Consolidated financial information as at 30 June 2017

Board of Directors of 26 July 2017

Unofficial translation of the French-language "*Rapport financier au 30 juin 2017*" of SoLocal Group, for information purposes only.

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SoLocal Group
Public limited company with a Board of Directors with capital of 58,153,058 euros
Registered office: 204, rond-point du Pont de Sèvres - 92100 Boulogne Billancourt
Commercial and Companies Register Nanterre 552 028 425

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1. Activity report as at 30 June 2017

1.1 - Overview

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

SoLocal Group generated revenue of 385.8 million euros in the first half of 2017, its Internet and Print & Voice activities represent 84% and 16%. The Internet activity is driven by the two main digital activities, which are Search Local and Digital Marketing.

Internet
During the first half of 2017, SoLocal Group recorded Internet revenue of 323.4 million euros, representing 84% of the Group's revenue, up 0.5% compared to the first half of 2016.

SoLocal Group's Internet activities now revolve around two product lines:

o Firstly, we offer digital services and solutions to companies to increase their visibility and expand their contacts at the local level: this Search Local activity recorded revenue of 234.9 million euros in the first half of 2017 thanks to a sustainable and very qualitative audience generated through our own brands (PagesJaunes, Mappy, Ooreka) and our special partnerships (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).

o Secondly, we create and make available to internet users the best local and personalised content on professionals: the Digital Marketing activity in the first half of 2017 represents revenue of 88.5 million euros. These technologies, highly differentiated, were created over the last five years and have enjoyed rapid growth (+12.9 % in the first half 2017 compared to the first half of 2016). They include the sites & content, local programmatic and transactional services. We have innovated substantially in these product ranges with an increase in the range of our offering on Internet sites and product & store locator, the successful launching of the ADhesive targeting service offer, leveraging local purchasing intentions data of web users, the launching of the Booster Contact offer (keyword campaigns) and more recently the launching of the Tract Digital offer, in partnership with Facebook. Furthermore, our transactional services were renamed PagesJaunes Resto et PagesJaunes Doc, taking advantage of and reinforcing the power of the traffic generated on PagesJaunes.

Print & Voice
The Print & Voice activities generated 62.4 million euros, down -24.8% in the first quarter 2017 compared to the first quarter of 2016. This segment includes the Group's activities pertaining to the publishing, distribution and sales of advertising space in the PagesJaunes and PagesBlanches print directories (PagesJaunes, PagesBlanches), as well as other activities of the Group called "Voice", including telephone directory and reverse directory services.

Details on the revenues as at 30 June 2017 and as at 30 June 2016

in million euros	As at 30 June 2017	As at 30 June 2016	Change 2017/2016
Internet	323.4	321.7	0.5%
Print & Voice	62.4	83.0	-24.8%
Revenues	**385.8**	**404.7**	**-4.7%**
Internet revenues as % of total revenues	*83.8%*	*79.5%*	

1.2 - Commentary on the results at 30 June 2017

Summary of the Group's results as at 30 June 2017 and as at 30 June 2016

(Amounts in thousands of euros)	As at 30 June 2017			As at 30 June 2016 (*)		
	Consolidated	Recurring	Non recurring	Consolidated	Recurring	Non recurring
Revenues	385.8	**385.8**	**-**	404.7	**404.7**	**-**
EBITDA	88.2	**91.1**	**(2.8)**	109.5	**111.6**	**(2.0)**
Operating income	58.4	**61.2**	**(2.8)**	82.7	**84.7**	**(2.0)**
Income before tax	313.4	**50.4**	**263.0**	45.8	**47.9**	**(2.0)**
Income for the period	305.8	**29.5**	**276.3**	25.2	**26.5**	**(1.3)**

(*) restated for the retrospective application of IAS 20 concerning the CIR (cf. note 1.1)

Detailed consolidated income statement as at 30 June 2017 and as at 30 June 2016

in million euros	As at 30 June 2017			As at 30 June 2016 (*)			Change recurring 2017/2016
	Total	Recurring	Non recurring	Total	Recurring	Non recurring	
Revenues	**385.8**	**385.8**	**-**	**404.7**	**404.7**	**-**	**-4.7%**
Net external expenses	(101.4)	(101.4)	-	(105.5)	(105.5)	-	-3.9%
Staff expenses	(193.4)	(193.4)	-	(187.6)	(187.6)	-	3.1%
Other loss and profits	(2.8)	-	(2.8)	(2.0)	-	(2.0)	-
EBITDA	**88.2**	**91.1**	**(2.8)**	**109.5**	**111.6**	**(2.0)**	**-18.4%**
As % of revenues	*22.9%*	*23.6%*	-	*27.1%*	*27.6%*	-	
Depreciation and amortization	(29.9)	(29.9)	-	(26.9)	(26.9)	-	11.2%
Operating income	**58.4**	**61.2**	**(2.8)**	**82.7**	**84.7**	**(2.0)**	**-27.7%**
As % of revenues	*15.1%*	*15.9%*	-	*20.4%*	*20.9%*	-	
Net gain from debt restructuring at 13 March 2017	265.8	-	265.8	-	-	-	-
Other financial income	-	-	-	0.7	0.7	-	-100.0%
Financial expenses	(10.8)	(10.8)	-	(37.6)	(37.6)	-	-71.3%
Financial income	**255.0**	**(10.8)**	**265.8**	**(36.9)**	**(36.9)**	**-**	**-70.7%**
Income before tax	**313.4**	**50.4**	**263.0**	**45.8**	**47.9**	**(2.0)**	**5.2%**
Corporate income tax	(7.5)	(20.9)	13.4	(20.6)	(21.3)	0.7	-1.9%
Income for the period	**305.8**	**29.5**	**276.3**	**25.2**	**26.5**	**(1.3)**	**11.3%**

(*) restated for the retrospective application of IAS 20 concerning the CIR (cf. note 1.1)

1.2.1 - Analysis of the revenues and recurring EBITDA

Revenue amounts to 385.8 million euros in the first half of 2017, down -4.7% compared to the first half of 2016.

Internet revenue amounts to 323.4 million euros in the first half of 2017, up +0.5% compared to the first half of 2016, with the sustained growth in Online Marketing partly offset by the temporary drop in Search Local.

o Growth in the audience: Internet visits recorded a growth of +4.1% in the first half of 2017 compared to the first half of 2016 including growth of +17.3% pour the mobile audience.

o Revenue for Search Local : -3.5% in the first half of 2017 compared to the first half of 2016:

☐ ARPA Search Local: +1,4% in the first half of 2017 compared to the first half of 2016, in relation with the end of the effect of the new pricing of the offer and with the impact of the financial restructuring on commercial activity during last quarter of 2016.

☐ Customers: -4.9%, a slight improvement reflecting the first effects of the retention.

o Digital Marketing revenue: revenue is up +13.0% in the first half 2017 compared to the first half of 2016 thanks to commercial success on Booster contact and Site privilege offers. Digital Marketing revenues represent 27.4% of the total revenue this semester.

Print & Voice revenue amounts to 62.4 million euros in the first half of 2017 and is down -24.8% compared to the first half of 2016. The activity represents 16.2% of the Group's total revenues this semester.

Recurring EBITDA was 91.1 million in the first half of 2017 and is down -18.4% compared to the first half of 2016 due to the decreasing margin of the Print & Voice activity.

1.2.2 - Analysis of operating income

The table below shows the Group's consolidated operating income as at 30 June 2017 and as at 30 June 2016:

in million euros	As at 30 June 2017			As at 30 June 2016 (*)			Change recurring 2017/2016 (*)
	Total	**Recurring**	**Non recurring**	**Total**	**Recurring**	**Non recurring**	
EBITDA	**88.2**	**91.1**	**(2.8)**	**109.5**	**111.6**	**(2.0)**	**-18.4%**
As % of revenues	*22.9%*	*23.6%*	-	*27.1%*	*27.6%*	-	
Depreciation and amortization	(29.9)	(29.9)	-	(26.9)	(26.9)	-	11.2%
Operating income	**58.4**	**61.2**	**(2.8)**	**82.7**	**84.7**	**(2.0)**	**-27.7%**
As % of revenues	*15.1%*	*15.9%*	*-0.7%*	*20.4%*	*20.9%*	*-0.5%*	

(*) restated for the retrospective application of IAS 20 concerning the CIR (cf. note 1.1)

Depreciation and amortization for the Group net of research tax credit (CIR, Crédit Impôt Recherche) stands at -29.9 million euros as at 30 June 2017 compared to -26.9 million euros as at 30 June 2016, which is an increase of +3 million euros (+11.2%), primarily related to the launch of the new smart search engine.

The Group's recurring operating income decreased by -27.7% compared to 61.2 million euros as at 30 June 2016. This decrease of -23.5 million euros stems from the 20.5 million euros drop in recurring EBITDA and from the increase in depreciation and amortization of 3 million euros.

1.2.3 - Analysis of income for the period

The table below shows the Group's results for the period as at 30 June 2017 and as at 30 June 2016:

in million euros	As at 30 June 2017			As at 30 June 2016 (*)			Change recurring 2017/2016 (*)
	Total	Recurring	Non recurring	Total	Recurring	Non recurring	
Operating income	**58.4**	**61.2**	**(2.8)**	**82.7**	**84.7**	**(2.0)**	**-27.7%**
Net gain from debt restructuring at 13 March 2017	265.8	-	265.8	-	-	-	-
Other financial income	-	-	-	0.7	0.7	-	-100.0%
Financial expenses	(10.8)	(10.8)	-	(37.6)	(37.6)	-	-71.3%
Financial income	**255.0**	**(10.8)**	**265.8**	**(36.9)**	**(36.9)**	**-**	**-70.7%**
Income before tax	**313.4**	**50.4**	**263.0**	**45.8**	**47.9**	**(2.0)**	**5.2%**
Corporate income tax	(7.5)	(20.9)	13.4	(20.6)	(21.3)	0.7	-1.9%
Income for the period	**305.8**	**29.5**	**276.3**	**25.2**	**26.5**	**(1.3)**	**11.3%**

(*) restated for the retrospective application of IAS 20 concerning the CIR (cf. note 1.1)

1.2.3.1 - Financial Income

The Group's net financial income represents income of 255.0 million euros as at 30 June 2017 including 265.8 million euros of non-recurring items, compared to an expense of -36.9 million euros as at 30 June 2016, which consists mainly of the following:

- non-monetary financial income of 298 million euros resulting from the difference between the book value of the debt converted into equity instruments and the fair value amount of these same instruments in application of IFRIC 19 (cf. note 6),
- accelerated amortization of the expenses associated with the issue of previous financing for an amount of 10.6 million euros linked to the restructuring of the debt in March 2017 which resulted in the extinguishment of the previous debt, compared to 3.8 million euros as at 30 June 2016,
- expenses linked to the financial restructuring that was fully recognised in the income statement for an amount of 23.9 million euros,
- income of 2.2 million euros on the partial repurchase of the bond loan.
- The new debt has interest starting on 14 March 2017 for 8.1 million euros. Interest expense stands at 10.8 million euros in the first half of 2017.

1.2.3.2 - Recurring income for the period

Recurring income stands at +29.5 million euros as at 30 June 2017 compared to 26.5 million euros as at 30 June 2016, which is an increase of 3.0 million euros.

As at 30 June 2017, tax on recurring income represents an expense of 20.9 million euros, compared to an expense of 21.3 million euros as at 30 June 2016 (-2.1%).

1.2.3.3 -Income for the period

The Group's net income stands at +305.8 million euros in the first half of 2017, compared to 25.2 million euros as at 30 June 2016, which is an increase of 280.7 million euros mainly due to the recognition of 298.0 million euros (with no effect on taxes) income of SoLocal Group, corresponding to the difference between the carrying amount of debt converted into equity instruments and the fair value of these instruments in accordance with the application of IFRIC 19 (Cf. note 6).

1.2.3.4 - Consolidated cash flow

In million of euros	**As at 30 June 2017**	**As at 30 June 2016**	**Change**
Recurring EBITDA	**91.1**	**111.6**	**-18.4%**
Non monetary items included in EBITDA and other	(0.7)	0.5	
Net change in working capital	(30.5)	(18.6)	-64.0%
Acquisition of tangible and intangible fixed assets	(26.0)	(35.6)	27.0%
Cash financial income	(41.1)	(18.5)	-122.2%
Non recurring items	(11.4)	(15.1)	24.5%
Corporate income tax paid	(27.0)	10.5	
Net cash flow	**(45.6)**	**34.8**	
Increase (decrease) in borrowings and bank overdrafts	(270.2)	15.0	
Capital increase	272.7	-	
Other	0.6	4.6	-87.0%
Net cash variation	**(42.6)**	**54.3**	
Net cash and cash equivalents at beginning of period	91.0	53.3	70.7%
Net cash and cash equivalents at end of period	**48.4**	**107.7**	**-55.1%**

1.3 - Consolidated liquidities, capital resources and investment expenses

The table below shows the cash flows of the Group as at 30 June 2017 and as at 30 june 2016:

in million euros	As at 30 June 2017	As at 30 June 2016	Change 2017/2016
Net cash from operations	(19.7)	70.4	(90.1)
Net cash used in investing activities	(25.1)	(30.9)	5.7
Net cash provided by (used in) financing activities	2.3	14.9	(12.6)
Impact of changes in exchange rates on cash	(0.0)	(0.1)	0.0
Net increase (decrease) in cash position	**(42.6)**	**54.3**	**(96.9)**
Net cash and cash equivalents at end of period	**48.4**	**107.7**	**(59.2)**

The net cash from operations amounted to -19.7 million euros as at 30 June 2017 compared to 70.4 million euros as at 30 June 2016, representing a decrease of 90.1 million euros due mainly to:

- recurring EBITDA of 91.1 million euros as at 30 June 2017, down 20.5 million euros compared to 30 June 2016,
- a disbursement of 11.4 million euros of non-recurring items compared to 15.1 million euros as at 30 June 2016,
- an increase in the working capital requirement of 30.5 million euros as at 30 June 2017 compared to an increase of 18.6 million euros as at 30 June 2016, representing an favourable change of 11.9 million euros between the two periods,
- a net disbursement of 41.1 million euros in respect of financial interest as at 30 June 2017 compared to 18.5 million euros as at 30 June 2016, which is an unfavourable change of 22.6 million euros between the two periods linked primarily to a shift in the payment of interests in the fourth quarter of 2016 to the first quarter of 2017, in the framework of debt renegotiation,
- a net disbursement of 27.0 million euros of which 6.4 million euros concerning a tax reassessment on prior years linked to the research tax credit, i.e. an unfavourable change of 37.5 million euros, with the situation as at 30 June 2016 benefiting in particular from the reimbursement of the tax receivable recorded as at 31 December 2015.

The net cash used in investing activities represents a disbursement of 25.1 million euros as at 30 June 2017, down compared to a disbursement of 30.9 million euros recorded as at 30 June 2016, mainly comprising:

- 26.0 million euros in respect of acquisitions of tangible and intangible fixed assets as at 30

June 2017 compared to 35.6 million euros as at 30 June 2016,

The net cash used in financing activities represents a collection of 2.3 million euros as at 30 June 2017 compared to a collection of 14.9 million euros as at 30 June 2016 representing a change of -12.6 million euros due mainly to debt renegotiation:

- the reimbursement of the revolving credit line for 38.4 million euros as at 30 June 2017 compared to a a drawing on this same line for 30.0 million euros as at 30 June 2016,
- the repayment of the bank loan A7 for 783.6 million euros, against the contractual repayment of the excess cash flow of tranche A7 of the bank loan for an amount of 15.2 million euros as at 30 June 2016,
- the issue of bonds for an amount of 397.8 million euros,
- the capital increase for an amount of 272.7 million euros.

The table below shows the changes in the **Group's consolidated cash position** as at 30 June 2017, as at 31 December 2016, and as at 30 June 2016:

SoLocal Group	**As at 30 June**	**As at 31 december**	**As at 30 June**
in million euros	**2017**	**2016**	**2016**
Cash and cash equivalents	48.5	91.0	111.5
Cash	**48.5**	**91.1**	**111.5**
Bank overdrafts	(0.1)	(0.1)	(3.8)
Net cash	**48.4**	**91.0**	**107.7**
Bank borrowing	-	783.6	783.6
Bond loan	397.8	337.8	337.8
Revolving credit facility	-	38.4	43.8
Loan issue expenses	-	(10.5)	(14.5)
Capital leases	0.1	0.3	0.7
Earn-outs	1.4	2.0	1.9
Accrued interest not yet due	1.2	32.1	17.6
Other financial liabilities	5.3	4.0	5.0
Gross financial debt	**405.8**	**1,187.8**	**1,176.0**
of which current	*7.3*	*1,186.4*	*1,173.4*
of wich non current	*398.5*	*1.3*	*2.6*
Net debt	**357.4**	**1,096.8**	**1,068.4**
Net debt of consolidated group excluded loan issue expenses	**357.4**	**1,107.3**	**1,082.9**

Following the restructuring if the Group's debt on 14 March 2017, the latter is down 711.0 million euros compared to 30 June 2016 and down 739.4 million euros compared to 31 December 2016. It stood at 357.4 million euros at 30 June 2017 compared to 1,096.8 million euros at 31 December 2016 and 1,068.4 million euros at 30 June 2016.

As at 30 June 2017, it is mainly comprised:

- of bonds issued for an amount of 397.8 million euros, repayable in March 2022,
- of net cash flow of 48.4 million euros.

1.4 - Risks and uncertainties

The Group has carried out a review of the risks that could have a significant unfavourable effect on its activity, financial situation or results (or on its ability to achieve its goals):

The operational activities and the strategy of the Group:

the adapting of the Group to digital technologies and to the changes in the market, the difficulty in coping with the competition, the sensitivity to the economic climate, the increase in the price of paper or the cost of other production factors, the risk of a reduction in the content, the damage to information systems, the fluctuation in the Group's quarterly results, the effect of investments or divestments, could have a significant negative impact on the Group’s business, financial position or results.

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.

Aspects linked to the bonds issued

Note on going concern : please refer to going concern note 1 of consolidated financial statements which is updated with the latest developments on financial restructuring.

1.5 - Quarterly and half -yearly financial data

Revenues by Quarter

In million of euros	H1 2017	Q2 2017	Q1 2017	12M 2016	Q4 2016	Q3 2016	H1 2016	Q2 2016	Q1 2016
Internet revenues	**323.4**	**160.7**	**162.8**	**648.7**	**171.0**	**156.1**	**321.7**	**164.6**	**157.1**
Local search	**234.9**	**115.6**	**119.3**	**490.6**	**127.4**	**119.8**	**243.4**	**125.8**	**117.6**
Number of visits (in million)	*1256*	*622*	*634*	*2432*	*610*	*616*	*1206*	*611*	*595*
ARPA[1] (in €)	*492*	*243*	*250*	*992*	*265*	*245*	*485*	*253*	*232*
Number of clients (in thousand)	*477*	*476*	*477*	*494*	*481*	*490*	*501*	*496*	*506*
Digital marketing	**88.5**	**45.1**	**43.4**	**158.1**	**43.6**	**36.3**	**78.3**	**38.7**	**39.6**
Penetration rate (in number of clients)[2]	*24%*	*24%*	*24%*	*24%*	*24%*	*23%*	*23%*	*23%*	*23%*
Print & Voice revenues	**62.4**	**36.4**	**26.0**	**163.6**	**39.4**	**41.1**	**83.0**	**50.2**	**32.8**
Consolidated revenues	**385.8**	**197.0**	**188.8**	**812.3**	**210.4**	**197.2**	**404.7**	**214.8**	**190.0**

[1] Average Revenue Per Advertiser

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

Recurring EBITDA by Semester

In million of euros	H1 2017	12M 2016	H1 2016
Internet recurring EBITDA	81.4	185.6	89.5
EBITDA / revenue margin	25%	29%	28%
Print & Voice recurring EBITDA	9.6	43.4	22.1
EBITDA / revenue margin	15%	27%	27%
Consolidated recurring EBITDA	**91.1**	**229.0**	**111.6**
EBITDA / revenue margin	24%	28%	28%

Income Statement by Semester

In million of euros	H1 2017	12M 2016 (*)	H1 2016 (*)
Group revenues	**385.8**	**812.3**	**404.7**
Net external expenses	(101.4)	(214.8)	(105.5)
Personnel expenses	(193.4)	(368.5)	(187.6)
Recurring EBITDA	**91.1**	**229.0**	**111.6**
Non recurring items	(2.8)	(5.1)	(2.0)
EBITDA	**88.2**	**223.9**	**109.5**
Depreciation and amortisation	(29.9)	(56.3)	(26.9)
Operating income	**58.4**	**167.8**	**82.7**
Financial income	255.0	(73.8)	(36.9)
Income before tax	**313.4**	**94.0**	**45.8**
Corporate income tax	(7.5)	(44.8)	(20.6)
Corporate income tax rate	*2.4%*	*47.7%*	*45.0%*
Net income	**305.8**	**49.0**	**25.2**

(*) restated for the retrospective application of IAS 20 concerning the CIR

Cash flow Statement by Semester

In million of euros	H1 2017	12M 2016	H1 2016
Recurring EBITDA	**91.1**	**229.0**	**111.6**
Non monetary items included in EBITDA and other	(0.7)	8.2	0.5
Net change in working capital	(30.5)	(56.3)	(18.6)
Acquisition of tangible and intangible fixed assets	(26.0)	(69.1)	(35.6)
Cash financial income	(41.1)	(36.0)	(18.5)
Non recurring items	(11.4)	(32.6)	(15.1)
Corporate income tax paid	(27.0)	(12.6)	10.5
Net cash flow	**(45.6)**	**30.7**	**34.8**
Increase (decrease) in borrowings and bank overdrafts	(270.2)	1.7	15.0
Capital increase	272.7	0.0	-
Other	0.6	5.3	4.6
Net cash variation	**(42.6)**	**37.7**	**54.3**
Net cash and cash equivalents at beginning of period	91.0	53.3	53.3
Net cash and cash equivalents at end of period	**48.4**	**91.0**	**107.7**

Glossary

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

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

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

- 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.

- 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.

- 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.

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

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

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

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

Reach (audience indicator created and published by Nielsen Médiamétrie)

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

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

Audiences (visit indicator measured by SoLocal Group)

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

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

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

2. Consolidated condensed accounts

2.1 - Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	**As at 30 june 2017**	**As at 30 june 2016(*)**
Revenues		385,809	404,723
Net external expenses		(101,384)	(105,494)
Personnel expenses		(193,370)	(187,641)
Other loss and profits		(2,810)	(2,048)
EBITDA		**88,246**	**109,540**
Depreciation and amortization		(29,859)	(26,873)
Operating income		**58,387**	**82,667**
Net gain from debt restructuring at 13 March 2017		265,785	-
Financial income		-	734
Financial expenses		(10,803)	(37,585)
Financial income	6	**254,982**	**(36,851)**
Income before tax		**313,370**	**45,816**
Corporate income tax	4	(7,524)	(20,634)
Income for the period		**305,845**	**25,182**
Income for the period attributable to:			
- Shareholders of SoLocal Group		305,888	25,186
- Non-controlling interests		(42)	(4)
Net earnings per share (in euros)			
Net earnings per share of the consolidated group based on a weighted average number of shares			
- basic		3.30	0.65
- diluted		3.26	0.62
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 31 march)			
- basic		0.53	0.65
- diluted		0.52	0.62

(*) restated for the retrospective application of IAS 20 concerning the CIR (cf. note 1.1)

2.2 – Statement of consolidated comprehensive income

(Amounts in thousands of euros)	Notes	**As at 30 june 2017**	**As at 30 june 2016(*)**
Income for the period report		**305,845**	**25,182**
ABO reserves :			
- Gross		(12,973)	(10,802)
- Deferred tax		3,752	3,720
- Net of tax		**(9,221)**	**(7,082)**
Exchange differences on translation of foreign operations		(202)	(281)
Other comprehensive income		**(9,423)**	(7,363)
Total comprehensive income for the period, net of tax		**296,423**	**17,820**
Total comprehensive income for the period attributable to:			
- Shareholders of SoLocal Group		296,467	17,824
- Non-controlling interests		(44)	(4)

(*) restated for the retrospective application of IAS 20 concerning the CIR (cf. note 1.1)

2.3 – Statement of consolidated financial position

(Amounts in thousands of euros)	Notes	As at 30 june 2017	As at 31 December 2016	As at 30 june 2016
Assets				
Net goodwill		95,507	95,507	95,458
Other net intangible fixed assets		127,078	128,074	126,333
Net tangible fixed assets		27,600	33,420	33,067
Available-for-sale assets		188	188	178
Other non-current financial assets		6,447	6,263	8,221
Net deferred tax assets	4	1,785	182	-
Total non-current assets		**258,605**	**263,633**	**263,257**
Net trade accounts receivable		282,195	320,900	293,218
Acquisition costs of contracts		29,953	35,025	31,720
Other current assets		31,065	31,228	34,363
Current tax receivable		1,263	361	295
Prepaid expenses		8,505	5,715	11,549
Other current financial assets		42	21,408	6,429
Cash and cash equivalents	6	48,513	91,069	111,493
Total current assets		**401,537**	**505,706**	**489,066**
Total assets		**660,142**	**769,339**	**752,324**
Liabilities				
Share capital		58,153	233,259	233,259
Issue premium		739,814	364,544	364,544
Reserves		(1,588,982)	(1,916,393)	(1,911,807)
Income for the period attribuable to shareholders of SoLocal Group		305,888	48,945	25,186
Other comprehensive income		(20,827)	(11,606)	(16,163)
Own shares		(5,157)	(4,987)	(5,192)
Equity attributable to equity holders of the SoLocal Group		**(511,112)**	**(1,286,238)**	**(1,310,173)**
Non-controlling interests		60	104	75
Total equity		**(511,052)**	**(1,286,134)**	**(1,310,098)**
Non-current financial liabilities and derivatives	6	398,530	1,341	2,579
Employee benefits - non-current		102,994	88,064	99,501
Provisions - non-current		15,247	21,077	17,374
Other non-current liabilities		2	37	2
Deferred tax liabilities	4	-	16,506	2,260
Total non-current liabilities		**516,773**	**127,025**	**121,716**
Bank overdrafts and other short-term borrowings	6	6,176	1,154,359	1,159,664
Accrued interest	6	1,160	32,137	17,610
Provisions - current		19,767	30,473	34,434
Trade accounts payable		83,950	98,889	101,650
Employee benefits - current		98,190	116,491	99,889
Other current liabilities		74,161	83,662	77,042
Corporation tax		1,392	4,088	15,841
Deferred income		369,625	408,349	434,576
Total current liabilities		**654,421**	**1,928,448**	**1,940,706**
Total liabilities		**660,142**	**769,339**	**752,324**

2.4 – Statement of consolidated changes in equity

(Amounts in thousands of euros)	Notes	**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 1st january 2016		**38,789,776**	**233,259**	**364,544**	**(5,209)**	**(1,911,544)**	**(9,081)**	**17**	**(1,328,014)**	**79**	**(1,327,935)**
Total comprehensive income for the period, net of tax						25,186			**25,186**	(4)	**25,182**
Other comprehensive income, net of tax							(7,082)	(281)	**(7,363)**		**(7,363)**
Comprehensive income for the period, net of tax						**25,186**	**(7,082)**	**(281)**	**17,824**	**(4)**	**17,820**
Shares of the consolidating company net of tax effect		(53,642)			17				**17**	-	**17**
Balance As at 30 june 2016		**38,736,134**	**233,259**	**364,544**	**(5,192)**	**(1,886,358)**	**(16,163)**	**(263)**	**(1,310,173)**	**75**	**(1,310,098)**
Total comprehensive income for the period, net of tax						23,759			**23,759**	15	**23,774**
Other comprehensive income, net of tax						-	4,557	(43)	**4,514**	1	**4,515**
Comprehensive income for the period, net of tax						**23,759**	**4,557**	**(43)**	**28,273**	**16**	**28,289**
Share-based payment						(4,542)			**(4,542)**	-	**(4,542)**
Shares of the consolidating company net of tax effect		57,708			205				**205**		**205**
Subscription minority in Dubai Effilab capital										13	**13**
Balance as at 31 december 2016		**38,793,842**	**233,259**	**364,544**	**(4,987)**	**(1,867,141)**	**(11,606)**	**(306)**	**(1,286,238)**	**104**	**(1,286,134)**
Total comprehensive income for the period, net of tax						305,888			**305,888**	(42)	**305,845**
Other comprehensive income, net of tax							(9,221)	(200)	**(9,420)**	(2)	**(9,422)**
Comprehensive income for the period, net of tax						**305,888**	**(9,221)**	**(200)**	**296,467**	**(44)**	**296,423**
Capital transactions	7	542,654,015	(175,106)	375,270	-	269,861	-	-	**470,025**	-	**470,025**
Mandatory Convertible Bond			-	-	-	8,804	-	-	**8,804**		**8,804**
Shares of the consolidating company net of tax effect		(286,967)			(170)				**(170)**	-	**(170)**
Balance As at 30 june 2017		**581,160,890**	**58,153**	**739,814**	**(5,157)**	**(1,282,589)**	**(20,827)**	**(506)**	**(511,112)**	**59**	**(511,052)**

2.5 – Cash flow statement

(Amounts in thousands of euros)	Notes	As at 30 june 2017	As at 30 june 2016(*)
Income for the period attribuable to shareholders of SoLocal Group		**305,888**	**25,186**
Depreciation and amortization of fixed assets		29,270	26,804
Change in provisions		(9,327)	(12,618)
Capital gains or losses on asset disposals		588	69
Interest income and expenses	6	(254,968)	36,777
Hedging instruments		(14)	74
Tax charge for the period	4	7,524	20,634
Non-controlling interests		(42)	(4)
Decrease (increase) in inventories		98	38
Decrease (increase) in trade accounts receivable		39,150	59,386
Decrease (increase) in other receivables		2,340	(5,786)
Increase (decrease) in trade accounts payable		(5,120)	3,171
Increase (decrease) in other payables		(66,940)	(75,373)
Net change in working capital		**(30,472)**	**(18,564)**
Dividends and interest received		14	757
Interest paid and rate effect of net derivatives		(41,142)	(19,242)
Corporation tax paid		(27,000)	10,523
Net cash from operations		**(19,681)**	**70,397**
Acquisition of tangible and intangible fixed assets		(25,951)	(35,605)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets		828	4,735
Net cash used in investing activities		**(25,123)**	**(30,871)**
Increase (decrease) in borrowings		(270,219)	14,971
Capital increase net of costs		272,650	-
Other cash from financing activities o/w own shares		(168)	(90)
Net cash provided by (used in) financing activities		**2,263**	**14,881**
Impact of changes in exchange rates on cash		(30)	(73)
Net increase (decrease) in cash position		**(42,571)**	**54,334**
Net cash and cash equivalents at beginning of period		91,013	53,330
Net cash and cash equivalents at end of period	6	**48,441**	**107,664**

(*) restated for the retrospective application of IAS 20 concerning the CIR (cf. note 1.1)

2.6 – Notes to the consolidated financial statements

Note 1 – Basis for preparation of the consolidated financial statements

The Group's main activities are described in note 2.

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 26 July 2017.

1.1. Context of publication and basis for preparation of the consolidated financial statements of 30 June 2017

Pursuant to European regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the Group has prepared the consolidated financial statements for the year ending 30 June 2017 in accordance with the IFRS standards adopted in the European Union and applicable as of that date.

The summary statements relate to the financial statements prepared in accordance with the IFRS standards as at 30 June 2017 and as at 30 June 2016. The condensed quarterly consolidated financial statements as at 30 June 2017 are prepared in accordance with IAS 34 "Interim Financial Reporting"

The accounting policies used are consistent with those used in the preparation of the annual consolidated financial statements for the year ending 31 December 2016, with the exception for the change in accounting method described below in Note 1, of new standards, amendments and interpretations which are mandatory with effect from 1 January 2017, but which have no significant impact:

- IAS 7 Disclosure initiative
- IAS 12 Recognition of deferred tax asset for unrealised losses

Finally, the Group did not opt for early application of the standards and interpretations adopted by the European Union and which are mandatory application is after 1 January 2017:

- IFRS 15 Revenue from Contracts with Customers (applicable on 1 January 2018)
- IFRS 16 Leases (applicable on 1 January 2019)
- IFRS 9 Financial Instruments (applicable on 1 January 2018)
- IFRS 9 Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 (date of application not set)
- IFRS 2 Classification and measurement of share-based payment transactions (applicable on 1 January 2018)
- Improvements to IFRSs 2014-2016 Cycle (applicable on 1 January 2017 or A January 2018 according to the standards)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable on 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable on 1/1/2019)

Concerning IFRS 9 "Financial Instruments", an analysis that does not show any impact on the financial instruments was conducted. The analysis concerning bad debts is underway.

Concerning the implementation of IFRS 15 "Revenue from Contracts with Customers", an analysis of the group's products that generate significant revenue and which have different recognition methods is currently underway and is being documented.

IFRS 15 also covers the costs of obtaining the contract. The incremental costs of the variable portion of the remuneration for sales staff linked directly to this obtaining can be activated. At this stage the potential impact is considered to be insignificant for the income statement under the hypothesis of a full retrospective approach.

The Group initiated the project of applying IFRS 16 pertaining to leases, applicable starting on 1 January 2019, subject to adoption by the European Union. From a preliminary standpoint, the impact on the consolidated balance sheet linked to the first-time application of this new standard can be assessed through the amount of the operating lease commitments as at 31 December 2016, i.e. 141 million euros.

Recognised in the past as a reduction to profit tax, the research tax credit is recognised starting on 1 January 2017 as a grant in application of the provisions of IAS 20. The amount of the Research Tax Credit (Crédit d'Impôt Recherche) was recognised in the first half of 2017 in the following way: the portion linked to development expenses recognised as an asset is presented as a reduction to the book value of these expenses for 2.7 million euros, which is an effect of 0.8 million euros as a decrease to depreciation and amortization; the portion linked to other expenses recognised as expense is presented as reduction in external expenses of 0.1 million euros.
The first half of 2016 was restated in a similar manner by the impact, of an amount of 2.0 million euros, concerns only depreciation and amortization, the external expense portion is not significant.

All of the standards and interpretations adopted by the European Union as at 30 June 2017 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.

1.2. Presentation of consolidated 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 is an alternate indicator of performance presented in the income statement in operating income and before taking depreciation and amortization into account.

1.3. Changes in the scope of consolidation

The GIE Cristallerie service integrated the scope of consolidation as at 1 January 2017.

1.4. Note of going concern (Note on the continuity of operation)

Despite the existence of consolidated equity that is still negative, the Group has not identified any elements of a nature to compromise continuity of operation.
After the financial restructuring, which made it possible to bring all of the debt to a bond debt of €398 million, the Group feels that it will be able to handle all of its financial commitments. Indeed, future cash flows generated by operations, net of investment, as well as available cash will make it possible to ensure continuity of operation in the next twelve months.

Note 2 – Segment information

2.1 Consolidated revenue

SoLocal Group is developing its activities within two operating segments: Internet and Print & Voice and generated revenue of 385.8 million euros in the first half of 2017, its Internet and Print & Voice activities represent 84% and 16%. The Internet activity is driven by the two main digital activities, which are Search Local and Digital Marketing.

Internet
During the first half of 2017, SoLocal Group recorded Internet revenue of 323.4 million euros, representing 84% of the Group's revenue, up 0.5% compared to the first half of 2016.

SoLocal Group's Internet activities now revolve around two product lines:

o Firstly, digital services and solutions to companies to increase their visibility and expand their contacts at the local level: this Search Local activity recorded revenue of 234.9 million euros in the first half of 2017 thanks to a sustainable and very qualitative audience generated through our own brands (PagesJaunes, Mappy, Ooreka) and our special partnerships (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).

o Secondly, creation and availability to internet users of best local and personalised content for the professionals: the Digital Marketing activity in the first quarter of 2017 represents revenue of 88.5 million euros. These technologies were created over the last five years and have enjoyed rapid growth (+12.9 % in the first half 2017 compared to the first half of 2016). They include the sites & content, local programmatic and transactional services. Our transactional services were renamed PagesJaunes Resto et PagesJaunes Doc. We have innovated substantially in these product ranges with an increase in the range of our offering on Internet sites and product & store locator, the successful launching of the ADhesive targeting service offer, leveraging local purchasing intentions data of web users, the launching of the Booster Contact offer (keyword campaigns) and more recently the launching of the Tract Digital offer, in partnership with Facebook. Furthermore, our transactional services were renamed PagesJaunes Resto and PagesJaunes Doc, taking advantage of and reinforcing the power of the traffic generated on PagesJaunes.

Print & Voice
The Print & Voice activities generated 62.4 million euros, down -24.8% in the first half 2017 compared to the first half of 2016. This segment includes the Group's activities pertaining to the publishing, distribution and sales of advertising space in the PagesJaunes and PagesBlanches print directories (PagesJaunes, PagesBlanches), as well as other activities of the Group called "Voice", including telephone directory and reverse directory services.

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

(Montants en milliers d'euros)	**Période close le 30 juin 2017**	**Période close le 30 juin 2016**
Chiffre d'affaires	**385,809**	**404,723**
- Internet	323,421	321,714
- Imprimés & Vocal	62,388	83,009

2.2 Recurring and non-recurring income of 30 June 2017 and 30 June 2016

(Amounts in thousands of euros)	**As at 30 June 2017**			**As at 30 June 2016 (*)**		
	Consolidated	**Recurring**	**Non recurring**	**Consolidated**	**Recurring**	**Non recurring**
Revenues	385,809	385,809	-	404,723	404,723	-
Net external expenses	(101,384)	(101,384)	-	(105,494)	(105,494)	-
Staff expenses	(193,370)	(193,370)	-	(187,641)	(187,641)	-
Other loss and profits	(2,810)	-	(2,810)	(2,048)	-	(2,048)
EBITDA	**88,246**	**91,056**	**(2,810)**	**109,540**	**111,588**	**(2,048)**
Depreciation and amortization	(29,859)	(29,859)	-	(26,873)	(26,873)	-
Operating income	**58,387**	**61,197**	**(2,810)**	**82,667**	**84,715**	**(2,048)**
Net gain from debt restructuring at 13 March :	265.8	-	265,785	-	-	-
Financial income	-	-	-	734	734	-
Financial expenses	(10,803)	(10,803)	-	(37,585)	(37,585)	-
Financial income	**254,982**	**(10,803)**	**265,785**	**(36,851)**	**(36,851)**	**-**
Income before tax	**313,370**	**50,394**	**262,975**	**45,816**	**47,864**	**(2,048)**
Corporate income tax	(7,524)	(20,896)	13,371	(20,634)	(21,339)	705
Income for the period	**305,845**	**29,499**	**276,347**	**25,182**	**26,525**	**(1,343)**

(*) restated for the retrospective application of IAS 20 concerning the CIR (cf. note 1.1)

Recurring EBITDA corresponds to EBITDA before taking non-recurring items such as restructuring costs into account. In the first half of 2017, non-recurring items represent an amount of -2.8 million euros. They concern exceptional personnel expenses. In the first half of 2016, these items of -2.0 million euros were of the same nature.

2.3 Cash flow Statement starting from recurring EBITDA as at 30 June 2017 and as at 30 June 2016

(Amounts in thousands of euros)	**As at 30 June 2017**	**As at 30 June 2016**
Recurring EBITDA	**91,056**	**111,588**
Non monetary items included in EBITDA	(742)	489
Net change in working capital	(30,472)	(18,564)
Acquisition of tangible and intangible fixed assets	(25,951)	(35,605)
Recurring operational cash flow	**33,890**	**57,909**
Cash financial income	(41,128)	(18,485)
Cash non recurring items	(11,377)	(15,143)
Corporation tax paid	(27,000)	10,523
Free cash flow	**(45,614)**	**34,804**
Increase (decrease) in borrowings and bank overdrafts	(270,219)	14,971
Capital increase net of costs	272,650	-
Others	611	4,559
Net cash variation	**(42,572)**	**54,334**
Net cash and cash equivalents at beginning of period	91,013	53,330
Net cash and cash equivalents at end of period	**48,441**	**107,664**

Note 3 – Revenues and deferred income

3.1. Revenues

The Group markets products and local communication services mainly in digital and printed form. The main activity, Internet, is comprised of Search Local and of Digital Marketing.

With regards to the Internet business, the group allocates the revenue over the following items:
- the providing of the technical service, for which revenue is recognised at an evaluation of the costs, either the subscription month if the latter is generated over the first part of the month, or the month following the subscription in the opposite case,
- the publishing of the offer, commonly referred to as space costs, recognised over the duration of the publication of the product.

For certain Internet products, the policy for recognising revenue was defined in reference to practices in the market, in particular in order to estimate the percentage of revenue recognised during the subscription of the offer.

With regards to the Print & Voice activities comprised mainly of the paper directories PagesJaunes and PagesBlanches, revenue if recognised when each of the directories is published. For technical costs, the month following the subscription of the contract.

3.2. Deferred income

Deferred income mainly comprise sales of billed advertising products later recognized according to the online display period (Internet products) or the publication period (printed directories).

Deferred income decreased from 435 million euros as at 30 june 2016 to 370 million euros as at 30 June 2017. This drop must be examined, the one hand, with the significant drop in the level of the "Print & Voice" business, and on the other hand, with a deformation in the Internet product mix towards mainly Digital Marketing products with a shorter lifespan.

Note 4 – 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 2017**	**As at 30 june 2016(*)**
Pretax net income from businesses	313,370	45,816
Pretax net income from businesses and before Share of profit or loss of an associate	**313,370**	**45,816**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**(107,903)**	**(15,776)**
Loss-making companies not integrated for tax purposes & Foreign subsidiaries	(633)	236
Recognition of previously unrecognised tax losses	(144)	(287)
Corporate value added contribution (after tax)	(2,740)	(3,036)
Difference between the carrying amount of the extinguished financial liability and the fair value of the equity instruments issued	102,617	-
Ceiling of interest expense deductibility	(691)	(2,741)
Adjustment corporation tax of prior years	216	362
Other non-taxable / non-deductible items	1,753	608
Effective tax	**(7,524)**	**(20,634)**
of which current tax	*(19,919)*	*(24,313)*
of which deferred tax	*12,395*	*3,679*
Effective tax rate	**2.4%**	**45.0%**
Effective tax rate excluded gain from debt restructuring	**41.9%**	**45.0%**

(*) restated for the retrospective application of IAS 20 concerning the CIR (cf. note 1.1)

Note 5 – Impairment test

In the absence of an indication of impairment, it was not necessary to carry out, as at 30 June 2017, impairment tests on goodwill and intangible fixed assets.

Note 6 – Cash, debt and financial instruments

6.1. Net financial income

The net financial income is made up as follows:

(Amounts in thousands of euros)	**As at 30 june 2017**	**As at 30 june 2016**
Gain on debt restructuring through the issuance of equity instruments [3]	300,198	-
Costs related to financial restructuring [4]	(24,117)	-
Accelerated amortization of borrowing costs related to the old debt	(10,545)	-
Net gain from debt restructuring as at 13 March 2017	**265,536**	**-**
Interest and similar items on financial assets	1	613
Result of financial asset disposals	(1)	(4)
Dividends received	-	125
Other financial income	**-**	**734**
Interest on financial liabilities	(8,191)	(32,072)
Income / (expenses) on hedging instruments	14	(74)
Amortisation of loan issue expenses	224	(3,841)
Change in fair value of financial assets and liabilities	25	-
Other financial expenses & fees [1]	(1,974)	(645)
Accretion cost [2]	(652)	(953)
Financial expenses	**(10,554)**	**(37,585)**
Net financial expense	**254,982**	**(36,851)**

[1] Primarily composed of current costs linked to debt management

[2] The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments

[3] This amount includes on the one hand, in accordance with the application of IFRIC 19 (cf. note 2), the difference between the book value of the debt converted into equity instruments and the fair value of these same instruments which revealed non-monetary financial income of 298 million euros and on the other hand, revenue of 2.2 million euros on the partial repurchase of the bond loan

[4] After deducting costs allocated directly as a reduction to the cash increase in capital

6.2. Financial restructuring

Description of the operation carried out in March 2017

- Capital increase with preferential subscription rights retained for 398.5 million euros (issue premium included), at a subscription price of €1 per share:
    - 272,650,250 new shares subscribed for in cash by the shareholders made as of right and excess shares, i.e. 272.65 million euros
    - **125,834,531 new shares** subscribed for by creditors, in accordance with their guarantee pledge, for 125.83 million euros (issue premium included), converting debts owed
    - **80,542,087 new shares** subscribed for by creditors, in the framework of a capital increase in which the shareholders' preferential subscription rights are removed at an issue price of 4.51 euros per share, reserved for creditors, for an amount of 363.24 million euros (issue premium included)
- Issuing **of 9,067,200 MCB** (Mandatory Convertible Bonds) in favour of creditors for a unitary nominal value of 2 euros or a total of 18.1 million euros, conferring a right to the allocation of 9,067,200 shares in the case of conversion of all of MCBs. The latter were recognised as equity. Note, 5,312,301 MCB were converted as at 30 June 2017.
- Reinstalled debt for an amount of 398 million euros.

The creditors subscribed to **215,443,818 shares and MCB** for a total amount of 507 million euros.

Accounting treatment of capital increases

- The original debt being the subject of restructuring is derecognised in its entirety (1,158 million euros).
- The new instruments (debt and equity) must be recognised for their Fair Value which is 607 million euros (new debt of 398 million euros + issued instruments 209 million euros)
- The difference between the book value of the original debt (1,158 million euros) on the one hand, and the cash remitted to bearers (253 million euros) and the fair value of the new instruments (607 million euros) on the other hand, is recognised as an offset of results in accordance with IAS 39-41 and IFRIC 19 for an amount of 298 million euros.

The debt is extinguished on the settlement-delivery date of the securities (i.e. on 13 March 2017 at the opening), the fair value of the share corresponds to the opening price which is 0.971 euro.

Accounting treatment of costs

In the framework of the financial restructuring, the Group committed about 28 million euros in costs. Although the purpose of this operation was to reinforce the Group's equity, it leads to derecognising the old debt entirely, all of the costs incurred concerning the restructuring are recognised in results in accordance with IAS 39-AG62 except for costs that can be directly attached to the issue of the equity instruments which are recognised as a decrease to equity for 5 million euros.
The costs pertaining to the old debt and listed on the balance sheet as at 31/12/2016 for 10.5 million euros are amortised with acceleration in the income statement 2017.

6.3. Cash and cash equivalents

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 2017**	**As at 31 December 2016**	**As at 30 june 2016**
Accrued interest not yet due	10	27	3
Cash equivalents	10,049	10,172	33,654
Cash	38,454	80,870	77,836
Gross cash	**48,513**	**91,069**	**111,493**
Bank overdrafts	(72)	(56)	(3,829)
Net cash	**48,441**	**91,013**	**107,664**
Bank loan	0	783,638	783,638
Bond loan	397,835	337,846	337,846
Revolving credit facility drawn	-	38,395	43,784
Loans issue expenses	-	(10,545)	(14,544)
Lease liability	117	277	735
Price supplements on acquisition of securities	1,388	1,988	1,939
Accrued interest not yet due	1,160	32,137	17,610
Other financial liabilities	5,294	4,045	5,016
Gross financial debt	**405,794**	**1,187,781**	**1,176,024**
of which current	*7,264*	*1,186,440*	*1,173,445*
of which non-current	*398,530*	*1,341*	*2,579*
Net debt	**357,353**	**1,096,768**	**1,068,360**
Net debt of consolidated group excluded loan issue expenses	**357,353**	**1,107,313**	**1,082,904**

➢ Cash and cash equivalents

As at 30 June 2017, cash equivalents amounted to 10.0 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.

➢ Issuing of bonds

Following the realisation of the financial restructuring, the Group's residual gross debt was reduced to 397.8 million euros, redeveloped in the form of issuing bonds for 397,834,585 euros for which the settlement-delivery took place on 14 March 2017, reserved for creditors under the Credit Agreement, and of which the main details are as follows:

Interests:

- calculation of interests: margin plus 3-month EURIBOR rate (EURIBOR being defined to include a minimum rate of 1%), payable in arrears on a quarterly basis;
- late payment interest: 1% increase in the applicable interest rate.

Margin: percentage per year according to the level of the Consolidated Net Leverage Ratio (consolidated net debt / consolidated EBITDA) at the end of the most recent reference period (Accounting Period), such as indicated in the table below (noting that the initial margin will be calculated based on a pro forma basis of the restructuring operations):

Ratio de levier financier net consolidé	Marge
Supérieur à 2,0 : 1	9,0%
Inférieur ou égal à 2,0 : 1 mais supérieur à 1,5 : 1	7,0%
Inférieur ou égal à 1,5 : 1 mais supérieur à 1,0 : 1	6,0%
Inférieur ou égal à 1,0 : 1 mais supérieur à 0,5 : 1	5,0%
Inférieur ou égal à 0,5 : 1	3,0%

Maturity date: 15 March 2022.

Listing: listing on the official listing of the Luxembourg Stock Exchange and admission for trading on the Euro MTF market.

Early repayment or repurchasing:
- SoLocal Group can at any time and in several times, reimburse all or a portion of the Bonds at a reimbursement price equal to 100% of the principal amount plus accrued and unpaid interest;
- moreover, the Bonds must be the object of a mandatory early reimbursement (subject to certain exceptions) entirely or in part, in the case of the occurrence of certain events, such as a Change of Control, Assets Sale or Net Debt Proceeds or Net Receivables Proceeds. Mandatory early reimbursements are also provided for by means of funds coming from a percentage of surplus cash flow, according to the company's Consolidated Net Leverage Ratio.

Financial commitments:
- consolidated net debt / consolidated EBITDA (Consolidated Net Leverage Ratio) must be less than 3.5:1;
- the interest hedging ratio (Consolidated EBITDA/ Consolidated Net Interest Expense), must be greater than 3.0:1; and
- starting in 2017 and (ii) for any following year is the Consolidated Net Leverage Ratio exceeds, on 31 December of the preceding year, 1.5:1 , investment expense (excluding growth operations) (Capital Expenditure) concerning SoLocal Group and its Subsidiaries are limited to 10% of consolidated revenue of SoLocal Group and its Subsidiaries.

The Terms & Conditions of the Notes moreover contain certain prohibitions, which prohibit SoLocal Group and its Subsidiaries, apart from certain exceptions, in particular to:
- take on additional financial debt;
- give pledges;
- pay dividends or make distributions to shareholders; exceptionally, paying dividends or making distributions to shareholders is allowed if the Consolidated Net Leverage Ratio does not exceed 1.0:1.

The restrictions contained in the Terms & Conditions of the Notes and described hereinabove could affect the Group's ability to exercise its activities, and limits its ability to react according to the conditions of the market or seize commercial opportunities which may arise. As an example, these restrictions could affect the Group's capacity to finance the investments for its activities, restructure its organisation or finance its needs in terms of capital. In addition, the Group's capacity to comply with these restrictive clauses could be affected by events beyond its control, such as economic, financial and industrial conditions. A failure by the Group in terms of its commitments or these restrictions, could result in a fault in terms of the agreements mentioned hereinabove.
In case of a fault that would not be remedied or renounced, the bearers of notes could require that all of the outstanding amounts become due immediately.
This could activate the cross-default clauses of the Group's other loans. This type of event could have a significant unfavourable effect for the Group, leading to bankruptcy or liquidation of the Group.
Moreover, the Group could no longer be in a position to refinance its debt or obtain additional financing at satisfactory conditions.

➢ Price supplements on acquisition of securities

As part of the acquisitions completed in 2014 and 2015, price supplements may be paid in 2017 and 2018 if certain operating performance conditions are fulfilled. As at 30 June 2017, 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 and the pre-financing of the CICE (Tax Credit for Competition and Employment).

➢ Position of financial instruments in balance sheet

Position of financial instruments in balance sheet		Breakdown according to IAS 39					Breakdown by level in IFRS 13		
(in thousands of euros)	Carrying amount in balance sheet	Fair value recognised in profit or loss	Derivative instruments (Fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Level 1 and Treasury	Level 2	Level 3
Available-for-sale assets	188	-	-	188	-	-	-	188	-
Other non-current financial assets	6,447	-	-	-	6,447	-	-	6,447	-
Net trade accounts receivable	282,195	-	-	-	282,195	-	-	282,195	-
Other current financial assets	42	42	-	-	-	-	-	42	-
Cash equivalents	10,049	10,049	-	-	-	-	10,049	-	-
Cash	38,464	38,464	-	-	-	-	38,464	-	-
Financial assets	**337,386**	**48,556**	**-**	**188**	**288,642**	**-**	**48,513**	**288,873**	**-**
							-	-	-
Non-current financial liabilities and derivatives	398,530	640	-	-		397,890	-	398,530	-
Bank overdrafts and other short-tem borrowing	6,176	748	-	-		5,428	-	6,176	-
Accrued interest	1,160	-	-	-		1,160	-	1,160	-
Trade accounts payable	83,950	-	-	-		83,950	-	83,950	-
Financial liabilities	**489,816**	**1,388**	**-**	**-**		**488,428**	**-**	**489,816**	**-**

Note 7 – Share-holders’ equity

7.1. Capital reduction

The share capital of SoLocal Group was comprised of 38,876,564 shares as at 31 December 2016. In the framework of restructuring its debt, Solocal Group on 2 February 2017 carried out a reduction in capital, by reducing the par value of each share, as such passing from 6.00 euros to 0.10 euros in par value.

7.2. Capital increase

On 10 March 2017, a first portion of the capital increase was carried out by incorporation of the issue premium (emission and attribution), free of charge, of 58,314,846 shares to all of the Company's shareholders justifying a registration in the accounts fot their shares on that date, at a rate of (3) shares for two (2) shares held;

On 13 March 2017, a capital increase was carried out according to the following details:

- With retaining of preferential subscription rights, for 398,484,781 euros, by issuing 398,484,781 shares at a unit price of one (1) euro (of which 272,650,250 new shares, or 272,650,250 euros, subscribed in cash by the existing shareholders and 125,834,531 new shares, or 125,834,531 euros, subscribed to by creditors, in accordance with their guarantee commitment);

- with suppression of preferential subscription rights benefiting creditors that hold receivables on the Company, by issuing 80,542,087 new shares, for an amount of 363.24 million euros (issue premium included), subscribed by compensation of receivables.

The capital increase with maintaining of preferential subscription rights, resulted in the creation of 537,341,714 new shares and brought the number of shares of the Company to 576,218,278 by a nominal value of 0.10 euros each, or a total amount of 57,621,827.80 euros (before deduction of treasury shares).

5,312,301 MCB (Mandatory Convertible Bonds) were converted on 30 June 2017.

As at 30 June 2017, SoLocal Group held, under its liquidity contract, a total of 369,689 of its own shares stated as a deduction from equity.

7.3. Earnings per share

The Group discloses both basic earnings per share and diluted earnings per share. The number of shares used to calculate diluted earnings per share takes into account the conversion into ordinary shares of dilutive instruments outstanding at the period-end (unexercised options, free shares, etc.). If the basic earnings per share are negative, diluted loss per share represents the same amount as the basic loss. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

	As at 30 june 2017	As at 30 june 2016
Share capital (weighted average of quarter)	92,790,427	38,876,564
Treasury shares from liquidity contract (weighted average)	(91,858)	(87,903)
Number of basic shares	92,698,569	38,788,661
Additional information		
Number diluted Equity	93,886,541	40,500,688
Number of existing basic shares as of March 31	581,160,890	38,736,133
Number of existing diluted shares as of March 31	582,753,652	40,448,159

Note 8 – Information on related parties

There were no new significant transactions or changes with related parties during the first half of 2017.

Note 9 – Disputes and other contractual commitments

9.1 Disputes – significant changes for the period

In the ordinary course of business, SoLocal Group entities may be involved in a number of legal, arbitration and administrative proceedings. Provisions are only constituted for expenses that may result from such proceedings where they are considered suitable and their amount can be either quantified or estimated within a reasonable range. The amount of the provisions is based on an assessment of the risk on a case-by-case basis and largely depends on factors other than the particular stage of proceedings, although events occurring during the proceedings may call for a reassessment of this risk.

With the exception of the proceedings described below, SoLocal Group's entities are not party to any lawsuit or arbitration procedure which the Management believes could reasonably have a material adverse effect on its earnings, operations or consolidated financial position.

Interim orders and proceedings were initiated against (i) the decision of the Commercial Court of Nanterre which ordered the modification of the Company's Scheme of Arrangement Plan, as well as (ii) the decisions made during the General Shareholders' Meeting of the Company held on December 15, 2016.

The decision of the Commercial Court of Nanterre which ordered the modification of the Company's Scheme of Arrangement Plan was the subject of third-party proceedings by a minority shareholder, Mr. Benjamin Jayet.

Within the context of this proceeding, the Commercial Court of Nanterre was asked to rule on the admissibility of the third-party proceeding and to delay its ruling on the retraction of the ruling of December 22, 2016, pending a decision on the merits of the validity of the decisions made during the General Shareholders' Meeting of the Company held on December 15, 2016. The Commercial Court of Nanterre ruled the third-party proceeding by Mr. Benjamin Jayet inadmissible. Mr. Benjamin Jayet filed an appeal of the aforementioned decision, the Court of Versailles confirmed the ruling of the Court of Nanterre on May 11, 2017.

Mr. Benjamin Jayet also issued a writ against the Company before the Commercial Court of Nanterre in order to obtain a decision on the merits of the repeal of the decisions made during the General Shareholders' Meeting of the Company held on December 15, 2016. The Commercial Court of Nanterre in ruling of April 26, 2017 dismissed the request of this individual.

During the emergency interim proceedings, the President of the Commercial Court of Nanterre dismissed the request by Mr. Benjamin Jayet to suspend the implementation of Resolutions 1 to 7 submitted for the vote of the General Shareholders' Meeting of the Company of December 15, 2016 (relative to the financial reorganization). In a decision of March 9, 2017, the Court of Appeals of Versailles confirmed the order of the President of the Commercial Court of Nanterre of January 13, 2017.

In the hypothesis that, after the completion of the reorganization operations, a final decision should rule the decisions made during the General Shareholders' Meeting of December 15, 2016 null and void, this decision could in theory lead to the retroactive cancellation of the reorganization operations. However, such a cancellation appears very hard, even impossible, to implement within a context of an operation with a public offering.

During the year 2013, PagesJaunes had to be reorganised 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 beginning in September 2013. In parallel, Management negotiated with the representative trade unions, a majority agreement concerning the social support measures. 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 implemented at the end of 2013, 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. The Versailles Administrative Court of Appeal, in a judgement of 22 October 2014 notified on 5 November, cancelled the validation by the DIRECCTE. On 22 July 2015, the Conseil d'Etat rejected the recourse of PagesJaunes and of the Minister of Labour, on the same argument of pure form.

Consequently, multiple proceedings are in progress with the administrative as well as judicial courts.

4 proceedings were brought before the administrative courts:
- 3 at the initiative of employees with the Cergy-Pontoise *tribunal administratif* for cancellation of the decisions for redundancy authorisations: the Tribunal rejected their recourse, but the employees can still file for appeal.
- recourse at the initiative of PageJaunes before this same tribunal against a decision to refuse authorisation on hierarchical recourse, filed by another employee. The decision has not yet been handed down.

As to legal proceedings, more than 200 legal proceedings have been brought before industrial tribunals by employees in regard to the consequences of the setting aside of the administrative decision to validate the collective agreement relating to the job safeguarding plan by the Versailles Court of Appeal, which permits them to claim a fixed compensation.

On the date of this document, 162 decisions have been rendered based on merit.

For a large majority, these decisions reject the requests concerning the nullity of the redundancy and the fixed compensation consequences that stem from this, observing that the redundancy is based on a real and serious cause and rejecting the requests concerning the challenging of the economic reason, (in fact no industrial tribunal has to date invalidated employee redundancy) but pronouncing sentences for payment based on article L1235-16 of the Labour Code at a level close to the compensation floor provided by this text, i.e. between six and seven months wages.

Furthermore, certain decisions give rights to related requests: some relating to particular situations, (dispute over duration or conditions, holiday and rehabilitation periods, requests for commissions prior to the plan) others concern the payment of a supplement to the conventional redundancy compensation paid in the final settlement for all accounts and some different positions.

The other disputes shall be pleaded at the end of the year 2017 or the beginning of 2018.

Finally, a certain number of dossiers are currently being appealed either at the initiative of PagesJaunes or at the initiative of the employees.

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 is recognised in the consolidated financial statements as at 31 December 2015. It corresponds to a prudent hypothesis in a context of high legal uncertainty, recently reinforced by contradictory decisions of employee claims courts. Many actions of legal recourse have been initiated by SoLocal Group to dispute these decisions. As at 30 June 2017, the remaining provision on the statements is 24.8 million euros.

The Company continued with the deployment of its reorganisation and therefore launched a new PSE

Job Safeguard Procedure for the employees that were not able to be made redundant due to this invalidation.

A request for claims for the prejudice caused by the State to PagesJaunes due to incorrect validation of its PSE is underway.

In 2010, PagesJaunes was the subject of an inspection by the French social security agency URSSAF in respect of the 2007, 2008 and 2009 financial years. The company was notified of an adjustment for an amount of 2.2 million euros. This risk was fully provisioned as at 31 December 2010. The adjustment of PagesJaunes was confirmed by the URSSAF arbitration committee, then by the Social Affairs court of Bobigny in a ruling of 6 March 2014 and by the *Cour d'Appel de Paris* by a decision on 4 May 2017 for a balance of 1.4 million euros. Following the rejection of the *Cour d'Appel*, PagesJaunes decided to initiate an appeal.
As the amounts claimed by the Urssaf have been settled, the provision was reversed in the statements as at 30 June 2017. Income will be recognised in the event of a reimbursement.

In 2016, PagesJaunes was the subject of an inspection by the French social security agency URSSAF in respect of the 2013, 2014 and 2015 financial years. The company was in particular notified of an adjustment for an amount of 2.2 million euros concerning the amount of the employer contributions on the AGA. Disputing this adjustment, the risk was provisioned as at 31 December 2016. The entities concerned in the group referred to the URSSAF arbitration committee on 28 March 2017, as a safeguard measure, in the hypothesis where the priority questions on constitutionality, no. 2017-627 QPC and 2017-628 QPC concerning the employer contribution paid in terms of non-acquired AGA, were to give rise to a decision of unconstitutionality, in order to obtain reimbursement of the employer contributions provided by article L.137-13 of the CSS that were paid in terms of free shares allocated in 2014 and 2015.
On 28 April 2017, the Council validated the constitutionality of the text but added a reservation on the interpretation by indicating that "the provisions disputed cannot form an obstacle to the restitution of this contribution when the conditions to which the allocation of the free shares were subjected to were not satisfied".
Having proceedings in progress should allow the companies in Group to be reimbursed for the 2014 and 2015 amounts (herein including the adjusted amounts).
As the acquisition timeframes provided for by the 2014 and 2015 plans have not yet expired (19 June 2018 and 9 February 2019), the only ones that can be reimbursed to date are the amounts related to the employees that have left the group (€2 million).
As the employer contributed claimed by the Urssaf was settled on 12 January 2017, the provision was reversed in the statements as at 30 June 2017. Income will be recognised in the event of a reimbursement.

PagesJaunes is undergoing a tax audit concerning financial years 2010 to 2013 and has received a proposals for a reassessment concerning the Research Tax Credit. The company considered the reassessments as unfounded and has challenged them with the tax administration. A hierarchical recourse took place on 19 July 2016 and departmental intervention on 28 November 2016. The departmental contact then abandoned a part of the reassessments. The company is going to initiate a dispute in order to challenge the remaining reassessments. It has booked a provision in order to cover the risks. As the amounts that are not eligible for the research tax credit were settled on 18 April 2017, the provision was reversed in the statements as at 30 June 2017. Income will be recognised in the event of a favourable outcome to this recourse.

9.2 Unrecognised contractual commitments

There were no new significant commitments during the first half of 2017.

Note 10 – Events subsequent to the closing date of 30 June 2017

SoLocal has entered into exclusive negociation for the sale of its online real estate classifieds business AVendreALouer. The transaction project will be presented to the employee representative bodies following the information and consultation process. The website AVendreALouer recorded 1.6 million unique visitors in May 2017, corresponding to a 23% audience growth versus May 2016.

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 2017 have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of the Company and all of the companies included within the consolidation, and that the half year management report is a true reflection of the major events that have occurred during the first six months of the period, of their impact on the half year accounts and of the main transactions between related parties, as well as a description of the main risks and main uncertainties for the last six months of the period.

Boulogne-Billancourt, 26 July 2017
Deputy Chief Operating Officer
Christophe Pingard

4. Statutory Auditors’ Report on the half-year financial information 2017

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 2017, 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, 26th July 2017
The Statutory Auditors,

AUDITEX	BEAS
Vincent de la Bachelerie	Joël Assayah