Consolidated financial information as at 31 March 2016

Board of Directors of 19 May 2016

Unofficial translation of the French-language "*Informations financières consolidées au 31 mars 2016*" of SoLocal Group, for information purposes only.

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SoLocal Group
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Commercial and Companies Register Nanterre 552 028 425

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1. ACTIVITY REPORT AS AT 31 MARCH 2016

1.1. Overview

Having completed its transformation as the European leader into 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".

Within the scope of continued activities, Solocal Group generated revenues of €190 million in Q1 2016, of which revenues from its Internet activities represented 83% and revenues from its Print & Voice activities represented 17%. Internet business stable compared to Q1 2015 is driven by two primary business lines: Local Search and Digital marketing.

Internet
In Q1 2016, SoLocal Group recorded €157 million Internet revenues, representing 83% of Group revenues, stable compared to Q1 2015.

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 Q1 2016, this Local Search activity posted revenues of €118 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).

o Second, we create and provide Internet users with the best local and customised content about professionals. In Q1 2016, this Digital Marketing activity represented revenues of €40 million. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+25% in Q1 2016 compared to Q1 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 €33 million, i.e. 17% of the Group's consolidated revenues in Q1 2016. This business line includes the Group's activities in the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches), as well as the Group's other activity called 'Voice', including telephone directory enquiry and reverse directory services.

1.2. Commentary on the results as at 31 March 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 31 March 2016 are made up as follows:

Consolidated, Continued activities, Disposed activities.

	As at 31 March 2016				As at 31 March 2015			
(Amounts in thousands of euros, except data relating to shares)	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
			Recurring	Non recur.			Recurring	Non recur.
Revenues	190.0	-	**190.0**	**-**	209.2	2.4	**206.9**	**-**
Recurring EBITDA	51.5	-	**51.5**	**-**	54.2	(2.6)	**56.8**	**-**
EBITDA	51.2	-	**51.5**	**(0.3)**	53.7	(2.7)	**56.8**	**(0.4)**
Operating income	37.1	-	**37.4**	**(0.3)**	41.8	(3.1)	**45.3**	**(0.4)**
Income before tax	18.9	-	**19.2**	**(0.3)**	19.9	(3.1)	**23.4**	**(0.4)**
Income for the period	11.4	-	**11.6**	**(0.2)**	12.4	(2.7)	**15.4**	**(0.3)**

Starting in 2015, SoLocal Group is isolating the momentum of continued activities from that of the activities that it has disposed of. The comments on the financial performance indicators concern the scope of continued activities.

Consolidated income statement for continues activities, as at 31 March 2016 and as at 31 March 2015

SoLocal Group	Continued activities						
in million euros	As at 31 March 2016			As at 31 March 2015			Change recurring 2016/2015
	Total	Recurring	Non recurring	Total	Recurring	Non recurring	
Revenues	**190.0**	**190.0**	**-**	**206.9**	**206.9**	**-**	**-8.2%**
Net external expenses	(50.5)	(50.5)	-	(47.6)	(47.6)	-	6.1%
Personnel expenses	(87.9)	(87.9)	-	(102.5)	(102.5)	-	-14.2%
Recurring EBITDA	**51.5**	**51.5**	**-**	**56.8**	**56.8**	**-**	**-9.2%**
As % of revenues	*27.1%*	*27.1%*	-	*27.5%*	*27.5%*	-	
Non recurring items	(0.3)	-	(0.3)	(0.4)	-	(0.4)	-
EBITDA	**51.2**	**51.5**	**(0.3)**	**56.4**	**56.8**	**(0.4)**	**-9.2%**
Depreciation and amortisation	(14.1)	(14.1)	-	(11.4)	(11.4)	-	23.5%
Operating income	**37.1**	**37.4**	**(0.3)**	**44.9**	**45.3**	**(0.4)**	**-17.5%**
As % of revenues	*19.5%*	*19.7%*	-	*21.7%*	*21.9%*	-	
Financial income	0.5	0.5	-	0.5	0.5	-	14.4%
Financial expenses	(18.7)	(18.7)	-	(22.5)	(22.5)	-	-16.8%
Net financial expense	**(18.2)**	**(18.2)**	**-**	**(22.1)**	**(22.1)**	**-**	**-17.5%**
Share of profit or loss of an associate	-	-	-	0.1	0.1	-	-100.0%
Income before tax	**18.9**	**19.2**	**(0.3)**	**23.0**	**23.4**	**(0.4)**	**-17.9%**
Corporate income tax	(7.5)	(7.6)	0.1	(7.9)	(8.0)	0.2	-5.7%
Income for the period	**11.4**	**11.6**	**(0.2)**	**15.1**	**15.4**	**(0.3)**	**-24.2%**

Details on the revenues and recurring EBITDA of continued activities, as at 31 March 2016 and as at 31 March 2015:

SoLocal Group	Continued activities		
in million euros	As at 31 March 2016	As at 31 March 2015	Change 2016/2015
Internet	157.1	157.9	-0.5%
Print & Voice	32.8	49.0	-33.0%
Revenues	**190.0**	**206.9**	**-8.2%**
Internet revenues as % of total	*82.7%*	*76.3%*	
Internet	43.0	42.8	0.5%
Print & Voice	8.5	14.0	-39.1%
Recurring EBITDA	**51.5**	**56.8**	**-9.2%**
As % of revenues			
Internet	*27.4%*	*27.1%*	
Print & Voice	*25.9%*	*28.6%*	

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

Revenues stood at €190,0 million in the first quarter of 2016, down -8.2% compared to the first quarter of 2015:

- Internet revenues at €157.1 million in the first quarter of 2016 (representing 83% of total revenues) are stable versus the first quarter of 2015, as the growth remains constrained by bank covenants :

    - Audience growth: Internet visits record a growth +7% in the first quarter of 2016 compared to the first quarter of 2015 of which +27% mobile (representing 41% of total audience). The Group expects growth to increase in the coming months and to reach an annual trend in line with the one of last year.

    - Local Search ARPA -1% in the first quarter of 2016 compared to the first quarter of 2015. This step down is due to a quarterly one-off impact driven by first quarter of 2015 product revamping. The annual trend is expected to remain within the positive long-term historical trend.

    - Client base -6% in the first quarter of 2016 compared to the first quarter 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 constraint on investment in client acquisition.

    - Digital Marketing revenues +25% in the first quarter of 2016 compared to the first quarter of 2015 with a very strong acceleration of local programmatic. SoLocal Group expects a much lower growth in the second quarter of 2016 compared to the first quarter of 2016 because the Group will not benefit from the effect of technical fees related to a new website offering in 2015. However the strong dynamic in Digital Marketing should extend to full year 2016.

- Print & Voice revenues are down by -33.0% over the period, mainly due to both the strong decline of PagesBlanches and the underperformance of a few published books which is not expected to occur in the upcoming quarters.

Recurring EBITDA was €51.5 million in the first quarter of 2016, down -9.2% versus the first quarter of 2015, driven by the drop in Print & Voice EBITDA while Internet EBITDA remained stable.

The EBITDA to revenue margin was 27% in the first quarter of 2016, stable compared to the first quarter of 2015, thanks to significant cost reduction driven by sales and non sales staff decrease.

1.2.2. Analysis of consolidated operating income for continued activities

The table below shows the Group's consolidated operating income for continued activities as at 31 March 2015 and as at 31 March 2016:

SoLocal Group	**Continued activities**						
in million euros	**As at 31 March 2016**			**As at 31 March 2015**			**Change recurring 2016/2015**
	Total	**Recurring**	**Non recurring**	**Total**	**Recurring**	**Non recurring**	
Recurring EBITDA	**51.5**	**51.5**	**-**	**56.8**	**56.8**	**-**	**-9.2%**
Non recurring items	(0.3)	-	(0.3)	(0.4)	-	(0.4)	-
EBITDA	**51.2**	**51.5**	**(0.3)**	**56.4**	**56.8**	**(0.4)**	**-9.2%**
Depreciation and amortisation	(14.1)	(14.1)	-	(11.4)	(11.4)	-	23.5%
Operating income	**37.1**	**37.4**	**(0.3)**	**44.9**	**45.3**	**(0.4)**	**-17.5%**
As % of revenues	*19.5%*	*19.7%*	-	*21.7%*	*21.9%*	-	

Depreciation and amortisation for the Group stands at -14.1 million euros as at 31 March 2016 compared to -11.4 million euros as at 31 March 2015, an increase of +2.7 million euros (+23.5%).

The Group's recurring operating income decreased by -17.5% compared to 37.4 million euros as at 31 March 2015. This decrease of -7.9 million euros stems from the 5.2 million euro drop in recurring EBITDA and from the increase in depreciation and amortisation of 2.7 million euros.

1.2.3. Analysis of the results for continued activities

The table below shows the Group's results for continued activities as at 31 March 2015 and as at 31 March 2016:

SoLocal Group	**Continued activities**						
in million euros	**As at 31 March 2016**			**As at 31 March 2015**			**Change recurring 2016/2015**
	Total	**Recurring**	**Non recurring**	**Total**	**Recurring**	**Non recurring**	
Operating income	**37.1**	**37.4**	**(0.3)**	**44.9**	**45.3**	**(0.4)**	**-17.5%**
As % of revenues	*19.5%*	*19.7%*	-	*21.7%*	*21.9%*	-	
Financial income	0.5	0.5	-	0.5	0.5	-	14.4%
Financial expenses	(18.7)	(18.7)	-	(22.5)	(22.5)	-	-16.8%
Net financial expense	**(18.2)**	**(18.2)**	**-**	**(22.1)**	**(22.1)**	**-**	**-17.5%**
Share of profit or loss of an associate	-	-	-	0.1	0.1	-	-100.0%
Income before tax	**18.9**	**19.2**	**(0.3)**	**23.0**	**23.4**	**(0.4)**	**-17.9%**
Corporate income tax	(7.5)	(7.6)	0.1	(7.9)	(8.0)	0.2	-5.7%
Income for the period	**11.4**	**11.6**	**(0.2)**	**15.1**	**15.4**	**(0.3)**	**-24.2%**

1.2.3.1. Net financial income for continued activities

Net financial expense was -€18.2 million in the first quarter of 2016, in reduction of -17.5% compared to the first quarter of 2015, as the hedging instruments matured at the end of 2015.

1.2.3.2. Recurring results for the period for continued activities

Corporate income tax was a charge of -€7.6 million in the first quarter of 2016, in reduction of -5.7% compared to the first quarter of 2015.

Recurring income from continued activities amounted to +11.6 million euros as at 31 March 2016 down -24.2% compared to the first quarter of 2015.

1.2.3.3. Results for the period for continued activities

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

The Group’s net income was €11.4 million in the first quarter of 2016, down -7.7% compared to the first quarter of 2015.

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

(Amounts in thousands of euros, except data relating to shares)

	As at 31 March 2016				As at 31 March 2015			
	Consolidated	**Divested activities**	**Continued activities**		**Consolidated**	**Divested activities**	**Continued activities**	
			Recurring	**Non recur.**			**Recurring**	**Non recur.**
Revenues	189,953	-	189,953	-	209,238	2,378	206,860	-
Net external expenses	(50,486)	-	(50,486)	-	(50,527)	(2,955)	(47,572)	-
Personnel expenses	(87,922)	-	(87,922)	-	(104,525)	(2,027)	(102,498)	-
Recurring EBITDA	**51,545**	**-**	**51,545**	**-**	**54,186**	**(2,604)**	**56,790**	**-**
Non recurring items	(313)	-	-	(313)	(480)	(60)	-	(420)
EBITDA	**51,232**	**-**	**51,545**	**(313)**	**53,706**	**(2,664)**	**56,790**	**(420)**
Depreciation and amortization	(14,128)	-	(14,128)	-	(11,865)	(421)	(11,444)	-
Operating income	**37,104**	**-**	**37,417**	**(313)**	**41,841**	**(3,085)**	**45,346**	**(420)**
Financial income	533	-	533	-	466	-	466	-
Financial expenses	(18,743)	-	(18,743)	-	(22,535)	(1)	(22,534)	-
Net financial expense	**(18,210)**	**-**	**(18,210)**	**-**	**(22,069)**	**(1)**	**(22,068)**	**-**
Share of profit or loss of an associate	-	-	-	-	107	-	107	-
Income before tax	**18,894**	**-**	**19,207**	**(313)**	**19,879**	**(3,086)**	**23,385**	**(420)**
Corporate income tax	(7,451)	-	(7,559)	108	(7,477)	382	(8,019)	160
Effective tax rate	*-39.4%*		*-39.4%*	*-34.4%*	*-37.8%*	*-12.4%*	*-34.4%*	*-38.0%*
Income for the period	**11,443**	**-**	**11,648**	**(205)**	**12,402**	**(2,704)**	**15,366**	**(260)**

Cash flow Statement by Quarter

In million of euros	As at 31 March 2016	As at 31 March 2015	Change
Recurring EBITDA	**51.5**	**56.8**	**-9.3%**
Non monetary items included in EBITDA and other	(0.9)	2.9	-131.0%
Net change in working capital	(9.0)	(4.5)	-100.0%
Acquisition of tangible and intangible fixed assets	(18.9)	(15.9)	-18.9%
Cash financial income	(2.6)	(12.4)	79.0%
Non recurring items	(3.1)	(5.1)	39.2%
Acquisition costs of shares	-	-	-
Corporate income tax paid	0.3	0.1	200.0%
Net Cash flow from continued activities	**17.5**	**21.9**	**-20.1%**
Net Cash flow from divested activities	-	(1.2)	100.0%
Net cash flow	**17.5**	**20.7**	**-15.5%**
Increase (decrease) in borrowings and bank overdrafts	12.0	(18.6)	164.5%
Capital increase	-	-	-
Other	(1.2)	(3.7)	n/a
Net cash variation	**28.3**	**(1.6)**	**n/a**
Net cash and cash equivalents at beginning of period	53.3	43.6	22.2%
Net cash and cash equivalents at end of period [1]	**81.6**	**42.0**	**94.3%**

[1] own bonds included

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the cash flows for **continued activities** of the Group as at 31 March 2015 and as at 31 March 2016:

SoLocal Group in million euros	**Continued activities**		
	As at 31 March 2016	**As at 31 March 2015**	**Change 2016/2015**
Net cash from operations	36.5	37.8	(1.3)
Net cash used in investing activities	(20.2)	(16.9)	(3.3)
Net cash provided by (used in) financing activities	12.0	(21.3)	33.3
Impact of changes in exchange rates on cash	(0.0)	0.0	(0.0)
Net increase (decrease) in cash position	**28.3**	**(0.4)**	**28.6**

The net cash from operations amounted to 36.5 million euros as at 31 March 2016 compared to 37.8 million euros as at 31 March 2015, representing a decrease of 1.3 million euros due mainly to:

- recurring EBITDA for continued activities of 51.5 million euros as at 31 March 2016, down 5.2 million euros compared to 31 March 2015,
- a decrease of 1.8 million euros in non recurring disbursements (including restructuring costs),
- an increase in the working capital requirement of 9.0 million euros as at 31 March 2016 compared to an increase of 4.5 million euros as at 31 March 2015, representing an unfavourable change of 4.5 million euros between the two periods, mainly due to regulatory change in cash out phasing of social charges,
- a net disbursement of 2.6 million euros in respect of financial interest as at 31 March 2016 compared to 12.4 million euros as at 31 March 2015, which is a favourable change of 9.8 million euros between the two periods linked to a shift in the payment of interests in the third quarter of 2016,

The net cash used in investing activities represents a disbursement of 20.2 million euros as at 31 March 2016, an increase compared to a disbursement of 16.9 million euros recorded as at 31 March 2015, mainly comprising:

- 18.9 million euros in respect of acquisitions of tangible and intangible fixed assets as at 31 March 2016 compared to 15.9 million euros as at 31 March 2016,
- 1.3 million euros in terms of the acquisition of equity interests and net price supplements of the cash flow acquired in the first quarter of 2016 compared to 1.1 million euros in the first quarter of 2015.

The net cash used in financing activities represents a collection of 12.0 million euros as at 31 March 2016 compared to a disbursement 21.3 million euros as at 31 March 2015 representing a change of 33.3 million euros due mainly to:

- the drawing on the revolving credit line for 30.0 million euros as at 31 March 2016 compared to a repayment for this same line for 20.0 million euros as at 31 March 2015,
- the contractual repayment of the excess cash flow of the tranche A7 of the bank loan for an amount of 15.2 million euros,
- the repayment of a loan for an amount of 1.7 million euros.

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

SoLocal Group	**As at 31 March**	**Exercice clos le 31 December**	**As at 31 March**
in million euros	**2016**	**2015**	**2015**
Accrued interest not yet due	0.7	0.1	0.1
Cash and cash equivalents	82.0	53.6	43.7
Cash	**82.7**	**53.7**	**43.7**
Bank overdrafts	(1.2)	(0.4)	(1.7)
Net cash	**81.6**	**53.3**	**42.0**
Bank borrowing	783.6	800.5	813.8
Bond loan	350.0	350.0	350.0
Revolving credit facility	30.0	-	-
Loan issue expenses	(16.5)	(18.4)	(24.0)
Capital leases	0.8	0.7	0.7
Fair value of hedging instruments	-	-	6.6
Earn-outs	2.2	2.8	1.2
Accrued interest not yet due	17.3	4.1	13.0
Other financial liabilities	3.3	4.2	6.4
Gross financial debt	**1,170.8**	**1,143.9**	**1,167.8**
of which current	*50.7*	*25.6*	*26.0*
of wich non current	*1,120.2*	*1,118.3*	*1,141.8*
Net debt	**1,089.3**	**1,090.5**	**1,125.8**
Net debt excl. fair value of hedging instruments and loan issue expenses	**1,105.7**	**1,108.9**	**1,143.2**

The Group net debt is down 36.6 million euros compared to 31 March 2015 and down 1.3 million euros compared to 31 December 2015. It stood at 1,089.3 million euros at 31 March 2016 compared to 1,090.5 million euros at 31 December 2015 and 1,125.8 million euros at 31 March 2015.

As at 31 March 2016, it mainly comprised:

- of a tranche A7 bank loan, for a total amount of 783.6 million euros, the final maturity is March 2018 (or March 2020 on option),

- of a revolving credit line for a total amount of 46.5 million euros, utilised for 30 million euros as at 31 March 2016,

- of a bond loan amounting to a total of 350.0 million euros at a fixed rate of 8.875% repayable in June 2018.

- of net cash flow of 81.6 million euros.

As at 31 March 2016, the amount available in the revolving credit line amounts to 16.5 million euros. Including the cash flow as at 31 March 2016, available cash thus amounts to 98.1 million euros.

Excluding loan issue expenses of 16.5 million euros, the net debt amounted to 1,105.7 million euros as at 31 March 2016.

1.4. Risks and uncertainties relating to the last three quarters of 2016

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

- Risks related to the Group’s business and strategy : Group's adaptation to digital technologies and market changes, difficulty in remaining competitive, sensitivity to the economic climate, increase in the price of paper or the cost of other production factors, risk of a reduction in contents, damage to information systems, fluctuations in SoLocal Group’s quarterly results, effect of investments or divestments and inability to comply with its bank covenants and effects of a possible debt refinancing could have a significantly negative impact on the SoLocal Group’s business, financial position or results, or on its ability to achieve its goals.

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

- Market risks : in view of its financial structure, SoLocal Group is exposed to interest rate risk, liquidity risk and credit risk.

1.5. Quarterly financial data

Revenues by Quarter

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

[1] Average Revenue Per Advertiser

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

Recurring EBITDA by Quarter [1]

In million of euros	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Internet recurring EBITDA	42,8	56,2	56,3	40,9	43,0
EBITDA / revenue margin	27%	34%	37%	25%	27%
Print & Voice recurring EBITDA	14,0	25,8	22,0	12,4	8,5
EBITDA / revenue margin	29%	36%	36%	24%	26%
Recurring EBITDA from continued activities	**56,8**	**82,0**	**78,3**	**53,3**	**51,5**
EBITDA / revenue margin	27%	34%	37%	25%	27%
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**
EBITDA / revenue margin	26%	33%	35%	24%	27%

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

Income Statement by Quarter

In million of euros	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Group revenues	**206.9**	**239.3**	**212.2**	**214.2**	**190.0**
Net external expenses	(47.6)	(50.6)	(51.0)	(59.0)	(50.5)
Personnel expenses	(102.5)	(106.7)	(83.0)	(101.9)	(87.9)
Recurring EBITDA	**56.8**	**82.0**	**78.3**	**53.3**	**51.5**
Non recurring items	(0.4)	(1.8)	(1.8)	(45.0)	(0.3)
EBITDA from Continued activities operations	**56.4**	**80.1**	**76.5**	**8.3**	**51.2**
Depreciation and amortisation	(11.4)	(10.4)	(13.0)	(17.3)	(14.1)
Operating income	**44.9**	**69.7**	**63.4**	**(9.0)**	**37.1**
Net financial expense	(22.1)	(20.9)	(21.2)	(19.5)	(18.2)
Share of the result from associated companies	0.1	-	-	-	-
Income before tax	**23.0**	**48.9**	**42.3**	**(28.6)**	**18.9**
Corporate income tax	(7.9)	(22.4)	(19.9)	7.1	(7.5)
Corporate income tax rate	*34.2%*	*45.8%*	*47.0%*	*24.7%*	*39.4%*
Net income from continued activities	**15.1**	**26.5**	**22.4**	**(21.5)**	**11.4**
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**

Cash flow Statement by Quarter

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

Glossary

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

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

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

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

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

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

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

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

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

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

Reach (audience indicator created and published by Nielsen Médiamétrie)

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

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

Audiences (visit indicator measured by SoLocal Group)

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

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

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

2. Consolidated condensed accounts

2.1 – Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	As at 31 March 2016	As at 31 March 2015
Revenues		189,953	209,238
Net external expenses		(50,486)	(50,527)
Personnel expenses		(87,922)	(104,525)
Recurring EBITDA		**51,545**	**54,186**
Non recurring items		(313)	(480)
EBITDA		**51,232**	**53,706**
Depreciation and amortization		(14,128)	(11,865)
Operating income		**37,104**	**41,841**
Financial income		533	466
Financial expenses		(18,743)	(22,535)
Net financial expense	5	**(18,210)**	**(22,069)**
Share of profit or loss of an associate		-	107
Corporate income tax	6	(7,451)	(7,477)
Income for the period		**11,443**	**12,402**
Income for the period attributable to:			
- Shareholders of SoLocal Group		11,450	12,406
- Non-controlling interests		(7)	(4)
Net earnings per share (in euros)			
Net earnings per share of the consolidated group based on a weighted average number of shares			
- basic		0.30	0.32
- diluted		0.28	0.30
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 31 March)			
- basic		0.30	0.32
- diluted		0.28	0.30

2.2 – Statement of comprehensive income

(Amounts in thousands of euros)	Notes	**As at 31 March 2016**	**As at 31 March 2015**
Income for the period report		**11,443**	**12,402**
Net (loss) /gain on cash flow hedges			
- Gross		-	2,881
- Deferred tax		-	(1,246)
- Net of tax		**-**	**1,635**
Exchange differences on translation of foreign operations		-	(5)
Other comprehensive income		**-**	**1,630**
Total comprehensive income for the period, net of tax		**11,443**	**14,032**
Total comprehensive income for the period attributable to:			
- Shareholders of SoLocal Group		(7)	14,036
- Non-controlling interests		(7)	(4)

2.3 – Statement of financial position

(Amounts in thousands of euros)	Notes	**As at 31 March 2016**	**As at 31 March 2015**
Assets			
Net goodwill		95,248	82,467
Other net intangible fixed assets		124,192	113,254
Net tangible fixed assets		32,395	23,606
Investment in an associate		-	2,379
Available-for-sale assets		179	346
Other non-current financial assets		4,119	4,896
Net deferred tax assets	6	-	7,183
Total non-current assets		**256,133**	**234,131**
Net inventories		193	222
Net trade accounts receivable		314,205	387,050
Acquisition costs of contracts		33,965	42,123
Other current assets		30,124	35,297
Current tax receivable		11,918	11,287
Prepaid expenses		14,773	11,421
Other current financial assets		14,055	13,106
Cash and cash equivalents	8	82,747	43,728
Total current assets		**501,980**	**544,235**
Total assets		**758,113**	**778,365**
Liabilities			
Share capital		233,259	232,345
Issue premium		364,544	362,899
Reserves		(1,911,129)	(1,940,051)
Income for the period attribuable to shareholders of SoLocal Group		11,450	12,406
Other comprehensive income		(9,081)	(20,742)
Own shares		(5,132)	(4,954)
Equity attributable to equity holders of the SoLocal Group		**(1,316,090)**	**(1,358,097)**
Non-controlling interests		72	65
Total equity		**(1,316,018)**	**(1,358,032)**
Non-current financial liabilities and derivat	8	1,120,176	1,141,842
Employee benefits - non-current		86,768	91,089
Provisions - non-current		31,505	15,830
Other non-current liabilities		2	-
Deferred tax liabilities	6	6,191	-
Total non-current liabilities		**1,244,642**	**1,248,761**
Bank overdrafts and other short-term bor	8	34,572	14,755
Accrued interest	8	17,250	12,956
Provisions - current		30,655	19,300
Trade accounts payable		92,049	88,090
Employee benefits - current		104,621	109,092
Other current liabilities		81,854	93,538
Corporation tax		2,207	2,854
Deferred income		466,280	547,051
Total current liabilities		**829,488**	**887,637**
Total liabilities		**758,113**	**778,365**

2.4 – Statement of changes in equity

(Amounts in thousands of euros)	Number of shares in circulation	Share capital	Issue premium	Own shares	Income and reserves	Cash flow hedges & actuarial differences	Translation reserve	Group equity	Non-controlling interests	Total equity
Balance as at 1 January 2015	**1,159,469,983**	**232,345**	**362,899**	**(7,151)**	**(1,934,200)**	**(22,377)**	**12**	**(1,368,472)**	**69**	**(1,368,403)**
Total comprehensive income for the period, net of tax					12,406			**12,406**	(4)	**12,402**
Other comprehensive income, net of tax					-	1,635	(5)	**1,630**		**1,630**
Comprehensive income for the period, net of tax					**12,406**	**1,635**	**(5)**	**14,036**	**(4)**	**14,032**
Share-based payment					(5,857)			**(5,857)**	-	**(5,857)**
Shares of the consolidating company net of tax effect	868,985			2,197				**2,197**		**2,197**
Balance as at 31 March 2015	**1,160,338,968**	**232,345**	**362,899**	**(4,954)**	**(1,927,651)**	**(20,742)**	**6**	**(1,358,097)**	**65**	**(1,358,032)**
Total comprehensive income for the period, net of tax					14,233			**14,233**	14	**14,247**
Other comprehensive income, net of tax						11,661	409	**12,069**		**12,069**
Comprehensive income for the period, net of tax					**14,233**	**11,661**	**409**	**26,302**	**14**	**26,316**
Regrouping shares impact of 26 October 2015	(1,120,820,984)							**-**		**-**
Capital increase as part of the employee offering	152,326	914	1,645		(92)			**2,467**		**2,467**
Share-based payment					1,967			**1,967**	-	**1,967**
Shares of the consolidating company net of tax effect	(880,535)			(255)				**(255)**	-	**(255)**
Balance as at 31 December 2015	**38,789,776**	**233,259**	**364,544**	**(5,209)**	**(1,911,544)**	**(9,081)**	**415**	**(1,327,617)**	**79**	**(1,327,538)**
Total comprehensive income for the period, net of tax					11,450			**11,450**	(7)	**11,443**
Other comprehensive income, net of tax						-	-	**-**		**-**
Comprehensive income for the period, net of tax					**11,450**	**-**	**-**	**11,450**	**(7)**	**11,443**
Shares of the consolidating company net of tax effect	(3,986)			77				**77**	-	**77**
Balance as at 31 March 2016	**38,785,790**	**233,259**	**364,544**	**(5,132)**	**(1,900,094)**	**(9,081)**	**415**	**(1,316,090)**	**72**	**(1,316,018)**

2.5 – Cash flow statement

(Amounts in thousands of euros)	Notes	**As at 31 March 2016**	**As at 31 March 2015**
Income for the period attribuable to shareholders of SoLocal Group		**11,450**	**12,406**
Depreciation and amortisation of fixed assets		14,114	11,865
Change in provisions		(3,547)	(2,596)
Share-based payment		-	899
Capital gains or losses on asset disposals		14	-
Interest income and expenses	5	18,210	18,203
Hedging instruments	5	-	3,866
Tax charge for the period	6	7,451	7,477
Share of profit or loss of an associate		-	(107)
Non-controlling interests		(7)	(4)
Decrease (increase) in inventories		460	1,031
Decrease (increase) in trade accounts receivable		38,380	53,980
Decrease (increase) in other receivables		(8,025)	(4,849)
Increase (decrease) in trade accounts payable		(3,690)	(9,170)
Increase (decrease) in other payables		(36,077)	(43,745)
Net change in working capital		**(8,952)**	**(2,752)**
Dividends and interest received		560	75
Interest paid and rate effect of net derivatives		(3,140)	(12,504)
Corporation tax paid		329	66
Net cash from operations		**36,482**	**36,893**
Acquisition of tangible and intangible fixed assets		(18,884)	(16,146)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets		(1,344)	(1,053)
Net cash used in investing activities		**(20,229)**	**(17,199)**
Increase (decrease) in borrowings		12,007	(18,571)
Other cash from financing activities o/w own shares		22	(2,702)
Net cash provided by (used in) financing activities		**12,029**	**(21,273)**
Impact of changes in exchange rates on cash		(26)	4
Net increase (decrease) in cash position		**28,256**	**(1,575)**
Net cash and cash equivalents at beginning of period		53,330	43,578
Net cash and cash equivalents at end of period	8	**81,586**	**42,002**

2.6 – Notes to the consolidated financial statements

Note 1 – Description of the business

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

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

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

This information was approved by the Board of Directors of SoLocal Group on 19 May 2016.

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 three months ending on 31 March 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 31 March 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 31 March 2016:

- IFRS 15 Revenue from Contracts with Customers (applicable on 1 January 2017)
- 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)

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 31 March 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 31 March 2016
In the absence of an indication of impairment, it was not necessary to carry out, as at 31 March 2016, impairment tests on goodwill and intangible fixed assets.

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

Having completed its transformation as the European leader into 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".

Within the scope of continued activities, Solocal Group generated revenues of €190 million in Q1 2016, of which revenues from its Internet activities represented 83% and revenues from its Print & Voice activities represented 17%. Internet business stable compared to Q1 2015 is driven by two primary business lines: Local Search and Digital marketing.

Internet
In Q1 2016, SoLocal Group recorded €157 million Internet revenues, representing 83% of Group revenues, stable compared to Q1 2015.

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 Q1 2016, this Local Search activity posted revenues of €118 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).

o Second, we create and provide Internet users with the best local and customised content about professionals. In Q1 2016, this Digital Marketing activity represented revenues of €40 million. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+25% in Q1 2016 compared to Q1 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 €33 million, i.e. 17% of the Group's consolidated revenues in Q1 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 31 March 2016			As at 31 March 2015		
	Consolidé	**Activités désengagées**	**Activités poursuivies**	**Consolidé**	**Activités désengagées**	**Activités poursuivies**
Revenues	**189 953**	**-**	**189 953**	**209 238**	**2 378**	**206 860**
- Internet	157 141	-	157 141	160 253	2 378	157 875
- Print & Voice	32 812	-	32 812	48 985	-	48 985
Recurring EBITDA	**51 545**	**-**	**51 545**	**54 185**	**(2 604)**	**56 789**
- Internet	43 045	-	43 045	40 217	(2 604)	42 821
- Print & Voice	8 500	-	8 500	13 968	-	13 968

Note 5 – Net financial income

The net financial income is made up as follows:

(Amounts in thousands of euros)	**As at 31 March 2016**	**As at 31 March 2015**
Interest and similar items on financial assets	548	56
Result of financial asset disposals	(15)	(33)
Change in fair value of hedging instruments	-	443
Financial income	**533**	**466**
Interest on financial liabilities	(16,026)	(16,313)
Income / (expenses) on hedging instruments	-	(3,866)
Amortisation of loan issue expenses	(1,920)	(1,799)
Other financial expenses & fees	(303)	(221)
Accretion cost (1)	(494)	(336)
Financial expenses	**(18,743)**	**(22,535)**
Net financial expense	**(18,210)**	**(22,069)**

(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 31 March 2016**	**As at 31 March 2015**
Pretax net income from businesses	18,894	19,879
Share of profit or loss of an associate	-	107
Pretax net income from businesses and before Share of profit or loss of an associate	**18,894**	**19,772**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**(6,506)**	**(6,808)**
Loss-making companies not integrated for tax purposes, net of the tax impact of divested activities	(227)	(580)
Share-based payment	-	3,205
Foreign subsidiaries	397	19
Recognition of previously unrecognised tax losses	29	-
Non-deductible amortisation	-	(43)
Corporate value added contribution (after tax)	(1,416)	(1,651)
Ceiling of interest expense deductibility	(1,366)	(1,721)
Adjustment corporation tax of prior years	349	-
Additional tax 10,7%	0	(673)
Other non-taxable / non-deductible items	1,290	775
Effective tax	**(7,451)**	**(7,477)**
of which current tax	*(8,454)*	*(10,835)*
of which deferred tax	*1,003*	*3,358*
Effective tax rate	**39.4%**	**37.8%**

6.2 – TAXES IN THE BALANCE SHEET

The net balance sheet position is detailed as follows:

Amounts in thousands of euros	As at 31 March 2016	As at 31 December 2015	As at 31 March 2015
Retirement benefits	25,248	24,793	28,207
Legal employee profit-sharing	2,156	2,204	2,996
Non-deductible provisions	2,246	2,344	1,808
Hedging instruments	-	-	422
Other differences	1,285	1,285	1,238
Subtotal deferred tax assets	**30,935**	**30,626**	**34,671**
Corporate value added contribution	-	-	(11)
Loan issue costs	(6,963)	(7,186)	(8,959)
Depreciations accounted for tax purposes	(30,163)	(30,688)	(18,518)
Subtotal deferred tax liabilities	**(37,126)**	**(37,874)**	**(27,488)**
Total net deferred tax assets / (liabilities)	**(6,191)**	**(7,248)**	**7,183**
Deferred tax assets	-	-	*7,183*
Deferred tax liabilities	*(6,191)*	*(7,248)*	-

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 31 March 2016. The amount of deferred tax not recognised is estimated at 65.2 million euros.

The deferred tax liabilities in the balance sheet decreased from 7.2 million euros as at 31 December 2015 to 6.2 million euros as at 31 March 2016.

In the balance sheet as at 31 March 2016, corporation tax represents a receivable of 11.9 million euros and a liability of 2.2 million euros. In the balance sheet as at 31 March 2015, corporation tax represented a receivable of 11.3 million euros and a liability of 2.9 million euros.

Amounts in thousands of euros	As at 31 March 2016	As at 31 December 2015	As at 31 March 2015
Opening balance	**(7,248)**	**6,928**	**6,928**
Changes recognized in equity	54	(6,106)	(3,103)
Changes recognized in income	1,003	(8,070)	3,358
Closing balance	**(6,191)**	**(7,248)**	**7,183**

Note 7 – Derivative financial instruments

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

(in thousands of euros)	**As at 31 March 2016**	**As at 31 December 2015**	**As at 31 March 2015**
Interest rate swaps – cash flow hedge	-	-	(5,720)
Collars – fair value hedge	-	-	(899)
Assets / (liability)	**-**	**-**	**(6,619)**
Of which non-current	-	-	-
Of which current	-	-	*(6,619)*

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 31 March 2016**	**As at 31 December 2015**	**As at 31 March 2015**
Accrued interest not yet due	729	122	54
Cash equivalents	32,374	36,602	28,711
Cash	49,644	16,971	14,963
Gross cash	**82,747**	**53,695**	**43,728**
Bank overdrafts	(1,161)	(365)	(1,726)
Net cash	**81,586**	**53,330**	**42,002**
Bank loan	783,638	800,483	813,811
Bond loan	350,000	350,000	350,000
Revolving credit facility drawn	30,000	-	-
Loans issue expenses	(16,465)	(18,385)	(23,954)
Lease liability	846	708	748
Fair value of hedging instruments	-	-	6,619
Price supplements on acquisition of securities	2,240	2,759	1,219
Accrued interest not yet due	17,250	4,061	12,956
Other financial liabilities	3,328	4,242	6,428
Gross financial debt	**1,170,837**	**1,143,868**	**1,167,827**
of which current	*50,661*	*25,603*	*25,985*
of which non-current	*1,120,176*	*1,118,265*	*1,141,842*
Net debt	**1,089,251**	**1,090,538**	**1,125,825**

Cash and cash equivalents

As at 31 March 2016, cash equivalents amounted to 32.4 million euros and are primarily comprised of UCITS, non-blocked, remunerated, fixed-deposit accounts and own bonds.

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

Bank overdraft

The Group has authorised overdrafts totalling 12 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.

As at 31 March 2016, these financial covenants were met and there are no grounds for reclassifying non-current debt as current debt. These ratios were respectively at 3.84 and 4.09.

In terms of sensitivity, a decrease of 1% in EBITDA (covenant) would result in an increase of the leverage ratio of 0.04. A decrease of 2% in net debt would result in a decrease of the same ratio of 0.08.

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 31 March 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 used for 30 million euros: at a nominal of 46.5 million euros as at 31 March 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 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 and 2015, price supplements may be paid in 2016, 2017 and 2018 if certain operating performance conditions are fulfilled. As at 31 March 2016, these were estimated to be 2.2 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 9 – Share-holders' equity

As at 31 March 2016, SoLocal Group held a total of 90,775 of its own shares stated as a deduction from equity including:

- 86,836 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 euro, which is a total amount of 233,259,384 euros (before deduction of treasury shares).

Note 10 – Changes in the scope of consolidation

The scope of consolidation did not change significantly during the first quarter of 2016.

Note 11 – Information on related parties

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

Note 12 – Off-balance-sheet commitments

There were no new significant commitments during the first quarter 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. Moreover, more than 200 legal proceedings have been brought before industrial tribunals (of which 27 urgent applications, including 21 appeals of which 1 is still in progress) 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 is 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 this compensation to the 20 claimants.

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 consolidate financial statements for 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. Nevertheless the proceedings in progress and the legal uncertainty created by this situation forced the Group to recognise an additional provision in its consolidated financial statements for 2015 and to maintain it as at 31 March 2016.

Note 15 – Information on continued and disposed activities, as at 31 March 2016

(Amounts in thousands of euros, except data relating to shares)

	As at 31 March 2016				As at 31 March 2015			
	Consolidated	**Divested activities**	**Continued activities**		**Consolidated**	**Divested activities**	**Continued activities**	
			Recurring	**Exceptional**			**Recurring**	**Exceptional**
Revenues	189,953	-	189,953	-	209,238	2,378	206,860	-
Net external expenses	(50,486)	-	(50,486)	-	(50,527)	(2,955)	(47,572)	-
Personnel expenses	(87,922)	-	(87,922)	-	(104,525)	(2,027)	(102,498)	-
Recurring EBITDA	**51,545**	**-**	**51,545**	**-**	**54,186**	**(2,604)**	**56,790**	**-**
Exceptional items	(313)	-	-	(313)	(480)	(60)	-	(420)
EBITDA	**51,232**	**-**	**51,545**	**(313)**	**53,706**	**(2,664)**	**56,790**	**(420)**
Depreciation and amortization	(14,128)	-	(14,128)	-	(11,865)	(421)	(11,444)	-
Operating income	**37,104**	**-**	**37,417**	**(313)**	**41,841**	**(3,085)**	**45,346**	**(420)**
Financial income	533	-	533	-	466	-	466	-
Financial expenses	(18,743)	-	(18,743)	-	(22,535)	(1)	(22,534)	-
Net financial expense	**(18,210)**	**-**	**(18,210)**	**-**	**(22,069)**	**(1)**	**(22,068)**	**-**
Share of profit or loss of an associate	-	-	-	-	107	-	107	-
Income before tax	**18,894**	**-**	**19,207**	**(313)**	**19,879**	**(3,086)**	**23,385**	**(420)**
Corporate income tax	(7,451)	-	(7,559)	108	(7,477)	382	(8,019)	160
Effective tax rate	*-39.4%*	*#DIV/0!*	*-39.4%*	*-34.4%*	*-37.8%*	*-12.4%*	*-34.4%*	*-38.0%*
Income for the period	**11,443**	**-**	**11,648**	**(205)**	**12,402**	**(2,704)**	**15,366**	**(260)**

(Amounts in thousands of euros)	As at 31 March 2016			As at 31 March 2015		
	Consolidated	**Divested activities**	**Continued activities**	**Consolidated**	**Divested activities**	**Continued activities**
Recurring EBITDA	**51,545**	**-**	**51,545**	**54,186**	**(2,604)**	**56,790**
Non monetary items included in EBITDA	(859)	-	(859)	2,941	63	2,878
Net change in working capital	(8,952)	-	(8,952)	(2,752)	1,698	(4,450)
Acquisition of tangible and intangible fixed assets	(18,884)	-	(18,884)	(16,146)	(280)	(15,866)
Recurring operational cash flow	**22,850**	**-**	**22,850**	**38,228**	**(1,123)**	**39,351**
in % of recurring EBITDA (transformation rate)	*44.3%*		*44.3%*	*70.6%*		*69.3%*
Cash financial income	(2,580)	-	(2,580)	(12,429)	(1)	(12,428)
Restructuring costs	(3,129)	-	(3,129)	(5,118)	(60)	(5,058)
Corporation tax paid	329	-	329	66	(4)	70
Free cash flow	**17,470**	**-**	**17,470**	**20,747**	**(1,188)**	**21,935**
Increase (decrease) in borrowings and bank overdrafts	12,007			(18,571)		
Capital increase net of costs	-			-		
Others	(1,221)			(3,752)		
Net cash variation	**28,256**			**(1,575)**		
Net cash and cash equivalents at beginning of period	53,330			43,578		
Net cash and cash equivalents at end of period	**81,586**			**42,002**		

Note 16 – Events subsequent to the closing date of 31 March 2016

- SoLocal Group is preparing a plan to drastically reduce its financial debt

  SoLocal Group has been exploring various options of refinancing over the past months.
  The Board of Directors of SoLocal Group now considers that the company will neither recapture solid fundamentals, neither implement its strategy nor revive growth until it drastically reduces the level of its financial debt.

  The company is actively working on preparing a debt reduction plan to be presented to its lenders. In this context, SoLocal Group is currently in discussion with various investors to invest new equity in order to finance a part of this reduction plan. At this stage, SoLocal Group cannot confirm whether these discussions will be conclusive.

  Such restructuring would require the consultation of both lenders and shareholders of SoLocal Group, and would result in the dilution of the current shareholders. The shareholders could be offered the opportunity to participate in the transaction and therefore reduce any such dilution.

  In this context, with the authorization of the Commercial Court of Nanterre, SoLocal Group's Board of Directors has decided to postpone the Ordinary General Assembly expected to vote on the 2015 accounts, so that the shareholders can vote both on the 2015 accounts and the restructuring. The Group aims to announce the terms and conditions of such restructuring on or before the H1 2016 results publication planned for the end of July, so that the Shareholders' General Assembly can be held in September. The market will be kept informed about the main terms of restructuring as soon as they are finalised, in compliance with stock market rules.

- SoLocal Group has relocated its headquarters into the new real estate complex called « CityLights » in Boulogne-Billancourt (address : 204, Rond-point du Pont de Sèvres 92100 Boulogne-Billancourt).