718)	(3,237)
- Net of tax	**2,280**	**11,855**	**1,173**	**5,733**
ABO reserves :				
- Gross	6,426	(576)	6,426	(296)
- Deferred tax	(2,212)	208	(2,212)	107
- Net of tax	**4,214**	**(368)**	**4,214**	**(189)**
Exchange differences on translation of foreign operations	2	1	5	(1)
Other comprehensive income	**6,496**	**11,488**	**5,392**	**5,543**
Total comprehensive income for the period, net of tax	**47,349**	**82,098**	**26,699**	**47,163**
Total comprehensive income for the period attributable to:				
- Shareholders of Solocal Group	47,351	82,094	26,697	47,149
- Non-controlling interests	(2)	4	2	14

2.3 - Statement of financial position

(Amounts in thousands of euros)	Notes	As at 30 June 2014	As at 31 December 2013	As at 30 June 2013
Assets				
Net goodwill		82,209	78,697	83,874
Other net intangible fixed assets		97,596	80,773	72,170
Net tangible fixed assets		26,249	23,569	24,062
Investment in an associate		2,087	6,024	6,113
Available-for-sale assets		408	515	515
Other non-current financial assets		5,032	4,944	1,398
Net deferred tax assets	5	13,679	20,257	22,432
Total non-current assets		**227,260**	**214,779**	**210,564**
Net inventories		805	915	2,066
Net trade accounts receivable		333,796	405,843	350,675
Acquisition costs of contracts		56,949	63,250	64,874
Other current assets		33,815	24,727	34,907
Current tax receivable		19,213	777	896
Prepaid expenses		9,971	5,905	12,291
Other current financial assets		9,730	8,264	7,516
Cash and cash equivalents	7	54,603	75,569	107,892
Total current assets		**518,882**	**585,250**	**581,118**
Total assets		**746,142**	**800,029**	**791,681**
Liabilities				
Share capital		232,345	56,197	56,197
Issue premium		362,899	98,676	98,676
Reserves		(1,996,232)	(2,100,026)	(2,099,879)
Income for the period attribuable to shareholders of Solocal Group		40,856	114,772	70,606
Other comprehensive income		(19,897)	(26,391)	(38,974)
Own shares		(9,218)	(10,004)	(10,110)
Equity attributable to equity holders of the Solocal Group		**(1,389,247)**	**(1,866,777)**	**(1,923,484)**
Non-controlling interests		58	60	9
Total equity		**(1,389,189)**	**(1,866,717)**	**(1,923,475)**
Non-current financial liabilities and derivatives	7	1,153,015	1,516,223	1,595,551
Employee benefits - non-current		78,359	85,051	89,560
Provisions - non-current		8,932	16,259	7,089
Deferred tax liabilities	5	-	-	814
Total non-current liabilities		**1,240,306**	**1,617,533**	**1,693,014**
Bank overdrafts and other short-term borrowings	7	3,587	132,652	133,760
Accrued interest	7	16,876	6,269	7,039
Provisions - current		22,463	11,698	168
Trade accounts payable		98,614	84,484	79,904
Employee benefits - current		113,235	119,207	114,851
Other current liabilities		87,743	94,608	87,089
Corporation tax		59	2,840	159
Deferred income		552,448	597,455	599,172
Total current liabilities		**895,026**	**1,049,213**	**1,022,142**
Total liabilities		**746,142**	**800,029**	**791,681**

2.4 - Statement of changes in equity

(Amounts in thousands of euros)	Number of shares in circulation	Share capital	Issue premium	Own shares	Income and reserves	Cash flow hedges & actuarial differences	Translation reserve	Group equity	Non-controlling interests	Total equity
Balance as at 31 December 2012	**277,656,043**	**56,197**	**98,676**	**(10,010)**	**(2,101,169)**	**(50,461)**	**-**	**(2,006,767)**	**5**	**(2,006,762)**
Total comprehensive income for the period, net of tax					70,606			**70,606**	4	**70,610**
Other comprehensive income, net of tax						11,487	1	**11,488**		**11,488**
Comprehensive income for the period, net of tax					**70,606**	**11,487**	**1**	**82,094**	**4**	**82,098**
Share-based payment					1,289			**1,289**	-	**1,289**
Shares of the consolidating company net of tax effect	(126,167)			(100)				**(100)**	-	**(100)**
Balance as at 30 June 2013	**277,529,876**	**56,197**	**98,676**	**(10,110)**	**(2,029,274)**	**(38,974)**	**1**	**(1,923,484)**	**9**	**(1,923,475)**
Total comprehensive income for the period, net of tax					44,166			**44,166**	51	**44,217**
Other comprehensive income, net of tax						12,250	(0)	**12,250**		**12,250**
Comprehensive income for the period, net of tax					**44,166**	**12,250**	**(0)**	**56,415**	**51**	**56,466**
Share-based payment					186			**186**	-	**186**
Shares of the consolidating company net of tax effect	(527,617)			106				**106**	-	**106**
Reclassification of reserves (actuarial differences)					(333)	333		**-**		**-**
Balance as at 31 December 2013	**277,002,259**	**56,197**	**98,676**	**(10,004)**	**(1,985,255)**	**(26,391)**	**1**	**(1,866,777)**	**60**	**(1,866,717)**
Total comprehensive income for the period, net of tax					40,856			**40,856**	(2)	**40,854**
Other comprehensive income, net of tax						6,494	2	**6,496**		**6,496**
Comprehensive income for the period, net of tax					**40,856**	**6,494**	**2**	**47,351**	**(2)**	**47,349**
Capital increase, net of related costs after tax	880,742,416	176,148	264,223		(12,792)			**427,579**		**427,579**
Share-based payment					1,814			**1,814**	-	**1,814**
Shares of the consolidating company net of tax effect	930,591			786				**786**	-	**786**
Balance as at 30 June 2014	**1,158,675,266**	**232,345**	**362,899**	**(9,218)**	**(1,955,378)**	**(19,897)**	**2**	**(1,389,246)**	**58**	**(1,389,188)**

2.5 - Cash flow statement

(Amounts in thousands of euros)	Notes	**As at 30 June 2014**	**As at 30 June 2013**	**2nd Quarter 2014**	**2nd Quarter 2013**
Income for the period attributable to shareholders of Solocal Group		**40,856**	**70,606**	**21,306**	**41,606**
Depreciation and amortisation of fixed assets	11 & 13	26,791	20,031	16,509	10,113
Change in provisions	21	3,365	3,732	(3,972)	2,882
Share-based payment		1,814	1,289	1,538	655
Capital gains or losses on asset disposals		348	116	319	118
Interest income and expenses	4	50,920	53,810	26,235	28,308
Hedging instruments	4	6,879	12,999	3,783	4,459
Unrealised exchange difference		-	-	-	-
Tax charge for the period	5	34,107	47,391	17,915	28,006
Share of profit or loss of an associate		191	114	224	(21)
Non-controlling interests		(2)	4	2	14
Decrease (increase) in inventories		110	301	(403)	620
Decrease (increase) in trade accounts receivable		70,869	78,633	65,929	65,458
Decrease (increase) in other receivables		(6,294)	(9,554)	6,152	5,246
Increase (decrease) in trade accounts payable		6,754	3,324	7,509	7,139
Increase (decrease) in other payables		(58,536)	(47,331)	(85,145)	(73,692)
Net change in working capital		**12,904**	**25,373**	**(5,958)**	**4,771**
Dividends and interest received		313	634	151	342
Interest paid and rate effect of net derivatives		(37,804)	(71,395)	(25,072)	(60,749)
Corporation tax paid		(44,829)	(48,262)	(24,742)	(27,288)
Net cash from operations		**95,852**	**116,442**	**28,238**	**33,216**
Acquisition of tangible and intangible fixed assets	12 & 13	(35,459)	(21,552)	(18,866)	(12,092)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets / liabilities		(14,168)	(1,826)	(11,078)	(1,755)
Net cash used in investing activities		**(49,627)**	**(23,378)**	**(29,944)**	**(13,846)**
Increase (decrease) in borrowings	26	(489,444)	(78,853)	(450,442)	(1,859)
Capital increase	8	422,883	-	422,883	-
Other cash from financing activities o/w own shares	8	(90)	(197)	(1,009)	(59)
Net cash provided by (used in) financing activities		**(66,651)**	**(79,050)**	**(28,567)**	**(1,918)**
Impact of changes in exchange rates on cash		2	(0)	3	-
Net increase (decrease) in cash position		**(20,424)**	**14,013**	**(30,271)**	**17,452**
Net cash and cash equivalents at beginning of period		73,079	91,872	82,926	88,434
Net cash and cash equivalents at end of period	7	**52,655**	**105,885**	**52,655**	**105,886**

2.6 – Notes to the consolidated financial statements

Note 1 - Description of the business

For over sixty years, the Solocal Group has provided a diversified range of products and services for consumers and businesses, with at its core, the publishing of local information on its online web portals and in printed directories, as well as the publishing of editorial content to assist users in their searches and choices. The Group's main activities are described in note 3.

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 (PAJ).

This information was approved by the Board of Directors of Solocal Group on 29 July 2014.

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 2014, 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 2013, available on the Group website (http://www.solocalgroup.com/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 2013, with the exception of new standards, amendments and interpretations which are mandatory with effect from 1 January 2014, but which have no significant impact:

- Revised IAS 27: Separate Financial Statements
- Revised IAS 28: Investments in associates and joint ventures
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint arrangements
- IFRS 12: Disclosures of Interests in other entities
- Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 10,11,12 - Transition guidance
- Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities
- Amendments to IAS 36: Recoverable Amount Disclosures for Non Financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21: Levies

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 30 June 2014.

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 2014, 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 2014:

- IFRS 14 Regulatory Deferral Accounts (applicable on 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (applicable on 1 January 2016)
- IFRS 9 Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39
- IAS 19 Defined Benefit Plans: Employee Contributions
- Improvements to IFRSs 2010-2012 Cycle
- Improvements to IFRSs 2011-2013 Cycle
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (applicable on 1 January 2016)
- IAS 16 et IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (applicable on 1 January 2016)

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 expected impacts on the consolidated financial statements are not significant.

All of the standards and interpretations adopted by the European Union as at 30 June 2014 are available on the website of the European Commission at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.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 2014

The delayed turnaround of Sotravo, combined with a worsening of economic conditions, have resulted in a depreciation of 3.6 million euros in goodwill.

Other income and expenses

As at 30 June 2014, other operating expenses and income include in particular a goodwill impairment of 3.6 million euros, as well as restructuring costs generated by the commercial and marketing reorganisation of PagesJaunes for an amount of 9.8 million euros.

Note 3 - SEGMENT INFORMATION

Solocal Group offers online content, advertising solutions and transactional services that connect consumers and clients locally. Through its subsidiaries, Solocal Group conducts three complementary businesses: publisher of content and services, media and ad sales network. Its offering comprises a diversified range of products and services associated with these activities aimed at consumers and businesses.

The Group’s business model is based on that of the media: i.e. offering quality content which generates an audience and then knowing how to monetise this audience, either as a whole or in segments, to professionals. The Group's brands benefit from a strong awareness and are trusted by users. The credibility of our services, built year after year, is the base for the strength of our audiences.

Since the beginning of 2014, the Group has reorganised itself around 5 vertical "markets" (Retail, B2B, Home, Services, Health & Public) which should allow it to improve customer experience, and to best meet customerexpectations, in particular with the development and the marketing of targeted products and services.

The Group’s activities are broken down in three segments:

- Internet:

  These are the activities carried out online. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group’s Internet activity is mainly carried out in France, but also in Spain (QDQ Media). Through Yelster Digital, specialised in metasearch activities (including 123people until March 2014, e-reputation and 123pages), the group also markets its products and services in many other countries.

  This segment comprises the online directory activity of “pagesjaunes.fr” and “pagespro.com”, the creation and marketing of content and advertising space of “search” and “display” , particularly through Horyzon Média’s Internet ad sales network, as well as through online classifieds from “annoncesjaunes.fr” and “avendrealouer.fr”.

  The Group is one of the key European players in the creation and hosting of websites. It offers customers web optimisation and visibility solutions through Search Engine Optimisation (‘‘SEO’’)) or Search Engine Marketing (‘‘SEM’’, paid listing).

  This segment includes routes, geolocation and booking services of Mappy, and couponing from 123deal and digital promotion.

  Also included in this segment are online people and profile search with 123people (until March 2014), online quotes services for SME’s in the home improvement sector with Sotravo, online thematic guides with ComprendreChoisir.com published by Fine Media, online meal ordering on Chronoresto.fr from locally-listed restaurants (in 2013) and Direct Marketing (emailing type) services.

- Printed Directories:

  This is the Group’s historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, *l’Annuaire*).

- Other businesses:

  This comprises directory enquiry services by telephone and SMS (118 008), and the QuiDonc reverse directory. This segment also includes some activities of PJMS (formerly PagesJaunes Marketing Services): telemarketing, data mining, database generation, prospect processing and traditional direct marketing activities (data entry and postage).

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

Amounts in thousands of euros	**As at 30 June 2014**	**As at 30 June 2013**	**2nd Quarter 2014**	**2nd Quarter 2013**
Revenues	**470,775**	**500,333**	**255,076**	**272,340**
- Internet	315,281	316,039	161,320	160,654
- Printed directories	146,365	173,545	89,646	106,676
- Other businesses	9,129	10,749	4,110	5,010
Gross Operating Margin	**182,222**	**215,491**	**96,230**	**119,473**
- Internet	116,835	132,677	56,665	68,576
- Printed directories	63,301	79,764	38,801	49,730
- Other businesses	2,086	3,050	764	1,167

Note 4 - Financial income

The financial income is made up as follows:

(Amounts in thousands of euros)	**As at 30 June 2014**	**As at 30 June 2013**	**2nd Quarter 2014**	**2nd Quarter 2013**
Interest and similar items on financial assets	160	241	67	98
Result of financial asset disposals	153	393	84	244
Change in fair value of hedging instruments	271	1,536	(95)	871
Financial income	**584**	**2,170**	**56**	**1,213**
Interest on financial liabilities	(41,401)	(48,442)	(19,859)	(25,700)
Income / (expenses) on hedging instruments	(6,879)	(12,999)	(3,783)	(4,459)
Amortisation of loan issue expenses	(9,521)	(6,021)	(6,527)	(3,011)
Change in fair value of financial assets and liabilities	476	-	476	-
Other financial expenses & fees	(103)	(273)	(83)	(218)
Accretion cost (1)	(955)	(1,244)	(298)	(592)
Financial expenses	**(58,383)**	**(68,979)**	**(30,074)**	**(33,980)**
Net financial income	**(57,799)**	**(66,809)**	**(30,018)**	**(32,767)**

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

Note 5 – Corporation tax

5.1 - 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 2014**	**As at 30 June 2013**	**2nd Quarter 2014**	**2nd Quarter 2013**
Pretax net income from continuing businesses	74,961	118,001	39,223	69,626
Share of profit or loss of an associate	(191)	(114)	(224)	21
Pretax net income from continuing businesses and before Share of profit or loss of an associate	**75,152**	**118,115**	**39,447**	**69,605**
Statutory tax rate	34.43%	34.43%	34.43%	34.43%
Theoretical tax	**(25,877)**	**(40,671)**	**(13,583)**	**(23,967)**
Loss-making companies not integrated for tax	(972)	(242)	(582)	(127)
Share-based payment	(625)	(444)	(530)	(226)
Foreign subsidiaries	184	12	119	10
Recognition of previously unrecognised tax losses	(1,678)	-	(1,678)	-
Corporate value added contribution (after tax)	(3,807)	(4,084)	(2,016)	(2,173)
Ceiling of interest expense deductibility	(4,146)	(2,475)	(2,021)	(1,302)
Adjustment corporation tax of prior years	4,510	1,523	3,258	7
Additional tax 10,7% (5% as at 30 june 2013)	(2,680)	(1,929)	(1,484)	(1,136)
Other non-taxable / non-deductible items	983	918	602	907
Effective tax	**(34,107)**	**(47,391)**	**(17,915)**	**(28,006)**
of which current tax	*(23,617)*	*(50,424)*	*(7,761)*	*(29,240)*
of which deferred tax	*(10,490)*	*3,033*	*(10,154)*	*1,234*
Effective tax rate	**45.4%**	**40.1%**	**45.4%**	**40.2%**

5.2 - TAXES IN THE BALANCE SHEET

The net balance sheet position is detailed as follows:

Amounts in thousands of euros	**As at 30 June 2014**	**As at 31 December 2013**	**As at 30 June 2013**
Retirement benefits	25,887	26,373	27,483
Employee profit-sharing	3,553	4,697	4,378
Non-deductible provisions	6,082	8,526	4,573
Hedging instruments	4,230	5,730	11,563
Tax loss carryforward	-	-	847
Other differences	1,103	1,043	1,043
Subtotal deferred tax assets	**40,855**	**46,369**	**49,887**
Corporate value added contribution	(28)	(40)	(66)
Loan issue costs	(10,985)	(9,859)	(11,648)
Brand 123people	-	-	(1,132)
Depreciations accounted for tax purposes	(16,163)	(16,213)	(15,423)
Subtotal deferred tax liabilities	**(27,176)**	**(26,112)**	**(28,269)**
Total net deferred tax assets / (liabilities)	**13,679**	**20,257**	**21,618**
Deferred tax assets	*13,679*	*20,257*	*22,432*
Deferred tax liabilities	*-*	*-*	*(814)*

No deferred tax asset relating to loss carryforwards of QDQ Media was recognised in the balance sheet, as this company recorded a net loss as at 30 June 2014. The amount of deferred tax not recognised is estimated at 65.1 million euros.

The deferred tax assets in the balance sheet decreased from 20.3 million euros as at 31 December 2013 to 13.7 million euros as at 30 June 2014.

In the balance sheet as at 30 June 2014, corporation tax represents a receivable of 19.2 million euros and a liability of 0.1 million euros. In the balance sheet as at 30 June 2013, corporation tax represented a receivable of 0.9 million euros and a liability of 0.2 million euros. The tax disbursed as at 30 June 2014 is 44.8 million euros compared to 48.3 million euros as at 30 June 2013.

Amounts in thousands of euros	**As at 30 June 2014**	**As at 31 December 2013**	**As at 30 June 2013**
Opening balance	20,257	25,021	25,021
Changes recognized in equity	(2,733)	(13,543)	(6,436)
Changes recognized in income	(10,490)	8,779	3,033
Closing balance	**13,679**	**20,257**	**21,618**

Note 6 - Derivative financial instruments

Solocal Group uses derivative financial instruments to manage the interest rate risk associated with the variable rate bank debt. Solocal Group has implemented the procedures and documentation necessary to justify hedge accounting as defined in IAS 39.

These operations provide a cash flow hedge relating to the variable rate debt (cf. note 7). Prospective effectiveness tests performed on the inception of these operations and retrospective tests carried out on 31 December 2013 and 30 June 2014 showed that these financial instruments offered a totally effective cash flow hedge in relation to this debt.

Accounting and assets/liabilities relating to these derivative financial instruments

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

(in thousands of euros)	**As at 30 June 2014**	**As at 31 December 2013**	**As at 30 June 2013**
Interest rate swaps – cash flow hedge	(14,215)	(17,892)	(32,015)
Collars – fair value hedge	(2,029)	(2,300)	(2,433)
Assets / (liability)	**(16,244)**	**(20,192)**	**(34,448)**
Of which non-current	*(16,244)*	*(20,192)*	*(21,489)*
Of which current	-	-	*(12,959)*

The change in the fair value of derivative financial instruments (qualified as cash flow hedges) between 31 December 2013 and 30 June 2014, i.e. a decrease of 3.7 million euros for the interest rate swaps, was stated in transferable equity, after recognition of deferred tax of 1.4 million euros.

The change in the collar (qualified as fair value hedging) was recognised in financial expenses (cf. note 4), for an amount of 0.3 million euros. Deferred tax of 0.1 million euros was recorded in this respect.

No ineffectiveness was recorded with regard to cash flow hedges.

Note 7 - 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 2014**	**As at 31 December 2013**	**As at 30 June 2013**
Accrued interest not yet due	22	45	14
Cash equivalents	41,770	54,940	94,342
Cash	12,811	20,584	13,536
Gross cash	**54,603**	**75,569**	**107,892**
Bank overdrafts	(1,949)	(2,490)	(2,007)
Net cash	**52,654**	**73,079**	**105,885**
Bank loan	813,896	1,297,476	1,368,202
Bond loan	350,000	350,000	350,000
Loans issue expenses	(29,287)	(25,417)	(31,610)
Lease liability	1,021	44	75
Fair value of hedging instruments (cf. note 6)	16,244	20,192	34,448
Price supplements on acquisition of securities	1,419	3,301	5,231
Accrued interest not yet due	16,876	6,269	7,039
Other financial liabilities	1,360	789	958
Gross financial debt	**1,171,529**	**1,652,654**	**1,734,343**
of which current	*18,514*	*136,431*	*138,792*
of which non-current	*1,153,015*	*1,516,223*	*1,595,551*
Net debt	**1,118,875**	**1,579,575**	**1,628,458**

Cash and cash equivalents

As at 30 June 2014, cash equivalents amounted to 41.8 million euros and are primarily comprised of UCITS and available interest-bearing accounts.

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

Bank loan (syndicated credit agreement)

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

- the ratio of consolidated net debt to an aggregate close to the consolidated GOM (the "**Leverage Ratio**") must be less than or equal to 4.50 from 30 June 2014 until 31 March 2015, 4.25 as at 30 June and 30 September 2015 and 4.00 at the end of each calendar quarter thereafter over the residual term of the agreement (GOM and consolidated net debt as defined in the agreement with the financial institutions);
- the ratio of an aggregate close to the consolidated GOM to the 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 (GOM and consolidated net debt as defined in the agreement

with the financial institutions);
- starting in 2015 and if the Leverage Ratio is higher than 3.50, a maximum amount of investments of 70 million euros during the following financial year.

As at 30 June 2014, these financial covenants were met and there are no grounds for reclassifying non-current debt as current debt. These ratios were respectively at 2.92 and 3.65.

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 securities;
- 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 closing 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, purchasing its shares, 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 were issued by the entity PagesJaunes Finance & Co SCA (which is not an entity affiliated with the Company) and their 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 the bond loan from bondholders 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 its 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.

Following the approval on 9 May of the Accelerated Financial Safeguard Procedure plan proposed by the Group and following the carrying out a capital increase, the following conditions for the syndicated credit agreement came into effect on 6 June 2014:

- conversion of the tranche A3 into tranche A6 for 296.0 million euros and into tranche A7 for 602.1 million euros;
- conversion of the tranche A5 into tranche A6 for 104.0 million euros and into tranche A7 for 211.7 million euros;
- repayment of the tranche A6 with the funds coming from the capital increase such as described in note 8;
- conditions for the new tranche A7 totalling 813.8 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);
- new conditions for the RCF 3 revolving credit facility: nominal of 65.3 million euros, cancellable by 4.124% every quarter starting on 15 July 2014, final maturity in March 2018 with a faculty to extend it to March 2020, same margin as the tranche A7.

As at 30 June 2014, bank debt can be broken down as follows:

- Tranche A7: nominal of 813.8 million euros, margin of 400 bps;
- RCF 3 revolving credit facility: nominal of 65.3 million euros, not drawn.

This operation generated costs estimated at 13.4 million euros and the extinguishment of a part of the bank loan. The latter led to an accelerated amortisation of part of the expenses associated with the renegotiation of this financing in 2011 and 2012, amounting to 3.8 million euros.
Pursuant to IAS 39, the refinancing of the remainder of the bank loan has not been qualified as an extinguishment of debt. Consequently, the non-amortised expenses were kept on the balance sheet.

Bond borrowings

Moreover, Solocal Group has, via PagesJaunes Finance & Co SCA, a 350 million euro bond loan. This loan has a fixed rate of 8.875% and is repayable on 1 June 2018.

Price supplements on acquisition of securities

As part of the acquisitions completed in 2014, price supplements may be paid in 2014 if certain operating performance conditions are fulfilled. As at 30 June 2014, these were estimated to be 1.4 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.

Note 8 - Share-holders’ equity

Capital increase

The Extraordinary General Meeting of 29 April 2014 approved two capital increases:

- a capital increase amounting to 361.6 million euros with preferential subscription rights ("DPS") for former shareholders, resulting in the creation of 723,242,416 new shares;
- a reserved capital increase of 78.8 million euros with suppression of the DPS benefiting four institutional investors (Paulson & Co. Inc., Credit Suisse, Praxient, Amber Capital) who had agreed to guarantee a portion of the capital increase with preferential subscription rights; this resulted in the creation of 157,500,000 new shares.

These two capital increases made it possible to raise a total gross amount of 440.4 million euros corresponding to the issue of 880,742,416 new shares.

The subscription price for the capital increase with preferential subscription rights and of the reserved capital increase were identical, namely 0.50 euro per share.

The settlement-delivery for the new shares and their listing for trading on the regulated Euronext Paris market took place on 6 June 2014.

The social capital of Solocal Group is now comprised of 1,161,727,170 shares each with a par value of 0.20 euro, which is a total amount of 232,345,434 euros (before deduction of treasury shares).

The funds raised were used to to make an early partial repayment at par value for the Company's bank debt for an amount of 400 million euros (cf. note 7), allowing the Company to accelerate its "Digital 2015" transformation programme and the growth in its Internet businesses.

This operation generated costs estimated at 19.4 million euros (12.0 million euros after tax), these were recognised as equity, net of the tax effect.

These capital increases were dealt with in a prospectus for which the Autorité des marchés financiers ("AMF") granted visa (approval) no. 14-195 on 13 May 2014. It is comprised of the *document de référence* of Solocal Group, filed with the Autorité des marchés financiers on 15 April 2014 under number D.14-0366, a memorandum of operation, and the summary of the prospectus (included in the memorandum of operation).

Treasury shares

Through the liquidity contract, the Company held 1,531,718 of its own shares as at 30 June 2014 (1,982,495 as at 31 December 2013), stated as a deduction from equity.

Solocal Group also repurchased 2,000,000 of its own shares outside the liquidity contract in 2011 for a total of 6.0 million euros, stated as a deduction from equity. In April 2014, the final acquisition of 479,814 actions distributed in terms of the free shares plan of 2011 were taken from this stock. As at 30 June 2014, Solocal Group held 1,520,186 of its own shares directly.

As at 30 June 2014, Solocal Group consequently held 3,051,904 of its own shares.

Note 9 – Changes in the scope of consolidation

The scope of consolidation did not change significantly during the first half of 2014.

Note 10 - Information on related parties

There were no new significant transactions or changes with related parties during the first half of 2014.

Note 11 – Off-balance-sheet commitments

In May 2014, Solocal Group subscribed to two commercial leases upon future completion signed with two separate investors, for premises located in the towers of a real estate complex currently being refurbished called Citylights, located in Boulogne Billancourt.

The leases upon future completion were irrevocably signed on 26 May 2014 for a firm period of 10 years, as Solocal Group has renounced its 3-year termination option until the end of the firm period of the two leases. The effective date of these two contracts is postponed to the date of completion of the rental premises scheduled to take place on 30 September 2015, plus a period when the premises will be available to Solocal Group free of charge for a maximum of 6 months. The scheduled date for the two leases to take effect is then set to 1 April 2016, with the expiry date for each of the two leases set to 31 March 2026.

These leased premises have a surface area of 32,600 m², for a total commitment for these two contracts of 115 million euros (excluding maintenance and rent indexing).

Two autonomous bank guarantees at first demand for an amount each representing 12 months of rent including tax were, moreover, issued for the benefit of the landlords to guard the latter against any presentation failure of Solocal Group on the date the lease takes effect. These guarantees were granted for a period that expires on 31 October 2016 and have given rise to a collateral cash payment of 6 million euros in May 2014.

There were no other new significant commitments during the first half of 2014.

Note 12 – Disputes – significant changes over the half-year

On 21 September 2011, the CNIL (national data protection authority) issued a public warning to PagesJaunes for having in particular "crawled" the data of persons on six social networks and for having provided access to this data on the PagesBlanches directory without having informed the persons beforehand.
PagesJaunes disputed the means retained by the CNIL before the *Conseil d'Etat*, which in its ruling of 12 March 2014, did not retain any of the means raised and consequently rejected the recourse of PagesJaunes without however pronouncing any financial penalty.
All legal action is now no longer possible. PagesJaunes which had stopped the sanctioned processing must remain vigilant when implementing its future processing in particular with regards to the claims presented against it during the sanction, namely absence of information and consent from persons during the collection of personal data.

Note 13 - Events subsequent to the closing date of 30 June 2014

On the date this report was established, no significant event was observed subsequent to the closing date of 30 June 2014.

3. DECLARATION OF THE PERSON RESPONSIBLE

I certify that to the best of my knowledge, the condensed consolidated financial statements for the first half of 2014 have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of the Company and all of the companies included within the consolidation, and that the half year management report is a true reflection of the major events that have occurred during the first six months of the period, of their impact on the half year accounts and of the main transactions between related parties, as well as a description of the main risks and main uncertainties for the last six months of the period.

Sèvres, 29 July 2014
Chairman and CEO
Jean-Pierre Remy

4. STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION 2014

To the Shareholders,

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

- a limited examination of the condensed consolidated half-year financial statements for Solocal Group, concerning the period from 1 January to 30 June 2014, as provided with this report;
- verification of the information provided in the half-year management report.

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

I- Conclusion on the financial statements

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

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

II- Specific verification

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

Paris-La Défense and Neuilly-sur-Seine, 29 July 2014

The Statutory Auditors,

Ernst & Young Audit	Deloitte & Associés
Denis THIBON	Ariane BUCAILLE